CSSC (Hong Kong) Shipping Company Limited
中國船舶集團(香港)航運租賃有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 3877

"ONE OF THE WORLD'S **LEADING** SHIP LEASING COMPANIES"

2024

ANNUAL REPORT

WE ARE —
A GLOBAL LEADING SHIP LEASING COMPANY.
ONE OF THE WORLD'S LEADING SHIP LEASING COMPANIES

CONTENTS

COMPANY PROFILE

CSSC (Hong Kong) Shipping Company Limited (hereinafter referred to as the "CSSC" or "Company") was established on 25 June 2012 and was listed on the Main Board of The Stock Exchange of Hong Kong Limited(the"Stock Exchange") on 17 June 2019. It is the holding leasing company under CSSC Group and is the first shipyard-affiliated leasing company in Greater China and among the foremost ship leasing companies in the world exclusive leasing company. It offers tailored and adaptable ship leasing solutions to ship operators, shippers, and traders worldwide, and provides customers with financial leasing, operating leasing, ship brokerage and loan services to meet the different needs of customers.

CSSC has built a one body and two wings development pattern of "ship leasing" and "investment operation" around the cross-cyclical strategy of "cross-cyclical investment and cyclical operation", and has achieved continuous and steady growth in results, maintaining a positive and steady development trend. Since our listing, the efficiency of asset utilization has been rising year by year, and the per capita profit has repeatedly reach new highs. By the end of 2024, our vessel portfolio comprised 138 vessels, of which 122 vessels were under lease and 16 vessels were under construction. The diversified vessel asset portfolio is a strong guarantee for the Company's mid- and long-term stable operation and sustainable development.

CSSC is the first leasing company in the industry to have a layout in the entire clean energy industry chain that mainly focus on liquefied natural gas. We take "develop green finance and serve green shipping" as our mission, continuously accelerate the pace of low-carbonization of vessels, move towards the goal of "carbon neutrality" from multiple dimensions, and fully implement the concept of green shipping.

In recent years, with decarbonizing shipping gathering speed, we monitored closely any changes in marine power technologies and amendments of policies and regulations, and re-examined the Company's business strategy from the perspective of sustainable development. While ensuring sound financial performance, we took into account the balance between short-term competitiveness and long-term sustainable growth to expand enterprise value creation, enhance our overall economic value, social value and brand value.

CSSC has been focusing on the goal of "dual carbon", "strong nation of shipbuilding and strong nation of ocean" and "the construction of Guangdong, Hong Kong and Macao Greater Bay Area", as always, and is committed in leading and driving the "smart" and high quality development and go-green initiative of China's shipbuilding and shipping sectors with the notion of "finance integrated model, finance-driven growth".

The Company is headquartered in Hong Kong. In order to develop its ship leasing and marine equipment leasing business in the Asia-Pacific region, the Company has established subsidiaries in Singapore, Shanghai, Tianjin and Guangzhou.

SERVICES

Integrated Shipping Services

By leveraging our extensive network and rich experience in the maritime industry, we are able to provide ship brokerage services to shipbuilders and potential buyers while engaging in leasing operations.

As intermediaries between shipbuilders and potential buyers, we offer a wide range of services, including assisting shipbuilders in identifying market opportunities, recommending shipbuilders to potential buyers, advising potential buyers on ship types, specifications, and carrying capacities, providing market data to shipbuilders and potential buyers, serving as a communication channel between shipbuilders and potential buyers to maintain contact and provide services, negotiating shipbuilding contract agreements, and resolving issues that may arise during the execution of shipbuilding agreements.

CORPORATE BUSINESS

Financing Services

Our loan services mainly include pre-delivery loan, secured loan and factoring services.

In general, as part of our leasing services, we provide pre-delivery loan services to customers who require funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. The pre-delivery loans we extend are solely to finance the purchase of vessels under our finance lease transactions, and are generally secured by corporate guarantee, the assignment of shipbuilding agreement and refund guarantee rendered by our customers.

In addition, we provide secured loan services to customers to satisfy their funding needs. We determine the loan amount, interest rate, maturity period and use of funds primarily based on our customers' creditworthiness, repayment capabilities as well as financing needs. Our loans are generally secured by our customers' vessels or assets. In certain circumstances, we also provide entrusted loan services, under which we (as trustor) provide funds to qualified financial institutions (as trustee), which then lend the funds to our customers under the terms and conditions specified by us.

We also provide factoring services on a recourse basis to other financial institutions. In a typical factoring transaction, our customer sells and assigns to us, at an agreed price, the accounts receivable due from its debtor, and we obtain the right to receive payment from its debtor. The price at which we purchase the accounts receivable from our customers is determined based on a number of factors, such as the creditworthiness, repayment capabilities as well as business and financial conditions of our customers and their debtors. We generally enter into factoring transactions on a recourse basis, whereby our customers undertake to unconditionally repurchase the accounts receivable at an agreed price under certain circumstances (e.g. expiry of the factoring period, our customers' debtors failing to settle their accounts receivable as and when they fall due, our customers ceasing their operations or having their business licences revoked, and the occurrence of events that have a material adverse impact on the operating or financial conditions of our customers).

COMPANY INFORMATION

Board of Directors

Executive Directors

Mr. Li Hongtao *(Chairman)*
(appointed on 23 May 2024)
Mr. Zhong Jian
(resigned on 23 May 2024)

Non-Executive Directors

Ms. Zhang Yi
Mr. Zhang Qipeng
Mr. Chi Benbin

Independent Non-Executive Directors

Mr. Wang Dennis
Mdm. Shing Mo Han Yvonne, *BBS, JP*
Mr. Li Hongji

Audit Committee

Mdm. Shing Mo Han Yvonne, *BBS, JP (Chairperson)*
Ms. Zhang Yi
Mr. Zhang Qipeng
Mr. Wang Dennis
Mr. Li Hongji

Remuneration Committee

Mr. Wang Dennis *(Chairperson)*
Mdm. Shing Mo Han Yvonne, *BBS, JP*
Mr. Li Hongji

Nomination Committee

Mr. Li Hongtao *(Chairperson)*
Mr. Chi Benbin
Mr. Wang Dennis
Mdm. Shing Mo Han Yvonne, *BBS, JP*
Mr. Li Hongji

Strategic and Investment Committee

Mr. Li Hongtao *(Chairperson)*
Ms. Zhang Yi
Mr. Zhang Qipeng
Mr. Chi Benbin
Mr. Wang Dennis

ESG and Sustainable Development Committee

Mr. Li Hongtao *(Chairperson)*
Mr. Wang Dennis
Mdm. Shing Mo Han Yvonne, *BBS, JP*

Company Secretary

Mr. Ng Kwun Wa
(appointed on 31 December 2024)
Mr. Ding Weisong
(resigned on 31 December 2024)

Assistant Company Secretary

Ms. Ng Sau Mei *(FCG, HKFCG)*

Authorised Representatives

Mr. Li Hongtao
Ms. Ng Sau Mei

Registered Office

1801, 18/F, World-wide House
19 Des Voeux Road Central
Hong Kong

Hong Kong Legal Adviser

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Share Registrar

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Auditor

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Principal Banks

Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
China Development Bank
The Export-Import Bank of China
Bank of Communications
Industrial and Commercial Bank of China

Company's Website

http://www.csscshipping.com

Stock Code

3877

Listing Date

17 June 2019

HISTORY

Our Group's history dates back to the year of 2012 when our Company was incorporated in Hong Kong to serve as the sole leasing company under China State Shipbuilding Industry Corporation Limited# (中國船舶工業集團有限公司) ("**CSSC Group**"), which is a leading state-owned shipbuilding conglomerate in the PRC. As the first shipyard-affiliated leasing company in Greater China, we leverage our unique insights into the marine industry and offer customised ship leasing solutions to customers.

In order to capture the business opportunities brought about by the increasing demand for ship leasing services in the PRC, CSSC Financial Leasing (Shanghai) Co., Ltd. ("**CSSC Shanghai**") and CSSC Financial Leasing (Tianjin) Company Limited ("**CSSC Tianjin**") were established in the PRC in 2014. Kylin Offshore Engineering Pte Ltd. was also incorporated by our Company and a company incorporated in Singapore, which is an independent third party, in Singapore in 2014.

Over the years, we have continued to expand our scale of operations as well as our vessel portfolio. According to Clarkson's research report, in terms of assets balance in 2023, we ranked fifth in China's ship leasing industry.

Key Milestones

2012 Our Company was registered in Hong Kong as the sole leasing company under CSSC Group.

2013 The Company entered into an operating lease transaction for three 18,000-TEU container vessels with a leading global shipping group.

2014 The Company entered into a financial lease transaction for seven 208,000-tonne bulk carriers with certain subsidiaries of a global shipping company.

2015 The Company entered into a sale-and-leaseback transaction for a FLNG vessel with a subsidiary of a LNG shipping company.

2016 The Group entered into a financial leasing project with Southwest Marine Limited for the world's largest 85,000 cubic meters fully-cooled very large LPG carrier (VLGC) to serve China's clean energy supply.

2017 The Group and Dynagas, a world-renowned LNG carrier operator, signed a agreement for two 174,000 cubic meters floating LNG storage and regasification units (LNG-FSRU) financing and leasing project. This is the first domestic large-scale LNG-FSRU order received.

2018 The Company established a joint venture to invest in eight cargo ships of 55,000 tons of chemical liquids.

The Company signed four + two 120,000-tonne bulk carrier operating leasing projects.

2019 CSSC was successfully listed in SEHK.

The Group undertook the "2019 High Quality Development Forum and Signing Ceremony of Billions of Orders" of CSSC Group.

The Company released the first ESG report (2019).

2020 The Company issued US$400 million bonds due 2025 and US$400 million bonds due 2030.

The Company entered into a financial leasing project for four 86,000 cubic meters dual-fuel of VLGC carriers with Southwest Marine Limited.

The Group issued US$500 million green and blue dual-certified bonds due 2026.

2021 The Company cooperated with the Standard Chartered Bank and obtained a 10-year vessel secured term loan in an aggregate amount of US$596 million.

The Group was included in the MSCI China Small Cap Index.

The Group won the "Global Green Finance Innovation Awards" by International Finance Forum.

2022 In the SASAC's special assessment of the "double hundred enterprises" of the central enterprises in 2021, the Company was awarded the "benchmark" by the judges.

Financing cost control is strong and effective, and the Company has obtained "A" grade and "A-" grade credit ratings from S&P for four consecutive years.

The power plant transformation of four liquefied petroleum gas carriers (VLGC) was carried out by the Company, which was the first dual-fuel upgrading project attempted in China.

The Company signed the "LNG Ship Leasing Cooperation Principle Agreement" with well-known central enterprises to jointly promote national energy security.

2023 The Company has been awarded an "A" credit rating by Fitch and an "A-" credit rating by S&P for five consecutive years.

The Company was awarded the "Hong Kong Stock Golden Bull Award" by China Securities Journal.

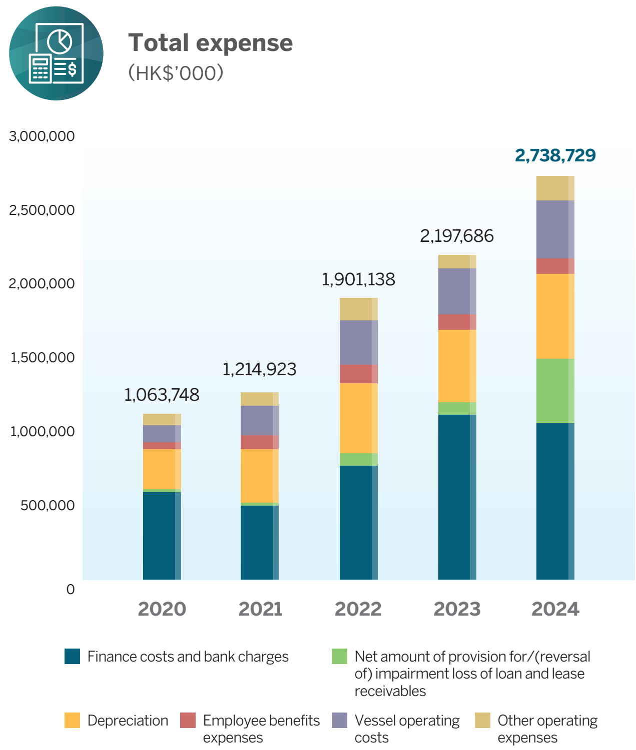
2024 The Company issued RMB800 million worth "Panda bonds" in 2024, as the last tranche of its initial RMB3 billion domestic bond issuance, hitting the lowest RMB financing cost in the history of the Company and lowest coupon rate in China.

Six year in a row, Fitch and S&P have reaffirmed the Company's ratings at "A" and "A-" ' respectively.

The Company was granted the "IFF Global Green Finance Award" in recognition of its tireless efforts in boosting "green shipping" with "green finance".

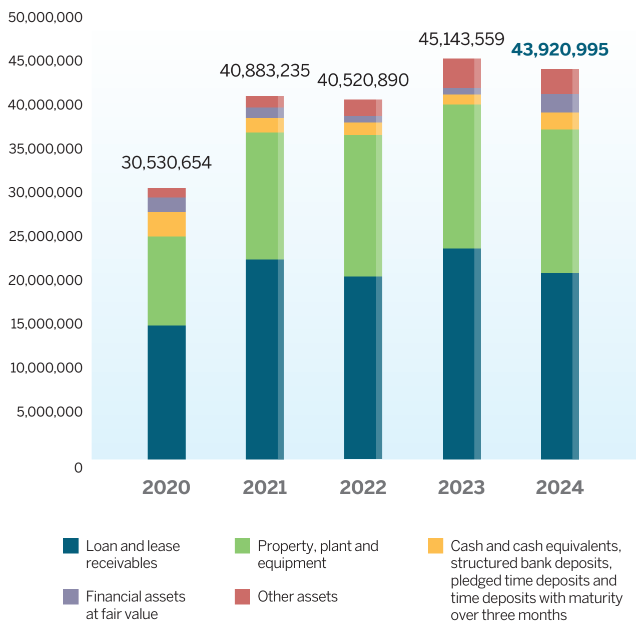
FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

Five-year Summary of Consolidated Income Statement

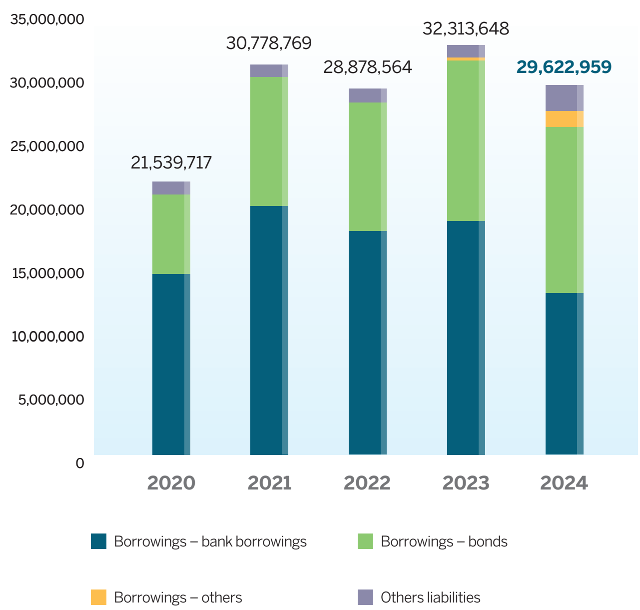


Five-year Summary of Consolidated Statement of Financial Position

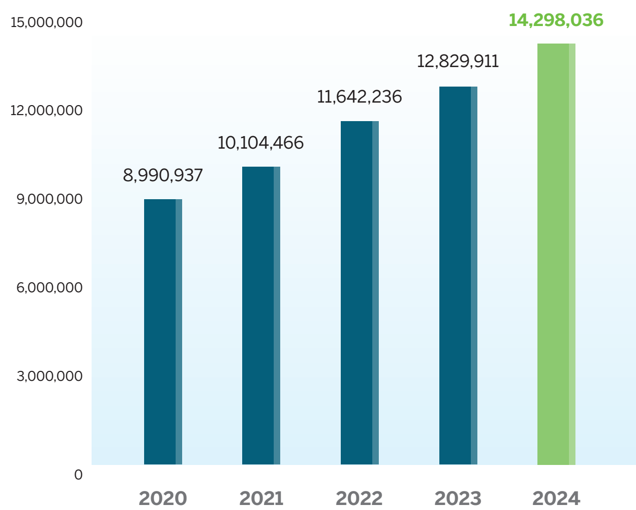
Total Assets
(HK$'000)



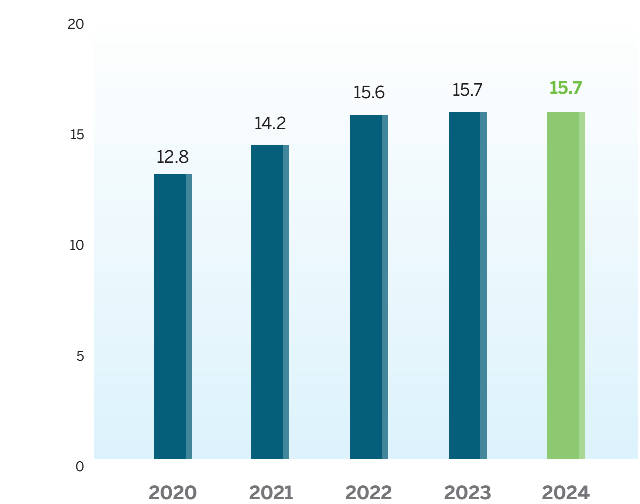
Total Liabilities
(HK$'000)



Net Assets
(HK$'000)



Return on Equity
%



Selected Financial Ratios

	For the year ended 31 December/ As at 31 December	
	2024	2023
Profitability indicators		
Return on average assets ("**ROA**")[1]	**4.8%**	4.5%
Return on average net assets ("**ROE**")[2]	**15.7%**	15.7%
Average cost of interest-bearing liabilities[3]	**3.5%**	3.7%
Net profit margin[4]	**53.4%**	52.7%
Liquidity indicators		
Asset-liability ratio[5]	**67.5%**	71.6%
Risk asset-to-equity ratio[6]	**2.9 times**	3.4 times
Gearing ratio[7]	**1.9 times**	2.4 times
Net debt-to-equity ratio[8]	**1.8 times**	2.4 times
Credit ratings		
S&P Global Ratings	**A-**	A-
Fitch Ratings	**A**	A
Dagong Gobal Credit Ratings	**AAA**	AAA

Notes:

(1) Calculated by dividing net profit for the year by the average balance of total assets at the beginning and the end of the year.

(2) Calculated by dividing net profit attributable to the equity holders of the Company for the year by the average balance of net assets attributable to the equity holders of the Company at the beginning and the end of the year.

(3) Calculated by dividing finance costs and bank charges by the average balance of total debts at the beginning and the end of the year.

(4) Calculated by dividing net profit for the year by revenue for the year.

(5) Calculated by dividing total liabilities by total assets.

(6) Calculated by dividing risk assets by total equity. Risk assets represent total assets less cash and cash equivalents, pledged time deposits and time deposits with maturity over three months.

(7) Calculated by dividing total borrowings by total equity.

(8) Calculated by dividing net debts by total equity. Net debts represent total debts less cash and cash equivalents.

LETTER TO SHAREHOLDERS

Dear investors,

The world was navigating through turbulence and transformation in 2024. This year was called by the international community as a "Super Election Year" because important elections were held in over 70 countries and regions, leading to reshuffles of the political landscape of many countries. Geopolitical dynamics and regional conflicts continued to rock the world, while a new wave of technological revolution and industrial transformation driven by artificial intelligence developed rapidly. The changes in the world, the times and history were unfolding in an unprecedented way.

In 2024, the overall international shipping market remained at a relatively high level, with the transaction volume of the new shipbuilding market reaching a new high in the past decade. The shipbuilding price index rose to a historical peak, the proportion of green vessel orders further increased and the competitive landscape of the shipbuilding market accelerated its evolution, further consolidating China's position as the world's largest shipbuilding nation.

2024 marks the 12th year of the establishment of CSSC. The number "12" holds significant mystique in both Eastern and Western cultures, being associated with reincarnation, cycles and completeness. Looking back to the first twelve years of CSSC, it can be roughly divided into two phases. The first phase is from 2013 to 2020, during which the shipping and shipbuilding market was generally at its trough, and the Company's development strategy was positioned as "counter-cyclical investment". The second phase is from 2021 to 2024, during which the shipping and shipbuilding market gradually rose to a peak, and the Company's development strategy was positioned as "counter-cyclical investment with pro-cyclical operation". The business philosophy of "market-oriented, professional and international" ran through both phases. The "fixed income" generated by quasi-credit financial leasing business was the foundation for stabilizing the Company's general situation, while the "flexible income" resulted from quasi-investment operating leases and joint investment businesses was the main reason for the Company's outperformance over its peers.

Twelve years means a cycle and is also a new beginning. Standing at the starting point of the Company's second development cycle, this year we will briefly share with you the highlights of the Company's development in 2024, explore the characteristics of the shipping market cycle at the moment and express our thoughts on the Company's development in 2025.

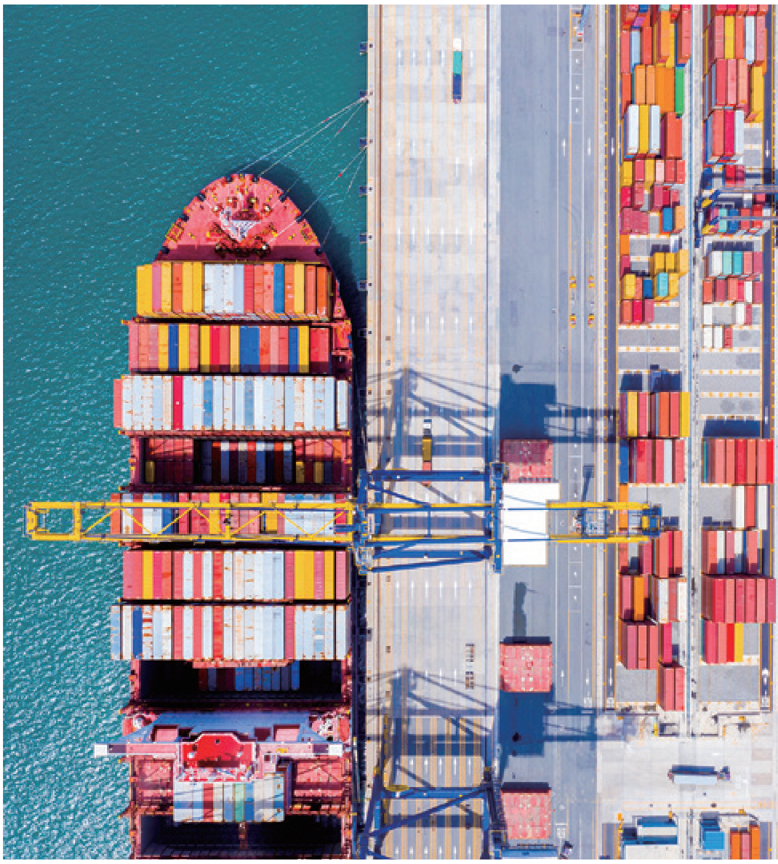
I. Development Highlights for 2024

In response to the changes in 2024, the Company's Board of Directors actively fulfilled its core responsibilities of "setting strategy, making decisions and preventing risks," leading all employees with "the wisdom to recognize changes, the way to respond to changes and the courage to seek changes" to "seek progress while maintaining stability, promote stability through progress and establish before breaking ", thereby realizing development results of "progress amidst stability and quality improvement in progress."

In 2024, the Company achieved outstanding operating results again, with all indicators performing excellently. The Company witnessed an operating revenue of HK$4.034 billion, representing a year-on-year growth of 11.3%; net profit of HK$2.155 billion, representing a year-on-year growth of 12.7%; total labor productivity of RMB31.1706 million/person, representing a year-on-year growth of 15.5%; an asset-liability ratio of 67.5%, representing a year-on-year drop of 4.1 percentage points; return on average net assets of 15.7% and return on average assets of 4.8%.

In 2024, the Company initiated new projects with a more stable pace, signing nine new shipbuilding orders with a contract value of US$849 million, with mid-to-high-end ships accounting for 100%. During the year, the Company invested RMB517 million in projects in mainland China. The contribution from the "flexible income" segment continued to grow, exceeding HK$500 million. The Company has been awarded international credit ratings of "A" from Fitch and "A-" from S&P for six consecutive years and the Company was also included in the 2024 Fortune China ESG Impact List.

In 2024, the Board of Directors recommended the distribution of a final dividend of HK$0.104 per ordinary share. Together with the interim dividend of HK$0.03 per share distributed in 2024, the total annual dividend of the Company for 2024 is HK$0.134 per share, representing a steady increase in the dividend yield of the Company.



II. Analysis of the Impact of Characteristics of Current Shipping Cycle on the Company's Strategic Positioning

The evolution direction of the current shipping and shipbuilding market cycle determines the Company's strategic positioning for development in 2025 and in the medium to short term future. The previous peak period of the shipping and shipbuilding market ended with the international financial crisis in 2008. Will the current cycle collapse instantly like the last one, or will it hover at the peak for a few years before gradually adjusting? It is too early to answer this question based on the current situation. However, it has to recognize that the current cycle is highly characteristic as the complexity is heightened by the superposition of various factors. The market segment by ship types shows more obvious characteristics of "different frequency", meaning that, in the absence of sudden collapse events, we can no longer simply summarize an unified cyclical trend of all vessel types, such as container ships, bulk carriers, oil tankers and gas carriers, with only a single trend. We cannot even judge the cyclical trends of different classes of container ships, bulk carriers, oil tankers and gas carriers with only a single criteria. The multipolar characteristics pose greater challenges to the analysis of cyclical patterns in the shipping industry.

In addition, the shipbuilding industry experienced a prolonged de-capacity process after the 2008 financial crisis. Since 2021, shipowners and shipping companies in different vessel segments have even recorded profitability at a rate exceeding the one before the 2008 financial crisis, which are also key points in analyzing the current cycle. History shows that, despite the cyclical nature of the shipping industry, the average asset price tends to deliver an overall increase after each historical cycle. This means that the asset prices of ships in the next decade will fluctuate within a new price range as compared to the past 10 years whereas the asset value is the primary concern of investment and financing institutions.

For the Company, it can be confirmed that the next "counter-cyclical investment" phase is yet to arrive, and "pro-cyclical operations" also face the challenge of continuous rotation in different shipping markets. Only by continuing the concept of "progress amidst stability, quality improvement amidst progress" in 2024, accumulating the strength of "risk control, stable development, refined management and strategic planning for the whole picture" and smoothing out the volatility of the cycle in the shipping industry, can the Company maintain sustainable development with high-quality.

III. Some Thoughts on the Development in 2025

Based on the above analysis, the Company will strengthen the planning of business development in 2025. Regarding incremental business, the international maritime business will attach greater importance on matching and proportioning projects with “low risk, low return; medium risk, medium return; high risk, high return,” enhance the market expansion efforts for green and intelligent vessel types, increase and consolidate the proportion of fixed income projects as “ballast stone”, thereby laying a solid foundation for the Company’s sustainable development with high quality. For the purpose of forming a distinct business direction, the leasing business in mainland China will focus on two directions: leasing of equipment and facilities along the upstream and downstream of the ship and marine industry chain, serving the needs for updating new quality productivity equipment and production and those for the development of emerging industries, as well as the needs for transformation and industrialization of scientific research achievements. In terms of existing business, the Company will establish a lean management concept for the asset portfolio to uphold to the “flexible revenue” baseline, and will also leverage the reservoir effect to optimize the asset structure and steadily realize the market dividends arising from the appreciation of asset value. In terms of corporate governance, in 2025, the Company will step up its efforts on risk control and reinforce its defense capabilities, coordinate and integrate the mechanisms of legal, compliance, internal control, risk management and audit functions to improve management efficiency. The Company will strictly reduce costs and strengthen control, continue to implement cross-currency financing strategies, strengthen the management of interest-bearing debts and strive to minimize financial expenses. The Company will improve the quality of the market-oriented operational mechanism reformation, fostering a positive atmosphere of “giving opportunities to those willing to work, providing platforms to capable ones and offering incentives to those with remarkable results”. The Company will enhance the interaction and communication with the capital market, ensuring that information will be disclosed publicly in a truthful, accurate, complete, timely and compliant manner to increase transparency. The Company will actively reward shareholders, ensuring that those who hold equity interests in the Company for a long time will be able to share the Company’s dividends from development, and strive to create more market-competitive long-term investment returns for them. The Company will deepen corporate reforms to achieve a positive correlation between corporate development and employee development, thus facilitating the continuous emergence of outstanding managers and employees and enabling mutual growth between employees and the Company. The Company will proactively perform its social responsibilities and become an enterprise capable of fulfilling the expectations of the global maritime industry and all sectors of society.

Dear investors, with twelve years of remarkable progress and steadfast advancement, the Board of Directors of the Company is confident in leading all employees, together with all investors from all walks of life, to work hand in hand in unity in the coming year, jointly compiling a new chapter of sustainable development with high quality for the next twelve years for CSSC.

CSSC (Hong Kong) Shipping Company Limited
Li Hongtao
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Environment

In 2024, the prolonged Russo-Ukrainian conflict and the uneased situation in the Red Sea were key factors maneuvering the development of the global shipping market. At the same time, issues such as drought in the Panama Canal and port worker strikes also drove the shipping market towards a "chaotic" new normal, with the characteristics of long shipping distance and low efficiency becoming increasingly prominent, and overall freight rates continued to remain at a relatively high level. The annual average of the ClarkSea Index was US$24,964/day, up 5.6% year-on-year, which was 40.2% higher than the average over the past 10 years.

For oil tankers, demands for crude oil tankers fell sharply. At the beginning of the year, the Red Sea incident caused some vessels to reroute, intensifying market concerns and driving the increase of freight rates. In the second quarter, a significant rise in oil prices led to a wait-and-see approach among charterers, thus dragging down freight rates. In the second half of the year, the Middle Eastern market cooled down, and insufficient demand for crude oil in China dominated the trend of freight rates, resulting in a "lackluster peak season." The highest value of the BDTI during the year was 1,507 points while the lowest was 868 points, and the annual average was 1,094 points, down 4.9% year-on-year. Demands for refined oil tankers were strong but fluctuated. At the beginning of the year, the conflict in the Red Sea led to a temporary increase in market freight rates due to the rerouting of vessels. Additionally, shipping distance was extended by the eastward shift of refineries, supporting high market freight rates generally. However, in the second quarter, most oil products witnessed trends of weak demand because demands of buyer was not strong, leading to a continuous decline in freight rates. In the fourth quarter, changes in China's export tax rebate policy for refined oil products resulted in an increase in certain shipment volumes, causing freight rates to rebound. The annual average of the BCTI was 818 points, up 2.1% year-on-year.

For bulk carriers, the first quarter saw a peak of freight rates in the first half of the year, which was driven by robust and stable mainstream iron ore shipments, tightened fundamentals and emotional flooding. In the second and third quarters, supported by bauxite and coal, as well as the seasonal shipment of grains in North America, freight rates remained strong. However, in the fourth quarter, due to the lack of year-end shipments of major commodities and supply-demand imbalances, rates gradually fell to historically low levels. In 2024, the average BDI was 1,755 points, up 27.3% year-on-year.

For container vessels, the Red Sea crisis led to the rerouting of vessels, giving liner companies more pricing power compared to the era before the pandemic, which mitigated the impact of new vessel deliveries on the market to a certain extent. Meanwhile, the phased changes in supply and demand within the year triggered freight rates to fluctuate beyond seasonal norms, resulting in overall wide fluctuations in freight rates. According to the data from the Shanghai Shipping Exchange, the annual averages of the CCFI and SCFI were 1,552 points and 2,506 points in 2024, up 65.6% and 149.2% year-on-year respectively.

For liquefied natural gas carriers (LNGC), the continuous introduction of new vessel capacity significantly outpaced the growth rate of LNG production, exacerbating market competition and causing LNG freight rates to decline constantly. The average annual spot freight rates for 145,000 cubic meters, 160,000 cubic meters, and 174,000 cubic meters LNG vessels were US$26,163/day, US$42,192/day and US$54,149/day, down 56.0%, 56.5% and 56.6% year-on-year, respectively.

1. Industry Environment *(Continued)*

For very large LPG carriers (VLGC), the trend remained relatively stable in the first half of the year. In the second half, due to the delivery of a large number of new vessels and the resumption of normal operation of the Panama Canal, the time charter rates decreased but still remained at a relatively promising level. The average 1-year term rate for an 84,000 cubic meters VLGC was US$50,167/day, down 8.0% year-on-year.

For pure car carriers (PCC), the supply-demand balance changed, leading to a market cooldown. The overall PCC freight rates decreased throughout the year. The average 1-year term rate for a 6,500-car vessel was US$103,000/day, down 7.4% as compared to last year. The average 1-year term rate for a 5,000-car vessel was US$76,000/day, down 16.7% year-on-year. Compared to historical levels, the PCC market maintained a relatively high position, and the profits for operators were still substantial.

2. Operating Results

In 2024, the Group actively responded to new situations and challenges by adhering to the general working concept of seeking progress while maintaining stability. Through multi-dimensional and strategic adjustments, the Group achieved significant results in business expansion, assets operation, risk management and capital management, laying a solid foundation for the high-quality and sustainable development of the Group.

In 2024, the Group achieved a revenue of HK$4.03 billion, up 11.3% year-on-year; net profit was HK$2.16 billion, up 12.7% year-on-year; ROE was 15.7%, which remained stable as compared to the same period last year; ROA was 4.8%, up 0.3 percentage points year-on-year.

2.1 Actively responding to the competition in the vessel leasing market, maintaining a stable growth trend in operating performance

In 2024, the Group achieved returns higher than the market benchmark through scientific lease arrangements and effective cost control. As of 31 December 2024, the Group had a total of 35 self-operated and jointly operated vessels operating in the short-term and spot markets, covering four types of major mainstream vessels, namely oil tankers, bulk carriers, container ships and gas carriers. The Company's strategic layout of "one body with two wings" of "vessel leasing" and "investment operation" optimized further.

In 2024, the Group's jointly operated assets involved several types of vessels, including refined oil tankers, bulk carriers, container ships, and VLGC, which delivered satisfactory operations in general with a steady increase in investment return. The Group had 11 controlled and jointly operated vessels and 22 invested and jointly operated vessels, contributing an annual net profit of HK$105 million and HK$490 million respectively. In terms of the self-operated fleet, a total net profit of HK$49 million was achieved for the year. The Group sold two bulk carriers and two MR tankers during the year, contributing asset disposal gains of HK$190 million.

2. Operating Results *(Continued)*

2.2 Maintaining the stability of the fleet size, further enhancing the operational attributes and high value-added characteristics of the fleet

Given the rising prices of vessels, the tight supply of slots, the high interest rates of U.S. dollar and the intense market competition, the Group explored new projects with a more prudent pace in 2024. During the year, the Group signed nine new shipbuilding orders within the Group, with a contract amount of US$849 million, and mid-to-high-end ships accounted for 100%. As of 31 December 2024, the Group received a total of 15 new vessels, including three 16,000 TEU container vessels, four 1,100 TEU container vessels, four 1,600 TEU container vessels, three 93,000 cubic meters VLGCs and one LR2 refined oil tanker.

As of 31 December 2024, the Group's fleet included 138 vessels, of which 122 were in operation and 16 were under construction. The average age of operating vessels was 4.03 years. The average remaining charter period for the bareboat and long-term chartered projects (i.e. projects other than the 35 short-term and spot operation projects) was 7.26 years. In terms of the initial investment amount, offshore clean energy equipment, container vessels, liquid cargo vessels, bulk carriers and specialized vessels accounted for approximately 15.8%, 16.5%, 20.1%, 23.7% and 23.9% of the Group's operating vessel portfolio respectively. From the perspective of long-term interest, the Company strengthened the matching of business revenues and risks, and dynamically adjusted the mix of the current fleet. Among the operating vessel assets, there were 51 vessels under finance leases and 71 vessels under operating leases. Among the vessels under construction, there were 4 vessels expected to be under finance leases and 12 vessels expected to be under operating leases.

2.3 Continuously strengthening the cost control of financing, maintaining a good asset structure and credit status

With the cross-currency financing channels, the control on the scale of interest-bearing liabilities and the improvement in the efficiency of capital utilization, the Group controlled the average cost of interest-bearing liabilities at 3.5% in 2024, down 18 basis points year-on-year, which was 62 basis points lower than the P50 percentile (4.16%) of the leasing industry. Meanwhile, the Group has been awarded outstanding international credit ratings of "A" from Fitch and "A-" from S&P for six consecutive years, maintaining the highest credit rating of "AAA" within mainland China.

2. Operating Results *(Continued)*

2.3 Continued Continuously strengthening the cost control of financing, maintaining a good asset structure and credit status

The Group took advantage of the decline in the exchange rates of Renminbi and Hong Kong dollars to increase its cross-currency financing in Renminbi, Hong Kong dollars and Euros for the sake of replacing high-interest loans in U.S. dollars. Consequently, low-cost RMB funds with an amount over RMB3.856 billion were added, including RMB800 million of panda bonds, RMB1.011 billion of fixed loans and RMB2.045 billion of working capital loans, with an average finance rate significantly lower than the financing cost of over 5% in US dollars, thereby saving financial expenses of approximately HK$100 million for the Group. By the end of 2024, the proportion of Renminbi loans increased from 16.8% to 30.5%, whereas those of Hong Kong dollar loans and Euro loans increased from 5.1% to 7.0% and from 3.9% to 4.4% respectively, which helped the Group further diversify its financing currencies and effectively cut its finance costs.

The Group strengthened its capital management, continuously optimized the mix of assets and liabilities and prepared for the financing arrangement in advance according to the project investment and repurchase plan. By adhering to the principle of "no drawdown unless necessary", the Group reasonably scheduled bank withdrawals and actively revitalized existing funds. In addition, the Group reinforced the control and management of cash and minimised wastes caused by idle capital. The asset-liability ratio was controlled at a relatively good market level of 67.5%, down 4.1 percentage points year-on-year.

2.4 Enhancing risks prevention and control as well as compliance management to ensure stable and healthy operations

Vessel leasing is a capital intensive industry characterized by high leverage and strong cyclicality. By adhering to the principle of prudence, the Group continuously improved its risk prevention and control as well as compliance system to maintain good asset quality. As of 31 December 2024, the Group's impairment provisions for lease receivables and loan borrowings amounted to HK$689.9 million, relevant non-performing credit assets stood at HK$177.2 million, representing a provision coverage ratio of 3.3%.

To further enhance the standardization level of internal contracts, the Group initiated the preparation of model texts for core contract terms. By collaborating with a team of professional lawyers and based on a comprehensive summary and analysis of the Group's 10-year experience in drafting the text of main contracts for finance lease projects, the Group standardized the common transaction contents in its main business and gradually explored and formed model texts for core terms of vessel finance lease sale-and-leaseback contracts, thereby making the standardizable transaction contents in contracts more professional and systematic. This move facilitated the communication between front-end departments and clients and allowed them to focus on negotiating core terms, helping the mid- and back-end project execution departments to accurately understand and correctly implement the contracts. The Group formulated the "Model Text of Main Contract for New Shipbuilding Sale-and-Leaseback Project", "Model Text of Contract for Ship Management Agreement" and "Model Text of Letter of Intent for Joint Venture" during the year.

2. Operating Results *(Continued)*

2.5 Adhering to value creation, reformation and innovation, comprehensively facilitating the improvement of the quality of listed company

The Group continued to integrate ESG concepts into the construction of its corporate governance system, which significantly enhanced the influence of ESG on the industry. Moreover, with reference to its material issues and the identified major non-financial risks, the Group continued improving the ESG working mechanism, and also formulated an action plan to enhance its ESG governance and prepared a specific ESG report. In addition to disclosing the specific ESG report as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Group actively participated in third-party agency ratings and achieved the expected results, which provided a foundation of blue and green financing for the Company. The Group was awarded a score of 45 from S&P CSA and an A ESG rating for 2024 from Wind. The ESG efforts were recognized by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC"), China State Shipbuilding Corporation and other parties. The Company was included as an exemplary case in the "Central State-owned Enterprises Listed Companies ESG Blue Book 2024".

State-owned enterprises further reformed with a market-oriented approach in all aspects. In this regard, the Group formulated and revised regulations of the decision-making management system of the "Major Issues, Major Decisions and Major Personnel Appointments (Triple Major) and One Substantial" in a systematic manner, which further clarified the scopes of authorities and responsibilities of various governance entities and standardized the corporate governance mechanism. In addition, the Group furthered the reform of the three systems, completed organizational streamlining and personnel establishment, and comprehensively extended the new performance-based operational responsibility system to the middle management. The Group was rated "Excellent" in the 2023 special assessment by the SASAC for "Double Hundred Enterprises" under central state-owned enterprises.

The Group strengthened the communication with the capital market and rewarded investors with generous dividends. As such, the Group enriched its communication channels and maintained close contact with buyer and seller institutions to enable three-dimensional promotion through press conferences for results announcements, non-deal roadshows, traditional media reports, video promotions and open days for investors. The Group held over 120 communication events of various kinds during the year. The Board recommends the distribution of a final dividend of HK$0.104 per share (subject to the approval at the Company's forthcoming annual general meeting). Together with the interim dividend of HK$0.03 per share distributed in 2024, the total annual dividend per share is HK$0.134. In 2024, the Company was awarded multiple accolades, including the "Hong Kong Stock Golden Bull Award" by China Securities Journal and the "Best Investor Relations Pegasus Award" by Securities Times.

3. Development Outlook for 2025

Looking ahead to 2025, the global economic development will continue to face widespread uncertainties. Global maritime trade may keep on exhibiting structural adjustments under the influence of factors like protectionist policies and geopolitical conflicts. Meanwhile, market transformations are expected to be accelerated by International Maritime Organization ("**IMO**")'s regulatory measures aiming at achieving the 2050 carbon emission reduction targets by the shipping industry. The international shipping market may develop in a turbulent environment as a result.

From the perspective of capacity demand, according to the forecast of Clarksons, the growth rates of global maritime trade volume and turnover volume in 2025 are expected to be 1.4% and 0.9% respectively. However, given the reshaping process of the trading landscape, routes for emerging markets and shipping demand are likely to encounter new development opportunities.

From the perspective of capacity supply, the continuous delivery of bulk orders will drive a constant expansion of the fleet capacity across the world. According to the data of Clarksons, the global fleet capacity is expected to grow by 3.3% in 2025 (in terms of deadweight tons). However, due to the ongoing impact of the geopolitical landscape, the market still faces unexpected demand for capacity and counter-cyclical opportunities.

From the perspective of market segment of vessel types, according to the data of Clarksons, the capacity of crude oil tankers is expected to grow by 0.8% (in terms of deadweight tons), slightly lower than the growth rate of maritime trade at 1.0% (in terms of turnover volume). Therefore, the crude oil shipping market may be able to maintain a relatively good level of profitability under the support of slow growth on the supply side and stable demand. The capacity of refined oil tankers is expected to grow by 5.6% (in terms of deadweight tons), significantly higher than the growth rate of maritime trade at 1.7% (in terms of turnover volume). It is anticipated that the capacity shortage will be alleviated while the market profitability will be lower than that of 2024. The capacity of bulk carriers is expected to grow by 3.0% (in terms of deadweight tons), higher than the growth rate of 0.6% (in terms of turnover volume) for dry bulk maritime trade with only limited increase in space, thus decreasing the earnings of this vessel type. The growth rate of container vessels' capacity is expected to be 6.0% (in terms of TEU), higher than the expected growth rates of trade volume and turnover volume under normal development at 2.8% and 3.0% respectively. However, uncertainties such as the Red Sea crisis, strike threats and the restructuring of alliances may increase the flexibility of freight rates. The completion and delivery of LNG vessels will continue to rise, with an expected capacity growth of 9.9% (in terms of cubic meters), significantly higher than the trade volume growth rate of 4.1% (in terms of turnover volume), making freight rates difficult to recover to the highs of recent years. The growth rate of VLGC capacity (in terms of cubic meters) is expected to be 3.4%. Against the backdrop of a LPG trade turnover growth rate of only 1.8%, freight rates may decline. The growth rate of PCC capacity is expected to reach 12.0%, significantly higher than the growth rate of trade volume at 1.4%, indicating a short-term easing in supply-demand fundamentals.

3. Development Outlook for 2025 *(Continued)*

In 2025, the development of vessel technology will continue to focus on two directions: green and intelligent, which will be primarily reflected in the regulations and standards and the development of the technological industry. In terms of greening, from the perspective of the regulations and standards, the reduction of greenhouse gas emissions will be further implemented. In March 2024, the 81st session of the IMO Marine Environment Protection Committee adopted the "2024 Guidelines on Life Cycle GHG Intensity of Marine Fuels" (LCA Guidelines), which established the calculation method for the GHG intensity of marine fuels, preliminary lists of fuel pathways, indicators for fuel sustainability and labels for fuel life cycle, all aimed at achieving the attributable target of 2050 zero carbon emission. From the perspective of industry development, in the short term, LNG and methanol have become the primary choices for green and low-carbon power for shipowners at this stage. In particular, LNG power regained its importance among global shipowners in 2024, mainly due to its relatively stable supply sources, mature equipment technology, more competitive fuel prices,and large-scale commercial application. In response to medium-to long-term emission reduction requirements and net zero carbon emissions, the technical research and development and reserves of zero-carbon fuel, such as ammonia and hydrogen, power equipment and infrastructure will also be further deepened. In terms of intelligent vessels, from the perspective of regulations and standards, the rules related to Maritime Autonomous Surface Ships (MASS) are continuously advancing. The 108th session of the IMO Maritime Safety Committee (MSC 108) was held in May 2024, focusing on further defining the mandatory requirements in the roadmap for MASS regulations and the revision of new chapters in the International Convention for the Safety of Life at Sea (SOLAS) which promoted the standardization and safety development of unmanned vessels. The China Classification Society's "Intelligent Ship Specification (2024)" came into effect. Building on the 2020 edition, it provides detailed regulations on the objectives, functions, design, inspection and verification requirements in eight major areas: intelligent navigation, intelligent hull, intelligent engine room, intelligent energy efficiency management, intelligent cargo management, intelligent integration platform, remotely controlled ships and autonomous operation ships, offering comprehensive guidance for the design, construction and operation of intelligent ships. In terms of industry development, European ship companies launch various types of digital solutions for intelligent ships gradually, with certain vessel types having achieved L3 level conditional autonomous navigation. With the continuous development of the marine economy and the ongoing advancement of technological innovation, the application of unmanned ships will expand further. New-generation technological equipment, such as Hyundai Heavy Industries' L4-level Avikus autonomous navigation system, will be gradually put into use, and market demand will continue to grow. According to market research institutions like Grand View Research and MarketWatch, the global market of intelligent ships is expected to record a compound annual growth rate (CAGR) of 12-15% from 2023 to 2030, with the market size possibly exceeding US$8-10 billion by 2025.

In 2025, the Group will continue to adhere to the general working concept of seeking progress while maintaining stability, attach greater importance on matching and proportioning projects with "low risk, low return; medium risk, medium return; high risk, high return", so as to strike a balance between solidifying "ballast stone" projects and striving for greater returns, thereby laying a solid foundation for sustainable development with high quality.

3. Development Outlook for 2025 *(Continued)*

The Group will focus on the clean energy industry, step up efforts to expand the market for green and intelligent vessels, continue to reinforce the close cooperation with major cargo owners, major energy companies and major traders, and actively explore emerging business opportunities with major ports, major mining companies and major automobile enterprises. Based on a comprehensive consideration of stable growth, stable assets and sustainable development, the Group will continue to spare no effort to promote second-hand ship project undertakings, and to track the production progress of vessels under construction to ensure the scheduled or early delivery of new ships for the commencement of charter operations.

The Group will intensify its efforts to accelerate the development of domestic business, actively explore projects by "going global" and strive to achieve significant business growth. In this regard, the Group will prioritize the development in the leasing of equipment and facilities along the upstream and downstream of the ship and marine industry chain. The Group will also organize and conduct research and business negotiations with coastal and inland river shipbuilding companies and shipping enterprises to capitalize on the opportunities of "accelerated upgrading", such as green transformation, new construction of coastal and inland river vessels and capacity expansion by shipowners, for the purpose of vigorously developing domestic ship projects.

The Group will effectively improve the business layout of "one body with two wings" for long-term vessel leasing and investment operation, and accelerate the enhancement of professional capabilities for the operation of vessel assets. The Group will also adjust the operation arrangements of shipping assets scientifically according to market conditions, manage costs effectively to strive for returns above the market benchmark, and strengthen the management of operational asset liquidity, seize market opportunities and timely dispose of vessels with relatively high market premiums. Further, the Group will improve the management system of the joint venture companies to secure investment returns.

The Group will continue to advance the establishment of a comprehensive risk management system and strengthen the risk assessment and monitoring of projects so as to meet the risk management needs of the Company's new business development and operations. On the other hand, the Group will conduct the subsequent development and application of the quantitative risk assessment model, study the expansion of its applicable scope and support the stable operation of various leasing projects. The Group will strengthen the development and application of model texts of contracts, develop model texts for ship management contracts and enhance the use and implementation of model texts for ship management contracts and finance leasing. The Group will also continuously strengthen the legal compliance management of subsidiaries.

The Group will communicate more closely with the capital market, promote the Company's business philosophy and development strategy further to the capital market, strive to enhance market performance and actively reward the investors with efficient operation, steady growth and high returns.

4. Financial Review

4.1 Analysis on Consolidated Income Statement

Summary of Consolidated Income Statement

	For the year ended 31 December		
	2024 **HK$'000**	2023 HK$'000	Change
Revenue	**4,034,369**	3,626,148	11.3%
Total expenses	**(2,738,729)**	(2,197,686)	24.6%
Profit from operations	**1,702,311**	1,547,453	10.0%
Profit for the year	**2,155,143**	1,911,667	12.7%
Earnings per share (HK$)			
– Basic	**0.342**	0.310	10.3%
– Diluted	**0.341**	0.310	10.0%

4.1.1 Revenue

The Group's revenue derived from (i) integrated shipping services (including operating lease services and shipbroking services) and (ii) financing services (including finance lease services and loan borrowing services).

The Group's revenue increased by 11.3% or HK$408.2 million from HK$3,626.1 million for the year ended 31 December 2023 to HK$4,034.4 million for the year ended 31 December 2024, primarily due to the increase in the income generated from operating lease services.

4. Financial Review *(Continued)*

4.1 Continued Analysis on Consolidated Income Statement

4.1.1 Continued *Revenue*

The following table sets out, for the years indicated, a breakdown of the Group's revenue by business activity:

	Year ended 31 December		
	2024	2023	Change
	HK$'000	HK$'000	
Integrated shipping services			
– Operating lease services	**2,235,972**	1,819,906	22.9%
– Shipbroking services	**33,545**	28,372	18.2%
	2,269,517	1,848,278	22.8%
Financing services			
– Finance lease services	**1,219,700**	1,171,775	4.1%
– Loan borrowing services	**545,152**	606,095	(10.1%)
	1,764,852	1,777,870	(0.7%)
Total	**4,034,369**	3,626,148	11.3%

4. Financial Review *(Continued)*

4.1 Continued Analysis on Consolidated Income Statement

4.1.1 Continued Revenue

Integrated Shipping Services

The revenue generated from integrated shipping services increased by 22.8% or HK$421.2 million from HK$1,848.3 million for the year ended 31 December 2023 to HK$2,269.5 million for the year ended 31 December 2024, mainly due to the Group's income from operating lease services increased by 22.9% from HK$1,819.9 million for the year ended 31 December 2023 to HK$2,236.0 million for the year ended 31 December 2024 because (i) the Group had added 2 LNG green energy vessels since the second half of 2023 and generated income; and (ii) the bulk carriers market performed well as the BDI increased when comparing to the year of 2023.

Financing Services

The revenue generated from financing services decreased by 0.7% from HK$1,777.9 million for the year ended 31 December 2023 to HK$1,764.9 million for the year ended 31 December 2024, mainly due to the Group's income from finance lease services increased by 4.1% from HK$1,171.8 million for the year ended 31 December 2023 to HK$1,219.7 million for the year ended 31 December 2024 as the Group entered into several new finance lease contracts from the second half of 2023 to the first half of 2024.

However, the income from loan borrowing services decreased by 10.1% from HK$606.1 million for the year ended 31 December 2023 to HK$545.2 million for the year ended 31 December 2024 as several loan projects were completed in the year of 2023, resulting in the slight overall decrease in the revenue from financing services.

4.1.2 Other Income and Other Gains, Net

The Group's other income and other gains, net was HK$406.7 million for the year ended 31 December 2024. The main components of other income and other gains, net are the gain on de-recognition of finance lease projects for HK$200.0 million and the gain on sales of vessels for HK$57.3 million during the year.

4. Financial Review *(Continued)*

4.1 Continued Analysis on Consolidated Income Statement

4.1.3 Expenses

The Group's expenses mainly comprise (i) finance costs and bank charges; (ii) depreciation; (iii) net amount of provision for impairment loss of loan and lease receivables; (iv) vessel operating costs; (v) other operating expenses; (vi) employee benefits expenses; and (vii) research and development expenses.

Expenses

	Year ended 31 December		
	2024 **HK$'000**	2023 HK$'000	Change
Finance costs and bank charges	**1,047,554**	1,106,305	(5.3%)
Depreciation	**578,716**	492,937	17.4%
Net amount of provision for impairment loss of loan and lease receivables	**446,968**	91,167	390.3%
Vessel operating costs	**398,436**	310,838	28.2%
Other operating expenses	**159,361**	88,490	80.1%
Employee benefits expenses	**105,268**	106,306	(1.0%)
Research and development expenses	**2,426**	1,643	47.7%
Total	**2,738,729**	2,197,686	24.6%

Finance Costs and Bank Charges

The Group's finance costs and bank charges was HK$1,047.6 million for the year ended 31 December 2024, with a year-on-year decrease of HK$58.8 million or 5.3%. The Group's finance costs mainly include interest and charge on (i) bonds, (ii) bank borrowings; and (iii) other borrowings. The average cost of interest-bearing liabilities was 3.5% and 3.7% for the year ended 31 December 2024 and the year ended 31 December 2023, respectively, which was relatively lower than the industry level, reflecting the Group's efficient financing strategies.

4. Financial Review *(Continued)*

4.1 Continued Analysis on Consolidated Income Statement

4.1.3 Continued *Expenses*

Finance Costs and Bank Charges (Continued)

During the year, the Group implemented several measures to effectively manage and reduce finance costs, for examples (i) adopting cross-currency financing. On the basis of U.S. dollar financing, the Group optimised the control of finance costs by utilising a diversified range of currencies, including Renminbi, Hong Kong dollars and Euros; (ii) for bank borrowings on hand, the Group has reached agreements with several banks to lower the interest rates on bank borrowings to more favorable levels so as to keep the interest rates on bank borrowings on hand at a low market level to reduce interest expenses; and (iii) hedging interest rate risk through financial derivatives.

These measures have allowed the Group to maintain a competitive advantage in managing its overall financing scale while effectively lowering financing expenses. By employing a combination of cross-currency financing, proactive debt management and risk mitigation tools, the Group has strengthened its financial position and improved its ability to adapt to changing interest rate conditions.

Depreciation

The Group's depreciation expenses increased by 17.4% or HK$85.8 million from HK$492.9 million for the year ended 31 December 2023 to HK$578.7 million for the year ended 31 December 2024. The Group's total shipping capacity continued to grow as the Group added 2 LNG green vessels in the second half of 2023 and 8 container ships during the year of 2024 to its vessel portfolio under operating lease.

Net Amount of Provision for Impairment Loss of Loan and Lease Receivables

For the year ended 31 December 2024, the Group's net amount of provision for impairment loss of loan and lease receivables was HK$447.0 million, the increase in provision for impairment loss was because the Group adjusted credit ratings of some leasing projects according to the then market conditions as of 31 December 2024.

Vessel Operating Costs

The Group's vessel operating costs represent the expenses incurred in operating vessels under operating lease arrangements, including crew expenses, vessel repair and maintenance fees, ship management fees, vessel insurances and stores and supplies.

The Group's vessel operating costs were HK$398.4 million for the year ended 31 December 2024, with an increase of HK$87.6 million year-on-year. The rise in costs was primarily due to the expansion of the Group's fleet and the impact of inflation, leading to higher expenses in vessel management fees, crew expenses, as well as vessel repair and maintenance costs compared to the last year.

4. Financial Review *(Continued)*

4.1 Continued Analysis on Consolidated Income Statement

4.1.3 Continued Expenses

The following table sets out, for the years indicated, a breakdown of the Group's vessel operating costs:

	Year ended 31 December	
	2024	2023
	HK$'000	HK$'000
Ship management fees	**229,314**	168,563
Crew expenses	**73,399**	63,928
Commission	**36,100**	43,263
Insurance	**9,707**	7,587
Stores and supplies	**21,684**	10,622
Repair and maintenance	**14,017**	5,904
Port charges	**3,288**	3,511
Others	**10,927**	7,460
Total	**398,436**	310,838

Employee Benefits Expenses

The Group's employee benefits expenses consist of (i) wages, salaries, other allowances and retirement benefit costs; and (ii) share-based payment expenses.

The Group recognised HK$105.3 million for employee benefits expenses which included HK$3.4 million for the share-based payment expenses for the year ended 31 December 2024.

Research and Development Expenses

The Group recognised the research and development expenses for HK$2.4 million for the year ended 31 December 2024 with an increase of 47.7% when comparing to last year. These expenditures was used for (i) research and application project for digital management system of vessels; (ii) development and verification project for key standards of inland and coastal standard vessel type and green power; and (iii) public sentiment and investor relations project.

4.1.4 Share of Results of Joint Ventures

The Group's share of results of joint ventures increased by HK$63.4 million from HK$426.7 million for the year ended 31 December 2023 to HK$490.1 million for the year ended 31 December 2024.

The increase in share of results of joint ventures was mainly attributable to (i) two chemical MR tankers sold during the third quarter in 2024 and recognised a gain on sales of tankers; (ii) the daily charter rates as the freight rate of refined product oil and chemicals remained at a high level; and (iii) the increase in shipping capacity of refined product oil LR2 vessels.

4. Financial Review *(Continued)*

4.2 Analysis on Consolidated Statement of Financial Position

Summary of Consolidated Statement of Financial Position

	As at 31 December		
	2024 HK$'000	2023 HK$'000	Change
Total assets	**43,920,995**	45,143,559	(2.7%)
Total liabilities	**29,622,959**	32,313,648	(8.3%)
Total equity	**14,298,036**	12,829,911	11.4%

As at 31 December 2024, the Group's total assets were HK$43,921.0 million, with a decrease of HK$1,222.6 million compared to last year, mainly due to the decrease in the loan and lease receivables as several leasing projects were completed during the year, while the Group also increased the investment in listed bonds and wealth management products by utilising the fund received from completed leasing projects.

The Group's total liabilities were HK$29,623.0 million, with a decrease of HK$2,690.7 million compared to last year, mainly due to the Group has repaid several high interest rate U.S. dollar bank loans during the year to reduce the scale of interest-bearing liabilities at a reasonable level and also reduce the overall finance costs.

The Group's equity at the end of the year was HK$14,298.0 million, with an increase of HK$1,468.1 million compared to the beginning of the year. The Group's asset-liability ratio was improved approximately 4.1 percentage points from 71.6% as at 31 December 2023 to 67.5% as at 31 December 2024.

4. Financial Review *(Continued)*

4.2 Continued Analysis on Consolidated Statement of Financial Position

Assets

As at 31 December 2024, the total assets of the Group mainly comprised loan and lease receivables, property, plant and equipment, cash and bank deposits and financial assets at fair value, which accounted for 93.7% of the Group's total assets.

Total Assets

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000	Change
Loan and lease receivables	**20,714,833**	23,734,332	(12.7%)
Property, plant and equipment	**16,394,376**	16,227,335	1.0%
Financial assets at fair value	**2,136,047**	723,925	195.1%
Cash and cash equivalents, pledged time deposits and time deposits with maturity over three months	**1,909,346**	1,142,064	67.2%
Other assets	**2,766,393**	3,315,903	(16.6%)
Total	**43,920,995**	45,143,559	(2.7%)

4.2.1 Loan and Lease Receivables

The Group's loan and lease receivables comprise (i) lease receivables; (ii) loan borrowings; and (iii) loans to joint ventures.

Loan and lease receivables

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000	Change
Lease receivables	**14,331,654**	16,526,516	(13.3%)
Loan borrowings	**6,118,321**	6,462,750	(5.3%)
Loans to joint ventures	**264,858**	745,066	(64.5%)
Total	**20,714,833**	23,734,332	(12.7%)

4. Financial Review *(Continued)*

4.2 Continued Analysis on Consolidated Statement of Financial Position

4.2.1 Continued *Loan and Lease Receivables*

a) *Lease Receivables*

Net lease receivables are the gross investment in leases less unearned finance income and accumulated allowance for impairment loss. The following table sets out, as at the dates indicated, a breakdown of the Group's lease receivables:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Gross investment in finance leases	**21,740,247**	23,766,703
Less: unearned finance income	**(6,790,765)**	(6,664,899)
Net investments in finance leases	**14,949,482**	17,101,804
Operating lease receivables	**–**	1,408
Gross lease receivables	**14,949,482**	17,103,212
Less: accumulated allowance for impairment loss	**(617,828)**	(576,696)
Net lease receivables	**14,331,654**	16,526,516

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings as at 31 December 2024 and 2023:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Gross investment in finance leases		
– Within 1 year	**2,282,154**	3,112,583
– After 1 year but within 2 years	**1,911,284**	2,193,153
– After 2 years but within 3 years	**1,903,541**	2,275,526
– After 3 years but within 4 years	**1,672,337**	2,036,069
– After 4 years but within 5 years	**1,566,267**	1,673,765
– Over 5 years	**12,404,664**	12,475,607
	21,740,247	23,766,703

The Group's net lease receivables amounted to HK$16,526.5 million and HK$14,331.7 million as at 31 December 2023 and 31 December 2024, respectively. Such receivables decreased by 13.3% as some of the finance lease projects were completed during the year.

4. Financial Review *(Continued)*

4.2 Continued Analysis on Consolidated Statement of Financial Position

4.2.1 Continued Loan and Lease Receivables

b) *Loan Borrowings*

Loan borrowings mainly refer to receivables from the secured loan provided by us. The Group's loan borrowings were secured and repayable from 2025 to 2033 as at 31 December 2024.

A maturity profile of the loan borrowings based on the maturity date, net of impairment losses, is as follows:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Within 1 year	**508,881**	584,672
After 1 year but within 2 years	**513,080**	650,230
After 2 years but within 5 years	**1,638,340**	4,028,080
Over 5 years	**3,458,020**	1,199,768
	6,118,321	6,462,750

c) *Loans to Joint Ventures*

The Group received repayment from joint ventures during the year. As at 31 December 2024, the Group's loan to a joint venture amounted to HK$264.9 million was unsecured.

4.2.2 Property, Plant and Equipment

The Group's property, plant and equipment comprise construction in progress, vessels held for operating leases, leasehold improvements, office equipment and motor vehicles held for business purposes.

As at 31 December 2024 and 31 December 2023, the Group's property, plant and equipment amounted to HK$16,394.4 million and HK$16,227.3 million, respectively. The increase of 1.0% in the Group's property, plant and equipment as at 31 December 2024 was primarily due to the net effect of ongoing payment to shipbuilders for the increase of 8 container ships for chartering business and the sales of 2 bulk carriers during the year.

4.2.3 Financial Assets at Fair Value

Financial assets at fair value represent listed bonds and wealth management products held by the Group.

The total amount of financial assets at fair value increased by 195.1% from HK$723.9 million as at 31 December 2023 to HK$2,136.0 million as at 31 December 2024. The Group further increased its investment portfolio with listed bonds and wealth management products to diversify the risk of its investment portfolio. The Group will continue to optimise the allocation of financial assets for holding suitable investment portfolio of listed bonds and wealth management products to obtain stable returns.

4. Financial Review *(Continued)*

4.2 Continued Analysis on Consolidated Statement of Financial Position

Liabilities

As at 31 December 2024, the total liabilities of the Group mainly represented by borrowings, including bank borrowings, bonds and other borrowings, which accounted for 93.1% of its total liabilities.

Total liabilities

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000	Change
Borrowings – bank borrowings	**12,829,276**	18,436,045	(30.4%)
Borrowings – bonds	**13,432,257**	12,625,506	6.4%
Borrowings – others	**1,325,622**	271,876	387.6%
Other liabilities	**2,035,804**	980,221	107.7%
Total	**29,622,959**	32,313,648	(8.3%)

4.2.4 Borrowings – Bank Borrowings

The Group's bank borrowings decreased by 30.4% from HK$18,436.0 million as at 31 December 2023 to HK$12,829.3 million as at 31 December 2024, mainly due to the Group utilised its cash on hand to repay its high-cost U.S. dollar bank borrowings in a timely manner, thereby effectively controlling the size of its interest-bearing liabilities and the finance costs.

There was no delay in the repayment of or default in any of our bank borrowings during the year.

The Group's borrowings were repayable based on the scheduled repayment terms set out in the respective loan agreements as follows:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
On demand or within 1 year	**7,142,694**	8,076,673
After 1 year but within 2 years	**904,795**	3,842,427
After 2 years but within 5 years	**2,340,630**	4,343,723
After 5 years	**2,441,157**	2,173,222
	12,829,276	18,436,045

4. Financial Review *(Continued)*

4.2 Continued Analysis on Consolidated Statement of Financial Position

4.2.5 Borrowings – Bonds

As at 31 December 2024, the Group held (i) two guaranteed bonds of US$400 million (equivalent to approximately HK$3,112 million) due in 2025 and US$400 million (equivalent to approximately HK$3,112 million) due in 2030; (ii) a green and blue dual-certified bond of US$500 million (equivalent to approximately HK$3,890 million) due in 2026, and (iii) two batches of "Panda Bonds", the First Tranche ("**Sustainability Linked and Bond Connect**") and the Second Tranche of 2023 Medium-term Notes, these bonds were listed publicly at the National Association of Financial Market Institutional Investors ("**NAFMII**") Bond Market in the Mainland China, with the issue size of RMB1,000 million (equivalent to approximately HK$1,066 million) and RMB1,200 million (equivalent to approximately HK$1,279 million), respectively in the Mainland China, and both tranches are due in 2026.

In addition, in September 2024, the Group successfully issued the third batch of "Panda Bonds", the issuance of the First Tranche of 2024 Medium-term Notes which were also listed publicly at the NAFMII Bond Market in the Mainland China with the issue size of RMB800 million (equivalent to approximately HK$852 million) for a term of five years, setting a new low for the Group's RMB financing costs and bond coupon rates in the Mainland China. Subsequent to this issue, the Group has completed the full issuance of the RMB3 billion "Panda Bonds" framework at the NAFMII Bond Market in the Mainland China interbank, demonstrating the high level of market investor recognition for the Group.

The funds raised from "Panda Bonds" issuance will primarily be used to support the upgrade of large domestic equipment and equipment renovation, driving and leading the orderly development of domestic green vessels, repayment of existing debts and general corporate purposes.

The Group will continue to adhere to the development philosophy of "Integration of Industry and Serve the Main Business", focus on the ship and marine equipment leasing field, deepen the transformation of green and low-carbon business models, and promote high-quality, sustainable development of the real economy through financial vitality.

As at 31 December 2024, the bonds were repayable as follows:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Within 1 year	**3,235,011**	111,843
After 1 year but within 2 years	**6,233,180**	3,112,000
After 2 years but within 5 years	**852,066**	6,289,663
After 5 years	**3,112,000**	3,112,000
	13,432,257	12,625,506

4. Financial Review *(Continued)*

4.3 Asset Quality

The Group adopts the three-stage model for impairment loss based on changes in the credit quality of our loan receivables since initial recognition. Financial instrument that is not credit-impaired on initial recognition is classified as "stage 1". The expected credit loss is measured on a 12-month basis. If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "stage 2". Financial instrument that is classified as stage 2 is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis. If the financial instrument is credit-impaired, the financial instrument is then transferred to "stage 3". The expected credit loss is measured on lifetime basis. In stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount. The provision for impairment loss recognised for the year is impacted by a variety of factors, including the transfers between stage 1 and stage 2 or stage 3 due to loan receivables experiencing a significant increase (or decrease) of credit risk in the period, and the subsequent "step up" (or "step down") between 12-month and lifetime expected credit loss, the additional provisions for new financial instruments recognised, as well as releases for loan receivables derecognised in the period, and loan receivables derecognised and write-offs of provisions related to assets that were written off during the period.

The following table explains the provision for impairment of loan and lease receivables in each stage at the end of the year:

	Stage 1 **12-month ECL** HK$'000	**Stage 2** **Lifetime ECL** HK$'000	**Stage 3** **Lifetime ECL** HK$'000	**Total** HK$'000
Provision for impairment loss of loan and lease receivables as at 31 December 2024	**126,093**	**386,580**	**177,222**	**689,895**
Provision for impairment loss of loan and lease receivables as at 31 December 2023	92,378	393,429	181,483	667,290

Write-offs

The Group writes off loan and lease receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activities. The Group may write off loan and lease receivables that are still subject to enforcement activities.

The Group did not write off any loan and lease receivables during the year ended 31 December 2023 and the year ended 31 December 2024.

4. Financial Review *(Continued)*

4.4 Liquidity and Working Capital

The Group funds its operations and growth primarily through cash generated from operating activities, bank borrowings and issuance of bonds. In 2024, the Group continued to maintain a stable risk appetite for liquidity management. The goal of the Group's liquidity risk management is to maintain moderate liquidity reserves and assets and sufficient funding resources to adequately meet the repayment needs of matured liabilities and the funding needs of business development.

When determining the allocation of its capital resources, the Group primarily considers its business strategies and development plans, future capital needs and projected cash flows, in order to achieve a higher interest rate margins level and control the liquidity management costs on the premise of controllable liquidity risks. The Group manages liquidity risk and strikes a balance between interest rate spread and liquidity risk through the following measures: (i) establishing a comprehensive capital operation and management system, developing, optimising and upgrading the business and financial information system, closely monitoring, dynamically tracking, and conducting rolling calculations and analyses of the working capital, and providing timely advance warnings of funding shortfalls; (ii) proactively managing the maturity portfolio of assets and liabilities and controlling cash flow mismatch gap to reduce structural liquidity risk; and (iii) establishing a diversified source of funds through the reserve of sufficient credit, and improving the Group's financing and daily liquidity management capabilities to obtain sufficient funds to meet debt repayment and business development needs. During the year, the Group had sufficient cash flow, while the credit facilities granted by the banks to the Group were sufficient, there was no significant change in the indebtedness and credit standing.

In addition, during the year, the Group maintained an "AAA" rating for domestic entities by Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司), and an "A"(international) and "A-" (international) ratings by Fitch and S&P, respectively. Taking into account the historical and expected future cash flows from operations, unutilised available banking facilities of the Group and the bonds issued by the Group during the reporting period, the Directors expected that the Group would have adequate resources to meet its liabilities and commitment as and when they fall due and be able to continue its operation in the foreseeable future.

The following table sets out, for the years indicated, a summary of the Group's consolidated statement of cash flows:

	Year ended 31 December	
	2024 HK$'000	2023 HK$'000
Net cash generated from/(used in) operating activities	**6,768,311**	(452,170)
Net cash used in investing activities	**(1,577,399)**	(2,533,091)
Net cash (used in)/generated from financing activities	**(4,331,650)**	2,726,938
Net increase/(decrease) in cash and cash equivalents	**859,262**	(258,323)
Cash and cash equivalents at the beginning of the year	**938,005**	1,181,458
Effect of foreign exchange rate changes on cash and cash equivalents	**(23,371)**	14,870
Cash and cash equivalents at the end of the year	**1,773,896**	938,005

4. Financial Review *(Continued)*

4.4 Continued Liquidity and Working Capital

The net cash generated from operating activities amounted to HK$6,768.3 million, which was mainly because the Group received the payment from the completed finance lease projects and generated a profit from operation for the year ended 31 December 2024.

The net cash used in investing activities amounted to HK$1,577.4 million, which was mainly due to the Group's payment to shipbuilders for operating leases and self-investment projects during the year ended 31 December 2024.

The net cash used in financing activities amounted to HK$4,331.7 million, which was mainly because the Group reasonably arranged the repayment of several bank loans during the year ended 31 December 2024.

4.5 Bank Loans and Capital Structure

In 2024, with the positive development of its main business, the Group's operating performance steadily improved. Benefiting from excellent international ratings and good market reputation, the Group's liquidity was solid, and its financing capabilities continued to increase and financing methods were increasingly diversified. The Group kept abreast of the changes in macroeconomic conditions, actively responded to the complicated financial environment at home and abroad, proactively grasped the market trend and adjusted its financing strategies in a timely manner to further optimise its debt structure and balance its finance costs. The Group turned to RMB financing as appropriate during the year due to the increase in the interest rate differential between China and the United States, which enabled the Group to effectively control the rapid increase in finance costs.

In 2024, although the U.S. Federal Reserve started its rate-cutting cycle, the cuts came late and the average U.S. dollar benchmark interest rate for the year remained high at 4.8%. On the other hand, RMB interest rates remained at a lower level, with the 1-year LPR falling to 3.10% and the 5-year or above LPR falling to 3.60%, highlighting the cost advantage of RMB financing. During the year, the Group continued to take effective measures to control the excessive increase in finance costs and has achieved better results, with the consolidated finance costs remaining at a lower level in the market. The average cost of the Group's interest-bearing liabilities decreased from 3.7% for the year ended 31 December 2023 to 3.5% for the year ended 31 December 2024.

4. Financial Review *(Continued)*

4.5 Continued Bank Loans and Capital Structure

In light of heightened U.S. dollar interest rates in the longer term, the Group had been active in seeking to diversify its financing channels and took effective measures in a timely manner. During the year, the Group continued to issue the third batch of "Panda Bonds" denominated in RMB in the NAFMII Bond Market in the Mainland China, raising RMB800 million for a term of five years, the lowest level ever recorded by the Group for its domestic RMB bond, with the issuance costs being significantly lower than the U.S. dollar finance costs. The relevant proceeds were used to support energy efficiency upgrade, equipment revamp and upgrade and low-carbon green vessels and shipping projects, effectively curbing the excessive growth of finance costs. Meanwhile, the Group made comprehensive use of multi-currency financing, such as Euros and Hong Kong dollars, for daily operations such as vessel leasing, which effectively reduced the negative impact of heightened U.S. dollar interest rates. The Group has closely monitored our exposure to exchange rate risks arising from multi-currency financing, and has adopted prudent foreign exchange risk management strategies to effectively hedge foreign exchange risk exposure with the continuous use of financial instruments such as foreign exchange swaps and cross currency swaps.

The Group continued to deepen its partnership with core banks based on its existing financing channels in accordance with its strategic development needs, forming in-depth strategic partnerships with banks including the large banks and policy banks, as well as international commercial banks, and successively launched multiple products such as sustainability index-linked liquidity loan, sustainability index-linked project loan, vessel project loans and syndicated loans for vessel projects. As at 31 December 2024, the Group held loan facilities of approximately HK$34.78 billion (approximately US$4.47 billion), utilised loan facilities of approximately HK$14.16 billion (approximately US$1.82 billion) and unutilised bank loan facilities of approximately HK$20.62 billion (approximately US$2.65 billion), and the credit balance was sufficient. As at 31 December 2024, the Group's total assets and total liabilities were HK$43,921.0 million and HK$29,623.0 million, respectively, its equity attributable to owners was HK$14,181.1 million and the gearing ratio (total borrowings divided by total equity) was 1.9 times. By improving the existing fund operation, enhancing the utilisation efficiency of funds, strictly implementing funding plans and controlling the scale of interest-bearing indebtedness and remained at a lower level in the industry, consistently maintaining a healthly gearing position.

5. Risk Management

5.1 Exchange Rate Risk

Exchange rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The vessels under finance leases and operating leases are purchased in U.S. dollars, and the corresponding finance lease receivables and fixed assets are denominated in U.S. dollar, while the main source of funding is bank loans denominated in U.S. dollar. There is therefore no significant exposure to exchange rate risk. The Group holds some of its monetary funds in Hong Kong dollars, Renminbi and Euros, but the overall proportion is relatively small. In terms of exchange rate structure, the Group continued to uphold its original exchange rate risk management strategies and maintained the basic matching of assets and liabilities in currency. The Group has adopted a prudent foreign exchange risk management strategy and established a foreign exchange rate risk tracking system to monitor the trend of major currencies around the world in a timely manner.

During the year, the exchange rate of Renminbi fluctuated considerably and the Group paid close attention to it. In view of the existing and new Renminbi exchange rate risk exposure, the Group has effectively hedged its foreign exchange risk exposure by carrying out financial businesses such as foreign exchange swaps and cross-currency swaps, etc. During the year, the Group's exchange rate risk remained at a controllable level.

5.2 Interest Rate Risk

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank loans and other financing, as well as finance lease receivables and other loans. During the year, the U.S. Federal Reserve started its rate-cutting cycle with dropping inflation, reducing a total of 100 basis points following three consecutive rate cuts, with the U.S. Federal Funds Rate reduced from 5.33% at the beginning of 2024 to the year-end 4.33%, but still at a relatively high level.

In order to cope with the persistently high interest rates in the U.S. dollar interest rate market, the Group has maintained its usual interest rate risk control measures by using financial instruments such as interest rate swaps to hedge its interest rate risk exposure. As of the end of 2024, the notional principal amount of the Group's existing interest rate swap products was approximately HK$3,516.0 million, and the locked-in U.S. dollar average long-term fixed interest rate was approximately 1.58%, which effectively hedged the negative impact of the high interest rate of the U.S. dollar. In terms of interest rate structure, the Group continued to maintain its original interest rate risk management strategies and proactively managed the matching of assets and liabilities in terms of interest rate structure. For the Group's operating lease assets, the Group continued to improve the interest rate matching between assets and liabilities through measures such as the issuance of fixed interest rate bonds, fixed interest rate loans and operating interest rate swaps, thereby effectively preventing interest rate risks, and the existing interest rate risk exposure is relatively low.

During the year, the Group added a number of fixed-rate RMB bonds and loans matching with our new leased assets and further reduced the exposure to interest rate risk. Meanwhile, the Group's finance lease assets and bank loan liabilities were both primarily at floating rates, so the effects of fluctuations in U.S. dollar interest rates can be offset by mutual hedging.

5. Risk Management *(Continued)*

5.2 Continued Interest Rate Risk

Interest rate profile

The following table details the interest rate profile of the Group's net variable rate loan and lease receivables and borrowings at the end of the reporting period:

	2024 HK$'000	2023 HK$'000
Loan and lease receivables	**10,996,232**	16,511,380
Borrowings	**8,988,580**	15,904,429

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after taxation and retained profits by approximately HK$16,764,000 (2023: HK$5,068,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for both years.

5. Risk Management *(Continued)*

5.3 Foreign Currency Risk

The Group has foreign currency income, expenses and fund remittances, which exposes the Group to foreign currency risk. Since the fluctuation of US$ and HK$ is minimal under the Linked Exchanged Rate System, the Directors of the Company consider the Group mainly exposed to exchange risks on Euros and Renminbi. The Group manages the foreign exchange risks by performing regular reviews of the Group's net foreign exchange exposure.

The carrying amounts of the Group's significant foreign currency denominated financial assets and liabilities as at 31 December 2024 and 2023, translated into Hong Kong dollars at the closing rates, are as follows:

	As at 31 December 2024			As at 31 December 2023		
	EUR HK$'000	**SGD HK$'000**	**RMB HK$'000**	EUR HK$'000	SGD HK$'000	RMB HK$'000
Loan and lease receivables	**948,148**	**–**	**955,093**	1,306,589	–	703,829
Prepayments, deposits and other receivables	**–**	**–**	**22,850**	–	–	9,086
Amounts due from associates	**–**	**–**	**–**	–	–	–
Cash and cash equivalents	**48,549**	**3,375**	**1,104,911**	25,875	3	580,067
Other payables and accruals	**(6,983)**	**(3,925)**	**(39,586)**	(21,249)	–	(46,788)
Borrowings	**(1,200,167)**	**–**	**(8,409,179)**	(1,225,510)	–	(5,248,204)
Net exposure	**(210,453)**	**(550)**	**(6,365,911)**	85,705	3	(4,002,010)

The following table details the Group's sensitivity to a 5% increase in the relevant functional currencies against HK$ as at 31 December 2024. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation for 5% change in foreign currency rates during the year. A positive/negative number indicates an increase/a decrease in profit for the year where respective functional currencies strengthening 5% as at 31 December 2024. During the year, for a 5% weakening of respective functional currencies against HK$, there would be an equal but opposite impact on the profit for the year.

	2024 HK$'000	2023 HK$'000
EUR	**(8,786)**	3,578
SGD	**(23)**	–*
RMB	**(265,777)**	(167,084)

* Less than HK$1,000

5. Risk Management *(Continued)*

The Group is exposed to various risks in its ordinary course of business, including credit risk, market risk, liquidity risk, interest rate risk, foreign currency risk, asset risk, information technology risk and reputation risk. The Group carries out risk management with the strategic objectives of sustainable development of business and enhancement of the Group's value, and has established a comprehensive risk management system. The Group has leveraged its potential in resources to improve the responsiveness in risk management for safeguarding the stable development of its performance. At present, the Group has adopted a stable strategy in relation to risk appetite. With regard to the selection of industries, the Group prefers industries and fields with mature business models, economies of scale and excellent asset quality. In terms of customer selection, the Group prefers large enterprises, leading enterprises in the industry or high-quality listed companies. In terms of leased assets operation, the Group will conduct scientific classification, value analysis and professional management, and accelerate the transfer of leased assets by combining various operation strategies, taking into account the market environment and the features of leased properties.

While realizing the steady growth of the business, the Group achieves a return on investment commensurate with the risks and maintains risk levels within an acceptable range. Based on the characteristics of the leasing industry, its own risk tolerance and risk appetite, the Group has established an effective risk identification, evaluation, monitor, control and reporting mechanism to support the effective implementation of the Company's risk management policies through a sound management information system to actively strengthen risk assessment and management system. Meanwhile, it will strengthen the proactive response management of risks; reduce the overall business risks by carrying out asset risk management in different countries, regions and industries; strive to maximize the risk return by actively adjusting the business strategy of the industry, establishing the customer credit quantitative assessment model and debt assessment model, strengthening the customer access standards, and improving the risk assessment system; and realize the value creation of risk management by improving the business quality and resource allocation efficiency of the Group.

In 2024, the Group continued to strengthen the establishment of a comprehensive risk management system and promoted the improvement of corporate risk governance structure; comprehensively assessed the Company's risk management strategy system, formulated a comprehensive risk management optimisation plan for the Group's main risk categories and business segments, and established a comprehensive risk management structure that matches the business development strategies, operation objectives, financial conditions and compliance management objectives.

6. Contingent liabilities

Details of the Group's contingent liabilities during the Reporting Year are set out in note 35 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive Director

Mr. Li Hongtao, aged 59, was appointed as the Chairman of the Board and an executive Director on 23 May 2024, and the Chief Executive Officer of the Company on 31 December 2024. Mr. Li has extensive experience in the management in the shipping industry. Before the appointment as the executive Director, Mr. Li successively served as deputy general manager and general manager of China Shipbuilding Industry Trading Co., Limited* (中國船舶工業貿易公司), chairman of China United Shipbuilding Company Limited* (華聯船舶有限公司), general manager and chairman of China Shipbuilding International Marine Technology Co., Limited* (中船國際海洋技術有限公司), general manager and chairman of China Shipping International Trading Company Limited* (中船國際貿易有限公司) and chairman of China Shipbuilding Industry Trading Co., Limited* (中國船舶工業貿易有限公司).

Mr. Li obtained his bachelor's degree and master's degree in geodesy from Wuhan Technical University of Surveying and Mapping* (武漢測繪科技大學) in September 1987 and May 1990, respectively.

Non-Executive Directors

Ms. Zhang Yi (張軼), aged 54, was appointed as a non-executive Director on 29 September 2022. She is currently serving as the director of foreign operations of China Re Asset Management Co., Ltd.* (中再資產管理股份有限公司), and the executive director and general manager of China Re Asset Management (Hong Kong) Company Limited* (中再資產管理(香港)有限公司).

Ms. Zhang has extensive work experience in investment management, risk control and compliance management. From August 1993 to August 2003, Ms. Zhang successively served as a cadre of the business department of the People's Insurance Company of China (中國人民保險公司), a cadre of the capital division of the planning and finance department of China Insurance Reinsurance Co., Ltd. (中保再保險有限公司), the chief staff member of the capital division of the planning and finance department, the chief member of the fund utilization department, the deputy director of the bond division of the fund utilization department, the director of the bond division of the fund utilization department, and the manager of the bond business department of the investment management center of China Reinsurance Company (中國再保險公司). From August 2003 to February 2005, she served as the manager of the bond business department of the investment management center of China Reinsurance (Group) Corporation (中國再保險(集團)公司). From February 2005 to May 2009, she served as the assistant general manager of the risk control department and portfolio management department of China Re Asset Management Co., Ltd. (中再資產管理股份有限公司). From May 2009 to April 2015, she successively served as deputy general manager of risk control and compliance department, general manager of risk control and compliance department, head of general management department, general manager of general management department, and general manager of internal control and compliance risk management department of China Re Asset Management Co., Ltd. (中再資產管理股份有限公司). From May 2015 to January 2019, she served as the general manager of the asset management department of China Continent Property & Casualty Insurance Co., Ltd. (中國大地財產保險股份有限公司). From January 2019 to May 2021, she successively served as the risk control director, general manager of risk control center, interim chief risk management officer, interim compliance officer, chief risk management officer, and compliance officer of China Re Asset Management Co., Ltd. (中再資產管理股份有限公司). From May 2021 to November 2022, she served as the chief risk management executive officer and compliance officer of China Re Asset Management Co., Ltd. (中再資產管理股份有限公司), and the chief risk management executive officer of China Re Asset Management (Hong Kong) Co., Ltd. (中再資產管理(香港)有限公司). From May 2021 to October 2022, she served as the risk control director and general manager of risk control center of China Re Asset Management Co., Ltd.. Since July 2022, she has also been serving as an executive director and the general manager of China Re Asset Management (Hong Kong) Co., Ltd. (中再資產管理(香港)有限公司). Since September 2022, she has been serving as the non-executive director of Beijing Jingneng Clean Energy Co., Limited (北京京能清潔能源電力股份有限公司), the shares of which are listed on the Main Board of Stock Exchange (stock code: 579).

Ms. Zhang graduated from Dongbei University of Finance and Economics (東北財經大學), majoring in international finance and obtained a bachelor's degree in economics in July 1993. Ms. Zhang holds the economist professional and technical qualification.

Mr. Zhang Qipeng (張啟鵬), aged 45, was appointed as a non-executive Director on 4 November 2022.

He is currently the deputy general manager, general legal counsel and head of legal department of Shanghai Waigaoqiao Shipbuilding Co., Ltd.* (上海外高橋造船有限公司), which is a subsidiary of China State Shipbuilding Corporation Limited* (中國船舶集團有限公司).

Mr. Zhang obtained a bachelor's degree in internal combustion engine from Wuhan University of Technology in 2001 and a master's degree in industrial engineering from Huazhong University of Science and Technology in 2011.

From August 2001 to November 2007, Mr. Zhang successively served as a trainee of the general assembly department, a designer of the design department and a trainee director of the ship assembly unit under the design department of Shanghai Waigaoqiao Shipbuilding Co., Ltd.* (上海外高橋造船有限公司). From November 2007 to March 2011, he successively served as the trainee director, deputy director of the mechanical and electrical unit and director of the mechanical and electrical unit under the marine engineering department of Shanghai Waigaoqiao Shipbuilding Co., Ltd.* (上海外高橋造船有限公司). From March 2011 to February 2019, he successively served as the assistant to the head of the marketing department and deputy head of the marketing department of Shanghai Waigaoqiao Shipbuilding Co., Ltd.* (上海外高橋造船有限公司), the head of the marketing department, head of the project department, deputy chief engineer, chief engineer, head of the technical operation department of Shanghai Waigaoqiao Shipbuilding Offshore Engineering Co., Ltd.* (上海外高橋造船海洋工程有限公司), and the general manager of CSSC Jiujiang Boiler Co., Ltd.* (中船九江鍋爐有限公司). From February 2019 to November 2020, he successively served as the assistant to general manager and head of the legal department of Shanghai Waigaoqiao Shipbuilding Co., Ltd.* (上海外高橋造船有限公司). Since November 2020, he has been the deputy general manager and head of the legal department of Shanghai Waigaoqiao Shipbuilding Co., Ltd.* (上海外高橋造船有限公司). He has also been the general legal counsel of Shanghai Waigaoqiao Shipbuilding Co., Ltd.* (上海外高橋造船有限公司) since June 2021.

Mr. Chi Benbin (遲本斌), aged 51, was appointed as a non-executive Director on 24 February 2023.

He is currently the deputy general manager of Hudong Zhonghua Shipbuilding (Group) Co., Ltd.* (滬東中華造船(集團)有限公司), which is a subsidiary of China State Shipbuilding Corporation Limited* (中國船舶集團有限公司). Mr. Chi obtained a bachelor's degree in Marine and Offshore Engineering from Huazhong University of Science and Technology* (華中理工大學) in 1994. Mr. Chi holds the senior engineer professional and technical qualification. From August 1994 to May 2002, Mr. Chi successively served as a trainee of the marketing department of Hudong Shipyard* (滬東造船廠), a salesman, a project manager, a deputy section chief and an assistant to the director of the civil products section of the marketing department of Hudong Zhonghua Shipyard* (滬東中華造船廠). From May 2002 to July 2014, he successively served as assistant director of the marketing department and head of the general management section, deputy director of the marketing department, director of the marketing department and assistant to the general manager and director of the marketing department of Hudong Zhonghua Shipbuilding (Group) Co., Ltd.* (滬東中華造船(集團)有限公司). From July 2014 to the present, he has been the deputy general manager of Hudong Zhonghua Shipbuilding (Group) Co., Ltd.* (滬東中華造船(集團)有限公司). From July 2014 to August 2021, he also successively served as the deputy general manager of Shanghai Jiangnan Changxing Shipbuilding Co., Ltd.* (上海江南長興造船有限責任公司) and the deputy general manager of Shanghai Shipyard Company Limited* (上海船廠船舶有限公司).

Independent Non-Executive Directors

Mr. Wang Dennis (王德銀), aged 62, was appointed as an independent non-executive Director on 10 November 2020. Mr. Wang is primarily responsible for the independent supervision of the management of the Group.

Mr. Wang is an entrepreneur. Mr. Wang was previously the chairman, an executive director and the chief consultant of China Water Industry Group Limited (中國水業集團有限公司*), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1129), the chairman and the general manager of Tibet Jinzhu Co., Ltd.* (西藏金珠股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (the "**SSE**") (stock code: 600773), the founder and the chairman of Shenzhen Hornson Science and Tech. Co., Ltd.* (深圳豪信科技有限公司), and the chairman and the president of Shenzhen Modern Computer Co., Ltd.* (深圳現代計算機有限公司).

Mr. Wang obtained a bachelor's degree in computer engineering from Xidian University (西安電子科技大學) in the PRC in 1986.

Mdm. Shing Mo Han Yvonne (盛慕嫻), *BBS, JP*, aged 69, is an independent non-executive Director appointed in May 2019. Mdm. Shing is primarily responsible for overseeing the management of our Group independently.

Mdm. Shing is currently serving as an independent non-executive director of China Resources Pharmaceutical Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3320); Aeon Credit Service (Asia) Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 900); China Merchants Energy Shipping Co., Ltd., a company listed on the SSE (stock code: 601872); and Analogue Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1977). From December 2021 to January 2025, she has been serving as an independent non-executive director of Sirnaomics Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 2257). She was a senior adviser of Deloitte Touche Tohmatsu in Hong Kong until March 2019.

Mdm. Shing is a member of the 10th, 11th and 12th Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference. She is a founding member of the Association of Women Accountants (Hong Kong) Limited. She is currently the vice chair-lady of the Taxation Committee of the Hong Kong General Chamber of Commerce and a member of the Chinese General Chamber of Commerce, Hong Kong.

Mdm. Shing's current public appointments include treasurer of the Council of the Hong Kong Academy for Performing Arts, member of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption, member of the Antiquities Advisory Board, member of the Communications Authority, member of the Advisory Committee on Built Heritage Conservation, and court member of the Hong Kong Polytechnic University.

Mdm. Shing was appointed as a Justice of the Peace in 2013 and was awarded the Bronze Bauhinia Star in 2017. She was named as one of the China's National Hundred Outstanding Women Entrepreneurs by China Association of Women Entrepreneurs* (中國女企業家協會) in October 2006.

Mdm. Shing graduated from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) and obtained a higher diploma in accountancy. She is a 2016/2017 university fellow of the Hong Kong Polytechnic University. She is also a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Chartered Governance Institute.

Mr. Li Hongji (李洪積), aged 68, is an independent non-executive Director appointed in May 2019. Mr. Li is primarily responsible for overseeing the management of our Group independently.

Mr. Li has been serving as a partner and practicing lawyer in Commerce & Finance Law Offices (通商律師事務所) since 2006.

Mr. Li is a registered arbitrator in a number of arbitration centres, including China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會), Arbitration Center Across The Straits (海峽兩岸仲裁中心), China Maritime Arbitration Commission (中國海事仲裁委員會), Beijing Arbitration Commission (北京仲裁委員會), Shanghai International Arbitration Center (上海國際仲裁中心) and Qingdao Arbitration Commission (青島仲裁委員會). He is currently serving as a part-time lecturer of the master's degree programme in Peking University Law School (北京大學法學院).

Mr. Li obtained a bachelor's degree in law from Peking University (北京大學) in the PRC in July 1982 and a master's degree in law from China University of Political Science and Law (中國政法大學) in the PRC in July 1987. He became a qualified lawyer of the PRC in 1997 and was admitted to practise as an attorney and counsellor at law in the courts of record of New York in the United States in 1994.

Senior Management

Please refer to the section "Directors" for the biography of Mr. Li Hongtao.

Mr. Wang Shanjun (王善君), aged 49, was appointed as the chief accountant of the Company on 1 January 2025, primarily responsible for financial and legal affairs (compliance), risk management, issues pertaining to, among others, the Board of Directors meetings and shareholders meetings, securities affairs, investor relations management and ESG.

Mr. Wang served at Jindong Paper Co., Ltd. (金東紙業有限公司) from August 1998 to September 1999. From November 2006 to May 2010, he served as a business manager at the Third Asset Division of the Asset Division of China Shipbuilding Industry Corporation. From May 2010 to April 2017, he served as a business manager of the Capital Operations Department, deputy director of Investor Relations, deputy director of Investor Relations (presiding) and director of Investor Relations of China Shipbuilding Industry Company Limited. From April 2017 to November 2024 he served as a vice general manager and secretary to the board of directors at China Shipbuilding Industry Group Power Co., Ltd.

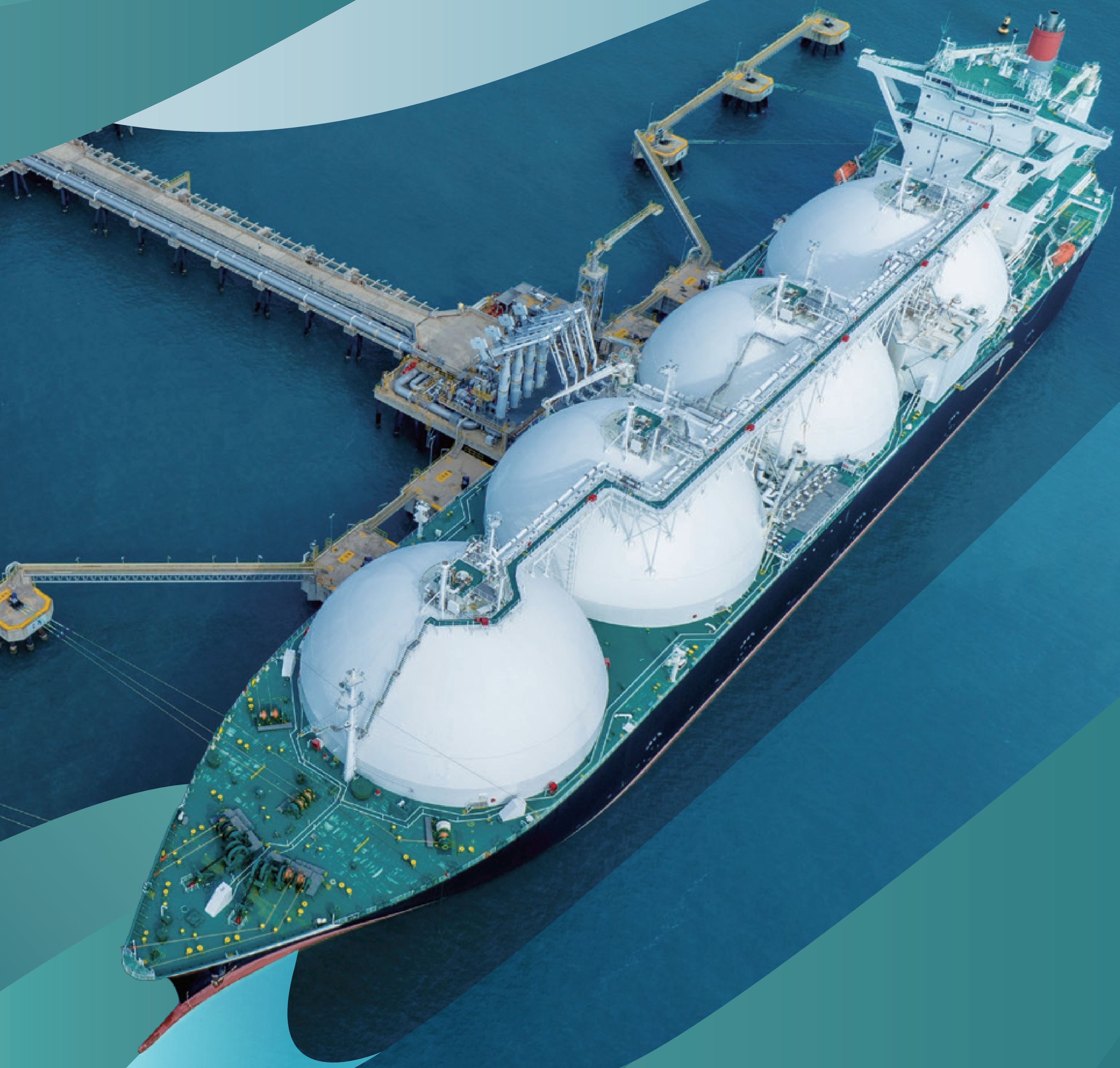
Mr. Wang obtained a bachelor's degree in July 1998 and a master's degree in Finance in February 2005 from Dalian University of Technology. In June 2017, he obtained a PhD degree from the Graduate School of the People's Bank of China.

Mr. Wu Aijun (吳愛軍), aged 52, was appointed as the deputy general manager of the Company on 1 January 2025. He is mainly responsible for business development, external investment, ship operation, ship management, etc.

Mr. Wu interned at the ship repairing branch of Jiangnan Shipbuilding (Group) Co., Ltd. (江南造船(集團)有限責任公司) from August 1994 to August 1995. From August 1995 to February 2001, he worked at the Foreign Affairs Office of Jiangnan Shipbuilding (Group) Co., Ltd. (江南造船(集團)有限責任公司), responsible for translation works. From February 2001 to January 2003, he served as the project manager of the business department of Jiangnan Shipbuilding (Group) Co., Ltd. (江南造船(集團)有限責任公司). From January 2003 to May 2017, he served as the project manager of First Shipping Department, senior manager, deputy general manager of the Third Shipping Department, deputy general manager of the First Shipping Department, general manager of the Third Shipping Department and general manager of the Fourth Business Department of China Shipbuilding Trading Company* (中國船舶工業貿易公司). From May 2017 to November 2018, he served as assistant to the general manager and general manager of the Fourth Business Department of China Shipbuilding Trading Company* (中國船舶工業貿易公司). From November 2018 to May 2019, he served as deputy general manager of China Shipbuilding Trading Company* (中國船舶工業貿易公司) and deputy general manager of China Shipping International Trading Company Limited* (中船國際貿易有限公司). From May 2019 to February 2020, he served as deputy general manager of China Shipbuilding Trading Company Limited* (中國船舶工業貿易有限公司) and deputy general manager of China Shipping International Trading Company Limited* (中船國際貿易有限公司) (China Shipbuilding Trading Company* (中國船舶工業貿易公司) was approved to change its name to "China Shipbuilding Trading Company Limited* (中國船舶工業貿易有限公司)" in May 2019). From February 2020 to June 2020, he served as deputy general manager of China Shipbuilding Trading Company Limited* (中國船舶工業貿易有限公司), deputy general manager of China Shipping International Trading Company Limited* (中船國際貿易有限公司), and deputy general manager of China Shipbuilding Heavy Industry International Trading Company Limited* (中國船舶重工國際貿易有限公司副總經理). From June 2020 to November 2024, he served as deputy general manager of China Shipbuilding Trading Company Limited* (中國船舶工業貿易有限公司). He serves as deputy general manager of CSSC (Hong Kong) Shipping Company Limited from December 2024.

Mr. Wu obtained a bachelor's degree from Harbin Engineering University in July 1994.

Mr. Ng Kwun Wa, aged 47, was appointed as the company secretary of the Company on 31 December 2024. Mr. Ng is a member of the Hong Kong Chartered Governance Institute and a member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in financial management and reporting, accounting and auditing. Mr. Ng joined the Group in 2020 initially as the director of finance department. Prior to joining the Company, Mr. Ng worked in a company listed on the Stock Exchange and several accounting firms with extensive experience in finance, audit and corporate finance matters. Mr. Ng obtained a bachelor's degree in accounting from Hong Kong Baptist University in 2001 and a master's degree in corporate governance from The Hong Kong Polytechnic University in 2011.



DIRECTORS' REPORT

DIRECTORS' REPORT

The Board is pleased to present the report and the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "**Reporting Year**").

Global Offering

The Company was incorporated in Hong Kong on 25 June 2012 as a limited liability company. The shares of the Company (the "**Shares**") were listed on the Stock Exchange on the Listing Date.

Principal Activities

The Company is a ship leasing, investment and operation company, together with its subsidiaries (collectively, the "**Group**") provides integrated shipping services (including operating leases and shipbroking services) and financial services (including finance leases and loans borrowings). An analysis of the Group's business segment for the year ended 31 December 2024 is set out in note 5 to the consolidated financial statements.

The loans granted under the leasing services primarily consist of long-term loans with tenure of up to 15 years and are secured by collaterals, including corporate guarantees, refund guarantees, personal guarantees, mortgage and/or assignment of the underlying shipbuilding agreements and/or vessels while the loans granted under the loan services consist of short-term loans with tenure of less than 5 years and are secured by mortgages only. The customers of the leasing services and the loan services are similar and generally include ship operators and trading companies. The operation of the principal business is primarily funded by bank borrowings, cash generated from the operation of the Group, share capital from shareholders of the Company (the "**Shareholders**") and bond issuance.

For further details of the principal business operated by the Group, please refer to the section headed "Business" in the prospectus of the Company dated 28 May 2019 (the "**Prospectus**").

Results

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 98 and 99 of this annual report, respectively.

Final Dividend

To share the fruitful results of the Group among all Shareholders, the Board recommends the payment of a final dividend of HK$0.104 per Share out of the distributable reserve of the Company in respect of the year ended 31 December 2024. The date of closure of the register of members of the Company regarding the entitlement of final dividend will be announced in due course. The proposed final dividend is expected to be paid on or before 30 July 2025 following approval at the forthcoming AGM of the Company.

The Company is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

Financial Overview

A summary of the Group's results and its assets and liabilities for the past five financial years is set out on pages 10 to 11 of this annual report. This summary does not form part of the audited consolidated financial statements.

Major Customers and Suppliers

Major Customers

For the year ended 31 December 2024, the transaction amounts of the top five customers of the Group accounted for 48.9% of the Group's total revenue (2023: 51.8%), while the transaction amounts of the single largest customer of the Group accounted for 11.3% of the Group's total revenue (2023: 12.4%).

None of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued Shares) had an interest in the five major suppliers or customers of the Group.

Major Suppliers

Because of the nature of its business, the Group had no major suppliers.

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the Reporting Year are set out in note 13 to the consolidated financial statements.

Share Capital

Details of movements in the Company's share capital during the Reporting Year are set out in note 29 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the Reporting Year are set out in the consolidated statement of changes in equity on page 102 of this annual report.

Reserves Available for Distribution

As at 31 December 2024, the Company's reserves available for distribution calculated under Part 6 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) (the "**Companies Ordinance**") amounted to approximately HK$3,958,045,000 (2023: HK$601,266,000).

Bank Borrowings

Particulars of bank borrowings of the Group as at 31 December 2024 are set out in note 24.1 to the consolidated financial statements.

Disclosure Pursuant to Rule 13.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")

On 10 December 2024, a wholly owned subsidiary of the Company, as borrower, and the Company, as guarantor, entered into a facility agreement (the "**Facility Agreement**") with a bank, as lender (the "**Lender**"), pursuant to which the Lender has agreed to grant a facility to the borrower in the amount up to RMB960,000,000 for the purpose of part-financing for the acquisition of the ship. The maturity date of the facility is 36 months from the utilisation date. Pursuant to the Facility Agreement, the Company undertakes that, during the term of the Facility Agreement, China State Shipbuilding Corporation Limited* (中國船舶集團有限公司) ("**China Shipbuilding Group**"), a company which held approximately 75% issued Shares of the Company on 10 December 2024, shall remain to hold more than 50% of the issued shares of the Company.

Directors

The Directors during the Reporting Year and up to the date of this annual report are as follows:

Executive Directors:

Mr. Li Hongtao *(Chairman)* (appointed on 23 May 2024)
Mr. Zhong Jian (resigned on 23 May 2024)

Non-executive Directors:

Ms. Zhang Yi
Mr. Zhang Qipeng
Mr. Chi Benbin

Independent Non-executive Directors:

Mr. Wang Dennis
Mdm. Shing Mo Han Yvonne, *BBS, JP*
Mr. Li Hongji

Pursuant to article 99(1) of the Articles of Association (the "**Articles of Association**"), at each annual general meeting of the Company (the "**AGM**"), one-third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one-third) or such higher number of Directors to be determined by the Board, or a number determined by such other manner of rotation as may be required by the Listing Rules or other codes, rules and regulations as may be prescribed by the applicable regulatory authority from time to time shall retire from office.

Therefore, Mr. Chi Benbin, Mr. Wang Dennis and Mdm. Shing Mo Han Yvonne shall retire by rotation, and being eligible, offer themselves for re-election at the forthcoming AGM.

The particulars of Directors who are subject to re-election at the forthcoming AGM are set out in the circular to be dispatched to the Shareholders.

Directors and Senior Management

Biographical details of the Directors and senior management of the Company are set out on pages 46 to 52 of this annual report.

A full list of the names of the directors of the Group's subsidiaries is available on the Company's website.

Confirmation of Independence from the Independent Non-executive Directors

The Company has received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent during the Reporting Year.

Directors' Service Contracts and Letters of Appointment

Mr. Li Hongtao has entered into a service agreement with the Company for a period of three years commencing from 13 May 2024.

With regard to the appointment as an independent non-executive Director, each of Mr. Wang Dennis, Mdm. Shing Mo Han Yvonne and Mr. Li Hongji has signed a letter of appointment with the Company for an initial term of three years commencing from 11 November 2023, 17 June 2022 and 17 June 2022, respectively.

With regard to the appointment as non-executive Directors, each of Ms. Zhang Yi, Mr. Zhang Qipeng and Mr. Chi Benbin has signed a letter of appointment with the Company for an initial period of three years commencing from 29 September 2022, 4 November 2022 and 24 February 2023, respectively.

All appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the Listing Rules.

Save as disclosed above, none of the Directors has entered into or intended to enter into any unexpired service contract with any member of the Group, the period unexpired of which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Transactions, Arrangements or Contracts of Significance

During the Reporting Year and up to the date of this annual report, none of the Directors or entity connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Year and up to the date of this annual report.

Employee and Emolument Policy

As at 31 December 2024, the Group had a total of 83 employees, approximately 37.35% of whom were located in Hong Kong. The Group has a team of high-quality talents with a bachelor's degree or above. As at 31 December 2024, approximately 98% of the Group's employees had a bachelor's degree or above. The Group endeavors to create a competitive and fair system for remuneration and welfare. The remuneration package of the Group's employees includes basic salary, performance-related bonus and share-based payment. The Group reviews the remuneration packages and performance of its employees on an annual basis.

The Company's remuneration committee (the "**Remuneration Committee**") is responsible for reviewing the Group's emolument policy and structure of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management as well as comparable market practices.

Details of the emoluments of the five highest-paid individuals and the Directors during the Reporting Year are set out in note 10 and note 11 to the consolidated financial statements, respectively.

Retirement and Employee Benefits Scheme

Details of the retirement and employee benefits scheme of the Group are set out in note 10 and note 28 to the consolidated financial statements.

Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures

As at 31 December 2024, none of the Directors and chief executives of the Company had interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company, or which were required to be otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2024, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interests	Number of Shares	Long/Short position	Approximate percentage of shareholding in the Company (%)
SASAC	Interest in controlled corporation[1]	4,602,046,234	Long position	74.38
China Shipbuilding Group	Interest in controlled corporation[1]	4,602,046,234	Long position	74.38
CSSC Group	Interest in controlled corporation[1]	4,602,046,234	Long position	74.38
CSSC International Holding Company Limited ("**CSSC International**")	Beneficial owner[1]	4,602,046,234	Long position	74.38
Central Huijin Investment Ltd.	Interest in controlled corporation[2]	522,490,000	Long position	8.45
China Re Asset Management (Hong Kong) Company Limited	Investment manager[2]	522,490,000	Long position	8.45
China Reinsurance (Group) Corporation ("**China Reinsurance**")	Beneficial owner[2]	522,490,000	Long position	8.45

Notes:

(1) CSSC International is a wholly-owned subsidiary of CSSC Group, and CSSC Group is wholly owned by China Shipbuilding Group, which is wholly owned by the SASAC. As such, by virtue of the SFO, CSSC Group, China Shipbuilding Group and the SASAC are deemed to be interested in the 4,602,046,234 Shares held by CSSC International.

(2) Central Huijin Investment Ltd. holds 71.56% of the equity interest in China Reinsurance. As such, by virtue of the SFO, Central Huijin Investment Ltd. is deemed to be interested in the 522,490,000 Shares held by China Reinsurance. The Shares held by China Re Asset Management (Hong Kong) Company Limited are the same batch as those held by China Reinsurance.

Save as disclosed above, as at 31 December 2024, as far as the Directors are aware, no any other persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Share Option Scheme

At the extraordinary general meeting of the Company held on 30 April 2021 (the "**EGM**"), the Shareholders approved the adoption of a share option scheme (the "**Scheme**").

Purpose of the Scheme

The Scheme aims at (1) further improving the corporate governance structure of the Company and establishing and continuously improving the balance of interest mechanism among the Shareholders, the Company's management and the Company's executives; (2) closely integrating the interests of the Shareholders and the Company's senior management members and core talents, aligning with the value orientation, enhancing Shareholder value, and promoting the preservation and appreciation of state-owned assets; (3) deepening the reform of the Company's remuneration system, establishing a long-term incentive mechanism, fully mobilising the enthusiasm of the Company's employees, and attracting, retaining and motivating outstanding management members and core technical backbone employees of the Company; and (4) advocating the concept of collective sustainable development of the Company and its employees and avoiding short-term behaviors, detrimental to sustainability thereby ensuring the Company's sustainable development.

Participants of the Scheme

Participants of the Scheme are employees of the Company and include executive Directors and senior management members of the Company, as well as core technical personnel and backbone management who are considered by the Board to have a direct impact on the Company's overall operating performance and sustainable development.

Maximum number of Shares to be granted under the Scheme

The maximum number of Shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 Shares, representing approximately 10% of the total number of issued Shares as at the date of approval of the Scheme at the EGM. 172,250,000 share options had been granted by the Company under the Scheme up to the date of this annual report. Therefore, the number of share options available for further grant at the beginning and at the end of the Reporting Year are 441,356,623 and 441,356,623, respectively, and the number of Shares available for issue under the Scheme is 500,297,353 Shares, representing approximately 8.08% of the total number of issued Shares as at the date of this annual report.

As no share options were granted under the Scheme during the year ended 31 December 2024, the number of Shares that could be issued in respect of the share options granted under the Scheme during the Reporting Year divided by the weighted average number of Shares in issue during the Reporting Year is nil.

Maximum entitlement of each participant under the Scheme

Unless approved by the Shareholders at a general meeting, the total number of Shares issued and to be issued to any participant upon the exercise of share options shall not exceed 61,360,662 Shares, representing approximately 1% of the total number of issued Shares as at the date of approval of the Scheme at the EGM.

Share Option Scheme *(Continued)*

Time limit for exercise of share options

A share option may be exercised at any time during a period to be determined and notified by the Directors to each participant, which period shall commence from the 24th month after the date of grant and shall end in any event not later than ten (10) years from such date of grant. No share option shall be transferred, or used as guarantee or for repayment of debts within 24 months from the date of grant. During the restricted period, no share shall be transferred, or used as guarantee or for repayment of debts. In respect of each grant, the Company may vest the options granted in batches according to the terms and conditions.

Exercise price

The exercise price shall be determined in accordance with the fair market price principle and shall be the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for five business days prior to the date of grant.

The remaining life of the Scheme

The Scheme will be effective for a term of 10 years commencing from the date on which the Scheme is approved by the Shareholders at the EGM, unless terminated in advance by the Shareholders at a general meeting. The remaining life of the Scheme is approximately six years and one month.

The Company has granted (i) share options under the Scheme on 30 April 2021 to certain Directors and employees of the Group which entitle the grantees to subscribe for up to an aggregate of 143,540,000 new Shares with an exercise price of HK$1.32 per Share; and (ii) share options under the Scheme on 4 April 2022 to certain senior management and core technical employees of the Company which entitle the grantees to subscribe for up to an aggregate of 28,710,000 new Shares with exercise price of HK$1.15 per Share. Further details can be referred to the announcements of the Company dated 30 April 2021 and 4 April 2022.

Share Option Scheme *(Continued)*

The remaining life of the Scheme *(Continued)*

Particulars and movements of share options granted under the Scheme during the year ended 31 December 2024 are set out below:

Name or category of participant	Position(s) held with the Group	Number of share options: As of 1 January 2024	Granted during the period	Exercised during the period	Lapsed during the period	Forfeited during the period	As of 31 December 2024	Estimated fair value per share option (HK$)	Date of grant	Exercise period of share options (both dates inclusive) (Note)	Exercise price (HK$)	Closing price of the shares of the Company immediately before the Date of Grant (HK$)
Director												
Mr. Zhong Jian [1]	Former Chairman and Executive Director	12,650,000	–	7,840,275	4,301,000	–	508,725	0.277	30/4/2021	30/4/2021-29/4/2031	1.32	1.32
Sub-total		12,650,000	–	7,840,275	4,301,000	–	508,725					
Other employees of the Group												
Employees in aggregate		74,008,000	–	34,814,950	2,036,545	–	37,156,505	0.303	30/4/2021	30/4/2021-29/4/2031	1.32	1.32
		28,710,000	–	7,356,950	77,550	–	21,275,500	0.298	4/4/2022	4/4/2022-3/4/2032	1.15	1.15
Sub-total		102,718,000	–	42,171,900	2,114,095	–	58,432,005					
Total		115,368,000	–	50,012,175	6,415,095	–	58,940,730					

Details of the movements in the share options under the Scheme are also set out in note 30 to the consolidated financial statements.

Notes:

Subject to the satisfaction of the vesting conditions as provided under the Scheme, the share options shall be vested to the grantees during the exercise period and in the respective proportions as follows:

(i) the first batch (being 33% of the share options granted) will be vested on the first trading day after 24 months from the date of grant;

(ii) the second batch (being 33% of the share options granted) will be vested on the first trading day after 36 months from the date of grant; and

(iii) the third batch (being 34% of the share options granted) will be vested on the first trading day after 48 months from the date of grant.

(1) Mr. Zhong Jian resigned as the Chairman of the Board and an executive Director on 23 May 2024.

Directors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this annual report, at no time during the Reporting Year was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or exercised any such right.

Principal Risks and Uncertainties

The principal financial risks are set out in note 3 to the consolidated financial statements.

Environmental Policies and Performance

For details of the discussion on the environmental policies and performance of the Company, please refer to the Company's Environmental, Social and Governance Report.

Compliance with Laws and Regulations

During the Reporting Year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

Equity-linked Agreement

There was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Year.

Purchase, Sales or Redemption of the Listed Securities

During the Reporting Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares, if any). As at 31 December 2024, the Company did not hold any treasury Shares.

Pledge of Assets

As at 31 December 2024, the Group's lease receivables of approximately HK$9,620.9 million (31 December 2023: HK$7,431.5 million), floating charge on deposits of approximately HK$253.0 million (31 December 2023: HK$229.6 million), pledged deposits of nil (31 December 2023: HK$5.1 million), property, plant and equipment of approximately HK$2,870.9 million (31 December 2023: HK$3,616.3 million), shares of certain subsidiaries, general assignments, bareboat charterer assignments and intra group loan assignments were secured to banks to acquire bank loans.

Deed of Non-competition

To safeguard our Group from any potential competition, CSSC International, being the controlling Shareholder, has entered into a deed of non-competition in favor of the Company on 6 May 2019, pursuant to which it has unconditionally and irrevocably undertaken to the Company (for itself and on behalf of other members of the Group) that it would not, and would procure that its respective close associates (other than members of the Group) not to, during the restricted period set out in the Prospectus, and whether directly or indirectly participate in any activity, business or investment as described in the Prospectus that constitutes or may constitute direct or indirect competition.

For details of the deed of non-competition of CSSC International, please see the section headed "Relationship with Controlling Shareholders – Deed of Non-competition" in the Prospectus.

Based on the information and confirmation provided by the controlling Shareholder, the independent non-executive Directors have reviewed the implementation of the deed of non-competition during the Reporting Year, and confirmed that the controlling Shareholder have complied with the deed of non-competition.

Directors' Interest in Competing Business

During the Reporting Year, none of the Directors or their associates had any interest in any business which directly or indirectly competes or may compete with the businesses of the Group.

Connected Transactions and Continuing Connected Transactions

On July 18 2024, CSSC Tianjin, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement I with (i) Guangxi Wenchuan, an indirect non-wholly owned subsidiary of China Shipbuilding Group, the controlling shareholder of the Company and (ii) Huangpu Wenchong Shipbuilding, an indirect non-wholly-owned subsidiary of China Shipbuilding Group. Pursuant to the lease agreement dated 18 July 2024 (the "**Lease Agreement I**"), CSSC Tianjin agreed to lease certain equipment to Guangxi Wenchuan and Huangpu Wenchong Shipbuilding for a period of 72 months with the total lease payment of RMB59,112,000.

On 20 November 2024, CSSC Tianjin entered into the Lease Agreement II with Guangxi Wenchuan and Huangpu Wenchong Shipbuilding. Pursuant to the lease agreement dated 20 November 2024 (the "**Lease Agreement II**"), CSSC Tianjin agreed to lease another batch of Equipment to Guangxi Wenchuan and Huangpu Wenchong Shipbuilding for a period of 72 months with the total lease payment of RMB37,152,000.

As at the date of the announcement of the Company dated 20 November 2024 (the "**Announcement**"), both of Guangxi Wenchuan and Huangpu Wenchong Shipbuilding are subsidiaries of China Shipbuilding Group, the controlling shareholder of the Company. Therefore, the transaction contemplated under the Lease Agreement II constituted a connected transaction of the Company.

Unless the latest requires otherwise, capitalised terms used herein shall have the same meanings as the Announcement.

Connected Transactions and Continuing Connected Transactions *(Continued)*

In accordance with Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted or completed within a same 12-month period or were otherwise related with each other. As the transaction contemplated under the Lease Agreement II was entered into during the 12-month period after the Lease Agreement I, the transactions contemplated thereunder shall be aggregated as a series of transactions. As the applicable percentage ratios (as defined under the Listing Rules) for the transaction contemplated under the Lease Agreement II (on aggregation basis) (the "**Transaction**") exceed 0.1% but are less than 5%, the Transaction constituted a de minimis connected transaction and shall be subject to the reporting and announcement requirements but is exempted from circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A.76(2) of the Listing Rules.

Non-exempt continuing connected transactions

During the year ended 31 December 2024, the Group had entered into the following continuing connected transactions:

Continuing connected transactions	**Related parties involved**	**Nature**	**Annual cap permitted under the Listing Rules** (HK$ million)	**Transaction amounts in 2024** (HK$ million)
Framework property leasing agreement (Note 1)	CSSC Group and/or its associates	Leasing of properties	26.95	19.34
Framework shipbroking agreement (Note 2)	CSSC Group and/or its associates	Shipbroking services	91.50	6.84

Notes:

1. The Company entered into a framework property leasing agreement with CSSC Group on 10 November 2021, pursuant to which CSSC Group and/or its associates agreed to lease certain properties to the Company for a term of three years from 1 January 2022 to 31 December 2024.

2. The Company entered into a framework shipbroking agreement with CSSC Group, pursuant to which the Company agreed to provide shipbroking services to CSSC Group and/or its associates for a term of three years from 1 January 2022 to 31 December 2024.

For details of the above continuing connected transactions, please refer to the Company's announcement dated 10 November 2021 (the "**Announcement**").

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the above continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

Connected Transactions and Continuing Connected Transactions *(Continued)*

Continuing connected transactions

The auditor of the Company has reported to the Directors that such transactions:

(1) have been approved by the Board;

(2) have followed the pricing policies of the Group in all material aspects, if they involve the goods or services provided by the Group;

(3) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and

(4) have an aggregate amount not exceeding the relevant cap disclosed in the Announcement.

During the Reporting Year, the independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and have confirmed that such transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal or better commercial terms; or the terms are no less favorable than those available to or provided by independent third parties; and

(iii) in accordance with the agreements for such transactions, the terms of which are fair and reasonable, and are in the interest of the Shareholders as a whole.

The related party transactions mentioned in note 31 to the consolidated financial statements include transactions which constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements in Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Year in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

Charity Donation

The Group did not make any donation during the Reporting Year.

Material Legal Proceedings

During the Reporting Year, the Company was not involved in any material legal proceedings or arbitrations. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatening against the Company.

Permitted Indemnity Provisions

During the Reporting Year and up to the date of this annual report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's connected companies (if they were entered into by the Company). The Company has purchased appropriate directors' and officers' liability insurance for its Directors and senior officers.

Material Acquisitions and Disposals

During the Reporting Year, save as disclosed in this annual report, there was no acquisition and disposal of subsidiaries, associates and joint ventures of the Company. Neither does the Company have any plan for any material investment, disposal of or addition of capital assets as at the date of this report.

Events after the Reporting Year

There was no significant event affecting the Group since the end of the Reporting Year.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management of the Group, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements for the year ended 31 December 2024.

Corporate Governance Practices

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the corporate governance report on pages 69 to 91 in this annual report.

Public Float

Based on the information publicly available to the Company and to the best knowledge, information and belief of the Directors, the Company maintained sufficient public float as required by the Stock Exchange and under the Listing Rules any time throughout the Reporting Year and throughout the period up to the date of this annual report.

Auditor

The consolidated financial statements for the year ended 31 December 2024 have been audited by Grant Thornton Hong Kong Limited which will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. The Company's auditor has remained unchanged for the past three years.

By order of the Board
CSSC (Hong Kong) Shipping Company Limited
Li Hongtao
Chairman

Hong Kong, 26 March 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report of the Company for the Reporting Year.

Corporate Governance Practices

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its Shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix C1 to the Listing Rules as its own code of corporate governance.

Save as disclosed in this annual report, during the Reporting Year, the Company had complied with all applicable code provisions of the Corporate Governance Code, and had adopted most of the recommended best practices.

The Board

Corporate Culture

The Board leads to establish, promote and continually reinforce the desired corporate culture of the Company which is underpinned by our corporate values of committing highest standard of business ethics and integrity. Our sound corporate culture reaches all levels of the Group, and aligns with the Company's mission, corporate values and strategies.

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established five Board committees, including the Audit Committee, the Remuneration Committee, the nomination committee (the "**Nomination Committee**"), the strategic and investment committee (the "**Strategic and Investment Committee**"), and the ESG and sustainable development committee (the "**ESG and Sustainable Development Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against the Directors, and conducts annual review on such insurance coverage.

Board Composition

As at the date of this annual report, the Board comprised one executive Director, three non-executive Directors and three independent non-executive Directors as set out below:

Executive Director:

Mr. Li Hongtao *(Chairman)*

Non-executive Directors:

Ms. Zhang Yi
Mr. Zhang Qipeng
Mr. Chi Benbin

Independent Non-executive Directors:

Mr. Wang Dennis
Mdm. Shing Mo Han Yvonne, *BBS, JP*
Mr. Li Hongji

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the Reporting Year, the Board had met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Board Composition *(Continued)*

The Company acknowledges the significance of Board member diversity in enhancing the effectiveness of corporate governance and the Board. To enhance the effective functioning of the Board and uphold a high standard of corporate governance, the Nomination Committee has developed a diversity policy for the Board (the "**Board Diversity Policy**"). This policy ensures an appropriate balance of diversity in various aspects, including the skills, experience, and perspectives of the Board members. The nomination and appointment of members of the Board member will continue to follow the principle of meritocracy based on business needs and consideration of the benefits of Board diversity. The principal responsibilities of the Nomination Committee are to identify persons qualified for being Directors and give sufficient consideration to the Board Diversity Policy throughout the selection process. The Nomination Committee will formulate measurable objectives for the selection of Directors. The selection of Director candidates will be based on a series of considerations and references made to the business model and specific demand of the Company (including, but not limited to, sex, age, race, language, cultural background, education background, industrial experience and professional experience). The Nomination Committee is responsible for reviewing the Board Diversity Policy to ensure its effective implementation. This includes evaluating measurable objectives and overseeing the progress of these Board Diversity. To maintain the Board's sustained effectiveness, the Nomination Committee conducts an annual review of the Board Diversity Policy and the measurable objectives.

Currently, members of the Board have various professional experience and qualifications in finance, accounting, law, etc. After considering the composition and measurable objectives of the Board, the Company considers that members of the Board are sufficiently diverse and have the appropriate balance of skills and experience for effective management and sustainable development of the Company.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executives.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategic and Investment Committee and the ESG and Sustainable Development Committee.

As regards the code provision under the Corporate Governance Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

As of the date of this annual report, the Board comprised five male Directors and two female Directors. The Board considers that it is sufficiently diversified in terms of gender and the balance of skills and experience.

Board Composition *(Continued)*

The gender ratio of employees of the Company during the year ended 31 December 2024 is set out in the Environmental, Social and Governance Report for the Reporting Year. The Company will continue to take steps to promote gender diversity at all levels of the Group, including but not limited to the Board and senior management.

Independence of the Board

The Company is committed to promoting a high level of Board independence. The Board must be satisfied that each of the independent non-executive Directors is not related to the Group in all material respects. Independence of the independent non-executive Directors is determined by the Board based on the requirements set out in the Listing Rules. Each of the independent non-executive Directors has provided the Company with a written confirmation of his or her independence for the Reporting Year (including his or her immediate family members) pursuant to Rule 3.13 of the Listing Rules. The Board is of the view that they continue to be independent. The Board has mechanisms in place to ensure independent views and opinions of Directors are conveyed to the Board. The chairman of the Board schedules annual meetings with the independent non-executive Directors in the absence of other Directors to encourage them to express their independent views and to promote an open and constructive dialogue. During the year, the chairman of the Board held two meetings with the independent non-executive Directors to discuss matters relating to the Group and its operations. In addition, all Directors (including the independent non-executive Directors) provide valuable views and advice to the Board through the Board's performance review as mentioned in this report. The Board has reviewed these mechanisms and their implementation in the Reporting Year and is of the view that such mechanisms are effectively implemented.

Induction and Continuous Professional Development

All newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and the Directors to discharge their duties.

Mr. Li Hongtao was appointed as an executive Director on 23 May 2024. He had obtained legal advice as mentioned in Rule 3.09D of the Listing Rules on 23 May 2024, and confirmed that he understood his responsibilities as a director of a listed issuer and the possible consequences of making false statements or providing false information to the Stock Exchange.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. From time to time, the company secretary of the Company updates and provides the Directors with written training materials in relation to their roles, functions and duties.

Induction and Continuous Professional Development *(Continued)*

A summary of training received by the Directors during the Reporting Year according to the records provided by the Directors is as follows:

Name of Directors	Nature of Continuous Professional Development
Mr. Li Hongtao [(1)]	A/B
Mr. Zhong Jian [(2)]	A/B
Ms. Zhang Yi	A/B
Mr. Zhang Qipeng	A/B
Mr. Chi Benbin	A/B
Mr. Wang Dennis	A/B
Mdm. Shing Mo Han Yvonne, *BBS, JP*	A/B
Mr. Li Hongji	A/B

Notes:

A: participating in trainings provided by lawyers which relate to the business of the Company

B: reading materials on various topics, including corporate governance matters, directors' responsibilities, Listing Rules and other relevant laws

(1) Mr. Li Hongtao was appointed as an executive Director on 23 May 2024.

(2) Mr. Zhong Jian resigned as an executive Director on 23 May 2024.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Li Hongtao ("**Mr. Li**") has been appointed as the chairman of the Board and an executive Director since 23 May 2024, and as the chief executive officer of the Company since 31 December 2024. He is responsible for coordinating Board affairs and providing strategic advice on the Group's business development and management, formulating development strategies and annual and investment plans for the Group, reviewing financial budgets and overall policies, and supervising capital operations. The Board believes that vesting the roles of the chairman of the Board and the chief executive officer in the same person can facilitate the execution of the Group's business strategies and enhance its operating efficiency. Therefore, the Board considers that it is appropriate to deviate from code provision C.2.1 of the Corporate Governance Code in such circumstances. In addition, under the supervision of the Board, which consists of one executive Director, three non-executive Directors and three independent non-executive Directors, the Board has an appropriate structure and balanced power, which can provide sufficient checks and balances to protect the interests of the Company and its Shareholders.

Appointment and Re-election of Directors

Mr. Li Hongtao has entered into a service agreement with the Company for an initial period of three years commencing from 23 May 2024.

With regard to the appointment as an independent non-executive Director, each of Mr. Wang Dennis, Mdm. Shing Mo Han Yvonne and Mr. Li Hongji has signed a letter of appointment with the Company for an initial term of three years commencing from 11 November 2023, 17 June 2022 and 17 June 2022, respectively.

With regard to the appointment as non-executive Directors, each of Ms. Zhang Yi, Mr. Zhang Qipeng and Mr. Chi Benbin has signed a letter of appointment with the Company for an initial period of three years commencing from 29 September 2022, 4 November 2022 and 24 February 2023, respectively.

All appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the Listing Rules.

Save as disclosed above, none of the Directors has entered or intended to enter into any unexpired service contract with any member of the Group, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Appointment and Re-election of Directors *(Continued)*

According to the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, the number nearest to but not less than one-third) or such higher number of Directors to be determined by the Board, or a number determined by such other manner of rotation as may be required by the Listing Rules or other codes, rules and regulations as may be prescribed by the applicable regulatory authority from time to time shall retire from office. Subject to the provisions in relation to rotation and retirement of directors under the Listing Rules, each Director shall retire by rotation every three years at the AGM. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree between themselves) be determined by lot.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notices are generally given by the Company. The agenda and accompanying meeting papers are dispatched to the Directors or committee members at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and are adequately prepared for the Board meetings or Board Committee meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of the meetings shall be kept by the company secretary with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient details on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for review and comments within a reasonable time after the meeting. The minutes of the Board meetings are open for inspection by all Directors.

Board Meetings *(Continued)*

During the Reporting Year, four Board meetings and one general meeting were held. The attendance of the individual Directors at the Board meetings and general meeting is set out in the table below:

Directors	Number of Board meetings attended/held	Number of general meeting attended/held
Mr. Li Hongtao [(1)]	2/2	1/1
Mr. Zhong Jian [(2)]	2/2	Not Applicable
Ms. Zhang Yi	3/4	1/1
Mr. Zhang Qipeng	4/4	1/1
Mr. Chi Benbin	2/4	0/1
Mr. Wang Dennis	4/4	1/1
Mdm. Shing Mo Han Yvonne, *BBS, JP*	4/4	1/1
Mr. Li Hongji	4/4	1/1

Notes:

(1) Mr. Li Hongtao was appointed as an executive Director on 23 May 2024.

(2) Mr. Zhong Jian resigned as an executive Director on 23 May 2024.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she had complied with the required standards as set out in the Model Code during the Reporting Year.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors may seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The Board confirms that corporate governance should be a joint responsibility of the Directors and their corporate governance functions include:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to develop and review the Company's policies and practices on corporate governance, and to recommend their opinions and report related affairs to the Board;

(e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report; and

(f) to review and monitor the Company's compliance with the Company's reporting policies.

Risk Management and Internal Control

The Company attaches great importance to risk management and internal control, and seeks to establish a risk management and internal control system that corresponds to the Group's strategic objectives. The Board assumes ultimate responsibility for risk management, and is mainly responsible for approving the Group's risk management objectives and strategies, overseeing the implementation and effectiveness of risk management policies as well as assessing the Group's overall risk exposure. The Audit Committee also assists the Board in performing certain risk management functions, including monitoring the implementation of internal control procedures and overseeing the internal audit functions. In addition, the Group has established a risk management department as its core risk management functional department, which is primarily responsible for, among others, implementing comprehensive risk management procedures and establishing business risk control and compliance management systems as well as analysing and evaluating the major risk points of specific projects and proposing risk prevention measures. While the Group recognizes the importance of establishing and maintaining a risk management and internal control system that is in line with its actual needs, such system is designed to manage rather than eliminate the risk of failure to achieve its business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. For further details of the Group's risk management structure, please refer to the Company's Environmental, Social and Governance Report.

The Company has followed internal guidelines to ensure that inside information is released to the public in a fair and timely manner in accordance with applicable laws and regulations. The senior management of the Group's investor relations, corporate affairs and financial control functions are delegated the responsibility to monitor and oversee compliance with appropriate procedures in the disclosure of inside information. Only relevant senior management is entitled to inside information on a "need-to-know" basis at all times. Relevant personnel and other relevant professionals are required to maintain the confidentiality of such inside information before it is publicly disclosed. The Company has also implemented other relevant procedures, such as pre-approval of trading in the Company's securities by Directors and designated members of management, notification to Directors and employees of regular blackout periods and restrictions on trading in securities, and identification of items by code, to prevent possible improper handling of inside information within the Group.

During the Reporting Year, the Group implemented the Comprehensive Management Measures for Risk (Trial) to accurately identify, prudently evaluate, dynamically monitor, timely respond to, and extensively manage the risks faced by the Group during its business operation.

The Group's risk management and internal control systems are reviewed by the Audit Committee annually. The Audit Committee has conducted a review of the effectiveness of the Group's internal control system for the year ended 31 December 2024 (including but not limited to reviewing the function of internal audit of the Group and considering the work report on the Company's internal control and risk management made by the risk management department), and considers it effective and adequate. The Group has an internal audit function.

Board Committees

During the Reporting Year, the Board had Audit Committee, Nomination Committee, Remuneration Committee, Strategic and Investment Committee and ESG and Sustainable Development Committee.

Audit Committee

The current members of the Audit Committee include three independent non-executive Directors, namely Mdm. Shing Mo Han Yvonne (Chairperson), Mr. Wang Dennis and Mr Li Hongji, and two non-executive Directors, namely Ms. Zhang Yi and Mr. Zhang Qipeng.

The main duties and responsibilities of the Audit Committee are as follows:

(a) To be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and dealing with any questions of its resignation or dismissal;

(b) To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the auditor before submission to the Board; and

(c) To review the adequacy of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, and the adequacy of training programmes received by employees and the related budgets.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee held three meetings during the year ended 31 December 2024 to discuss and consider the following:

- Review of the interim results of the Company and its subsidiaries for the six months ended 30 June 2024;

- Review of the Company's continuing connected transactions during 2023, consideration of the 2023 risk management and internal audit exercise, consideration of the 2023 internal audit quality self-assessment report, consideration of the 2023 internal control evaluation report, and consideration of the resolution in respect of the appointment of auditor for 2023; and

- Review of the financial reporting systems, compliance procedures, internal controls (including the adequacy of the resources, qualifications, training courses and budget for the employees of the accounting and financial reporting department of the Company), risk management systems and procedures, and re-appointment of external auditor.

Board Committees *(Continued)*

Audit Committee *(Continued)*

The attendance of members of the Audit Committee at the meetings is set out in the following table:

Directors	**Number of meetings attended/ eligible to attend**
Mdm. Shing Mo Han Yvonne, *BBS, JP*	3/3
Mr. Wang Dennis	3/3
Mr. Li Hongji	3/3
Ms. Zhang Yi	2/3
Mr. Zhang Qipeng	3/3

Nomination Committee

The current members of the Nomination Committee include one executive Director, namely Mr. Li Hongtao (Chairperson), one non-executive Director, namely Mr. Chi Benbin, and three independent non-executive Directors, namely Mr. Wang Dennis, Mdm. Shing Mo Han Yvonne and Mr. Li Hongji.

The main duties and responsibilities of the Nomination Committee are as follows:

(a) To review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) To assess the independence of independent non-executive Directors;

(d) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and

(e) To review the Board diversity policy.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Board Committees *(Continued)*

Nomination Committee *(Continued)*

The Nomination Committee held two meetings during the year ended 31 December 2024 to discuss and consider the following:

- Discussion of the structure, size and composition of the Board;
- Discussion of the Board diversity policy and its implementation;
- Assessment of the independence of the independent non-executive Directors;
- Consideration of the "Resolution for the retirement of Directors for re-election"; and
- Consideration of the "Resolution in respect of the change of chairman of the Board, resignation of Director, and change of members and chairman of the Nomination Committee of the Board".

The attendance of members of the Nomination Committee at the meetings is set out in the following table:

Directors	**Number of meetings attended/ eligible to attend**
Mr. Li Hongtao [(1)]	0/0
Mr. Zhong Jian [(2)]	2/2
Mr. Chi Benbin	1/2
Mr. Wang Dennis	2/2
Mdm. Shing Mo Han Yvonne, *BBS, JP*	2/2
Mr. Li Hongji	2/2

Notes:

(1) Mr. Li Hongtao was appointed as a chairperson of the Nomination Committee on 23 May 2024.

(2) Mr. Zhong Jian resigned as a chairperson of the Nomination Committee on 23 May 2024.

Board Committees *(Continued)*

Remuneration Committee

The current members of the Remuneration Committee include three independent non-executive Directors, namely Mr. Wang Dennis (Chairperson), Mdm. Shing Mo Han Yvonne and Mr. Li Hongji.

The main duties and responsibilities of the Remuneration Committee are as follows:

(a) To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) To make recommendations to the Board on the remuneration of non-executive Directors;

(e) To consider salaries paid by comparable companies, time commitment, responsibility and employment conditions elsewhere in the Group;

(f) To review and approve matters relating to share schemes under Chapter 17 of the Listing Rules of the Stock Exchange and other incentive schemes of the Company;

(g) To review and approve the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive for the Company;

(h) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(i) To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

Board Committees *(Continued)*

Remuneration Committee *(Continued)*

The Remuneration Committee held four meetings during the year ended 31 December 2024 to discuss and consider the following:

- Consideration of the "Resolution regarding the recommendation of the level of remuneration for the nominated executive Director";
- Consideration of the "Resolution regarding the determination of the results of the comprehensive evaluation of professional managers in 2023 and honoring of performance based annual salary"; and
- Consideration of the "Resolution regarding the implementation of 2023 excess profit reward".

The attendance of members of the Remuneration Committee at the meetings is set out in the following table:

Directors	**Number of meetings attended/ eligible to attend**
Mr. Wang Dennis	4/4
Mdm. Shing Mo Han Yvonne, *BBS, JP*	4/4
Mr. Li Hongji	4/4

Board Committees *(Continued)*

Strategic and Investment Committee

The current members of the Strategic and Investment Committee include one executive Director, namely Mr. Li Hongtao (Chairperson), three non-executive Directors, namely Ms. Zhang Yi, Mr. Zhang Qipeng and Mr. Chi Benbin, and one independent non-executive Director, namely Mr. Wang Dennis.

The main duties and responsibilities of the Strategic and Investment Committee are as follows:

(a) To conduct research on the long-term strategic planning, investment policies and major investment projects of the Company and make recommendations, and to monitor and follow up on major investment projects approved by the shareholders' meeting and the Board and to notify all Directors in a timely manner. "Major investment projects" herein refer to external investment and annual investment plans that are subject to the approval of the Board;

(b) To conduct research on other major matters that may have impacts on the development of the Company and make recommendations to the Board; and

(c) To consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

The written terms of reference of the Strategic and Investment Committee are available on the websites of the Stock Exchange and the Company.

The Strategic and Investment Committee held two meetings during the year ended 31 December 2024 to discuss and consider the following:

- To review the 2024 equity investment plan; and

- To review the amendment and implementation of the 2024 equity investment plan.

Board Committees *(Continued)*

Strategic and Investment Committee *(Continued)*

The attendance of members of the Strategic and Investment Committee at the meetings is set out in the following table:

Directors	Number of meetings attended/ eligible to attend
Mr. Li Hongtao [(1)]	1/1
Mr. Zhong Jian [(2)]	1/1
Ms. Zhang Yi	2/2
Mr. Zhang Qipeng	2/2
Mr. Chi Benbin	2/2
Mr. Wang Dennis	2/2

Notes:

(1) Mr. Li Hongtao was appointed as a chairperson of the Strategic and Investment Committee on 23 May 2024.

(2) Mr. Zhong Jian resigned as chairperson of the Strategic and Investment Committee on 23 May 2024.

ESG and Sustainable Development Committee

The current members of the ESG and Sustainable Development Committee include one executive Director, namely Mr. Li Hongtao (Chairperson), and two independent non-executive Directors, namely Mr. Wang Dennis and Mdm. Shing Mo Han Yvonne.

The main duties and responsibilities of the ESG and Sustainable Development Committee are as follows:

(a) To guide, review and formulate the Company's ESG and sustainable development management policies, strategies, principles, targets and vision to ensure that they keep pace with the times, meet the needs, and comply with applicable laws and regulatory requirements;

(b) To supervise the formulation and implementation of the Company's ESG objectives, including establishing the Company's ESG management efficiency targets; reviewing the progress of target achievement and providing suggestions on the actions to be taken in order to achieve the targets;

(c) To monitor major trends in ESG so as to report the relevant risks and opportunities affecting the sustainable development, ESG policies, strategies and targets of the Company to the Board;

(d) To guide and review the identification and prioritization of important ESG issues of the Group;

(e) To review the annual ESG Report and other ESG-related disclosures, and to make recommendations to the Board for approval;

Board Committees *(Continued)*

ESG and Sustainable Development Committee *(Continued)*

(f) To identify ESG risks and opportunities related to the Company, assess the effect of such risks or opportunities on the Group, and provide suggestions to the Board regarding the response to risks or opportunities;

(g) Other authorities exercisable by the Committee specified or recommended by the Listing Rules (including the provisions in the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules); and

(h) To perform other duties assigned by the Board.

The written terms of reference of the ESG and Sustainable Development Committee are available on the websites of the Stock Exchange and the Company.

The ESG and Sustainable Development Committee held one meeting during the year ended 31 December 2024 to discuss and consider the following:

- To consider the 2023 ESG Report; and

- To consider of the Company's climate-related financial information disclosure report.

The attendance of members of the ESG and Sustainable Development Committee at the meeting is set out in the following table:

Directors	Number of meeting attended/ eligible to attend
Mr. Li Hongtao [(1)]	0/0
Mr. Zhong Jian [(2)]	1/1
Mr. Wang Dennis	1/1
Mdm. Shing Mo Han Yvonne, *BBS, JP*	1/1

Notes:

(1) Mr. Li Hongtao was appointed as the chairperson of the ESG and Sustainable Development Committee on 23 May 2024.

(2) Mr. Zhong Jian resigned as the chairperson of the ESG and Sustainable Development Committee on 23 May 2024.

Directors' Remuneration Policy

The remuneration to be paid to Directors is a fixed amount which is determined by reference to the Directors' time commitment, duties and responsibilities, qualifications and experience. Such fixed amount is approved by the Board upon the recommendation of the Remuneration Committee, and may be changed from time to time, pursuant to the authority granted by the Shareholders at the AGM. No Director or any of his/her associates shall be involved in deciding his/her own remuneration. The Directors' remuneration policy shall be reviewed and may be changed by the Board upon recommendation by the Remuneration Committee from time to time.

Remuneration of Directors and Senior Management

Details of the remuneration of the members of the Board and the senior management of the Company for the year ended 31 December 2024 are as follows:

Remuneration band	Number of individuals
Nil to HK$1,000,000	6
HK$1,000,001 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	1
HK$2,000,001 to HK$2,500,000	3
HK$2,500,001 to HK$3,000,000	–
HK$3,000,001 to HK$3,500,000	–

The remuneration band shown above excludes share-based compensation benefits. 27,623,050 share options were vested for the year ended 31 December 2024.

Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2024 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 92 to 97 of this annual report.

Auditor's Remuneration

The approximate auditor's remuneration in respect of the audit and non-audit services provided by Grant Thornton Hong Kong Limited to the Company and the Group during the year ended 31 December 2024 is as follows:

Type of services	**Amount** (HK$'000)
Audit services	3,950
Non-audit services	1,570
Total	5,520

Company Secretary

Mr. Ding Weisong ("**Mr. Ding**") resigned as the company secretary of the Company with effect from 31 December 2024, and Mr. Ng Kwun Wa ("**Mr. Ng**") was appointed as the company secretary of the Company with effect from 31 December 2024. Mr. Ng is responsible for making recommendations to the Board on corporate governance matters and ensuring that the Board's policies and procedures, applicable laws, rules and regulations have been complied with.

In order to maintain good corporate governance and ensure compliance with the Listing Rules and applicable laws of Hong Kong, the Company has also appointed Ms. Ng Sau Mei ("**Ms. Ng**") of TMF Hong Kong Limited (a company secretarial service provider) as the assistant company secretary of the Company to assist Mr. Ng in performing his duties as the company secretary of the Company. Mr. Ng is the main contact person in the Company of Ms. Ng.

During the Reporting Year, Mr. Ng, Mr. Ding and Ms. Ng each completed no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Communication with Shareholders and Investor Relationship Enquiries to the Board

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The AGM provides opportunities for Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of each of the Board Committees will attend the AGM to answer Shareholders' questions. The auditor will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a shareholders' communication policy and maintains a website at http://www.csscshipping.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Board has reviewed the implementation and effectiveness of the Shareholder Communication Policy for the Year and is of the view that it helps promote an open and ongoing channel for shareholder communication in line with fair information disclosure standards.

Shareholders' Rights

To safeguard the Shareholders' interests and rights, a separate resolution is proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Dividend Policy

The Company may distribute dividends in the form of cash or by other means that it considers appropriate. Any proposed distribution of dividends shall be formulated by the Board and will be subject to the Shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including the Company's results of operations, cash flows, financial condition, capital adequacy ratio, cash dividends paid by the subsidiaries to the Company, business prospects, statutory, regulatory and contractual restrictions on the Company's declaration and payment of dividends, and other factors that the Board may consider important. The Company intends to distribute no less than 30% of the annual distributable profits as dividends for each year upon Listing. However, the Company cannot assure Shareholders that we will declare or pay such or any amount of dividends for each or any year.

Convening a General Meeting

Pursuant to article 54 of the Articles of Association and section 566 of the Companies Ordinance, Shareholders may request the Board to convene a general meeting of the Company. Where the Company receives Shareholders' request for convening a general meeting and the voting rights held by such Shareholders account for not less than 5% of the total voting rights of all Shareholders entitled to vote at the general meeting, the Board must convene a general meeting. The request must state the general nature of the business to be handled at the meeting, and may contain the text of a resolution that may be properly proposed and intended to be proposed at the meeting. The request can be sent to the Company in hard copy or electronic form and must be authenticated by the person(s) making it.

Pursuant to article 55 of the Articles of Association and section 567 of the Companies Ordinance, the Board shall convene a general meeting within 21 days after the date on which it becomes subject to this requirement. The meeting must be held within 28 days after the date of the notice convening the general meeting. If the Board fails to convene a meeting in accordance with the requirements, the Shareholders who request for the convening of the general meeting or members who account for over half of the total voting rights of all Shareholders may convene a general meeting on their own. The general meeting shall be held within three months after the date on which the Directors are required to convene a meeting. Pursuant to article 56 of the Articles of Association and section 568 of the Companies Ordinance, if the Shareholders who request for the convening of the general meeting have any reasonable expenses incurred due to the Board's failure to properly convene the general meeting, such expenses are repayable by the Company.

Propose Resolutions at the Shareholders' Meetings and the AGM

Pursuant to section 580 of the Companies Ordinance, Shareholder(s) representing at least 2.5% of the total voting rights of all Shareholders or at least 50 Shareholders who have a relevant right to vote at a general meeting can request the Company to circulate to the Shareholders a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting. The expenses shall be borne by the Shareholder(s) making the request unless the meeting concerned is an annual general meeting and the statement is received by the Company in time for sending with the notice of the meeting. The request must identify the statement to be circulated, and must be authenticated by the Shareholder(s) making it and sent to the Company in hard copy form or in electronic form for the attention of the Company Secretary at least 7 days before the meeting to which it relates.

Pursuant to section 615 of the Companies Ordinance, (a) at least 2.5% of the total voting rights of all Shareholders entitled to vote on the resolution at the AGM to which the requests relate; or (b) at least 50 Shareholders entitled to vote on the resolution at the AGM to which the requests relate may make written requests for the purpose of circulating the resolutions of the AGM. The written request must: (a) be sent to the Company in hard copy or electronic form; (b) indicate the resolution to which the pending notice relates; (c) be authenticated by the person(s) making the request; and (d) be delivered to the Company no later than six weeks before the AGM to which the request relates; or, should it be delivered to the Company after the above time, the time at which the notice of the AGM is issued. For further details, please refer to sections 580 and 615 of the Companies Ordinance.

Making Inquiries to the Board

Shareholders may make inquiries to the headquarters of the Company through e-mail if they wish to make inquiries to the Board in relation to information of the Company. The e-mail address is bdo@csscshipping.com.

Amendments to Constitutional Documents

The Company has adopted the Articles of Association effective from the Listing Date on 17 June 2019, and approved the amendments to the Articles of Association at the AGM held on 30 June 2022. The latest Articles of Association of the Company are available on the websites of the SSE, the Stock Exchange and the Company. During the Reporting Year, there were no changes to the Articles of Association.

INDEPENDENT AUDITOR'S REPORT

Grant Thornton
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To the members of CSSC (Hong Kong) Shipping Company Limited
(incorporated in Hong Kong with limited liability)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of CSSC (Hong Kong) Shipping Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 98 to 204, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Lease arrangements	
Refer to notes 2.14 and 4 to the consolidated financial statements. Management assessed the classification of leases in accordance with Hong Kong Financial Reporting Standard 16 "Leases". The Group has entered into certain agreements whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased vessels to the lessees/borrowers, as the present values of the minimum lease payments of the lease amounts to at least substantially all of the fair value of the leased assets at the inception of the leases. Accordingly, the Group has excluded the vessels from its consolidated statements of financial position and has instead, recognised finance lease receivables. Otherwise the Group includes the vessels under operating lease in property, plant and equipment. The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease which involves critical judgments by management. In particular, management assessed the lease term, the present value of minimum lease payments, the nature of leased assets, and that there were no ownership transfers and no purchase options at the end of the lease terms. The key judgments are in respect of the economic lives and fair values of the leased assets, the discount rate in the calculation of the present value of minimum lease payments and whether the purchase option will be exercised. Due to the significance of management's judgments and estimates applied in assessing the classification of leases, we considered this as a key audit matter.	We performed the following procedures to assess management's classification of leases: • examined the lease agreements and discussed with management the key terms in order to identify any inconsistency from our understanding; • performed the following procedures for the appropriateness of the judgments made by management in the determination of lease classification on a sample basis: – assessed the impact of the agreed terms in the lease agreements on the classification; – tested the mathematical accuracy of the present value of minimum lease payment calculation and verified relevant input data (i.e. lease terms, lease payments and lease period) to the agreements; – assessed the reasonableness of the discount rate of the respective lease arrangement; – evaluated the appropriateness of the economic lives and the fair value of leased assets with reference to similar types of assets in the market; and – assessed the existence of the purchase option under the lease arrangement by checking to the lease agreements and possibility of lessees/borrowers to exercise such option by comparing the rate to exercise to the current market rate.

Key Audit Matters *(Continued)*

Key Audit Matter

Impairment of loan and lease receivables

Refer to notes 2.8, 3.2(i), 4 and 17 to the consolidated financial statements.

As at 31 December 2024, the net carrying amounts of the Group's loan and lease receivables amounted to approximately HK$20,714,833,000, in which provision for impairment loss of approximately HK$689,895,000 were recorded.

The balances of provision for impairment loss of loan and lease receivables represent the management's best estimates at the reporting date of the expected credit losses ("**ECL**") under Hong Kong Financial Reporting Standard 9 "Financial Instruments".

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period, and the ECL was calculated and provided based on the "three-stages" model by referring to the changes in credit quality since initial recognition. For loan and lease receivables classified into stage 1, the ECL is measured on a 12-month basis. For loan and lease receivables classified into stages 2 and 3, the ECL is measured on a lifetime basis.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using Probability of Default ("**PD**"), Exposure at Default ("**EAD**") and Loss Given Default ("**LGD**").

How the matter was addressed in our audit

We performed the following procedures to assess the impairment of loan and lease receivables prepared by management:

- we understood the process for identification of impairment indicators and tested the calculation of provision for impairment loss of loan and lease receivables;
- we selected samples, in consideration of the financial information and non-financial information of the lessees/borrowers, relevant external evidence and other factors, to assess the appropriateness of the management's identification of receivables with significant increase in credit risk since initial recognition and credit-impaired loan and lease receivables;
- we reviewed the methodologies for ECL for impairment assessment and assessed the reasonableness of significant judgments and assumptions including, inputs, assumptions and estimation techniques. We tested whether or not the measurement methods reflect the methodologies documented by management;
- we examined major data inputs to the ECL models on selected samples, including historical data and data at the measurement date, to assess their accuracy and completeness; and
- for loan and lease receivables in stages 2 and 3, we examined, on a sample basis, financial information of the lessees/borrowers and other available information.

Key Audit Matters *(Continued)*

Key Audit Matter	How the matter was addressed in our audit
Impairment of loan and lease receivables *(Continued)*	
The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period, primarily including the following: (1) Consideration on whether the loan and lease receivables have experienced a significant increase in credit risk; (2) Identification of default and credit-impaired assets; (3) Inputs, assumptions and estimation techniques in measuring ECL (i.e. PD, EAD, LGD); and (4) Forward-looking information incorporated in the ECL (i.e. forecasted economic growth rates which reflect the general economic conditions of the industry in which the lessees/borrowers operate). Due to the significance of management's judgment and estimates applied in assessing the amount of ECL at the reporting date, we considered this as a key audit matter.	• we reviewed the management's analysis for forward-looking information using forecasted economic growth rate, assessed the reasonableness and performed sensitivity analysis on possible scenarios.

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the 2024 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

26 March 2025

Lam Yau Hing
Practising Certificate No.: P06622

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	5	**4,034,369**	3,626,148
Other income	6	**74,171**	65,589
Other gains, net		**332,500**	53,402
Expenses			
Finance costs and bank charges	7	**(1,047,554)**	(1,106,305)
Provision for impairment loss of loan and lease receivables, net	17	**(446,968)**	(91,167)
Depreciation		**(578,716)**	(492,937)
Employee benefits expenses	10	**(105,268)**	(106,306)
Vessel operating costs		**(398,436)**	(310,838)
Other operating expenses		**(161,787)**	(90,133)
Total expenses		**(2,738,729)**	(2,197,686)
Profit from operations	8	**1,702,311**	1,547,453
Share of results of joint ventures	15	**490,103**	426,653
Share of results of associates	16	**(12,056)**	(30,285)
Profit before income tax		**2,180,358**	1,943,821
Income tax expense	9	**(25,215)**	(32,154)
Profit for the year		**2,155,143**	1,911,667
Profit for the year attributable to:			
Equity holders of the Company		**2,105,663**	1,901,606
Non-controlling interests		**49,480**	10,061
		2,155,143	1,911,667
Earnings per share (HK$)	12		
Basic		**0.342**	0.310
Diluted		**0.341**	0.310

The notes on pages 105 to 204 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**2,155,143**	1,911,667
Other comprehensive income/(expense) for the year		
Items that will be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**22,814**	(24,070)
– Share of other comprehensive income of joint ventures, net	**(4,479)**	(14,574)
– Fair value change of financial assets at fair value through other comprehensive income (debt instruments)	**46,504**	484
– Fair value change of derivative financial instruments (cash flow hedges)	**104,868**	(173,158)
– Reclassification adjustment from hedging reserve to profit or loss	**(135,705)**	119,569
Total other comprehensive income/(expense) for the year	**34,002**	(91,749)
Total comprehensive income for the year	**2,189,145**	1,819,918
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**2,139,699**	1,809,858
Non-controlling interests	**49,446**	10,060
	2,189,145	1,819,918

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Property, plant and equipment	13	**16,394,376**	16,227,335
Right-of-use assets	14	**11,895**	22,888
Interests in joint ventures	15	**1,628,199**	1,469,330
Interests in associates	16	**190,238**	97,372
Loan and lease receivables	17	**20,714,833**	23,734,332
Derivative financial assets	18	**404,865**	424,226
Prepayments, deposits and other receivables	19	**214,057**	1,161,296
Financial assets at fair value through profit or loss	20	**457,312**	296,157
Financial assets at fair value through other comprehensive income	21	**1,678,735**	427,768
Deferred tax assets	27	**4,111**	3,668
Amount due from an associate	22	**37,810**	24,740
Amounts due from joint ventures	22	**275,218**	109,197
Amounts due from fellow subsidiaries	22	**–**	3,186
Time deposits with maturity over three months	23	**135,450**	198,915
Pledged time deposits	23	**–**	5,144
Cash and cash equivalents	23	**1,773,896**	938,005
Total assets		**43,920,995**	45,143,559
LIABILITIES			
Income tax payables		**38,157**	53,485
Borrowings	24	**27,587,155**	31,333,427
Derivative financial liabilities	18	**195,801**	98,291
Deferred tax liabilities	27	**316**	1,008
Amount due to a joint venture	22	**–**	207,794
Amounts due to non-controlling interests	22	**131,884**	162,383
Other payables and accruals	25	**1,321,335**	433,304
Lease liabilities	26	**348,311**	23,956
Total liabilities		**29,622,959**	32,313,648
Net assets		**14,298,036**	12,829,911

	Note	2024 HK$'000	2023 HK$'000
EQUITY			
Share capital	29	**6,695,690**	6,615,789
Reserves		**7,485,431**	6,096,083
		14,181,121	12,711,872
Non-controlling interests		**116,915**	118,039
Total equity		**14,298,036**	12,829,911

The consolidated financial statements on pages 98 to 204 were approved by the Board of Directors on 26 March 2025 and were signed on its behalf.

LI HONGTAO *Director*	**SHING MO HAN YVONNE** *Director*

The notes on pages 105 to 204 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company									
	Share capital HK$'000	Investment revaluation reserve HK$'000	Hedging reserve HK$'000	Other reserves HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2024	**6,615,789**	**(141)**	**348,817**	**70,979**	**27,488**	**(120,971)**	**5,769,911**	**12,711,872**	**118,039**	**12,829,911**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2,105,663**	**2,105,663**	**49,480**	**2,155,143**
Other comprehensive income/(expense) for the year	**–**	**46,504**	**(30,837)**	**(4,479)**	**–**	**22,848**	**–**	**34,036**	**(34)**	**34,002**
Total comprehensive income for the year	**–**	**46,504**	**(30,837)**	**(4,479)**	**–**	**22,848**	**2,105,663**	**2,139,699**	**49,446**	**2,189,145**
Appropriations to statutory surplus reserve	**–**	**–**	**–**	**1,498**	**–**	**–**	**(1,498)**	**–**	**–**	**–**
Transactions with equity holders:										
– Issuance of shares under share option scheme (note 29)	**79,901**	**–**	**–**	**–**	**(15,135)**	**–**	**–**	**64,766**	**–**	**64,766**
– Dividends (note 37)	**–**	**–**	**–**	**–**	**–**	**–**	**(738,622)**	**(738,622)**	**–**	**(738,622)**
Transactions with non-controlling interests:										
– Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(50,570)**	**(50,570)**
Equity settled share-based payments	**–**	**–**	**–**	**–**	**3,406**	**–**	**–**	**3,406**	**–**	**3,406**
At 31 December 2024	**6,695,690**	**46,363**	**317,980**	**67,998**	**15,759**	**(98,123)**	**7,135,454**	**14,181,121**	**116,915**	**14,298,036**
At 1 January 2023	6,614,466	(505)	402,406	83,957	25,998	(96,902)	4,483,532	11,512,952	129,374	11,642,326
Profit for the year	–	–	–	–	–	–	1,901,606	1,901,606	10,061	1,911,667
Other comprehensive income/(expense) for the year	–	484	(53,589)	(14,574)	–	(24,069)	–	(91,748)	(1)	(91,749)
Total comprehensive income for the year	–	484	(53,589)	(14,574)	–	(24,069)	1,901,606	1,809,858	10,060	1,819,918
Appropriations to statutory surplus reserve	–	–	–	1,596	–	–	(1,596)	–	–	–
Disposal of debt instruments at fair value through other comprehensive income (recycling)	–	(120)	–	–	–	–	–	(120)	–	(120)
Transactions with equity holders:										
– Issuance of shares under share option scheme (note 29)	1,323	–	–	–	(251)	–	–	1,072	–	1,072
– Dividends (note 37)	–	–	–	–	–	–	(613,631)	(613,631)	–	(613,631)
Transactions with non-controlling interests:										
– Dividends	–	–	–	–	–	–	–	–	(21,395)	(21,395)
Equity settled share-based payments	–	–	–	–	1,741	–	–	1,741	–	1,741
At 31 December 2023	6,615,789	(141)	348,817	70,979	27,488	(120,971)	5,769,911	12,711,872	118,039	12,829,911

The notes on pages 105 to 204 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Net cash generated from operations	32.1	**7,781,449**	537,855
Interest received		**49,526**	60,902
Interest paid		**(1,022,698)**	(1,044,383)
Income tax refunded		**1,648**	4,073
Income tax paid		**(41,614)**	(10,617)
Net cash generated from/(used in) operating activities		**6,768,311**	(452,170)
Cash flows from investing activities			
Investment in a joint venture		**(5)**	–
Investment in an associate		**(111,284)**	(76,507)
Distribution from investment in a joint venture		**112,536**	–
Distribution from investment in an associate		**8,060**	–
Decrease/(Increase) in time deposits with maturity over three months		**63,465**	(121)
Decrease in pledged time deposits		**5,144**	2,484
Payment of purchase of vessels and property, plant and equipment		**(1,031,988)**	(2,626,111)
Proceeds from disposal of vessels and property, plant and equipment		**365,109**	176,465
Dividend received from a joint venture		**214,224**	36,566
Dividend received from an associate		**645**	–
Payment for purchase of financial assets at fair value through profit or loss		**(132,260)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	217,902
Payment for purchase of financial assets at fair value through other comprehensive income		**(1,204,463)**	(427,900)
Proceeds from disposal of financial assets at fair value through other comprehensive income		**–**	95,094
Proceeds from settlement of derivative financial instruments		**9,861**	24,147
Decrease in loans to joint ventures		**288,674**	97,459
Decrease/(Increase) in amounts due from fellow subsidiaries		**3,186**	(1,139)
(Increase)/Decrease in amounts due from associates		**(13,070)**	4,975
Increase in amounts due from joint ventures		**(166,021)**	(56,405)
Proceeds from disposal of partial interests in investment in an associate		**10,788**	–
Net cash used in investing activities		**(1,577,399)**	(2,533,091)

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from financing activities			
Proceeds from issuance of bonds	32.2	**874,410**	2,389,067
Proceeds from borrowings	32.2	**9,320,321**	15,077,111
Repayment of borrowings	32.2	**(13,710,888)**	(14,083,140)
Payment of lease liabilities	32.2	**(60,567)**	(17,022)
Proceeds from shares issued under share option scheme		**64,765**	1,072
Dividends paid to equity holders of the Company		**(738,622)**	(613,631)
Dividends paid to non-controlling interests		**(50,570)**	(21,395)
Proceeds from a joint venture during the year	32.2	**–**	622
Proceeds from non-controlling interests during the year	32.2	**–**	–
Repayment to non-controlling interests during the year	32.2	**(30,499)**	(5,746)
Net cash (used in)/generated from financing activities		**(4,331,650)**	2,726,938
Net increase/(decrease) in cash and cash equivalents		**859,262**	(258,323)
Cash and cash equivalents at 1 January		**938,005**	1,181,458
Effect of foreign exchange rate changes on cash and cash equivalents		**(23,371)**	14,870
Cash and cash equivalents at 31 December	23	**1,773,896**	938,005

The notes on pages 105 to 204 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. General information

CSSC (Hong Kong) Shipping Company Limited (the "**Company**") is a limited liability company incorporated in Hong Kong. The registered office and its principal place of business is located at Room 1801, 18th Floor, Worldwide House, No. 19 Des Voeux Road Central, Central, Hong Kong. Shares of the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**The Stock Exchange**") on 17 June 2019.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in provision of integrated shipping services (including operating lease services and ship brokerage services) and financing services (including finance lease services and loan borrowings).

These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2025.

2. Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated and the adoption of new and amended Hong Kong Financial Reporting Standards ("**HKFRSs**") and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 2.1.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the requirements of the Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange. The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities as specified below which are stated at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs require 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2. Summary of material accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Amended HKFRSs that are effective for annual period beginning on 1 January 2024

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA which are relevant to the Group's operation and effective for the consolidated financial statements for the period beginning on 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Except for those mentioned below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKFRS 16 "Lease Liability in a Sale and Leaseback"

In September 2022, the HKICPA finalised narrow-scope amendments to the requirements for sale and leaseback transactions in HKFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines lease payments and revised lease payments in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

This new policy did not result in a change in the Group's accounting policy for its sale and leaseback transactions since the transfer of assets does not meet the requirements for a sale in HKFRS 15 Revenue from Contracts with Customers, there is no sale and the transaction is accounted for as a financing arrangement under HKFRS 9 Financial Instruments.

2. Summary of material accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but not yet effective and have not been early adopted by the Group.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5

HKFRS 18 will replace HKAS 1 "Presentation of Financial Statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

2. Summary of material accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5 (Continued)

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit;

  – Foreign exchange differences currently aggregated in the line item "Other gains, net" in profit from operations might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

  – HKFRS 18 has specific requirements on the category in which derivative gains or losses are recognised which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.

- The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position;

- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged, however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

  – management-defined performance measures;

  – a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and

  – for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

2. Summary of material accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*
HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5 (Continued)

- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

2.2 Principles of consolidation and equity accounting

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

Associates
Associates are all entities over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investees but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint arrangements
Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

2. Summary of material accounting policies *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

Joint ventures

Interests in joint ventures are accounted for using the equity method of accounting (see below), after initially being recognised at cost in the consolidated statement of financial position.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.7.

2.3 Separate financial statements

On the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("**CODM**").

The board of directors has appointed executive directors of the Company as the CODM to assess the financial performance and position of the Group, make strategic decisions and corporate planning.

2. Summary of material accounting policies *(Continued)*

2.5 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the "**functional currency**"). United States dollars ("**US$**") is the functional currency of the Company and its major subsidiaries. The financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within finance costs. All other foreign exchange gains and losses are presented in profit or loss on a net basis within other income and other gains.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each reporting date presented are translated at the closing rate at the reporting date;

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

- all resulting exchange differences are recognised in other comprehensive income.

2. Summary of material accounting policies *(Continued)*

2.5 Foreign currency translation *(Continued)*

Group companies *(Continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates prevailing at the end of the reporting period.

2.6 Property, plant and equipment

Construction in progress

Construction in progress represents vessel under construction which is carried at cost less any accumulated impairment losses. Construction in progress includes construction expenditure incurred, borrowing costs and other direct costs attributable to the construction. On completion, the construction in progress is transferred to vessel. No depreciation is provided for construction in progress.

Other property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Vessels	30 years
Motor vehicles	5 years
Office equipment	3 years
Leasehold improvements	Over the lease term

2. Summary of material accounting policies *(Continued)*

2.6 Property, plant and equipment *(Continued)*

Other property, plant and equipment *(Continued)*

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next dry-docking are identified and their costs are depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of vessels are capitalised and depreciated over the period to the next estimated dry-docking date. When significant dry-docking costs incurred prior to the expiry of the depreciation period, the remaining costs of the previous dry-docking are written off immediately.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.7 Impairment of non-financial assets

Goodwill that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2. Summary of material accounting policies *(Continued)*

2.8 Investments and other financial assets

Classification

The Group classifies its financial assets into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

2. Summary of material accounting policies *(Continued)*

2.8 Investments and other financial assets *(Continued)*

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through consolidated statement of comprehensive income, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in consolidated statement of comprehensive income is reclassified from equity to profit or loss.

- Fair value at profit or loss ("**FVTPL**"): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains in the period in which it arises.

2. Summary of material accounting policies *(Continued)*

2.8 Investments and other financial assets *(Continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in consolidated statement of comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains in the consolidated income statements as applicable. Impairment losses (and reversal of impairment losses) on debt investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward-looking basis the expected credit losses ("**ECL**") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For loan and lease receivables, the Group applies the general approach permitted by HKFRS 9 "Financial Instruments", see notes 3.2(i) and 17 for further details.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2. Summary of material accounting policies *(Continued)*

2.10 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 18. Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedging is recognised in the hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedging no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains.

2. Summary of material accounting policies *(Continued)*

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash at bank and on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when the contract of services transferred to customer, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Finance lease income – refer to note 2.14(i).

Operating lease income – refer to note 2.14(ii).

Interest income – recognised using the effective interest method, refer to note 2.26.

Dividend income – recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Commission income – recognised in the accounting period in which the actual shipbroking services provided to the shipbuilding company. The Group considers the revenue will be highly probable that will not be subsequently reversed, which normally when the Group successfully facilitates the conclusion of shipbuilding transaction and when it is highly probable that there will be no default in the transaction. Commission income from the charterer would be recognised over the period of related lease.

2.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross as other income in the consolidated income statement.

2. Summary of material accounting policies *(Continued)*

2.14 Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2. Summary of material accounting policies *(Continued)*

2.14 Leases *(Continued)*

As a lessee *(Continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions and credit rating of the Group since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and

- makes adjustments specific to the lease, e.g. value of right-of-use assets, term, country, currency and value of security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. Summary of material accounting policies *(Continued)*

2.14 Leases *(Continued)*

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

(i) Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognises the minimum lease payments receivable by the Group as a finance lease receivable and records the unguaranteed residual value as an asset within the same category. The difference between (a) the aggregate of the minimum lease payments and the unguaranteed residual value and (b) their present value (presented in the consolidated statement of financial position as net investments in finance leases under loan and lease receivables) is recognised as unearned finance income. Minimum lease payments are the payments over the lease term that the lessee is or can be required to make plus any residual value guaranteed to the lessor by the lessee, or a party unrelated to the lessor.

Unearned finance income is allocated to each period during the lease term using the effective interest method that allocates each rental between finance income and repayment of capital in each accounting period in such a way that finance income is recognised as a constant periodic rate of return (implicit effective interest rate) on the lessor's net investment in the lease. Lease agreements for which the base rent is based on floating interest rates are included in minimum lease payments based on the floating interest rate existing at the commencement of the lease; any increase or decrease in lease payments that result from subsequent changes on floating interest rate is recorded as an increase or a decrease in finance lease income in the period of the interest rate change.

Initial direct costs, such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

2. Summary of material accounting policies *(Continued)*

2.14 Leases *(Continued)*

As a lessor *(Continued)*

(ii) Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in property, plant and equipment, and rentals receivable under the operating leases are credited to the consolidated income statement on the straight-line basis over the lease terms.

Leasing services revenue are generated from a combination of bareboat charters and time charters. Revenue from a bareboat charter, is recognised in accordance with HKFRS 16.

Revenue from a time charter, is recognised over time based on daily rate. The Group separately accounts for the lease and non-lease components (i.e. vessel management services) for time charter contracts. The Group estimates the stand-alone selling price of lease component by reference to the total transaction price less the sum of the observable stand-alone selling prices of non-lease components promised in the contract.

2.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Amounts due to fellow subsidiaries, a joint venture and non-controlling interests

They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. Summary of material accounting policies *(Continued)*

2.18 Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2. Summary of material accounting policies *(Continued)*

2.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.21 Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries or jurisdiction where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2. Summary of material accounting policies *(Continued)*

2.21 Current and deferred income tax *(Continued)*

Deferred income tax *(Continued)*

Deferred income tax liabilities and assets are not recognised for:

– temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development ("**OECD**").

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority on either: (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred income tax asset is recognised for unclaimed tax credits that are carried forward as deferred income tax assets.

2. Summary of material accounting policies *(Continued)*

2.22 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to LSP if the eligibility criteria are met. The LSP are defined benefits plans.

(a) *Defined contribution plans*

The Group participated the MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those qualifying employees employed under the jurisdiction of the Hong Kong Employment Ordinance, and who are eligible to participate in the MPF Scheme.

The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds. The Group has no further payment obligations once the contribution has been paid. Contributions are made based on a percentage of the employees' basic salaries and the Group's contributions to the scheme are recognised as employee benefit expenses when they are due. When employees leave the scheme prior to the full vesting of the employer's voluntary contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The Group's PRC subsidiaries participate in defined contribution retirement benefit plans organised by relevant government authorities for its employees in the PRC and contributes to these plans based on a certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities.

The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

(b) *Defined benefit plans*

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remains with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

2. Summary of material accounting policies *(Continued)*

2.22 Employee benefits *(Continued)*

Retirement benefits *(Continued)*

(b) Defined benefit plans (Continued)

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in employee benefits expenses.

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the consolidated statement of financial positions.

2. Summary of material accounting policies *(Continued)*

2.22 Employee benefits *(Continued)*

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "share option reserve" in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

At the time when the share options are exercised, the amount previously recognised in "share option reserve" will be transferred to "share capital". After vesting date, when the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in "share option reserve" will be transferred to "retained profits".

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2. Summary of material accounting policies *(Continued)*

2.22 Employee benefits *(Continued)*

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 "Provisions, Contingent liabilities and Contingent Assets" and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.23 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.24 Dividend income

Dividends are received from financial assets measured at FVTPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2. Summary of material accounting policies *(Continued)*

2.25 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.26 Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 6 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.27 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 “Revenue from Contracts with Customers”.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.28 Asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Asset are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

2. Summary of material accounting policies *(Continued)*

2.29 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Financial risk management

3.1. Financial instruments by category

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

Financial assets as at 31 December 2024	**Amortised cost HK$'000**	**Financial assets at fair value HK$'000**	**Total HK$'000**
Derivative financial assets	**–**	**404,865**	**404,865**
Financial assets at fair value through profit or loss	**–**	**457,312**	**457,312**
Financial assets at fair value through other comprehensive income	**–**	**1,678,735**	**1,678,735**
Loan and lease receivables	**20,714,833**	**–**	**20,714,833**
Other receivables (excluding prepayments)	**168,211**	**–**	**168,211**
Amount due from an associate	**37,810**	**–**	**37,810**
Amounts due from joint ventures	**275,218**	**–**	**275,218**
Time deposits with maturity over three months	**135,450**	**–**	**135,450**
Cash and cash equivalents	**1,773,896**	**–**	**1,773,896**
Total	**23,105,418**	**2,540,912**	**25,646,330**

Financial assets as at 31 December 2023	Amortised cost HK$'000	Financial assets at fair value HK$'000	Total HK$'000
Derivative financial assets	–	424,226	424,226
Financial assets at fair value through profit or loss	–	296,157	296,157
Financial assets at fair value through other comprehensive income	–	427,768	427,768
Loan and lease receivables	23,734,332	–	23,734,332
Other receivables (excluding prepayments)	216,296	–	216,296
Amounts due from associates	24,740	–	24,740
Amounts due from joint ventures	109,197	–	109,197
Amounts due from fellow subsidiaries	3,186	–	3,186
Time deposits with maturity over three months	198,915	–	198,915
Pledged time deposits	5,144	–	5,144
Cash and cash equivalents	938,005	–	938,005
Total	25,229,815	1,148,151	26,377,966

3. Financial risk management *(Continued)*

3.1. Financial instruments by category *(Continued)*

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities: *(Continued)*

Financial liabilities as at 31 December 2024	**Financial liabilities at amortised cost HK$'000**	**Financial liabilities at fair value HK$'000**	**Total HK$'000**
Borrowings	**27,587,155**	**–**	**27,587,155**
Derivative financial liabilities	**–**	**195,801**	**195,801**
Amounts due to non-controlling interests	**131,884**	**–**	**131,884**
Other payables and accruals (excluding deposits received)	**794,084**	**–**	**794,084**
Lease liabilities	**348,311**	**–**	**348,311**
Total	**28,861,434**	**195,801**	**29,057,235**

Financial liabilities as at 31 December 2023	Financial liabilities at amortised cost HK$'000	Financial liabilities at fair value HK$'000	Total HK$'000
Borrowings	31,333,427	–	31,333,427
Derivative financial liabilities	–	98,291	98,291
Amount due to a joint venture	207,794	–	207,794
Amounts due to non-controlling interests	162,383	–	162,383
Other payables and accruals (excluding deposits received)	88,136	–	88,136
Lease liabilities	23,956	–	23,956
Total	31,815,696	98,291	31,913,987

3. Financial risk management *(Continued)*

3.2 Financial risk factors

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to risks and the financial risk management policies and practises used by the Group to manage these risks are described below.

(i) Credit risk

The Group's credit risk are primarily attributable to financial instruments, loan and lease receivables, deposits and other receivables, amounts due from joint ventures and associates, time deposits, pledged time deposits, financial assets at FVOCI – debt instruments, and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In this respect, management considers the credit risk is significantly reduced.

The amounts due from joint ventures, and associates are considered by management to be fully recoverable with no significant increase in credit risk identified.

The credit risk on cash and cash equivalents and time deposits are placed in reputable financial institutions with sound credit ratings assigned by international credit rating agencies.

For deposits and other receivables and financial assets at FVOCI – debt instruments, management makes periodic collective assessments as well as individual assessment on the recoverability with no significant increase in credit risk identified.

The Group also issued financial guarantees to banks and other financial institutions for borrowings of its joint ventures. These guarantees are subject to ECL under the HKFRS 9. The Group assessed those joint ventures have strong financial capacity to meet the contractual cash flow obligation in the near future and hence, does not expect significant credit losses arising from these guarantees.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Impairment allowance policies for loan and lease receivables

The Group applies ECL model for impairment assessment and considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. No significant credit risk is conscious for the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations
- actual or expected significant changes in the operating results of the counter party
- significant increases in credit risk on other financial instruments of the same counter party
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the counter party, including changes in the payment status of borrower in the Group and changes in the operating results of the counter party

To manage risk arising from loan and lease receivables, standardised credit management procedures are performed. For pre-approval investigation, the Group optimises the review process by using big data technology through its platform and system, including credit analysis, assessment of collectability of borrowers, monitoring the cash flow status, possibility of misconduct and fraudulent activities. In terms of credit examining management, specific policies and procedures are established to assess loans offering. For subsequent monitoring, the Group monitors the cash flow and operation status of each borrowers. Once the loan was issued, all borrowers would be assessed by fraud examination model to prevent fraudulent behaviours.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

In post-loan supervision, the Group establishes risk monitoring alert system through periodical monitoring. The estimation of credit exposure for risk management purposes is complex and requires use of models as the exposure varies with changes in market conditions, expected cash flows and passage of time.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using Probability of Default ("**PD**"), Exposure at Default ("**EAD**") and Loss Given Default ("**LGD**"). This is consistent with the general approach used for the purposes of measuring ECL under HKFRS 9.

ECL model for loan and lease receivables, as summarised below:

- The ECL was calculated and provided based on the "three-stages" model by referring to the changes in credit quality since initial recognition.

- The loan and lease receivables that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.

- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to "Stage 3". The ECL is measured on lifetime basis.

- In Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

(1) Consideration on whether the loan and lease receivables to have experienced a significant increase in credit risk

The Group considers whether the loan and lease receivables to have experienced a significant increase in credit risk when backstop criteria have been met. A backstop is applied and the loan and lease receivables considered to have experienced a significant increase in credit risk if the borrower is past due on its contractual payments.

(2) Identification of default and credit-impaired assets

The Group identifies a financial instrument as in default, when the borrower is more than 90 days past due on its contractual payments. This has been applied to all loan and lease receivables held by the Group.

(3) Inputs, assumptions and estimation techniques in measuring ECL

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL are the discounted product of the PD, EAD, and LGD.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each portfolio. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summarised. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below: *(Continued)*

(4) Forward-looking information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the per capita disposable income of urban residents as the key economic variables impacting credit risk and ECL.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Provision for impairment loss

The provision for impairment loss recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to loan and lease receivables experiencing significant increases (or decreases) of credit risk in the period, and the subsequent "step up" (or "**step down**") between 12-month and lifetime ECL;

- Additional provisions for new financial instruments recognised, as well as releases for loan and lease receivables derecognised in the period;

- Loan and lease receivables derecognised and write-offs of provisions related to assets that were written off during the period.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Provision for impairment loss (Continued)

The following tables explain the changes in the provision for impairment loss of loan and lease receivables between the beginning and the end of the year:

	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
Provision for impairment loss of loan and lease receivables as at 1 January 2024	**92,378**	**393,429**	**181,483**	**667,290**
Transfer from stage 2 to stage 1	**29,024**	**(29,024)**	**–**	**–**
Transfer from stage 2 to other receivables	**–**	**(424,363)**	**–**	**(424,363)**
Net ECL allowance recognised/(reversed)	**4,691**	**446,538**	**(4,261)**	**446,968**
Provision for impairment loss of loan and lease receivables as at 31 December 2024	**126,093**	**386,580**	**177,222**	**689,895**
Provision for impairment loss of loan and lease receivables as at 1 January 2023	135,631	254,098	186,394	576,123
Transfer from stage 1 to stage 2	(1,993)	1,993	–	–
Transfer from stage 2 to stage 1	51,749	(51,749)	–	–
Net ECL allowance recognised/(reversed)	(93,009)	189,087	(4,911)	91,167
Provision for impairment loss of loan and lease receivables as at 31 December 2023	92,378	393,429	181,483	667,290

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Provision for impairment loss (Continued)

The gross carrying amount of the loan and lease receivables explains the significance to the changes is the provision above.

	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL HK$'000	Stage 3 Lifetime ECL HK$'000	Total HK$'000
Loan and lease receivables as at 1 January 2024	**20,570,820**	**3,649,319**	**181,483**	**24,401,622**
Transfer from stage 2 to stage 1	**366,976**	**(366,976)**	**–**	**–**
Transfer from stage 2 to other receivables	**–**	**(523,905)**	**–**	**(523,905)**
Loan and lease receivables derecognised during the year other than write-off	**(2,295,960)**	**(156,200)**	**–**	**(2,452,160)**
Exchange rate realignment	**(16,568)**	**–**	**(4,261)**	**(20,829)**
Loan and lease receivables as at 31 December 2024	**18,625,268**	**2,602,238**	**177,222**	**21,404,728**
Loan and lease receivables as at 1 January 2024	17,882,955	3,116,292	187,176	21,186,423
Transfer from stage 1 to stage 2	(353,866)	353,866	–	–
Transfer from stage 2 to stage 1	344,143	(344,143)	–	–
Loan and lease receivables originated/ (derecognised) during the year other than write-off	2,712,729	523,304	(4,911)	3,231,122
Exchange rate realignment	(15,141)	–	(782)	(15,923)
Loan and lease receivables as at 31 December 2023	20,570,820	3,649,319	181,483	24,401,622

Write-off policy

The Group writes off loan and lease receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

The Group may write-off loan and lease receivables that are still subject to enforcement activity.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Modification

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. The Group considers the impact from such modification is not significant.

(ii) Liquidity risk

The Group is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board of directors when borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The tables below analyse the Group's financial assets and liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial assets and liabilities, and

(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(ii) Liquidity risk** (Continued)*

Financial assets

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	After 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amounts HK$'000
As at 31 December 2024						
Derivative financial assets	**404,865**	**–**	**–**	**–**	**404,865**	**404,865**
Financial assets at fair value through profit or loss and other comprehensive income	**2,136,047**	**–**	**–**	**–**	**2,136,047**	**2,136,047**
Loan and lease receivables	**3,535,586**	**2,892,025**	**7,841,538**	**16,964,375**	**31,233,524**	**20,714,833**
Other receivables (excluding prepayments)	**168,211**	**–**	**–**	**–**	**168,211**	**168,211**
Amounts due from associates and joint ventures	**313,028**	**–**	**–**	**–**	**313,028**	**313,028**
Cash and cash equivalents and time deposits with maturity over three months	**1,909,346**	**–**	**–**	**–**	**1,909,346**	**1,909,346**
	8,467,083	**2,892,025**	**7,841,538**	**16,964,375**	**36,165,021**	**25,646,329**

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	After 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amounts HK$'000
As at 31 December 2023						
Derivative financial assets	424,226	–	–	–	424,226	424,226
Financial assets at fair value through profit or loss and other comprehensive income	723,925	–	–	–	723,925	723,925
Loan and lease receivables	5,044,512	3,289,929	10,872,380	13,944,984	33,151,805	23,734,332
Other receivables (excluding prepayments)	216,296	–	–	–	216,296	216,296
Amounts due from associates, joint ventures and fellow subsidiaries	137,123	–	–	–	137,123	137,123
Cash and cash equivalents and time deposits with maturity over three months	1,136,920	–	–	–	1,136,920	1,136,920
Pledged time deposits	5,144	–	–	–	5,144	5,144
	7,688,146	3,289,929	10,872,380	13,944,984	35,795,439	26,377,966

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(ii) ***Liquidity risk*** *(Continued)*

Financial liabilities

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	After 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amounts HK$'000
As at 31 December 2024						
Borrowings	**11,179,712**	**7,835,845**	**4,513,704**	**7,064,602**	**30,593,863**	**27,587,155**
Derivative financial liabilities	**195,801**	**–**	**–**	**–**	**195,801**	**195,801**
Amounts due to non-controlling interests	**131,884**	**–**	**–**	**–**	**131,884**	**131,884**
Other payables and accruals (excluding deposits received)	**794,084**	**–**	**–**	**–**	**794,084**	**794,084**
Lease liabilities	**51,191**	**50,053**	**146,959**	**198,352**	**446,555**	**348,311**
	12,352,672	**7,885,898**	**4,660,663**	**7,262,954**	**32,162,187**	**29,057,235**
Financial guarantees issued						
Maximum amount guaranteed	**6,810,604**	**–**	**–**	**–**	**6,810,604**	**–**

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	After 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amounts HK$'000
As at 31 December 2023						
Borrowings	9,216,103	7,742,027	11,797,982	6,119,401	34,875,513	31,333,427
Derivative financial liabilities	98,291	–	–	–	98,291	98,291
Amounts due to a joint venture and non-controlling interests	370,177	–	–	–	370,177	370,177
Other payables and accruals (excluding deposits received)	88,136	–	–	–	88,136	88,136
Lease liabilities	13,490	4,607	4,572	3,556	26,225	23,956
	9,786,197	7,746,634	11,802,554	6,122,957	35,458,342	31,913,987
Financial guarantees issued						
Maximum amount guaranteed	5,280,084	–	–	–	5,280,084	–

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(ii) Liquidity risk *(Continued)*

Financial liabilities (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the directors considered that it was not probable that the borrower of the loan would default the repayment of the loan and therefore no provision for the Group's obligation under the guarantee has been made.

(iii) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises primarily from its loan receivables and bank borrowings with floating interest rate which expose the Group to cash flow interest rate risk. The Group hedges the cash flow volatility risk as the result of the interest rate fluctuation through derivatives such as interest rate swap contracts. The Group switches the floating rate into fixed rate through interest rate swap contract to effectively match the future fixed lease income, and fix the interest spread. The interest rate swap settles at maturity. The Group will settle the difference between the fixed and floating interest rate on a net basis. The Group's hedge relationship between interest rate swaps and the designated hedged items were highly effective.

Interest rate profile

The following table details the interest rate profile of the Group's net variable rate loan and lease receivables and borrowings at the end of the reporting period:

	2024 **HK$'000**	2023 HK$'000
Loan and lease receivables	**10,996,232**	16,511,380
Borrowings	**8,988,580**	15,904,429

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(iii) Cash flow and fair value interest rate risk** (Continued)*

Instruments used by the Group

Swaps currently in place cover approximately 34% (2023: 21%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 0.72% and 3% (2023: 0.72% and 3%), and the variable rates of the loans are mainly at 3 month SOFR rate (2023: 3 month SOFR rate) which, at the end of the reporting period, was 4.69% (2023: 5.36%). The swap contracts require settlement of net interest receivable or payable every 3 months. The settlement dates coincide with or are close with the dates on which interest is payable on the underlying debt. The details and effects of the interest rate swaps on the Group's consolidated financial position and performance are as follows:

	2024 **HK$'000**	2023 HK$'000
Interest rate swaps designated as cash flow hedges		
Carrying amount	**331,831**	346,921
Notional amount	**3,032,112**	3,342,905
Hedge ratio	**1:1**	1:1
Weighted average hedged rate for the year	**1.58%**	1.59%
	Year	Year
Maturity date	**2028-2032**	2028-2032

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after taxation and retained profits by approximately HK$16,764,000 (2023: HK$5,068,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for both years.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(iv) Foreign currency risk

The Group has foreign currency income, expenses and fund remittances, which expose the Group to foreign currency risk. Since the fluctuation of US$ and HK$ is minimal under the Linked Exchanged Rate System, the directors of the Company consider the Group mainly exposes to Euro ("**EUR**"), Singapore dollars ("**SGD**") and Renminbi ("**RMB**"). The Group manages the foreign exchange risks by performing regular reviews of the Group's net foreign exchange exposure.

The carrying amounts of the Group's significant foreign currency denominated financial assets and liabilities as at 31 December 2024 and 2023, translated into Hong Kong dollars at the closing rates, are as follows:

	As at 31 December 2024			As at 31 December 2023		
	EUR	**SGD**	**RMB**	EUR	SGD	RMB
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Loan and lease receivables	**948,148**	**–**	**955,093**	1,306,589	–	703,829
Prepayments, deposits and other receivables	**–**	**–**	**22,850**	–	–	9,086
Cash and cash equivalents	**48,549**	**3,375**	**1,104,911**	25,875	3	580,067
Other payables and accruals	**(6,983)**	**(3,925)**	**(39,586)**	(21,249)	–	(46,788)
Borrowings	**(1,200,167)**	**–**	**(8,409,179)**	(1,225,510)	–	(5,248,204)
Net exposure	**(210,453)**	**(550)**	**(6,365,911)**	85,705	3	(4,002,010)

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(iv) Foreign currency risk *(Continued)*

The following table details the Group's sensitivity to a 5% increase in the relevant functional currencies against HK$ as at 31 December 2024. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation for 5% change in foreign currency rates during the year. A positive/negative number indicates an increase/a decrease in profit for the year where respective functional currencies strengthening 5% as at 31 December 2024. During the year, for a 5% weakening of respective functional currencies against HK$, there would be an equal but opposite impact on the profit for the year.

	2024 HK$'000	2023 HK$'000
EUR	**(8,786)**	3,578
SGD	**(23)**	–*
RMB	**(265,777)**	(167,084)

* Less than HK$1,000

3.3 Capital risk management

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 equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

The Group monitors its capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "bank borrowings", "bonds" and "other borrowings" as disclosed in note 24 to the consolidated financial statements).

3. Financial risk management *(Continued)*

3.3 Capital risk management *(Continued)*

The gearing ratios as at 31 December 2024 and 2023 were as follows:

	2024 **HK$'000**	2023 HK$'000
Borrowings	**27,587,155**	31,333,427
Total equity	**14,298,036**	12,829,911
Gearing ratio	**1.9 times**	2.4 times

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- the debt to asset ratio must be not more than 85%, and
- the ratio of net finance cost to earnings before interest, tax, depreciation and amortisation ("**EBITDA**") must be not more than 62%.

The Group has complied with these covenants throughout the reporting period.

3.4 Fair value estimation

The three levels of a fair value hierarchy of financial instruments carried at fair value have been defined as follows:

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3. Financial risk management *(Continued)*

3.4 Fair value estimation *(Continued)*

The following table presents the Group's financial assets and financial liabilities that are measured at fair value as at:

Fair value hierarchy

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2024					
Financial assets					
Derivative financial assets	18	**–**	**404,865**	**–**	**404,865**
Financial assets at fair value through profit or loss	20	**–**	**457,312**	**–**	**457,312**
Financial assets at fair value through other comprehensive income	21	**1,678,735**	**–**	**–**	**1,678,735**
Total financial assets at fair values		**1,678,735**	**862,177**	**–**	**2,540,912**
At 31 December 2023					
Financial assets					
Derivative financial assets	18	–	424,226	–	424,226
Financial assets at fair value through profit or loss	20	–	296,157	–	296,157
Financial assets at fair value through other comprehensive income	21	427,768	–	–	427,768
Total financial assets at fair values		427,768	720,383	–	1,148,151

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3. Financial risk management *(Continued)*

3.4 Fair value estimation *(Continued)*

Fair value hierarchy *(Continued)*

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

There was no transfer among level 1, 2 and 3 during the year.

The carrying values of the Group's financial assets and financial liabilities carried at amortised costs approximate their fair values due to their short-term maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

3.5 Offsetting financial assets and financial liabilities

There is no material offsetting, enforceable master netting arrangement and similar agreements as at 31 December 2024 and 2023.

4. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgments and estimates, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of leases

The Group has entered into certain agreements whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased vessels to the lessees/borrowers, as the present values of the minimum lease payments of the lease amounts to at least substantially all of the fair value of the leased assets at the inception of the leases. Accordingly, the Group has excluded the vessels from its consolidated statement of financial position and has instead, recognised as finance lease receivables. Otherwise, the Group includes the vessels under operating lease in property, plant and equipment.

The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this has involved critical judgments by management. In particular, management assessed the lease term, the present value of minimum lease payments, the nature of leased assets, and that there were no ownership transfers and no purchase options at the end of the lease terms. The key judgments are in respect of the economic lives and fair values of the leased assets and the incremental borrowing rate in the calculation of the present value of minimum lease payments, and whether the purchases option will be exercised. As set out in notes 13 and 17.2 to the consolidated financial statements, vessels in property, plant and equipment and lease receivables consist of leasing during 2024 and 2023. As at 31 December 2024, the carrying amounts of vessels and construction in progress in property, plant and equipment and lease receivables are HK$15,981,805,000 (2023: HK$15,148,542,000), HK$406,835,000 (2023: HK$1,069,152,000) and HK$14,331,654,000 (2023: HK$16,526,516,000), respectively.

4. Significant accounting judgments and estimates *(Continued)*

Impairment loss for loan and lease receivables

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period, and the ECL was calculated and provided based on "three-stages" model by referring to the changes in credit quality since initial recognition. For loan and lease receivables classified into stages 1, the ECL is measured on 12-month basis. For loan and lease receivables classified into stages 2 and 3, the ECL is measured on lifetime basis.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using PD, EAD and LGD.

The Group measures the loss allowance for loan and lease receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognised lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period, primarily including the following:

(1) Consideration on whether the loan and lease receivables to have experienced a significant increase in credit risk,

(2) Identification of default and credit-impaired assets,

(3) Inputs, assumptions and estimation techniques in measuring ECL, and

(4) Forward-looking information incorporated in the ECL models.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL, and the carrying amounts of loan and lease receivables as at 31 December 2024, are disclosed in further detail in note 3.2(i) to the consolidated financial statements.

4. Significant accounting judgments and estimates *(Continued)*

Useful lives and residual value of property, plant and equipment

The Group estimates residual values of its vessels by reference to the lightweight tonnes of the vessels and the average demolition steel price of similar vessels in the market.

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

The carrying amount of vessels is disclosed in note 13 to the consolidated financial statements.

Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of property, plant and equipment is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgments are applied in determining these future cash flows and the discount rate. The Group estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business. The carrying amount of property, plant and equipment is disclosed in note 13 to the consolidated financial statements.

Income taxes

Significant management judgments on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Estimation of the fair values of financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets. The carrying amounts of financial assets measured at fair value are disclosed in notes 20 and 21 to the consolidated financial statements.

Lease term and discount rate determination

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the discount rate, the Group is required to exercise considerable judgment in relation to determining the discount rate taking into account the nature of the underlying asset and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

4. Significant accounting judgments and estimates *(Continued)*

Impairment of investments in associates and joint ventures

The Group assesses whether there are any indicators of impairment for investments in associates and joint ventures at the end of each reporting period. Investments in associates and joint ventures are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investment in associates or joint ventures exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose a discount rate commensurate with the associated risk in order to calculate the present values of those cash flows. The carrying amounts of investments in associates and joint ventures are disclosed in notes 16 and 15 to the consolidated financial statements, respectively.

5. Segment information and revenue

The chief operating decision maker ("**CODM**") has been identified as the executive director of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources.

During the year, the Group changed its identification of reportable segments. The Group combined income from operating lease services and shipbroking services to the integrated shipping services segment; and combined income from finance lease services and loan borrowing services to the financing services segment. In the opinion of the directors, the revised basis of segment identification provides a more appropriate presentation of segment information and reflects the changes in CODM's review on the Group's internal reporting of performance assessment and resources allocation. Prior year's segment information has been restated for comparative purposes.

Management has determined the operating segments based on these reports and analysed from a business perspective: (i) integrated shipping services and (ii) financing services.

Integrated shipping services

Integrated shipping services include operating lease services to the Group's customers and shipbroking services to shipbuilders and charterers. Operating lease refers to a leasing model whereby the lessor grants the right to use an asset to the lessee for a specified period and in return for periodic lease payments. Shipbroking services to shipbuilders includes recommending shipbuilders to interested purchasers and advising interested purchasers on vessel types, specifications and capabilities. Shipbroking services to charterers includes advising interested charterers to lease the vessels in form of finance lease and operating lease and advising interested charterers on vessel types, specifications and capabilities.

Financing services

Financing services include finance lease services and loan borrowing services to the Group's customers. Finance lease refers to a leasing model whereby the lessor purchases an asset according to the lessee's specific requirements and choice of supplier or the lessor purchases an asset from the lessee, and then leases it to the lessee for periodic lease payments. Loan borrowings mainly include pre-delivery loans and secured loans. Pre-delivery loan services are offered as part of leasing services and to customers who require funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. Secured loan services are offered to customers to satisfy their funding needs and are generally secured by customers' vessels or assets.

5. Segment information and revenue *(Continued)*

The segment information provided to the executive directors for the years ended 31 December 2024 and 2023 are as follows:

The Group derives revenue from the following:

	2024 HK$'000	2023 HK$'000 (Restated)
Integrated shipping services		
– Operating lease services	**2,235,972**	1,819,906
– Shipbroking services	**33,545**	28,372
	2,269,517	1,848,278
Financing services		
– Finance lease services	**1,219,700**	1,171,775
– Loan borrowing services	**545,152**	606,095
	1,764,852	1,777,870
	4,034,369	3,626,148

Commission income received from charterer included in shipbroking services, is recognised over time and commission income received from shipbuilder, including in shipbroking services, is recognised at point in time during the year.

For the year ended 31 December 2024, commission income included in shipbroking services are recognised at a point in time and over time amounting to HK$1,852,000 and HK$31,693,000 (2023: HK$8,646,000 and HK$19,726,000) respectively.

For the year ended 31 December 2024, revenue from non-lease component included in leasing services amounting to HK$162,429,000 (2023: HK$193,714,000).

For the year ended 31 December 2024, lease income relating to variable lease payments not included in the net investment in the lease amounted to HK$165,086,000 (2023: HK$438,880,000).

5. Segment information and revenue *(Continued)*

Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by CODM internally. Accordingly, no segment assets and liabilities are presented.

Geographic information

During the year, the Group provided a majority of leasing services and financing and other services to customers mainly located in the PRC, Asia, United States and Europe.

The Group's assets, consisted of its property, plant and equipment, right-of-use assets, joint ventures and associates. The vessels (included in property, plant and equipment) are primarily utilised across geographical markets throughout the world. Accordingly, it is impractical to present the locations of the vessels by geographical areas and thus no analysis by geographical area is presented.

Information about major customers

Details of revenue from external customers individually contributed over 10% of the Group's revenue during the year are as follows:

	2024	2023
	HK$'000	HK$'000
Customer A in the loan borrowings services	**414,589**	449,966
Customer B in the operating lease services (note a)	**454,274**	N/A
Customer C in the finance lease services	**446,978**	437,223
Customer D in the operating lease services (note b)	**N/A**	405,327

Notes:

(a) The corresponding revenue did not individual contribute over 10% of the Group's revenue for the year ended 31 December 2023.

(b) The corresponding revenue did not individual contribute over 10% of the Group's revenue for the year ended 31 December 2024.

6. Other income

Other income recognise during the year are as follows:

	2024 HK$'000	2023 HK$'000
Interest income from		
– financial assets at fair value through profit or loss	–	7,867
– financial assets at fair value through other comprehensive income	41,387	19,705
– bank deposits	32,784	33,621
Government subsidies	–	4,396
	74,171	65,589

7. Finance costs and bank charges

	2024 HK$'000	2023 HK$'000
Interest and charges on bonds	343,642	301,460
Interest and charges on bank borrowings	625,749	862,908
Interest and charges on other borrowings	60,951	2,898
Interest on lease liabilities	20,975	1,195
Bank charges	5,741	4,538
	1,057,058	1,172,999
Less: finance costs capitalised	(9,504)	(66,694)
	1,047,554	1,106,305

8. Profit from operations

Profit from operations is stated after charging/(crediting) the followings:

	2024 **HK$'000**	2023 HK$'000
Depreciation on		
– property, plant and equipment	**566,478**	477,742
– right-of-use assets	**12,238**	15,195
Foreign exchange gain, net	**(46,756)**	(981)
Employee benefits expenses (note 10)	**105,268**	106,306
Gain on disposal of partial interests in an associate (note 16)	**(9,930)**	–
Net unrealised gain on changes in fair value of financial assets at fair value through profit or loss	**(28,895)**	(21,374)
Net gain on disposal of debt instruments at fair value through other comprehensive income (recycling)	**–**	(120)
Net gain on disposal of vessels and property, plant and equipment	**(57,276)**	(26,206)
Net gain on de-recognition of finance lease receivables	**(200,013)**	(122,419)
Auditors' remuneration		
– audit services	**4,875**	4,472
– non-audit services	**1,570**	1,425

9. Income tax expense

The Group mainly operates in Hong Kong China, the Mainland China, Malta, Singapore and Cyprus.

Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) based on the estimated assessable profits arising from Hong Kong.

PRC corporate income tax is charged at the statutory rate of 25% (2023: 25%) based on the estimated assessable income as determined with the relevant tax rules and regulations of the PRC.

Malta corporate income tax is charged at the statutory rate of 35% (2023: 35%) of the estimated assessable income as determined with the relevant tax rules and regulations of Malta. Normally, 6/7 of the tax paid would be deducted, taking the effective tax rate to be 5%.

Income tax expense in the consolidated income statement represents:

	2024 **HK$'000**	2023 HK$'000
Current taxation		
– Hong Kong profits tax	**15,046**	10,978
– Overseas taxation	**21,197**	22,106
(Over)/Under provision in respect of prior years		
– Hong Kong profits tax	**(9,744)**	562
– Overseas taxation	**(70)**	(2,875)
	26,429	30,771
Deferred tax		
– Origination and reversal of temporary differences (note 27)	**(1,214)**	1,383
Income tax expense	**25,215**	32,154

9. Income tax expense *(Continued)*

Reconciliation between income tax expense and profit before income tax at the applicable tax rate:

	2024 HK$'000	2023 HK$'000
Profit before income tax	**2,180,358**	1,943,821
(Less)/Add:		
Share of results of joint ventures	**(490,103)**	(426,653)
Share of results of associates	**12,056**	30,285
	1,702,311	1,547,453
Calculated at tax rate of 16.5%	**280,882**	255,330
Effect of different tax rates in other countries	**(18,832)**	(29,440)
Tax effect of income not subject to tax	**(719,396)**	(547,232)
Tax effect of expenses not deductible for tax purpose	**492,375**	341,586
Tax effect of tax losses not recognised	**–**	14,223
Over-provision in prior years	**(9,814)**	(2,313)
Income tax expense	**25,215**	32,154

OECD Pillar Two Model Rules

In December 2021, OECD released the Pillar Two Model Rules (also referred to as the "**Global Anti-Base Erosion**" or "**GloBE**" Rules) to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million are subject to GloBE Rules. They are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be liable to pay a minimum effective tax rate of 15%.

The Group, together with China State Shipbuilding Corporation Limited（中國船舶集團有限公司）("**China Shipbuilding Group**"), has consolidated revenues exceeding EUR750 million and thus fall within the scope of GloBE Rules. Under these rules, the Group's profits derived from international shipping and certain related ancillary activities are exempted, while other non-qualifying profits will be subject to the minimum tax rate. For the year ended 31 December 2024, the Income Inclusion Rule ("**IIR**") under GloBE Rules are only applicable in Cyprus among all the jurisdictions in which the Group operates, and the related current tax expense is assessed to be immaterial.

The Group also applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and would account for the tax as current tax when incurred, as provided in the Amendments to HKAS12 issued in July 2023.

9. Income tax expense *(Continued)*

OECD Pillar Two Model Rules *(Continued)*

Hong Kong has released the draft legislation to implement Pillar Two Model Rules domestically, but the rules have not yet been substantively enacted as of the date of this report. Subject to the approval of the Legislative Council, the rules which consist of the IIR and the Hong Kong Minimum Top-up Tax ("**HKMTT**") will apply retrospectively from 1 January 2025 onwards. This will bring the whole of the Group under the Pillar Two Model Rules for the accounting year ending 31 December 2025. For other jurisdictions where Pillar Two Model Rules have been enacted or substantively enacted as of the date of this report and are applicable to the Group from 1 January 2025 onwards, such as Singapore, the current tax exposure estimated based on the Group's financial information is assessed to be immaterial.

As the Group is assessed to be not a minority-owned constituent entity, if there is any potential top-up tax for China Shipbuilding Group and its subsidiaries ("**CSSC Group**"), it is possible that relevant tax may be further allocated or recharged to respective entities of the CSSC Group that contribute to the top-up tax. The GloBE Rules are highly complicated and would involve interpretation of laws as well as inputs from upstream entities (i.e. CSSC Group), hence, the relevant quantitative impact of application of GloBE Rules is not yet reasonably estimable. The Group would continue to analyse and assess the impact brought by Pillar Two Model Rules.

10. Employee benefits expenses and five highest paid individuals

	2024 **HK$'000**	2023 HK$'000
Wages, salaries, other allowances and benefits in kind (including directors' emoluments)	**93,227**	97,124
Retirement benefit costs (Note)	**8,635**	7,441
Share-based payment expenses	**3,406**	1,741
	105,268	106,306

Note:

At 31 December 2024 and 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

For the years ended 31 December 2024 and 2023, there is no director within the five highest paid individuals.

10. Employee benefits expenses and five highest paid individuals *(Continued)*

The remuneration paid to the five (2023: five) highest individuals are as follows:

	2024 **HK$'000**	2023 HK$'000
Wages, salaries, other allowances and benefits in kind	**11,169**	12,210
Retirement benefit costs	**1,800**	1,706
	12,969	13,916

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

	2024 **HK$'000**	2023 HK$'000
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**2**	1
HK$2,500,001 to HK$3,000,000	**3**	3
HK$3,000,001 to HK$3,500,000	**–**	1

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2024 and 2023.

In addition to the above remuneration, certain highest paid individuals were granted share options under the share option scheme, details of which were disclosed in note 30.

11. Benefits and Interests of Directors (Disclosures Required by Section 383(1) of the Companies Ordinance (Cap. 622), Part 2 of the Companies (Disclosure of Information About Benefits of Directors) Regulation (Cap. 622g) and Listing Rules)

The remuneration of every director are set out below:

	Year ended 31 December 2024				
Name of Directors	**Fees HK$'000**	**Salaries and allowances HK$'000**	**Discretionary bonus (note ii) HK$'000**	**Employer's contribution to retirement benefit scheme HK$'000**	**Total HK$'000**
Chairman and Executive Director					
LI HONGTAO (note i and ix)	–	498	737	173	1,408
ZHONG JIAN (note i and viii)	–	227	776	96	1,099
Non-Executive Directors					
ZHANG YI	–	–	–	–	–
ZHANG QIPENG	–	–	–	–	–
CHI BENBIN (note vii)	–	–	–	–	–
Independent Non-Executive Directors					
SHING MO HAN YVONNE	400	–	–	–	400
LI HONGJI	400	–	–	–	400
WANG DENNIS	400	–	–	–	400
Total	1,200	725	1,513	269	3,707

	Year ended 31 December 2023				
Name of Directors	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus (note ii) HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Chairman and Executive Director					
ZHONG JIAN (note i)	–	923	330	351	1,604
Non-Executive Directors					
ZOU YUANJING (note vi)	–	–	–	–	–
ZHANG YI	–	–	–	–	–
ZHANG QIPENG	–	–	–	–	–
CHI BENBIN (note vii)	–	–	–	–	–
Independent Non-Executive Directors					
SHING MO HAN YVONNE	400	–	–	–	400
LI HONGJI	400	–	–	–	400
WANG DENNIS	400	–	–	–	400
Total	1,200	923	330	351	2,804

11. Benefits and Interests of Directors (Disclosures Required by Section 383(1) of the Companies Ordinance (Cap. 622), Part 2 of the Companies (Disclosure of Information About Benefits of Directors) Regulation (Cap. 622g) and Listing Rules) *(Continued)*

Notes:

i. The remuneration represents remuneration received from the Group by these directors in their capacity as employees to the Company and no directors waived any emolument during the year ended 31 December 2024 (2023: nil).

ii. The bonus is determined with reference to the operating results, individual performance and comparable market statistics during both years.

iii. During the year ended 31 December 2024, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2023: nil). No consideration was provided to or receivable by third parties for making available directors' services (2023: nil). There are no loans, quasi loans or other dealings in favour of the directors, their controlled body corporate and connected entities (2023: nil). No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the Directors during the year ended 31 December 2024 (2023: nil).

iv. No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year. No director waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

v. In addition to the above emoluments, certain directors of the Company were granted share options under the share option scheme, details of which were disclosed in note 30.

vi. Mr. Zou Yuanjing resigned as a non-executive director of the Company with effect from 24 February 2023.

vii. Mr. Chi Benbin was appointed as the Company's non-executive director on 24 February 2023.

viii. Ms. Zhong Jian resigned as the chairman and executive director on 23 May 2024.

ix. Mr. Li Hongtao was appointed as the chairman and executive director on 23 May 2024.

12. Earnings per share

The calculation of basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	2024 HK$'000	2023 HK$'000
Earnings		
Profit attributable to equity holders of the Company for the purposes of basic and diluted earnings per share	**2,105,663**	1,901,606
	Number '000	Number '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**6,151,815**	6,136,346
Effect of dilutive potential ordinary shares		
Share options issued by the Company	**14,451**	1,490
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**6,166,266**	6,137,836
	HK$	HK$
Earnings per share		
Basic	**0.342**	0.310
Diluted	**0.341**	0.310

The calculation of the diluted earnings per share for the year ended 31 December 2023 has not taken into account the effect of the share options of the Company granted on 30 April 2021 as they are considered as anti-dilutive.

13. Property, plant and equipment

	Construction in progress HK$'000	Vessels HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost						
At 1 January 2024	**1,069,152**	**17,216,778**	**1,838**	**13,245**	**19,268**	**18,320,281**
Additions	**1,039,919**	**–**	**465**	**1,108**	**–**	**1,041,492**
Transfers	**(1,702,236)**	**1,702,236**	**–**	**–**	**–**	**–**
Disposals	**–**	**(423,642)**	**(1,819)**	**(1,147)**	**(1,034)**	**(427,642)**
Exchange differences	**–**	**–**	**(25)**	**(207)**	**(214)**	**(446)**
At 31 December 2024	**406,835**	**18,495,372**	**459**	**12,999**	**18,020**	**18,933,685**
Accumulated depreciation						
At 1 January 2024	**–**	**2,068,236**	**1,443**	**8,155**	**15,112**	**2,092,946**
Charge for the year	**–**	**561,863**	**75**	**1,448**	**3,092**	**566,478**
Written back on disposals	**–**	**(116,532)**	**(1,468)**	**(775)**	**(1,034)**	**(119,809)**
Exchange differences	**–**	**–**	**(15)**	**(104)**	**(187)**	**(306)**
At 31 December 2024	**–**	**2,513,567**	**35**	**8,724**	**16,983**	**2,539,309**
Net carrying amount						
At 31 December 2024	**406,835**	**15,981,805**	**424**	**4,275**	**1,037**	**16,394,376**
Cost						
At 1 January 2023	3,160,998	14,410,507	1,880	8,351	19,714	17,601,450
Additions	2,671,672	16,109	–	5,021	3	2,692,805
Transfers	(4,707,432)	3,001,440	–	–	–	(1,705,992)
Disposals	–	(211,278)	–	(5)	(222)	(211,505)
Written off	(56,086)	–	–	–	–	(56,086)
Exchange differences	–	–	(42)	(122)	(227)	(391)
At 31 December 2023	1,069,152	17,216,778	1,838	13,245	19,268	18,320,281
Accumulated depreciation						
At 1 January 2023	–	1,658,240	1,394	6,376	10,688	1,676,698
Charge for the year	–	471,015	81	1,856	4,790	477,742
Written back on disposals	–	(61,019)	–	(5)	(222)	(61,246)
Exchange differences	–	–	(32)	(72)	(144)	(248)
At 31 December 2023	–	2,068,236	1,443	8,155	15,112	2,092,946
Net carrying amount						
At 31 December 2023	1,069,152	15,148,542	395	5,090	4,156	16,227,335

14. Right-of-use assets

	HK$'000
Cost	
At 1 January 2024	**68,351**
Addition	**3,998**
Written off	**(42,705)**
Exchange differences	**(504)**
At 31 December 2024	**29,140**
Accumulated depreciation	
At 1 January 2024	**45,463**
Charge for the year	**12,238**
Written off	**(40,162)**
Exchange differences	**(294)**
At 31 December 2024	**17,245**
Net carrying amount	
At 31 December 2024	**11,895**
Cost	
At 1 January 2023	63,214
Addition	10,077
Written off	(4,450)
Exchange differences	(490)
At 31 December 2023	68,351
Accumulated depreciation	
At 1 January 2023	34,974
Charge for the year	15,195
Written off	(4,450)
Exchange differences	(256)
At 31 December 2023	45,463
Net carrying amount	
At 31 December 2023	22,888

14. Right-of-use assets *(Continued)*

The Group leases various offices and apartments. Rental contracts are typically entered into for fixed periods of 3 to 8 years without any extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

15. Interests in joint ventures

	2024 **HK$'000**	2023 HK$'000
At the beginning of the year	**1,469,330**	1,093,817
Capital injection to a joint venture	**5**	–
Distribution from a joint venture	**(112,536)**	–
Share of results of joint ventures	**490,103**	426,653
Share of other comprehensive income of joint ventures, net	**(4,479)**	(14,574)
Dividends received	**(214,224)**	(36,566)
At the end of the year	**1,628,199**	1,469,330

As at 31 December 2024 and 2023, details of the Group's interests in joint ventures which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	**Place of incorporation/ registration and operation**	**Percentage of equity attributable to the Company at 31 December** **2024**	 2023	**Principal activities**
Sino Singapore Maritime Pte. Ltd.	Singapore	**50%**	50%	Vessel owning and chartering
Ocean Classic Limited	British Virgin Islands ("**BVI**")	**50%**	50%	Vessel owning and chartering
Vista Shipping Pte. Limited	Singapore	**50%**	50%	Vessel owning and chartering
Sea Jade Investment Limited	Marshall Islands	**25%**	25%	Vessel owning and chartering
Ocean Jade Investment Limited	Marshall Islands	**25%**	N/A	Vessel owning and chartering
Golden Pegasus Shipping Company Limited	Hong Kong	**50%**	N/A	Vessel owning and chartering

All joint ventures have a reporting date of 31 December.

15. Interests in joint ventures *(Continued)*

Summarised financial information for material joint ventures

The tables below provide summarised financial information of the joint venture that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Sino Singapore Maritime Pte. Ltd. 2024 HK$'000
Current assets	895,989
Non-current assets	1,553,346
Current liabilities	(94,564)
Non-current liabilities	(800,183)
Revenue	628,432
Profit for the year	608,537
Other comprehensive income	(8,959)
Total comprehensive income	599,578
Cash and cash equivalents	758,836
Current financial liabilities (excluding trade and other payables and provisions)	(94,460)
Non-current financial liabilities (excluding trade and other payables and provisions)	(800,813)
Depreciation and amortisation	(79,883)
Gain on disposal of vessels	266,131
Interest income	503
Interest expense	(44,556)
Income tax expense	–

Reconciliation of summarised financial information:

	Sino Singapore Maritime Pte. Ltd. 2024 HK$'000
Opening net assets as at 1 January	1,608,530
Distribution to shareholders	(225,073)
Profit for the year	608,537
Other comprehensive expense	(8,959)
Dividend paid	(428,447)
Closing net assets as at 31 December	1,554,588
Interest in joint venture	50%
Share of net assets	777,294
Carrying value	777,294

15. Interests in joint ventures *(Continued)*

Summarised financial information for material joint ventures *(Continued)*

	Sino Singapore Maritime Pte. Ltd. 2023 HK$'000
Current assets	783,773
Non-current assets	2,158,008
Current liabilities	(123,237)
Non-current liabilities	(1,210,014)
Revenue	648,269
Profit for the year	372,875
Other comprehensive income	(29,148)
Total comprehensive income	343,727
Cash and cash equivalents	477,089
Current financial liabilities (excluding trade and other payables and provisions)	112,059
Non-current financial liabilities (excluding trade and other payables and provisions)	1,210,014
Depreciation and amortisation	(92,318)
Interest income	118
Interest expense	(53,524)
Income tax expense	–

Reconciliation of summarised financial information:

	Sino Singapore Maritime Pte. Ltd. 2023 HK$'000
Opening net assets as at 1 January	1,337,935
Profit for the year	372,875
Other comprehensive expense	(29,148)
Dividend paid	(73,132)
Closing net assets as at 31 December	1,608,530
Interest in joint venture	50%
Share of net assets	804,265
Carrying value	804,265

15. Interests in joint ventures *(Continued)*

The aggregate amount of the Group's share of results of its joint ventures, which are individually immaterial, is as follows:

	2024 HK$'000	2023 HK$'000
Aggregate carrying amount of individual joint ventures in the consolidated financial statements	**850,905**	665,065

	2024 HK$'000	2023 HK$'000
Net profit for the year	**185,835**	240,216
Other comprehensive income for the year	**–**	–

Commitments of joint ventures in respect of construction of vessels as at 31 December 2024 attributable to the Group were HK$3,682,504,000 (2023: HK$1,902,705,000).

16. Interests in associates

The aggregate amount of the Group's share of results of its associates, which are individually immaterial, is as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**97,372**	52,429
Capital injection to an associate	**111,284**	76,507
Distribution from an associate	**(8,060)**	–
Share of results of associates	**(12,056)**	(30,285)
Disposal of partial interests in an associate	**(858)**	–
Dividends received	**(645)**	–
Exchange differences	**3,201**	(1,279)
At the end of the year	**190,238**	97,372

16. Interests in associates *(Continued)*

As at 31 December 2024 and 2023, details of the Group's interests in associates which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Company at 31 December 2024	2023	Principal activities
Nor Solan I Pte. Ltd.	Singapore	**28%**	28%	Chartering services
Nor Solan II Pte. Ltd.	Singapore	**28%**	28%	Chartering services
Guoxin CSSC (Qing dao) Marine Technology Company Limited* 國信中船(青島)海洋科技有限公司	The PRC	**26%**	26%	Marine technology
Glory Shipping Pte. Ltd.	Singapore	**35%**	35%	Not yet commence business
CSSC SDARI Energy Saving Technology (Shanghai) Company Limited* 中船斯達瑞節能科技(上海)有限公司	The PRC	**20%**	20%	Energy saving technology
Zhendui Industrial Intelligent Technology Co., Ltd.* ("**Zhendui**") 震兌工業智能科技有限公司	The PRC	**14%**	16%	Marine technology

* The English name of the associates represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

Commitments of associates in respect of construction of vessels as at 31 December 2024 attributable to the Group were HK$15,522,000 (2023: HK$127,875,000).

All associates have a reporting date of 31 December.

17. Loan and lease receivables

	Notes	As at 31 December 2024 Gross amount HK$'000	Allowance for impairment losses HK$'000	Net carrying amount HK$'000
Loan borrowings	17.1	**6,190,388**	**(72,067)**	**6,118,321**
Lease receivables	17.2	**14,949,482**	**(617,828)**	**14,331,654**
Loans to joint ventures	17.3	**264,858**	**–**	**264,858**
		21,404,728	**(689,895)**	**20,714,833**

	Notes	As at 31 December 2023 Gross amount HK$'000	Allowance for impairment losses HK$'000	Net carrying amount HK$'000
Loan borrowings	17.1	6,553,344	(90,594)	6,462,750
Lease receivables	17.2	17,103,212	(576,696)	16,526,516
Loans to joint ventures	17.3	745,066	–	745,066
		24,401,622	(667,290)	23,734,332

Movements in the Group's provision for impairment loss of loan and lease receivables are as follows:

	HK$'000
At 1 January 2023	576,123
Provision for the year	284,823
Reversal during the year	(193,656)
At 31 December 2023 and 1 January 2024	667,290
Provision for the year	568,035
Transfer to other receivables	(424,363)
Reversal during the year	(121,067)
At 31 December 2024	689,895

17. Loan and lease receivables *(Continued)*

17.1 Loan borrowings

As at 31 December 2024, loan borrowings were secured, interest bearing at rates ranging from 6.0% to 8.6% (2023: 6.8% to 9.3%) per annum and repayable from 2025 to 2033 (2023: 2024 to 2033). The loan receivables are secured by the respective vessel and certain shares of borrowers, which owned the vessel.

A maturity profile of the loan borrowings based on the maturity date, net of impairment losses, is as follows:

	2024 **HK$'000**	2023 HK$'000
Within 1 year	**508,881**	584,672
After 1 year but within 2 years	**513,080**	650,230
After 2 years but within 5 years	**1,638,340**	4,028,080
Over 5 years	**3,458,020**	1,199,768
	6,118,321	6,462,750

17.2 Lease receivables

As at 31 December 2024, the Group's finance lease receivables were secured, interest bearing at rates ranging from 5% to 10.5% (2023: 5% to 11.3%). Details of lease receivables as at 31 December 2024 and 2023 are as follows:

	2024 **HK$'000**	2023 HK$'000
Gross investment in finance leases	**21,740,247**	23,766,703
Less: unearned finance income	**(6,790,765)**	(6,664,899)
Net investments in finance leases	**14,949,482**	17,101,804
Operating lease receivables	**–**	1,408
Gross lease receivables	**14,949,482**	17,103,212
Less: accumulated allowance for impairment	**(617,828)**	(576,696)
Net lease receivables	**14,331,654**	16,526,516

17. Loan and lease receivables *(Continued)*

17.2 Lease receivables *(Continued)*

Reconciliation between the gross investment in finance leases at the end of each reporting period and the present value of minimum lease payments receivable under such leases are set out below.

	2024 **HK$'000**	2023 HK$'000
Minimum lease payments receivable	**21,740,247**	23,766,703
Less: unearned finance income related to minimum lease payments receivable	**(6,790,765)**	(6,664,899)
Present value of minimum lease payments receivable	**14,949,482**	17,101,804

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings as at 31 December 2024 and 2023.

	2024 **HK$'000**	2023 HK$'000
Gross investment in finance leases		
– Within 1 year	**2,282,154**	3,112,583
– After 1 year but within 2 years	**1,911,284**	2,193,153
– After 2 years but within 3 years	**1,903,541**	2,275,526
– After 3 years but within 4 years	**1,672,337**	2,036,069
– After 4 years but within 5 years	**1,566,267**	1,673,765
– Over 5 years	**12,404,664**	12,475,607
	21,740,247	23,766,703

17.3 Loans to joint ventures

As at 31 December 2024, the amount was unsecured, interest bearing at 8.4% per annum and repayable on demand.

As at 31 December 2023, except for loan to a joint venture of HK$359,178,000 which was unsecured, interest bearing at 8.4% per annum and repayable on demand, the remaining balances were unsecured, interest-free and repayable on demand.

18. Derivative financial instruments

	2024 HK$'000	2023 HK$'000
Assets		
Interest rate swap – held for trading	**73,034**	77,305
Interest rate swap – cash flow hedges	**331,831**	346,921
	404,865	424,226
Liabilities		
Currency swap – held for trading	**132,533**	66,535
Cross currency swap – held for trading	**63,268**	31,756
	195,801	98,291

Interest rate swap

As at 31 December 2024, the Group has outstanding interest rate swap contracts, which will expire between December 2028 and April 2032 (2023: between December 2028 and April 2032) with notional amount of US$451,925,000, approximately equivalent to HK$3,515,978,000 (2023: US$497,573,000, approximately equivalent to HK$3,871,119,000) to exchange floating interest rates into fixed interest rates in a range of 0.72% to 3% (2023: 0.72% to 3%).

Currency swap

As at 31 December 2024 and 2023, the Group has outstanding currency swap contracts, which will expire in December 2025 with notional amount of US$204,499,000, approximately equivalent to HK$1,591,005,000 to mitigate exchange rate risks between RMB and USD. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in other gains, net.

Cross currency swap

As at 31 December 2024 and 2023, the Group has outstanding cross currency swap contracts, which will expire in March 2026 with notional amount of US$125,000,000, approximately equivalent to HK$972,500,000 to mitigate exchange rate risks between RMB and USD. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in other gains, net.

18. Derivative financial instruments *(Continued)*

Hedging reserves

The Group's hedging reserves disclosed in consolidated statement of changes in equity relate to the following hedging instruments:

	Hedging reserves HK$'000
At 1 January 2023	(402,406)
Less: Changes in fair value of hedging instrument recognised in other comprehensive income	173,158
Reclassified from hedging reserve to profit or loss	(119,569)
At 31 December 2023 and 1 January 2024	**(348,817)**
Less: Changes in fair value of hedging instrument recognised in other comprehensive income	**(104,868)**
Reclassified from hedging reserve to profit or loss	**135,705**
At 31 December 2024	**(317,980)**

Amounts recognised in consolidated income statement

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in consolidated income statement in relation to derivatives:

	2024 **HK$'000**	2023 HK$'000
Net unrealised gain on interest rate swap not qualifying as hedges included in other gains, net	**(20,747)**	(9,600)
Hedge ineffectiveness of interest rate swap – amount recognised in other gains, net	**(590)**	19,456
Net unrealised loss on currency swap not qualifying as hedges included in other gains, net	**65,998**	66,534
Net unrealised loss on cross currency swap not qualifying as hedges included in other gains, net	**31,513**	31,756
	76,174	108,146

18. Derivative financial instruments *(Continued)*

Amounts recognised in consolidated income statement *(Continued)*

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed by using hypothetical derivative which has terms that mirror those of the hedged item. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Fair value measurement

Details of the methods and assumptions used in determining the fair value of derivatives are as set out in note 3.4.

19. Prepayments, deposits and other receivables

	2024 **HK$'000**	2023 HK$'000
Prepayments (note a)	**45,846**	945,000
Interest receivables	**34,312**	9,667
Other receivables (note b)	**133,899**	206,629
	214,057	1,161,296

Notes:

(a) As at 31 December 2023, included in prepayments is an amount of HK$928,000,000 represents prepayments to a fellow subsidiary for acquisition of vessels for finance lease purposes.

(b) As at 31 December 2024, included in other receivables is an amount of HK$99,542,000 which was credit impaired as at the reporting date, with a gross amount of HK$523,905,000 and provision for impairment loss of HK$424,363,000.

As at 31 December 2023, proceeds from disposal of financial assets at fair value through profit or loss included in other receivables amounted to HK$194,041,000.

The carrying amounts of these receivables of the Group approximate their fair values.

20. Financial assets at fair value through profit or loss

	2024 HK$'000	2023 HK$'000
Investments in wealth management portfolio	**457,312**	296,157

The movements of financial assets at fair value through profit or loss are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**296,157**	686,726
Additions	**132,260**	–
Disposals	**–**	(411,943)
Net changes in fair value	**28,895**	21,374
At 31 December	**457,312**	296,157

21. Financial assets at fair value through other comprehensive income

	2024 HK$'000	2023 HK$'000
Debt instruments – listed debts	**1,678,735**	427,768

The movements in financial assets at fair value through other comprehensive income are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**427,768**	94,478
Additions	**1,204,463**	427,900
Disposals	**–**	(95,094)
Net changes in fair value	**46,504**	484
At 31 December	**1,678,735**	427,768

22. Amounts due from/to associates, fellow subsidiaries, joint ventures and non-controlling interests

	2024 HK$'000	2023 HK$'000
Amount due from an associate	**37,810**	24,740
Amounts due from joint ventures	**275,218**	109,197
Amounts due from fellow subsidiaries	**–**	3,186

	2024 HK$'000	2023 HK$'000
Amount due to a joint venture	**–**	207,794
Amounts due to non-controlling interests	**131,884**	162,383

The amount due from an associate is unsecured, interest free, repayable on demand and denominated in US$, which is non-trade nature.

The amounts due from/to joint ventures are unsecured, interest free, repayable on demand and denominated in US$, which are non-trade nature.

The amounts due from fellow subsidiaries are unsecured, interest free, repayable on demand and are denominated in US$, which are non-trade nature.

The amounts due to non-controlling interests are unsecured, interest free, repayable on demand and denominated in US$, which are non-trade nature.

23. Cash and cash equivalents, time deposits with maturity over three months and pledged time deposits

	2024 HK$'000	2023 HK$'000
Time deposits with maturity over three months	135,450	198,915
Pledged time deposits	–	5,144
Cash at bank and on hand	1,773,896	938,005
Total	1,909,346	1,142,064

The carrying amounts of the Group's cash and cash equivalents, time deposits with maturity over three months and pledged time deposits are denominated in following currencies:

	2024 HK$'000	2023 HK$'000
EUR	48,549	25,875
HK$	16,164	14,930
RMB	1,104,911	580,067
SGD	3,375	3
US$	736,347	521,189
	1,909,346	1,142,064

The time deposits with original maturity over three months carried interests at prevailing market interest rates. The effective interest rate on deposits with bank as at 31 December 2024 is 4.40% (2023: from 3.15% to 5.64%) per annum.

The pledged time deposits carried interests at fixed interest rates. The effective interest rate on pledged time deposits as at 31 December 2023 is 5.34% per annum.

As at 31 December 2024, the bank balances of the Group denominated in RMB amounted to HK$1,104,911,000 (2023: HK$580,067,000). These bank balances are not freely convertible into other currencies, however, subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. Borrowings

	2024 HK$'000	2023 HK$'000
Bank borrowings	**12,829,276**	18,436,045
Bonds	**13,432,257**	12,625,506
Other borrowings	**1,325,622**	271,876
	27,587,155	31,333,427

24.1 Bank borrowings

The Group's borrowings were repayable based on the scheduled repayment terms set out in the respective loan agreements as follows:

	2024 HK$'000	2023 HK$'000
On demand or within 1 year	**7,142,694**	8,076,673
After 1 year but within 2 years	**904,795**	3,842,427
After 2 years but within 5 years	**2,340,630**	4,343,723
After 5 years	**2,441,157**	2,173,222
	12,829,276	18,436,045

The interest rates of the borrowings of the Group as at 31 December 2024 were as follows:

	2024 HK$'000	2023 HK$'000
Bank borrowings	**From 2.0% to 6.39%**	From 3.1% to 7.15%

As at 31 December 2024, the Group's secured bank borrowings of HK$6,799,689,000 (2023: HK$5,625,430,000) were secured by loan and lease receivables of approximately HK$9,620,851,000 (2023: HK$7,431,473,000), shares of certain subsidiaries, floating charge on deposits of approximately HK$253,003,000 (2023: HK$229,568,000), pledged deposits of nil (2023: HK$5,144,000), general assignments, bareboat charterer assignments, intra-group loan assignments and property, plant and equipment of approximately HK$2,870,919,000 (2023: HK$3,616,288,000).

As at 31 December 2024, the Group's bank borrowings of HK$6,029,587,000 (2023: HK$12,810,615,000) were unsecured and guaranteed by the Company.

24. Borrowings *(Continued)*

24.2 Bonds

In February 2020, the Group issued two guaranteed bonds of US$400,000,000 (approximately HK$3,112,000,000) due February 2025 and US$400,000,000 (approximately HK$3,112,000,000) due February 2030 bearing interest at 2.5% and 3% respectively.

In July 2021, the Group issued guaranteed bonds of US$500,000,000 (approximately HK$3,890,000,000) due July 2026 bearing interest at 2.1%.

The above guaranteed bonds were guaranteed by the Company and listed on The Stock Exchange of Hong Kong Limited.

In March 2023, September 2023 and September 2024, the Company issued bonds of RMB1,000,000,000, RMB1,200,000,000 and RMB800,000,000 (approximately HK$1,106,394,000, HK$1,282,673,000 and HK$852,066,000 respectively) due March 2026, September 2026 and September 2029 bearing interest at 3.3%, 3.1% and 2.36% respectively. These bonds were listed on the PRC inter-bank Bond Market.

As at 31 December 2024, the bonds were repayable as follows:

	2024 **HK$'000**	2023 HK$'000
Within 1 year	**3,235,011**	111,843
After 1 year but within 2 years	**6,233,180**	3,112,000
After 2 years but within 5 years	**852,066**	6,289,663
After 5 years	**3,112,000**	3,112,000
	13,432,257	12,625,506

24.3 Other borrowings

As at 31 December 2024, the Group's secured other borrowings of HK$1,325,622,000 (2023: HK$271,876,000) bearing interest at 6.39% (2023: 7.06%) were secured by pre-delivery assignments, deed of charge over shares in certain subsidiaries, property, plant and equipment of HK$1,586,801,000 (2023: HK$568,034,000).

As at 31 December 2024, the other borrowings were repayable as follows:

	2024 **HK$'000**	2023 HK$'000
Within 1 year	**85,749**	2,898
After 1 year but within 2 years	**64,801**	–
After 2 years but within 5 years	**194,404**	–
After 5 years	**980,668**	268,978
	1,325,622	271,876

25. Other payables and accruals

	2024 HK$'000	2023 HK$'000
Accruals	**91,610**	5,161
Deposits received	**527,251**	345,168
Other payables (note)	**702,474**	82,975
	1,321,335	433,304

Note:

As at 31 December 2024, included in other payables is an amount of HK$657,551,000 represents the portion of sale proceeds to be reimbursed to lessees of underlying vessels in certain leases that being early terminated during the year.

The carrying amount of other payables and accruals are considered to be the same as their fair values, due to their short-term nature.

26. Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2024 HK$'000	2023 HK$'000
Total minimum lease payments:		
Due within one year	**51,191**	13,490
Due in the second to fifth year	**197,012**	9,179
Due after five years	**198,352**	3,556
	446,555	26,225
Future finance charges	**(98,244)**	(2,269)
Present value of lease payments	**348,311**	23,956

	2024 HK$'000	2023 HK$'000
Present value of minimum lease payments:		
Due within one year	**32,157**	12,747
Due in the second to fifth year	**139,809**	7,867
Due after five years	**176,345**	3,342
	348,311	23,956

During the year ended 31 December 2024, the total cash outflows for the leases amounted to HK$66,093,000 (2023: HK$17,022,000).

27. Deferred tax

The movement during the year in the deferred tax assets is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**2,660**	4,125
Recognised in profit or loss (note 9)	**1,214**	(1,383)
Exchange differences	**(79)**	(82)
At 31 December	**3,795**	2,660

The movements in deferred tax assets and liabilities during the years are as follows:

Deferred tax assets

	ECL allowance HK$'000	**Tax losses** HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 January 2023	2,184	1,941	–	4,125
Recognised in profit or loss	(1,898)	(65)	1,595	(368)
Exchange differences	(36)	(42)	(11)	(89)
At 31 December 2023 and 1 January 2024	250	1,834	1,584	3,668
Recognised in profit or loss	3,558	(1,815)	(1,207)	536
Exchange differences	(53)	(19)	(21)	(93)
At 31 December 2024	**3,755**	**–**	**356**	**4,111**

Deferred tax liabilities

	Right-of-use assets HK$'000
At 1 January 2023	–
Recognised in profit or loss	(1,015)
Exchange differences	7
At 31 December 2023 and 1 January 2024	(1,008)
Recognised in profit or loss	678
Exchange differences	14
At 31 December 2024	(316)

27. Deferred tax *(Continued)*

At 31 December 2024, the Group did not recognise deferred tax assets in respect of tax losses of approximately HK$89,512,000 (2023: HK$56,972,000) due to the unpredictability of future profit streams. Subject to the agreement by Hong Kong tax authorities, such losses of HK$542,495,000 (2023: HK$345,288,000) do not expire under current tax legislation. The Group had no other significant un-provided deferred taxation as at 31 December 2024. Deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such unremitted earnings in the unforeseeable future.

28. Long service payment obligations

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of HK$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on the Transition Date. Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK$390,000 per employee. If an employee's total benefit payment exceeds HK$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 2.22 to the consolidated financial statements.

29. Share capital

	Numbers of shares ('000)	Share capital HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2023	6,136,066	6,614,466
Issuance of shares under share option scheme (Note)	812	1,323
At 31 December 2023 and 1 January 2024	6,136,878	6,615,789
Issuance of shares under share option scheme (Note)	50,012	79,901
At 31 December 2024	6,186,890	6,695,690

Note:

During the year, the issued number of share capital of the Company has been increased by approximately 42,655,000 and 7,357,000 ordinary shares respectively upon the exercise of share options at the exercise price of HK$1.32 per share and HK$1.15 per share respectively (2023: the issued number of share capital of the Company has been increased by approximately 812,000 ordinary shares upon the exercise of share options at the exercise price of HK$1.32 per share). The total consideration received of HK$64,766,000 (2023: HK$1,072,000) was credited to the share capital with the amount of HK$15,135,000 (2023: HK$251,000) has been transferred from the share option reserve to the share capital in accordance with the policy set out in note 2.22.

30. Share-based employee compensation

The Company has adopted a share option scheme (the "**Scheme**"), which was approved by the shareholders on the extraordinary general meeting held on 30 April 2021.

Pursuant to which, the maximum number of shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of approval of the Scheme at the extraordinary general meeting.

Participants of the Scheme shall be employees of the Company and include executive directors and senior management members (the "**Grantees**") of the Company, as well as core technical personnel and backbone management whom the board of directors considers will have a direct impact on the Company's overall operating performance and sustainable development.

30. Share-based employee compensation *(Continued)*

On 30 April 2021 (the "**First Grant Date**") and 4 April 2022 (the "**Second Grant Date**"), the Company granted 143,540,000 and 28,710,000 share options to certain of its directors and employees for nil consideration at an exercise price of HK$1.32 and HK$1.15 per share respectively. The exercise price represents the highest of (i) the closing price as stated in the daily quotations sheet issued by the Stock Exchange on the First and Second Grant Date; and (ii) the average closing price as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the First and Second Grant Date. The options shall be vested to the Grantees during the period and in the respective proportions as follows:

(i) The first batch (being 33% of the share options granted) will be vested on the first trading day after 24 months from the Grant Date;

(ii) The second batch (being 33% of the share options granted) will be vested on the first trading day after 36 months from the Grant Date; and

(iii) The third batch (being 34% of the Share Options granted) will be vested on the first trading day after 48 months from the Grant Date.

The options are exercisable within a period of ten years from the Grant Date. Each option gives the holder the right to subscribe for one ordinary share in the Company. Details of the Scheme are as set out in the Company's circular dated 13 April 2021.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Details of movements in share options during the year were as follows:

	2024		2023	
	Number '000	**Weighted average exercise price HK$**	Number '000	Weighted average exercise price HK$
Outstanding at 1 January	**115,368**	**1.28**	116,180	1.28
Exercised	**(50,012)**	**1.29**	(812)	1.32
Forfeited	**(6,415)**	**1.31**	–	–
Outstanding at 31 December	**58,941**	**1.26**	115,368	1.28

The weighted average share price for share options exercised during the year at the date of exercise was HK$1.62 (2023: HK$1.45). None of the share options were expired during the years ended 31 December 2024 and 2023.

As at 31 December 2024, the outstanding share options had a weighted average remaining contractual life of 6.6 years (2023: 7.6 years).

30. Share-based employee compensation *(Continued)*

The fair values of options granted were determined by using the Binomial Option Pricing Model that takes into account of factors specific to the share incentive plans. The following principal assumptions were used in the valuation at the respective grant date:

	The First Grant Date	The Second Grant Date
Share price at date of grant	HK$1.32	HK$1.15
Exercise price at date of grant	HK$1.32	HK$1.15
Expected volatility	44.2%	43.93%
Expected option life	10 years	10 years
Dividend yield	8.58%	7.5%
Risk-free interest rate	1.15%	2.24%
Post-vesting forfeiture rate	14.16% to 25.44%	12.81%

In total, HK$3,406,000 (2023: HK$1,741,000) of employee compensation expenses has been recognised in profit or loss for the year ended 31 December 2024 and the corresponding amount of which has been credited to “share option reserve” in equity. No liabilities were recognised in connection with share-based payment transactions.

Certain directors and highest paid individuals held share options during the year. The related charge reversed or recognised for such options for the year ended 31 December 2024, estimated in accordance with the Group’s accounting policy in note 2.22 was as follows:

(1) Mr. Zhong Jian, reversal of HK$717,000 (2023: recognition of HK$877,000);

(2) The five (2023: five) highest paid individuals, recognition of HK$1,421,000 (2023: recognition of HK$864,000).

31. Related party transactions

The directors of the Company regard CSSC International Holding Company Limited as the immediate holding company, which owns approximately 74% (2023: 75%) of the Company’s issued ordinary shares at 31 December 2024. The ultimate parent company of the Group is China Shipbuilding Group, a state-owned enterprise established in the PRC. China Shipbuilding Group itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

Related parties include China Shipbuilding Group and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China Shipbuilding Group as well as their close family members.

31. Related party transactions *(Continued)*

For the years ended 31 December 2024 and 2023, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include bank deposits, bank borrowings and the corresponding interest income and interest expenses and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in these consolidated financial statements, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year ended 31 December 2024.

31.1 Transaction with related parties

Other than as disclosed in elsewhere of these consolidated financial statements, the Group entered into the following related party transactions during the year:

Transactions with fellow subsidiaries:

	2024 **HK$'000**	2023 HK$'000
Interest income	**741**	–
Commission received	**6,835**	8,479
Rental and utilities expenses	**19,341**	17,993
Purchase of vessels and offshore equipment	**–**	2,604,978

Transaction with a joint venture:

	2024 **HK$'000**	2023 HK$'000
Interest income	**27,938**	39,178

Transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

31. Related party transactions *(Continued)*

31.2 Balances with related parties

	2024 HK$'000	2023 HK$'000
Amounts due from		
– associates	**37,810**	24,740
– joint ventures	**275,218**	109,197
– fellow subsidiaries	**–**	3,186
Loans to joint ventures	**264,858**	745,066
Amounts due to		
– a joint venture	**–**	207,794
– non-controlling interests	**131,884**	162,383

31.3 Key management personnel compensations

Key management includes executive directors and senior management. The compensations paid or payable to key management for employee services are shown below:

	2024 HK$'000	2023 HK$'000
Wages, salaries and bonuses	**11,629**	12,365
Retirement benefit costs	**2,228**	2,057
Share-based payment expenses	**1,469**	1,741
	15,326	16,163

32. Note to consolidated statement of cash flows

32.1 Reconciliation from profit before income tax to net cash generated from operations

	2024 HK$'000	2023 HK$'000
Profit before income tax	**2,180,358**	1,943,821
Adjustments for		
– Finance costs	**1,041,813**	1,101,767
– Interest income	**(74,171)**	(61,193)
– Depreciation	**578,716**	492,937
– Provision for impairment loss of loan and lease receivables, net	**446,968**	91,167
– Share-based payment expenses	**3,406**	1,741
– Net gain on disposal of vessels and property, plant and equipment	**(57,276)**	(26,206)
– Loss on written off of property, plant and equipment	**–**	56,086
– Share of results of associates	**12,056**	30,285
– Share of results of joint ventures	**(490,103)**	(426,653)
– Net gain on de-recognition of finance lease receivables	**(200,013)**	(122,419)
– Net gain on early termination of leases as lessee	**(452)**	–
– Net unrealised loss on changes in fair value of derivative financial instruments	**76,174**	108,146
– Net unrealised gain on changes in fair value of financial assets at fair value through profit or loss	**(28,895)**	(21,374)
– Net unrealised foreign exchange gain	**(104,383)**	–
– Gain on disposal of partial interests in investment in an associate	**(9,930)**	–
Operating profit before working capital charges	**3,374,268**	3,168,105
Increase in loan and lease receivables	**(3,192,845)**	(4,810,882)
Increase in prepayments, deposits and other receivables	**969,814**	(488,668)
Increase/(Decrease) in other payables and accruals	**889,483**	(217,736)
Proceeds on de-recognition of finance lease receivables	**5,740,729**	2,887,036
Net cash generated from operations	**7,781,449**	537,855

Material non-cash transactions

(i) During the year ended 31 December 2024, the Group has entered into a head lease and sub-lease arrangement with third parties for two vessels, with amounts of HK$374,090,000 and HK$363,028,000 recognised as finance lease receivables and lease liabilities respectively at the initial recognition of the head lease and sub-lease arrangement.

(ii) During the year ended 31 December 2024, the Group has entered into an arrangement with a joint venture for net-settlement of balances between loan to the joint venture and amount due to the joint venture amounting to HK$207,794,000.

(iii) During the year ended 31 December 2023, the Group has transferred from property, plant and equipment to lease receivables and prepayments, amounting to HK$1,263,858,000 and HK$442,134,000 respectively.

32. Note to consolidated statement of cash flows *(Continued)*

32.2 Net debt reconciliation

The table below set out the reconciliation of liabilities arising from financing activities:

	Borrowings HK$'000	Amount due to a joint venture HK$'000	Amounts due to non-controlling interests HK$'000	Lease liabilities HK$'000
As at 1 January 2023	27,788,264	207,172	168,227	29,962
Cash-flows:				
– Proceeds from issuance of bonds	2,389,067	–	–	–
– Proceeds of borrowings	15,077,111	–	–	–
– Repayment of borrowings	(14,083,140)	–	–	–
– Interests paid	(1,044,383)	–	–	–
– Principle element of lease liabilities paid	–	–	–	(15,827)
– Interest element of lease liabilities paid	–	–	–	(1,195)
– Proceeds during the year	–	622	–	–
– Repayment during the year	–	–	(5,746)	–
Non-cash:				
– Foreign exchange adjustments	39,242	–	(98)	(256)
– Finance costs incurred	1,167,266	–	–	–
– Increase in lease liabilities from entering into new leases during the year	–	–	–	10,077
– Interest on lease liabilities	–	–	–	1,195
As at 31 December 2023 and 1 January 2024	**31,333,427**	**207,794**	**162,383**	**23,956**
Cash-flows:				
– Proceeds from issuance of bonds	**874,410**	**–**	**–**	**–**
– Proceeds of borrowings	**9,320,321**	**–**	**–**	**–**
– Repayment of borrowings	**(13,710,888)**	**–**	**–**	**–**
– Interests paid	**(1,022,698)**	**–**	**–**	**–**
– Principle element of lease liabilities paid	**–**	**–**	**–**	**(39,592)**
– Interest element of lease liabilities paid	**–**	**–**	**–**	**(20,975)**
– Repayment during the year	**–**	**–**	**(30,499)**	**–**
Non-cash:				
– Foreign exchange adjustments	**(237,759)**	**–**	**–**	**(83)**
– Finance costs incurred	**1,030,342**	**–**	**–**	**–**
– Increase in lease liabilities from entering into new leases during the year	**–**	**–**	**–**	**367,026**
– Decrease in lease liabilities from lease modifications as lessee during the year	**–**	**–**	**–**	**(2,996)**
– Interest on lease liabilities	**–**	**–**	**–**	**20,975**
– Net-settlement of balances against loan to a joint venture	**–**	**(207,794)**	**–**	**–**
As at 31 December 2024	**27,587,155**	**–**	**131,884**	**348,311**

33. Operating lease arrangements

As lessor

For the years ended 31 December 2024 and 2023, the Group leases its vessels under operating lease arrangements, which leases negotiated for terms of 3 to 14 years. None of the leases includes contingent rentals.

At 31 December 2024, the Group had total future minimum lease receivables under non-cancellable operating leases with its leases falling due as follows:

	2024 **HK$'000**	2023 HK$'000
Within one year	**1,750,164**	1,860,158
After 1 year but within 2 years	**1,795,505**	1,860,564
After 2 years but within 3 years	**2,538,340**	1,668,360
After 3 years but within 4 years	**1,260,942**	1,505,467
After 4 years but within 5 years	**1,259,393**	1,386,924
After five years	**5,134,998**	6,072,956
	13,739,342	14,354,429

34. Capital commitments

As at 31 December 2024, capital commitments outstanding contracted but not provided for are as follows:

	2024 **HK$'000**	2023 HK$'000
Contracted for in respect of construction of vessels	**2,495,991**	3,109,600

35. Provisions and contingencies

The financial guarantees issued by the Group as at 31 December 2024 are analysed as below:

	2024 **HK$'000**	2023 HK$'000
Guarantees provided in respect of joint ventures' bank loans	**2,007,224**	2,083,732
Guarantees provided in respect of joint ventures' other borrowings	**1,198,951**	893,673
	3,206,175	2,977,405

As at 31 December 2024, among the guarantees provided in respect of the joint ventures' bank loans, HK$586,515,000 (2023: HK$701,659,000) were jointly and severally guaranteed by the joint venture partners.

As at 31 December 2024, the Group has an outstanding guarantee up to a maximum amount of US$875,399,000 approximately HK$6,810,604,000 (2023: US$678,674,000 approximately HK$5,280,084,000) for the punctual performance of the joint ventures in respect of their respective obligations, duties and liabilities of other borrowings. The guarantees will be released upon the end of the charter period.

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the consolidated statement of financial position.

36. Reserves

36.1 Investment revaluation reserve

Investment revaluation reserve represents the reserve of the fair value change from financial assets at fair value through other comprehensive income.

36.2 Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 18 for details. The cash flow hedge reserve is used to recognise effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 2.10.

36.3 Exchange reserve

Exchange reserve represents the exchange difference on translation of the foreign operations.

36.4 Other reserves

Other reserves represent the statutory surplus reserve and other reserve.

36.5 Share option reserve

Share option reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2.22.

37. Dividends

	2024 **HK$'000**	2023 HK$'000
Dividends approved and paid:		
Interim dividend of HK3 cents (2023: HK3 cents) per ordinary share	**184,844**	184,106
Final dividend in respect of the year ended 31 December 2023 of HK9 cents (2022: HK7 cents) per ordinary share	**553,778**	429,525
	738,622	613,631
Dividend proposed:		
Final dividend in respect of the year ended 31 December 2024 of HK10.4 cents (2023: HK9 cents) per ordinary share	**643,437**	552,319

At the board meeting held on 26 March 2025, the board has declared final dividend of HK10.4 cents per share, and the final dividend is declared after reporting period, such dividend has not been recognised as liability as at 31 December 2024.

38. Investments in subsidiaries

Particulars of the Company's material subsidiaries are as follows:

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December 2024	Effective interest held at 31 December 2023	Principal activities
CP Guangzhou Shipping S.A.@	Marshall Islands	US$500	**N/A**	75%	Operating leasing
CP Tianjin Shipping S.A.@	Marshall Islands	US$500	**N/A**	75%	Operating leasing
CP Chongqing Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CP Nanjing Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CP Shenzhen Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CSSC Financial Leasing (Shanghai) Company Limited*# (中船融資租賃(上海)有限公司)	The PRC	RMB300,000,000	**100%**	100%	Finance leasing
CSSC Financial Leasing (Guangzhou) Company Limited* # (中船融資租賃(廣州)有限公司)	The PRC	RMB200,000,000	**100%**	100%	Finance leasing
CSSC Financial Leasing (Tianjin) Company Limited*# (中船融資租賃(天津)有限公司)	The PRC	RMB500,000,000	**100%**	100%	Finance leasing
CHC First Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
CHC Second Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
CHC Third Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
Kylin Offshore Engineering Pte Ltd.	Singapore	SGD5,000,000	**70%**	70%	Marine engineering business
Fortune Lianjiang Shipping S.A.	Marshall Islands	US$100	**100%**	100%	Loan borrowings
Shenjiamen Shipping S.A	Marshall Islands	US$100	**100%**	100%	Finance leasing
Zhujiajian Shipping S.A.	Marshall Islands	US$100	**100%**	100%	Finance leasing
CP Jinan Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Xian Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Hangzhou Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Fuzhou Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
Fortune Nansha Shipping Limited	Hong Kong	HK$1	**100%**	100%	Loan borrowings
Fortune Xuanyuan Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December 2024	2023	Principal activities
Fortune East Sea Holding Company Limited	BVI	US$100	**100%**	100%	Loan borrowings and investment holding
Fortune Bec IV Shipping Limited	Cyprus	EUR$1,000	**100%**	100%	Finance leasing
Fortune Bec V Shipping Limited	Cyprus	EUR$1,000	**100%**	100%	Finance leasing
Fortune Bec VI Shipping Limited	Cyprus	EUR$1,000	**100%**	100%	Finance leasing
CP Chartering Company Limited	BVI	US$1	**75%**	75%	Operating leasing
Fortune Guangzhou Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune May Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune July Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Central Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune CD Prometheus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Gentle Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Grit Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Shanghai Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
CSSC Capital 2015 Limited	BVI	US$100	**100%**	100%	Bond issuing
Fortune Changchun Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Crete Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Great Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Lantau Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Leopard Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pingtan Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Power Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Shenyang Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Tsingyi Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune VGAS Shipping I Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December 2024	2023	Principal activities
Fortune VGAS Shipping II Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune VGAS Shipping III Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune VGAS Shipping IV Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune Wanchai Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Chem1 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem2 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem3 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem4 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem5 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem6 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MGAS I Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MGAS II Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MC Hercules Shipping Limited	BVI	US$100	**100%**	100%	Finance leasing
Fortune MC Titan Shipping Limited	BVI	US$100	**100%**	100%	Finance leasing
Fortune Santorini Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Suqian Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Changle Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Teddy Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Civilization Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Equality Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Freedom Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Integrity Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion I Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion II Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion III Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December 2024	2023	Principal activities
Fortune Sealion IV Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Matthew Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Grus Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Ephesians Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Dongming Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Elsa Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Faith HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Falcon HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fame HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fighter HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Focus HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Force Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fortune HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Freedom HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Frontier HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fusion HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Future 13KMPPF900HL Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fortune Capricorn Holding Limited	BVI	US$100	**100%**	100%	Investment holding
Fortune Car Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Chengdu Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Chongqing Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Eris Holding Company Limited	BVI	US$185,000,100	**100%**	100%	Investment holding
Fortune Geneva Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune HLC Shipping Limited	Liberia	US$100	**100%**	100%	Finance leasing
Fortune Idea Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December 2024	2023	Principal activities
Fortune Image Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Jinhua Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Leo Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Vision Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Xinhang Shipping Pte. Limited	Singapore	US$50,000	**100%**	100%	Finance leasing
Fortune Xintian Shipping Pte. Limited	Singapore	US$50,000	**100%**	100%	Finance leasing
CA Civilization Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Equality Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Freedom Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Integrity Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Harmony Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Honor Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Peace Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Valor Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
Fortune Ropax I Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Ropax II Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MGLNG Shipping Company Limited	Libera	US$500	**100%**	100%	Finance leasing
Fortune Clean Energy 2023 Holding Limited	Marshall Islands	US$50,000	**100%**	100%	Investment holding
Fortune Energetic I Shipping Co., Ltd.	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Energetic II Shipping Co., Ltd.	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Visionary Holding Company Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Fortune Osmanthus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Lily Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Ping Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune AN Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December 2024	2023	Principal activities
Fortune Coconut Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Citrus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pineapple Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Lychee Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune COLLIE Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Magnificent Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Nanjing Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Zurich Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Shanghai Jiahang Ship Leasing Co., Ltd.*# (上海佳杭船舶租賃有限公司)	The PRC	RMB100,000	**100%**	100%	Finance leasing
Fortune Pillar Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Vcontainer Carriers Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Fortune Kunlun1 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Kunlun2 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pandas I Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing
Fortune Pandas II Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing
Fortune Pandas III Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing

Notes:

All companies now comprising the Group have adopted 31 December as their financial year end date.

* The English name of these subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

\# These subsidiaries were registered in the PRC as a wholly foreign owned enterprise.

@ These subsidiaries were dissolved during the year ended 31 December 2024.

39. Statement of financial position and reserve movements of the company

	2024 HK$'000	2023 HK$'000
ASSETS		
Property, plant and equipment	**1,352**	3,162
Right-of-use asset	**10,632**	17,068
Interests in subsidiaries	**2,652,589**	995,838
Interests in associate	**272**	272
Loan receivables	**385,888**	408,157
Derivative financial assets	**246,936**	340,341
Prepayments, deposits and other receivables	**8,926**	–
Amounts due from subsidiaries	**19,623,051**	25,941,029
Amounts due from fellow subsidiaries	**126**	1,778
Cash and bank balances	**1,373,749**	173,199
Total assets	**24,303,521**	27,880,844
LIABILITIES		
Borrowings	**9,268,234**	15,252,334
Derivative financial liabilities	**195,801**	98,291
Amounts due to subsidiaries	**4,090,623**	5,198,778
Amount due to joint venture	**99,834**	99,834
Amount due to fellow subsidiaries	**–**	18
Lease liabilities	**11,002**	17,619
Other payables and accruals	**4,570**	5,464
Total liabilities	**13,670,064**	20,672,338
Net assets	**10,633,457**	7,208,506
EQUITY		
Share capital	**6,695,690**	6,615,789
Reserves	**3,937,767**	592,717
Total equity	**10,633,457**	7,208,506

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2025 and was signed on its behalf.

LI HONGTAO *Director*	**SHING MO HAN YVONNE** *Director*

39. Statement of financial position and reserve movements of the company *(Continued)*

Reserve movement of the Company

	Investment revaluation reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 January 2024	**–**	**(4,296)**	**(31,741)**	**601,266**	**27,488**	**592,717**
Profit for the year	**–**	**–**	**–**	**4,095,401**	**–**	**4,095,401**
Total comprehensive income for the year	**–**	**–**	**–**	**4,095,401**	**–**	**4,095,401**
Issues of new shares under option scheme	**–**	**–**	**–**	**–**	**(15,135)**	**(15,135)**
Equity settled share-based payments	**–**	**–**	**–**	**–**	**3,406**	**3,406**
Dividends (Note 37)	**–**	**–**	**–**	**(738,622)**	**–**	**(738,622)**
At 31 December 2024	**–**	**(4,296)**	**(31,741)**	**3,958,045**	**15,759**	**3,937,767**
At 1 January 2023	(505)	(4,296)	(31,688)	721,042	25,998	710,551
Profit for the year	–	–	–	493,855	–	493,855
Other comprehensive expense for the year	625	–	(53)	–	–	572
Total comprehensive income for the year	625	–	(53)	493,855	–	494,427
Disposal of debt instruments at fair value through other comprehensive (recycling)	(120)	–	–	–	–	(120)
Issues of new shares under option scheme	–	–	–	–	(251)	(251)
Equity settled share-based payments	–	–	–	–	1,741	1,741
Dividends (Note 37)	–	–	–	(613,631)	–	(613,631)
At 31 December 2023	–	(4,296)	(31,741)	601,266	27,488	592,717

CSSC (Hong Kong) Shipping Company Limited
中國船舶集團(香港)航運租賃有限公司