Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "**Directors**") (the "**Board**") of CSSC (Hong Kong) Shipping Company Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023, which shall be read in conjunction with the management discussion and analysis, as follows:

FINANCIAL HIGHLIGHTS

1. Summary of Consolidated Income Statement

	For the year ended 31 December		
	2024	2023	Change
	HK$'000	*HK$'000*	
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%

2. Summary of Consolidated Statement of Financial Position

	As at 31 December		
	2024	2023	Change
	HK$'000	*HK$'000*	
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%

3. 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.

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.

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.

2.2 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.

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.

2.5 *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.

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.

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

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.

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	
	HK$'000	*HK$'000*	Change
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%

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.

4.1.3 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	2023	Change
	HK$'000	*HK$'000*	
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.

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.

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.

4.2 Analysis on Consolidated Statement of Financial Position

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.

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	As at 31 December 2023	Change
	HK$'000	*HK$'000*	
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%)

a) Lease Receivables

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.

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.

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.

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	As at 31 December 2023	Change
	HK$'000	*HK$'000*	
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.

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.

5. Asset Quality

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.

6. 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	2023
	HK$'000	*HK$'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

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.

7. 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.

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 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 healthily gearing position.

8. Pledge of Assets

As at 31 December 2024, the Group's loan and 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.

9. Risk Management

9.1 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.

9.2 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.

9.3 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 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.

10. Capital Expenditures

The capital expenditures of the Group principally comprise expenditures for the construction of vessels. In 2024, the capital expenditures for the acquisition for vessels of the Group amounted to HK$1,039.9 million. The Group financed its capital expenditures through cash generated from operating activities and bank borrowings. As at 31 December 2024, the capital commitment for construction of vessels amounted to HK2,496.0 million.

11. Human Resources

As at 31 December 2024, the Group had a total of 83 employees (31 December 2023: 86), 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.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	3	**4,034,369**	3,626,148
Other income	4	**74,171**	65,589
Other gains, net		**332,500**	53,402
Expenses			
Finance costs and bank charges	5	**(1,047,554)**	(1,106,305)
Provision for impairment loss of loan and lease receivables, net		**(446,968)**	(91,167)
Depreciation		**(578,716)**	(492,937)
Employee benefits expenses		**(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	6	**1,702,311**	1,547,453
Share of results of joint ventures		**490,103**	426,653
Share of results of associates		**(12,056)**	(30,285)
Profit before income tax		**2,180,358**	1,943,821
Income tax expense	7	**(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$)*	9		
Basic		**0.342**	0.310
Diluted		**0.341**	0.310

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	HK$'000	*HK$'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
Total comprehensive income for the year	**2,189,145**	1,819,918

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
Assets			
Property, plant and equipment		**16,394,376**	16,227,335
Right-of-use assets		**11,895**	22,888
Interests in joint ventures		**1,628,199**	1,469,330
Interests in associates		**190,238**	97,372
Loan and lease receivables	*10*	**20,714,833**	23,734,332
Derivative financial assets		**404,865**	424,226
Prepayment, deposits, and other receivables		**214,057**	1,161,296
Financial assets at fair value through profit or loss		**457,312**	296,157
Financial assets at fair value through other comprehensive income		**1,678,735**	427,768
Deferred tax assets		**4,111**	3,668
Amount due from an associate		**37,810**	24,740
Amount due from joint ventures		**275,218**	109,197
Amounts due from fellow subsidiaries		**–**	3,186
Time deposits with maturity over three months		**135,450**	198,915
Pledged time deposits		**–**	5,144
Cash and cash equivalents		**1,773,896**	938,005
Total assets		**43,920,995**	45,143,559

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2024

	2024	2023
	HK$'000	*HK$'000*
Liabilities		
Income tax payables	**38,157**	53,485
Borrowings	**27,587,155**	31,333,427
Derivative financial liabilities	**195,801**	98,291
Deferred tax liabilities	**316**	1,008
Amount due to a joint venture	**–**	207,794
Amount due to non-controlling interests	**131,884**	162,383
Other payables and accruals	**1,321,335**	433,304
Lease liabilities	**348,311**	23,956
Total liabilities	**29,622,959**	32,313,648
Net assets	**14,298,036**	12,829,911
Equity		
Share capital	**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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**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 Cap. 622 (the "**Hong Kong Companies Ordinances**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange (the "**Stock Exchange**").

2. ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in these consolidated financial statements are consistent with those adopted in the annual consolidated financial statements for the year ended 31 December 2023, the Group has applied for the first time the following new and 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:

(a) Amended HKFRSs that are effective for annual 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.

(b) 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.

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.

- 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.

3. SEGMENT INFORMATION AND REVENUE

The chief operating decision maker ("**CODM**") has been identified as the executive director of the Company. The executive director 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 director, 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.

The segment information provided to the executive director for the years ended 31 December 2024 and 2023 are follows:

The Group derives revenue from the following:

	Year ended 31 December	
	2024	2023
	HK$'000	*HK$'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
Total	**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, included 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).

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.

4. OTHER INCOME

Other income recognise during the year are as follows:-

	2024	2023
	HK$'000	*HK$'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

5. FINANCE COSTS AND BANK CHARGES

	2024	2023
	HK$'000	*HK$'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

6. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting) the followings:

	2024	2023
	HK$'000	*HK$'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	**105,268**	106,306
Gain on disposal of partial interests in an associate	**(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)
Auditor's remuneration		
– audit services	**4,439**	4,472
– non-audit services	**1,570**	1,425

7. INCOME TAX EXPENSE

The Group mainly operates in Hong Kong, China, the Mainland China, Malta, Singapore and Cyprus.

Hong Kong, China profits tax is provided at 16.5% (2023: 16.5%) based on the estimated assessable profits arising from Hong Kong, China.

The Mainland China 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 Mainland China.

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	2023
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong, China profits tax	**15,046**	10,978
– Overseas taxation	**21,197**	22,106
(Over)/under provision in respect of prior years		
– Hong Kong, China profits tax	**(9,744)**	562
– Overseas taxation	**(70)**	(2,875)
	26,429	30,771
Deferred tax		
– Origination and reversal of temporary differences	**(1,214)**	1,383
Income tax expense	**25,215**	32,154

8. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Dividend 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 of HK7 cents) per ordinary share	**553,778**	429,525
	738,622	613,631
Dividends proposed:		
Final dividend in respect of the year ended 31 December 2024 of HK 10.4 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 (2023: HK9 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.

9. 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	2023
	HK$'000	*HK$'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	Number
	'000	*'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.

10. LOAN AND LEASE RECEIVABLES

	As at 31 December 2024		
	Gross amount	**Allowance for impairment losses**	**Net carrying amount**
	HK$'000	***HK$'000***	***HK$'000***
Loan borrowings *(note a)*	**6,190,388**	**(72,067)**	**6,118,321**
Lease receivables *(note b)*	**14,949,482**	**(617,828)**	**14,331,654**
Loans to joint ventures *(note c)*	**264,858**	**–**	**264,858**
	21,404,728	**(689,895)**	**20,714,833**

	As at 31 December 2023		
	Gross amount	Allowance for impairment losses	Net carrying amount
	HK$'000	*HK$'000*	*HK$'000*
Loan borrowings *(note a)*	6,553,344	(90,594)	6,462,750
Lease receivables *(note b)*	17,103,212	(576,696)	16,526,516
Loans to joint ventures *(note c)*	745,066	-	745,066
	24,401,622	(667,290)	23,734,332

(a) 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	2023
	HK$'000	*HK$'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

(b) Lease receivables

As at 31 December 2024, the Group's finance lease receivables were secured, interest bearing at rates ranging from 5.0% to 10.5% (2023: 5.0% to 11.3%). Details of lease receivables as at 31 December 2024 and 2023 are as follows:

	2024	2023
	HK$'000	*HK$'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

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	2023
	HK$'000	*HK$'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	2023
	HK$'000	*HK$'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

(c) 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 loans to joint ventures of HK$359,178,000 which were unsecured, interest bearing at 8.4% per annum, and repayable on demand, the remaining balances were unsecured, interest-free and repayable on demand.

11. OTHER INFORMATION

The consolidated financial statements of the Group for the years ended 31 December 2024 and 2023 have been reviewed by the audit committee of the Company and audited by the Company's auditor, Grant Thornton Hong Kong Limited. An unqualified auditor's report will be included in the Annual Report dispatched to the shareholders.

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of annual results for the year ended 31 December 2024 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company will deliver the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies in due course.

The Company's auditor have reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

OTHER INFORMATION

Corporate Governance Practices

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

During the year ended 31 December 2024, the Company has applied the relevant principles and had complied with all applicable code provisions set out in the CG Code and adopted most of the recommended best practices, except for the deviation from the code provisions stated below.

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

Mr. Li Hongtao has been appointed as the chairman of the Board and an executive Director since 23 May 2024, and has been appointed as the chief executive officer of the Company ("**Chief Executive Officer**") since 31 December 2024. He is responsible for coordinating Board affairs and providing strategic advice on the development and management of the Group's business, 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 improve its operating efficiency. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code in such circumstances is appropriate. In addition, the Board consists of one executive Director, three non-executive Directors and three independent non-executive Directors, it has an appropriate structure and balanced power. Under the supervision of the Board, it can provide sufficient checks and balances to protect the interests of the Company and its Shareholders.

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 for 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 Company's forthcoming annual general meeting.

ANNUAL GENERAL MEETING

The notice of the Company's forthcoming annual general meeting will be published and dispatched to Shareholders in the manner specified in the Listing Rules in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities by Directors. Having made specific enquiry with the Directors, all Directors confirmed that they had complied with the standards set out in the Model Code during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, 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.

REVIEW OF ANNUAL RESULTS

The Board has established an audit committee (the "**Audit Committee**") which currently comprises 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 primary duties of the Audit Committee are to review the financial information of the Group and oversee the financial reporting system, risk management and internal control system of the Group.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the Company's senior management and the Company's external auditor, and has reviewed the annual results for the year ended 31 December 2024.

This annual results announcement is based on the draft consolidated financial statements of the Group for the year ended 31 December 2024, which have been agreed with the external auditor of the Company.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 December 2024 has been published on the websites of the Company (www.csscshipping.com) and HKExnews of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The Company's 2024 annual report containing all the information as required by the Listing Rules will be dispatched to the Shareholders and will be published on the aforementioned websites in due course.

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

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises Mr. Li Hongtao as executive Director, Ms. Zhang Yi, Mr. Zhang Qipeng and Mr. Chi Benbin as non-executive Directors, and Mr. Wang Dennis, Mdm. Shing Mo Han Yvonne, BBS, JP and Mr. Li Hongji as independent non-executive Directors.