JINHUI

JINHUI HOLDINGS COMPANY LIMITED

Stock Code: 137

2024 ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ng Siu Fai, *Chairman*
Ng Kam Wah Thomas, *Managing Director*
Ng Ki Hung Frankie
Ho Suk Lin

Independent Non-executive Directors

Cui Jianhua
Tsui Che Yin Frank
William Yau

AUDIT COMMITTEE

Tsui Che Yin Frank, *Chairman*
Cui Jianhua
William Yau

REMUNERATION COMMITTEE

Cui Jianhua, *Chairman*
Tsui Che Yin Frank
William Yau

NOMINATION COMMITTEE

Cui Jianhua, *Chairman*
Tsui Che Yin Frank
William Yau

COMPANY SECRETARY

Ho Suk Lin

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor in accordance with the Accounting and Financial Reporting Council Ordinance

SHARE LISTING

The Company's shares are listed on the Hong Kong Stock Exchange (stock code: 137)

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

SHARE REGISTRAR

Tricor Investor Services Limited
17/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

26th Floor
Yardley Commercial Building
1-6 Connaught Road West
Hong Kong

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WEBSITE

www.jinhuiship.com

Chairman's Statement

The Board is pleased to present the annual report of **Jinhui Holdings Company Limited** for the financial year 2024.

In 2024, the global shipping market was experiencing a general recovery, driven by the steady rebound in manufacturing and the resolution of supply chain disruptions caused by geopolitical events. The Baltic Dry Index increased by 27% year-on-year on average over the last year. The Group also expanded the size of its vessel fleet, both owned and chartered-in vessels, which led to the year-on-year increase of the total deadweight carrying capacity of vessel fleet by 61% to 2.3 million metric tonnes from 1.4 million metric tonnes in the last year. As a result of the above, the Group recorded a significant increase in the chartering freight and hire revenue for 2024 as compared to the depressed freight market upon the weak dry bulk shipping market sentiment in 2023.

The Group achieved a revenue from chartering freight and hire of HK$1,239,419,000 for the year 2024, marking a significant 94% increase compared to HK$638,573,000 for the year 2023. The rise mainly attributable to the increase in number of owned vessels and chartered-in vessels, along with the improved revenue earned from the average daily time charter equivalent rate earned by the Group's fleet, improving 63% to US$14,741 (approximately HK$115,000) for the year 2024 as compared to US$9,063 (approximately HK$71,000) for the year 2023. The Company generated a consolidated operating profit before depreciation and amortization amounted to HK$543,361,000 for 2024 as compared to consolidated operating loss before depreciation and amortization for 2023 of HK$115,784,000.

The Company recorded a consolidated net profit of HK$142,183,000 for the year 2024 whereas a consolidated net loss of HK$461,805,000 was reported in 2023. Basic earnings per share for the year was HK$0.112 as compared to basic loss per share of HK$0.512 for the year 2023. The net profit attributable to shareholders of the Company for the year ended 31 December 2024 was HK$59,217,000 as compared to a net loss of HK$271,527,000 was reported for the year 2023.

Under the prevailing dry bulk shipping market conditions, the Group performed a reversal of impairment review on the Group's fleet at end of 2024 to reflect our change in the expectation of the global economic and the dry bulk shipping industry outlook. The assumptions applied in estimation of the value in use of our owned vessels and right-of-use assets were therefore adjusted accordingly. At 31 December 2024, a net reversal of impairment loss of HK$15,148,000 on owned vessels and a reversal of impairment loss of HK$35,809,000 on right-of-use assets were recognized.

The dry bulk shipping market is a highly volatile market. Market conditions can change rapidly due to factors like global economic conditions, supply and demand dynamics, and geopolitical events. The Group believes that maintaining a suitable proportion of chartered-in vessels to owned vessels allows the Group to maintain a sizeable fleet of vessels whilst limiting its capital commitments and maximizing flexibility in its business operations. In 2024, the Group engaged a well-established shipyard to construct two Ultramax newbuildings, with expected deliveries in 2026 and 2027. In addition to the newly constructed vessels, the Group also contracted to acquire two Capesizes, one Panamax and one Ultramax during the year. For the year ended 31 December 2024, the Group also entered into certain chartered-in vessel engagements with a total deadweight carrying capacity of approximately 827,000 metric tonnes. As at the reporting date, the Group operated twenty-five owned vessels and eight chartered-in vessels.

Chairman's Statement

We continue to maintain a healthy financial position under the existing challenging environment. The Board will continuously review the dividend policy going forward, with the aim of returning steady capital to shareholders should the Company's financial position and future strategy allow.

On behalf of the Board of Directors of the Company, I would like to first express our heartfelt appreciation to our seafarers as well as all customers and stakeholders for their ongoing support. Going forward, we will continue to operate with a conservative yet nimble mindset, and be ready to act in the best interest of our shareholders under all kinds of scenarios. We will continue to exercise our best efforts to be a trustworthy business partner. I would also like to take this opportunity to express my gratitude to my colleagues on the Board for their valuable contribution and to the staff for their hard work, commitment and dedication throughout the year.

By Order of the Board

Ng Siu Fai
Chairman

Hong Kong, 18 March 2025

Strategies and Business Profile

The Company was incorporated with limited liability in Hong Kong on 23 April 1991 and listed on the Hong Kong Stock Exchange (stock code: 137) on 6 December 1991. It serves as the holding company for various subsidiaries involved in ship ownership and chartering. Following a reorganization in June 1994, Jinhui Shipping and Transportation Limited became the immediate holding company of the shipping group. In order to generate international interest in Jinhui Shipping, it has been listed on the Oslo Stock Exchange (Oslo Børs), Norway (stock code: JIN) since October 1994.

STRATEGIES

The Group operates a diverse fleet of dry bulk carriers, encompassing a wide range of sizes from Supramax to Capesize. The Group believes that operating a versatile and diverse fleet could bring significant economic benefits to the Group. The Group will focus on taking decisive actions when opportunities arise, while maintaining a strong financial position and moderate leverage, as well as adjusting our fleet profile and size in a flexible and responsive manner. We will focus further on prudence and stability as our core objectives going forward and seek to be a preferred vessel provider for customers.

On the commercial side, our strategy is to maintain a flexible chartering policy to achieve an optimal balance between longer term time charterparties which generate a robust cash inflow, and spot exposure which allows the Group to take advantage of any upside in future charter rates. We will also further boost up our risk management efforts with the objective to minimize potential counterparty risks.

SHIPPING BUSINESS

The Group operates its worldwide shipping activities through Jinhui Shipping, an approximately 55.69% owned subsidiary of the Company as at date of this annual report.

The Group's shipping activities began in the mid 1980's, principally in the form of chartering dry bulk carriers worldwide. The Group masterminds a meticulous and complex shipping operation linking suppliers with end users around the world. Its chief task is to identify the exact requirements of customers and use suitable vessels to carry bulk cargoes for specific voyages or periods of time.

The Group operates a modern fleet of dry bulk carriers which are either used for carrying cargoes or time chartered-out to other shipping operators whichever is expected to bring a higher economic benefit to the Group.

The key success factors in the ship chartering business are timing, performance and relationship. Ship charterers have to know their customers and suppliers well, building up mutual trust and respect. It is in this important area that the Group has always excelled, helping to cement contracts and maintain reasonable business flow even during difficult periods when the economy is weak.

Strategies and Business Profile

SHIPPING BUSINESS *(Continued)*

It is the Group's policy to comply with all applicable environmental rules and regulations in its shipping operations as well as in its daily working environment to avoid the emission of noxious liquids into the environment. The Group's owned vessels are well maintained and we place great emphasis on the operation in compliance with safety and environmental laws and regulations including but not limited to ISM Code, ISPS Code, MARPOL and other applicable rules regulated by IMO. We ensure all crew on board are trained and certificated in accordance with STCW Convention. Our owned vessels are also subject to the laws, regulations and rules of each country and port they visit. We have developed policies and procedures intended to ensure our compliance with these laws, regulations and rules. With the increasing attention towards environmental issues in the shipping industry, we are committed to operate our business in an environmentally and socially responsible manner, heading to the target of decarbonization.

SHIPPING BUSINESS *(Continued)*

Owned Vessels

As at 31 December 2024, the Group had twenty five owned vessels and 590 crew employed on board.

Name	Built	Builder	DWT(MT)
JIN CHENG	2012	Imabari	181,279
JIN MEI	2008	Shanghai Waigaoqiao	178,021
JIN LI	2019	Jiangsu Hantong	81,567
JIN HENG	2014	Jiangsu Hantong	63,518
JIN PING	2014	Jiangsu Hantong	63,485
JIN CHAO	2014	Jiangsu Hantong	63,469
JIN RUI	2014	Jiangsu Hantong	63,435
JIN XIANG	2012	Oshima	61,414
JIN HONG	2011	Oshima	61,414
JIN RONG	2008	Tsuneishi	58,729
JIN SUI	2008	Shanghai Shipyard	56,968
JIN TONG	2008	Shanghai Shipyard	56,952
JIN YUE	2010	Shanghai Shipyard	56,934
JIN GANG	2009	Shanghai Shipyard	56,927
JIN AO	2010	Shanghai Shipyard	56,920
JIN JI	2009	Shanghai Shipyard	56,913
JIN WAN	2009	Shanghai Shipyard	56,897
JIN JUN	2009	Shanghai Shipyard	56,887
JIN MAO	2012	Jiangsu Hantong	56,469
JIN BI	2012	Jiangsu Hantong	56,361
JIN AN	2007	Kawasaki	55,866
JIN XING	2007	Oshima	55,496
JIN YI	2007	Oshima	55,496
JIN YUAN	2007	Oshima	55,496
JIN SHUN	2007	Shanghai Shipyard	53,350
			1,720,263

Note:

In December 2024, the Group entered into an agreement for the acquisition of a bulk carrier of deadweight 61,441 metric tonnes, built in year 2017, at a purchase price of US$24,520,000, approximately HK$191,256,000. The vessel was delivered to the Group in January 2025.

Strategies and Business Profile

SHIPPING BUSINESS *(Continued)*

Ordered Vessels

As at 31 December 2024, the Group committed to acquire two newbuildings under construction.

Name	Built	Builder	DWT(MT)	Expected delivery
JIN HAN	2026	Jiangsu Hantong	63,500	Dec 2026
JIN MING	2027	Jiangsu Hantong	63,500	Nov 2027
			127,000	

Chartered-in Vessels

The Group had five long-term chartered-in vessels as at the date of this annual report.

Name	Built	DWT(MT)	Charter-in date
TAHO CIRCULAR	2022	84,484	Jun 2022
EVER SHINING	2021	81,842	Jan 2024
PACIFIC LILY	2016	61,452	Apr 2024
PACIFIC JASMINE	2016	61,473	May 2024
TRUE NEPTUNE	2017	207,672	Jan 2025
		496,923	

Highlights

While the Group's expertise remains in Asia, by deploying a flexible and responsive sales strategy as well as an efficient fleet of vessels, the Group managed to serve a balancing portfolio of customers geographically during the year.

Loading Ports Analysis

	2024	2023
(Expressed as a percentage of revenue)	%	%
Asia excluding China	47.7	64.4
China	24.1	15.0
South America	11.3	9.3
Australia	6.6	1.1
Africa	5.9	3.0
North America	3.4	3.6
Europe	1.0	2.8
Others	–	0.8
	100.0	100.0

Discharging Ports Analysis

	2024	2023
(Expressed as a percentage of revenue)	%	%
China	42.6	70.4
Asia excluding China	35.4	21.5
Africa	14.5	2.7
North America	4.2	–
Europe	2.0	1.3
South America	1.3	2.8
Others	–	1.3
	100.0	100.0

Types of Cargoes carried by the Group's Fleet

	2024		2023	
	Metric Tonnes *(in '000)*	%	Metric Tonnes *(in '000)*	%
Minerals	9,407	59.5	11,063	72.0
Coal	2,813	17.8	1,785	11.6
Steel products	1,738	11.0	2,008	13.1
Agricultural products	611	3.9	329	2.1
Cement	364	2.3	158	1.0
Fertilizer	234	1.4	–	–
Others	636	4.1	25	0.2
	15,803	100.0	15,368	100.0

Highlights

KEY PERFORMANCE INDICATORS FOR SHIPPING BUSINESS

	2024	2023
	HK$'000	*HK$'000*
Average daily time charter equivalent rate [1]	**115**	71
Daily vessel running cost [2]	**44**	43
Daily vessel depreciation [3]	**26**	27
Daily vessel finance cost [4]	**–**	1
	70	71
Average utilization rate [5]	**98%**	99%

As of 31 December 2024, the Group operated twenty-five owned vessels and eight chartered-in vessels as compared to twenty-three owned vessels and one chartered-in vessel as at 31 December 2023. The Group achieved a revenue of HK$1,239,419,000 for the year 2024, marking a significant 94% increase compared to HK$638,573,000 for the year 2023. The rise mainly attributable to the increase in number of owned vessels and chartered-in vessels, along with the improved revenue earned from the average daily time charter equivalent rate earned by the Group's fleet, improving 63% to US$14,741 (approximately HK$115,000) for the year 2024 as compared to US$9,063 (approximately HK$71,000) for the year 2023. Daily vessel running cost of the Group's owned vessels increased from US$5,569 (approximately HK$43,000) for the year 2023 to US$5,606 (approximately HK$44,000) for the year 2024 as certain initial running costs and expenses were incurred for the newly delivered vessels. Daily vessel depreciation of the Group's owned vessels decreased from US$3,486 (approximately HK$27,000) for the year 2023 to US$3,343 (approximately HK$26,000) for the year 2024. The decrease was mainly attributable to the decrease in depreciation on owned vessels due to the reduction in carrying amounts of owned vessels after the recognition of impairment loss on owned vessels by end of 2023. As vessel mortgage loans were fully repaid during the year, the finance cost associated with the vessel mortgage loans was minimal for the year 2024. Fleet utilization rate slightly decreased from 99% for the year 2023 to 98% for the year 2024. Our vessel running costs remain well controlled and we will continue to maintain a highly competitive cost structure when stacked against other market participants.

Notes:

1. Average daily time charter equivalent rate is calculated as the time charter revenue, and voyage revenue less voyage expenses divided by the number of available days in the year.

2. Daily vessel running cost is calculated as the aggregate of crew expenses, insurance, consumable stores, spare parts, repairs and maintenance and other vessels' miscellaneous expenses divided by ownership days in the year.

3. Daily vessel depreciation is calculated as the aggregate of vessels' depreciation charge divided by ownership days in the year.

4. Daily vessel finance cost is calculated as the aggregate of vessels' finance costs divided by ownership days in the year.

5. Average utilization rate is calculated as the number of operating days divided by the number of available days in the year.

Highlights

FIVE-YEAR FINANCIAL SUMMARY

	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Key Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income					
Revenue	**1,239,419**	638,573	1,189,232	1,022,335	367,523
Net profit (loss) for the year	**142,183**	(461,805)	(70,179)	1,498,072	(138,553)
Other comprehensive income (loss)	**(18,339)**	(13,299)	(22,607)	17,067	13,833
Total comprehensive income (loss) for the year	**123,844**	(475,104)	(92,786)	1,515,139	(124,720)
Total comprehensive income (loss) for the year attributable to:					
Shareholders of the Company	**48,915**	(278,668)	(58,184)	837,064	(77,915)
Non-controlling interests	**74,929**	(196,436)	(34,602)	678,075	(46,805)
	123,844	(475,104)	(92,786)	1,515,139	(124,720)
Other Financial Information					
Basic earnings (loss) per share	**HK$0.112**	HK$(0.512)	HK$(0.086)	HK$1.559	HK$(0.162)

Highlights

FIVE-YEAR FINANCIAL SUMMARY *(Continued)*

	2024	2023	2022	2021	2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Key Items in the Consolidated Statement of Financial Position					
Non-current assets	**3,744,971**	3,213,591	3,714,794	3,592,612	2,264,529
Current assets	**505,906**	768,939	720,555	929,599	844,997
Current liabilities	**(475,810)**	(513,500)	(510,244)	(695,645)	(691,335)
Non-current liabilities	**(832,915)**	(650,722)	(605,981)	(345,073)	(440,507)
Net assets	**2,942,152**	2,818,308	3,319,124	3,481,493	1,977,684
Issued capital	**381,639**	381,639	381,639	381,639	381,639
Reserves	**1,262,790**	1,213,875	1,503,149	1,593,150	756,086
Equity attributable to shareholders of the Company	**1,644,429**	1,595,514	1,884,788	1,974,789	1,137,725
Non-controlling interests	**1,297,723**	1,222,794	1,434,336	1,506,704	839,959
Total equity	**2,942,152**	2,818,308	3,319,124	3,481,493	1,977,684
Other Financial Information					
Gearing ratio	**19%**	10%	8%	6%	19%

Corporate Governance Report

CORPORATE GOVERNANCE PRINCIPLES

Jinhui Holdings is committed to promoting good corporate governance, with the objectives of the maintenance of responsible decision making; the improvement in transparency and disclosure of information to shareholders; the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of shareholders; and the improvement in management of risk and the enhancement of performance by the Group.

To this end, the Company has promulgated a set of Company Code which sets out the corporate standards and practices used by the Group to direct and manage its business affairs. It is prepared and updated by referencing to the principles, code provisions and recommended best practices as set out in Appendix C1 of the Listing Rules. In addition to formalizing existing corporate governance principles and practices, the Company Code also serves the purpose of assimilating existing practices and ultimately ensuring high transparency and accountability to the Company's shareholders.

The Company has complied with the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the year ended 31 December 2024, with deviations explained in this corporate governance report.

DIRECTORS

The Board

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the success of the Company by directing and supervising the Company's businesses and affairs.

The Board meets regularly and board meetings are held at least four times a year at approximately quarterly intervals. Such board meetings involve the active participation, either in person or through electronic means of communication, of a majority of directors of the Company entitled to be present.

All Directors are given the opportunity to include items in the agenda for regular board meetings. Sufficient and reasonable notices have been given to ensure Directors are given opportunity to attend. Minutes of board meetings and meetings of board committees are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director. Such minutes record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes are sent to all Directors for their comment and records respectively, within a reasonable time after the board meeting is held. Any Director may, in furtherance of his / her duties, take independent professional advice where necessary at the expense of the Company.

DIRECTORS *(Continued)*

The Board *(Continued)*

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction shall be present at such board meeting.

The Company has arranged for appropriate insurance cover for directors' and senior management's liabilities in respect of legal actions against its directors and senior management arising from corporate activities.

The Board meets regularly over the Company's affairs and operations. The attendance records of each member of the Board and board committees at meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee held in 2024, and the 2024 General Meetings as well as the participation of the training of the Directors are set out below:

	Number of meetings attended / held for the year 2024					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meetings	Training [1]
Executive Directors						
Ng Siu Fai, *Chairman*	15/15	–	–	–	1/2	✓
Ng Kam Wah Thomas, *Managing Director*	14/15	–	–	–	2/2	✓
Ng Ki Hung Frankie	15/15	–	–	–	1/2	✓
Ho Suk Lin	15/15	–	–	–	2/2	✓
Independent Non-executive Directors						
Cui Jianhua	14/15	3/3	1/1	1/1	2/2	✓
Tsui Che Yin Frank	14/15	3/3	1/1	1/1	2/2	✓
William Yau	13/15	3/3	1/1	1/1	1/2	✓

Note:

1. This includes attending courses or seminars relevant to the Company's business or directors' duties arranged by the relevant authorities and professional bodies, and perusing comprehensive papers focusing on the regulatory changes and corporate governance related matters published by relevant authorities and professional bodies.

DIRECTORS *(Continued)*

Chairman and Chief Executive

CG Code provision C.2.1 Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers who act as the Chairman and the Managing Director of the Company respectively. Mr. Ng Siu Fai, in addition to his duties as the Chairman, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes deviation from code provision C.2.1 of the CG Code as part of his duties overlap with those of the Managing Director, who is in practice the chief executive.

As one of the founders of the Group, Mr. Ng Siu Fai has extensive experience and knowledge in the core businesses of the Group and his duty for overseeing all aspects of the Group's operations is clearly beneficial to the Group. The Board also considers that this will not impair the balance of power and authority between the Board and the management of the Company as one-third of the Board members are represented by the independent non-executive directors and the Board will meet regularly to consider major matters affecting the operations of the Group and all Directors are properly briefed on the matters arising at the Board meetings with adequate, complete and reliable information received in a timely manner. The current structure also allows flexibility and enhances the efficiency of decision making process in response to the constantly changing competitive environment.

As the Chairman's major responsibility is to manage the Board whereas the Managing Director's major responsibility is to manage the Group's businesses, the Board considers that the responsibilities of the Chairman and the Managing Director are clear and distinctive and hence written terms thereof are not necessary. Although the respective responsibilities of the Chairman and the Managing Director are not set out in writing, power and authority are not concentrated in any one individual and all major decisions are made in consultation with members of the Board and appropriate board committees, as well as senior management.

Going forward, the Board will periodically review the effectiveness of this arrangement, the board composition as well as division of responsibilities to enhance best interests of the Company and its shareholders as a whole.

The Chairman ensures that all Directors are properly briefed on the issues arising at the Board meetings and all Directors receive adequate, complete and reliable information. Throughout the year, the Chairman provides leadership for the Board; ensures that the Board and board committees function effectively and perform their responsibilities; ensures that good corporate governance practices and procedures are established and ensures all directors act in the best interests of the Company by making full and active contribution to the Board's affairs. The Chairman holds annual meeting with the independent non-executive directors in respect of corporate governance improvements, effectiveness of the board, and any other issues they may wish to raise without the executive directors; and ensure necessary steps are taken to provide effective communication with shareholders and ensure constructive relations between executive and non-executive directors. The Board believes that Mr. Ng Siu Fai's appointment to the post of Chairman is beneficial to the business prospects and management of the Company.

DIRECTORS *(Continued)*

Board composition

The Board includes a balanced composition of executive and non-executive directors with a balance of skills and experience appropriate for the business of the Company.

The Board comprises a total of seven Directors, with four executive directors, Mr. Ng Siu Fai (Chairman), Mr. Ng Kam Wah Thomas (Managing Director), Mr. Ng Ki Hung Frankie and Ms. Ho Suk Lin; and three independent non-executive directors, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau.

Biographical details of the Directors and the relationships (including financial, business, family or other material or relevant relationships) among members of the Board are set out on pages 71 and 72.

During the year, the Board is assisted by three board committees which are Audit Committee, Remuneration Committee and Nomination Committee. Their existence does not reduce the responsibility of the Board as a whole. Board committee meetings are convened to prepare matters for consideration and final decision by the Board as a whole. Material information that comes to the attention of board committees are also communicated to other members of the Board. As a general principle, the board committees have an advisory role to the Board. They assist the Board in specific areas and make recommendations to the Board. However, only the Board has the power to make final decisions.

During the year, the Board has at all times complied with the Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive directors, one of the independent non-executive directors has appropriate professional qualifications or accounting or related financial management expertise and the independent non-executive directors of the Company represents more than one-third of the Board. Each of the independent non-executive director has made an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines as set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

All independent non-executive directors are expressively identified in all corporate communications that disclose the names of directors while a list of directors identifying their roles and functions is maintained on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com.

DIRECTORS *(Continued)*

Appointments and re-election of directors

The independent non-executive directors of the Company are appointed for specific terms and subject to retirement by rotation at least once every three years and re-appointed at annual general meeting of the Company. Formal letters of appointment with specific terms with independent non-executive directors are arranged.

CG Code provision B.2.2 Under code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the Articles of Association of the Company, all Directors other than the Chairman and the Managing Director shall be subject to retirement by rotation at least once every three years and any new directors appointed to fill casual vacancies or as an addition to the Board shall be subject to election by shareholders at the annual general meeting after their appointments.

As the Chairman and the Managing Director are not subject to retirement by rotation in accordance with the Articles of Association of the Company, this constitutes deviation from code provision B.2.2 of the CG Code. The Board is of the view that the leadership of the Chairman and the Managing Director is vital to the Group's business continuity and stability, and there should be planned and orderly succession for these offices. Since continuation is a key factor to the successful implementation of the Company's business plans and strategies, any Director holding the office as the Chairman or the Managing Director should therefore be exempted from the retirement by rotation and re-election at the Company's annual general meeting and the Board believes this arrangement is most beneficial to the Company and its shareholders.

Re-election of independent non-executive directors

Where an independent non-executive director has served more than nine years, such director's further appointment will be subject to a separate resolution to be approved by Shareholders. A circular accompanying that resolution will state why the Board or the Nomination Committee believes that the director is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board or the Nomination Committee in arriving at such determination will be sent to Shareholders.

The Board currently comprises of four executive directors, including the Chairman and the Managing Director, and three independent non-executive directors. All the existing independent non-executive directors of the Company, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau, have served the Company for more than nine years, and their length of tenure are respectively more than thirty-one years, thirty years and twenty years.

DIRECTORS *(Continued)*

Re-election of independent non-executive directors *(Continued)*

Mr. Tsui Che Yin Frank was subject to re-election as an independent non-executive director at the 2024 Annual General Meeting. Mr. Tsui has served as an independent non-executive director of the Company for more than nine years since 1994. The Board noted the positive contributions of Mr. Tsui to the Board on the development of the Company's strategy and policies through his independent and constructive contributions supported by his skills, expertise and qualifications. His extensive experience gained from his management positions in various entities also contributes to the diversity of the Board. The nomination has been considered in accordance with the nomination policy and the objective criteria therein (including but not limited to skills, knowledge, experience, expertise, professional and educational qualifications), with due regard to the benefits of diversity as set out in the diversity policy of the Board. The nomination committee of the Company had assessed and was satisfied of the independence of Mr. Tsui. The Board was of the view that Mr. Tsui's independence was not affected by his long service with the Company. Mr. Tsui met the independence guideline as set out in Rule 3.13 of the Listing Rules. He has been independent of the management and free from any business or other relationship or circumstances which would materially interfere with the exercise of his independent judgement. His further appointment which was subject to a separate resolution had been approved by Shareholders at the 2024 Annual General Meeting held on 27 May 2024. The details of the re-election of the independent non-executive director was stated in the circular dated 22 April 2024 which was sent to the Shareholders.

CG Code provision B.2.4 Under code provision B.2.4 of the CG Code, where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. The appointment of a new independent non-executive director requirement came into effect for the financial year commencing on or after 1 January 2023.

As at 31 December 2024, the Board comprised of three independent non-executive directors, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau, who have served the Company for more than nine years, and their length of tenure are respectively more than thirty-one years, thirty years and twenty years. Under this CG code, the Company should appoint a new independent non-executive director on the Board. The Company is still in the process of identifying suitable candidate to be appointed as a new independent non-executive director of the Company. The Company will use its best endeavours to ensure that suitable candidate is appointed as soon as practicable in order to ensure compliance with this CG Code. Further announcement will be made by the Company as and when appropriate.

DIRECTORS *(Continued)*

Nomination Committee

The Nomination Committee was established on 1 January 2013, currently comprising three independent non-executive directors, Mr. Cui Jianhua (chairman of Nomination Committee), Mr. Tsui Che Yin Frank and Mr. William Yau.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors. The Nomination Committee has a board diversity policy to achieve diversity on the Company's board of directors. The diversity perspective in the board diversity policy has been considered from a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Group pursues a policy of gender equality. The Board currently consists of seven members, of whom six members are male and one member is female. The nomination procedures are carefully reviewed with due consideration to avoid gender discrimination and to ensure equal opportunities and rights in workplace. The Company also has a director nomination policy in place to assist the Board in making recommendations on the appointment of directors, and succession planning for directors. The nomination policy states that in assessing the suitability of the proposed candidate, the Nomination Committee shall consider a number of factors, including but not limited to the reputation for integrity, accomplishment, experience and reputation in the shipping industry and other relevant sectors, time commitment to the Company's business, diversity in various aspects, and the ability to assist and support management and make contributions to the Company. The appointment of any proposed candidate shall be made in accordance with the Company's Articles of Association and other applicable rules and regulations and the details of the procedures for shareholders to propose a person for election as a director of the Company are also available in the Company's website. When proposing an independent non-executive director candidate for election, Nomination Committee will set out (i) the process by which the candidate was identified, (ii) reasons why the candidate should be elected, (iii) reasons the candidate is independent, (iv) the perspectives, skills and experience the candidate brings, and (v) how the candidate will contribute to diversity of the board, and where an independent non-executive director candidate is nominated to a seventh (or more) listed company directorship, the board must explain why it believes the candidate will still be able to devote sufficient time to his / her role. A circular containing the above factors will be sent to the Shareholders. The Board's composition is included in the corporate governance report and the Nomination Committee shall meet at least once a year. The Nomination Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary. During the year, the Board with the assistance of the Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity and the Nomination Policy and considered that they are effective and appropriate for the Company. The Board considers its diversity of gender is appropriate.

DIRECTORS *(Continued)*

Nomination Committee *(Continued)*

The terms of reference of the Nomination Committee, explaining its roles and authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, there is no change to the Board's composition, nor any election of new director. The Nomination Committee held a meeting to review the structure, size and composition of the Board, and make recommendations to the Board.

Responsibilities of directors

A Guide on Directors' duties issued by the Companies Registry has been provided to each Director. A comprehensive induction package designed to provide a general understanding of the Group, its business, the operations of the Board and the main issues it faces, and, if appropriate, an overview of the additional functions and responsibilities of independent non-executive directors will be provided to newly appointed directors. To assist Directors bringing informed decisions in the best interests of the Company and the shareholders, an information package comprising the latest developments in the legislations and industry news are forwarded to each Director from the Company Secretary periodically.

Directors are aware sufficient time and attention could be given to the affairs of the Company and ensure that their contribution to the Board remains informed and relevant by participating in continuous professional development.

The Board has the responsibility of development and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The Board is responsible for arranging appropriate insurance coverage and organizing the Group's wide risk reporting.

Independent non-executive directors have participated in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; they also take the lead where potential conflicts of interests arise; serve on the audit, remuneration, and nomination committees; and scrutinize the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting. They have given the board and committees on which they service the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They have also attended general meetings and developed a balanced understanding of the views of shareholders and have contributed to the development of the Company's strategy and policies through independent, constructive and informed comments.

DIRECTORS *(Continued)*

Responsibilities of directors *(Continued)*

The Board is satisfied with continuous professional development undertaken by respective Directors. During the year, Mr. Ng Siu Fai, Mr. Ng Kam Wah Thomas, Mr. Ng Ki Hung Frankie, Ms. Ho Suk Lin, Mr. Cui Jianhua, Mr. Tsui Che Yin Frank and Mr. William Yau participated in continuous professional development by perusing comprehensive papers focusing on the regulatory changes and corporate governance related matters published by relevant authorities and professional bodies. In addition, Ms. Ho Suk Lin and Mr. Tsui Che Yin Frank, who have appropriate professional qualifications in accounting and related financial management expertise, further confirmed that they had attended adequate continuous professional development courses and seminars held by relevant authorities and professional bodies.

Securities transactions by directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out therein throughout the year ended 31 December 2024.

Supply of and access to information

Directors are provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities. For regular board meetings, agenda and accompanying board papers are sent in a timely manner and at least three days before the intended date of a board or board committee meeting (or other agreed period). The board and individual directors have separate and independent access to the Company's senior management. All Directors are entitled to have access to board papers and related materials.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee was established on 25 August 2005, currently comprising three independent non-executive directors, Mr. Cui Jianhua (chairman of Remuneration Committee), Mr. Tsui Che Yin Frank and Mr. William Yau.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Remuneration Committee *(Continued)*

The roles and functions of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, and reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. It also makes recommendations to the Board on the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind, pension rights and compensation payments, and the remuneration of the independent non-executive directors. The Remuneration Committee should consider factors such as the performance of executive directors and senior management, the profitability of the Group, salaries paid by comparable companies, time commitment and responsibilities, employment conditions elsewhere in the Group and desirability of performance-based remuneration. The Remuneration Committee has to ensure that the Group is able to attract, retain and motivate a high-caliber team which is essential to the success of the Group. The Remuneration Committee shall meet at least once a year. The Remuneration Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Remuneration Committee, explaining its roles and the authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, the Remuneration Committee held a meeting to review and assess the management's remuneration proposals with reference to the corporate goals and objectives, and to make recommendations to the Board regarding the remuneration to individual executive directors and senior management. Details of the emoluments of the Directors and remuneration to senior management by band for the year are set out in note 12 to the consolidated financial statements.

ACCOUNTABILITY AND AUDIT

Financial reporting

It is the Board's responsibility to present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects. The Board presents such assessment in annual and interim reports, other price-sensitive announcements and other financial disclosures required by the Listing Rules, and for reports to regulators and information disclosed under statutory requirements.

Management provides sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval. In this regard, the management provides all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details.

ACCOUNTABILITY AND AUDIT *(Continued)*

Financial reporting *(Continued)*

The Directors are responsible for preparing the consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. Appropriate accounting policies have also been used and applied consistently. The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt on the Group's ability to continue as a going concern. A statement by the auditor of the Company about auditor's responsibility on the consolidated financial statements of the Group is set out in "Independent Auditor's Report" on pages 83 to 87. A separate statement of the strategy and business model is included in "Strategies and Business Profile" on pages 5 to 8, and the Board is satisfied that these and the Group's culture are aligned. All Directors act with integrity, lead by example, and promote the desired culture. Such culture will instil and continually reinforce across the Group values of acting lawfully, ethically and responsibly. The Board also present a balanced, clear and understandable assessment of the Group's performance in its "Management Discussion and Analysis" on pages 55 to 70.

Risk management and internal control

It is the Board's responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. Such risks include, amongst others, material risks relating to ESG. The Board also oversees management in the design, implementation and monitoring of the risk management and internal control systems on an ongoing basis, and management shall confirm to the Board on the effectiveness of these systems at least annually.

The Board, through the assistance of Audit Committee, has conducted an annual review of the effectiveness of the Group's risk management and internal control systems, covering all material financial, operational and compliance controls. In particular, the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Group's accounting and financial reporting functions, as well as those relating to the Company's ESG performance and reporting, are reviewed. The annual review also covered the Group's significant and emerging risks (including ESG risks) in shipping business; the quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; the extent and frequency of communication of monitoring results to the Audit Committee and the Board; whether there is any significant control failings or weaknesses identified and the effectiveness of the Group's processes for financial reporting and Listing Rules compliance. The Company engaged an external professional company, PAL Advisory Limited, to conduct a review on the effectiveness of the Group's risk management and internal control systems during the year. The review includes the identification of the weaknesses of the risk management and internal control systems and proposals for improvement. The findings are reviewed by the Audit Committee and reported subsequently at Board meetings to enable the Board to asses the Group's risk management and internal control systems and the Board is satisfied that such systems are effective and adequate and appropriate actions have been taken.

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk management and internal control *(Continued)*

The risk management and internal control systems and accounting system of the Group are designed to identify and evaluate the Group's risk and formulate risk mitigation strategies, and to provide reasonable assurance that assets are safeguarded against unauthorized use or disposition, transactions are executed in accordance with management's authorization, and the accounting records are reliable for preparing financial information used within the business for publication, maintaining accountability for assets and liabilities and ensuring the business operations are in accordance with relevant legislation, regulations and internal guidelines, including guidelines for corporate social responsibility.

The Group has a defined organizational structure with clearly defined lines of responsibility and authority. Each business unit / department is accountable for its daily operations and is required to report to executive directors on a regular basis. Policies and procedures are set for each business unit / department, which includes approvals, authorization, verification, recommendations, performance reviews, assets security and segregation of duties. The key control procedures include establishing and maintaining effective policies to ensure proper management of risks to which the Group are exposed and taking appropriate and timely action to manage such risks, establishing a structure with defined authorities and proper segregation of duties; monitoring the strategic plan and performance; designing an effective accounting and information system; controlling price sensitive information; and ensuring swift actions and timely communication with our stakeholders. At least twice a year, the management will report to the Audit Committee on the effectiveness of risk management and internal control systems. The Audit Committee review how management designs, implements and monitors risk management and internal control procedures, findings and recommendations and follow-up procedures on the annual assessment; and the Audit Committee will report on the overall effectiveness of the risk management and internal control systems to the Board annually. The Group's risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives. With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorized use of inside information and has communicated to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs. Details of the Group's risk management policies are set out in "Management Discussion and Analysis" on pages 68 and 69 and note 39 to the consolidated financial statements on pages 154 to 161.

ACCOUNTABILITY AND AUDIT *(Continued)*

Risk management and internal control *(Continued)*

CG Code provision D.2.5 Under code provision D.2.5 of the CG Code, the Group should have an internal audit function. Based on the size and simple operating structure of the Group as well as the existing internal control processes, the Board has decided not to set up an internal audit department for the time being. When necessary, the Audit Committee under the Board would carry out the internal audit function for reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

Except for the deviation of code provision D.2.5 of the CG Code, the Board considers that the Company has complied with the requirements under the Listing Rules regarding the risk management and internal control, and will continue to review, revise and strengthen its risk management and internal control from time to time so that practical and effective systems are implemented.

Audit Committee

The Audit Committee was established on 22 September 1998, currently comprises of three independent non-executive directors, Mr. Tsui Che Yin Frank (chairman of Audit Committee), Mr. Cui Jianhua and Mr. William Yau.

The primary duties of the Audit Committee include the review and monitor the Group's financial reporting, compliance with legal and regulatory requirements, the nature and scope of audit review as well as the effectiveness of the systems of risk management and internal control. The Audit Committee is also responsible for making recommendations in relation to the appointment, re-appointment and removal of the auditor, and reviewing and monitoring the auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the auditor, professionals and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee shall meet at least twice a year. Minutes of Audit Committee meetings are kept by the Company Secretary. Draft and final versions of minutes of the meetings are sent to all Audit Committee members for their comment and records within a reasonable time after the Audit Committee meeting is held. The Audit Committee is provided with sufficient resources to perform its duties and has access to independent professional advice if necessary.

The terms of reference of the Audit Committee, explaining its roles and the authorities delegated to it by the Board was published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

During the year, the Audit Committee has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters including the review of the Company's interim and annual reports before submission to the Board. The Audit Committee held three meetings in 2024. The Group's annual consolidated financial statements for the year ended 31 December 2023 and interim consolidated financial statements for the period ended 30 June 2024 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made. The internal control review report has been reviewed by the Audit Committee, ensuring that the risk management and internal control systems are operating effectively.

DELEGATION BY THE BOARD

Management functions

While the Board is entrusted with the overall responsibility for promoting the success of the Company by the strategic direction and governance of the Company's businesses and affairs, the functions of implementing the approved strategy and policies as well as managing the day-to-day operations are delegated to the management, comprises of executive directors and senior management of the Company. Management invites department heads or other colleagues to participate in management meetings periodically and through internal communication to convey the Company's strategies and policies to the staff and to collect views and opinions from the staff and reports to the Board. The Board will review the implementation and effectiveness of this mechanism on an annual basis.

The Company formalizes the functions reserved to the Board and those delegated to the management. Formal letters of appointment for Directors setting out the key terms and conditions of their appointments are arranged. Such arrangements are subject to periodically review to ensure they remain appropriate to the Company's needs.

The Board delegates aspects of its management and administration functions to the management and it gives clear directions as to the management's powers, in particular, where the management should report back and obtain prior Board's approval before making decisions or entering into any commitments on the Company's behalf.

The list of executive directors and senior management and their biographical details are set out on pages 71 and 72.

Board committees

Board committees are established with clear specific terms of reference which deal clearly with their authority and duties that enable such committees to discharge their functions properly. Such terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee require such committees to report back to the Board on their decisions or recommendations.

DELEGATION BY THE BOARD *(Continued)*

Corporate governance functions

The Board is responsible for developing and reviewing the Company's policies and practices on corporate governance and performing the corporate governance duties as set out in CG Code provision A.2.1. The following is a non-comprehensive summary of the duties performed by the Board:

- to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct applicable to employees and Directors; and
- to review the Group's compliance with the CG Code and disclosure in the Corporate Governance Report.

COMMUNICATION WITH SHAREHOLDERS

Effective communication

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings or other general meetings to communicate with shareholders and encourage their participation. At each general meeting, a separate resolution is proposed by the chairman of that meeting and the resolutions are not bundled. All Directors, including the chairman of the Board and the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, and the auditor of the Company shall attend and answer questions at the annual general meetings. The Company's dividend policy is set out in "Directors' Report" on page 73.

In order to further promote effective communication, the Company maintains a website to disseminate information electronically on a timely basis and the Board shall review the effectiveness of shareholders' communication policy on a regular basis. During the year, a review on the implementation and effectiveness of the shareholders' communication policy has been conducted and the Board is satisfied that such policy are effective and adequate and appropriate actions have been taken.

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Effective communication *(Continued)*

The 2024 Annual General Meeting was held on 27 May 2024 and the resolutions of: (1) receipt of the Financial Statements, the Directors' Report and the Independent Auditor's Report for the year ended 31 December 2023; (2) re-election of Directors; (3) authorizing the Board to fix Directors' remuneration; (4) re-appointment of Grant Thornton Hong Kong Limited as auditor of the Company and authorizing the Board to fix its remuneration; (5) granting a general mandate to allot shares of the Company; (6) granting a general mandate to buy back shares of the Company; (7) adding the number of shares bought back under resolution 6 to the mandate granted to the Directors under resolution 5; and (8) approving proposed amendments to the Articles of Association and the adoption of the amended and restated Articles of Association, were voted and approved by poll. The poll results and Directors' attendance at the 2024 Annual General Meeting are announced and posted on the websites of both of Hong Kong Exchanges and Clearing Limited and the Company.

The 2025 Annual General Meeting of the Company will be held on Tuesday, 3 June 2025. Notice of the 2025 Annual General Meeting will be published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com, and will be dispatched to shareholders of the Company in due course.

The register of members of the Company will be closed from Thursday, 29 May 2025 to Tuesday, 3 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2025 Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 28 May 2025.

Voting by poll

Sufficient notice of shareholders meetings are given to the shareholders of the Company and they are entitled to attend shareholders' meeting in person or by proxy. The Company informs the shareholders of the procedures for voting by poll and ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Articles of Association of the Company.

COMPANY SECRETARY

Ms. Ho Suk Lin has been appointed by the Board as Company Secretary of the Company since 1991. The biographical details of Ms. Ho is set out on page 71. Ms. Ho is responsible for advising the Board through the Chairman and / or the chief executive on governance matters and also facilitating induction and professional development of Directors. All Directors have access to the advice and services of the Company Secretary to ensure that all Board procedures and rules and regulations are followed. The selection, appointment or dismissal of the company secretary shall be dealt with by a physical board meeting rather than a written resolution.

AUDITOR'S REMUNERATION

The performance of the auditor of the Company during the year has been reviewed by the Audit Committee. In 2024, the remuneration paid and payable to the auditor of the Company for the provision of the Group's audit services and other services were HK$2,150,000 and HK$472,000 respectively. The other services mainly include agreed-upon procedures on interim financial statements and tax compliance services.

INVESTOR RELATIONS

At the 2024 Annual General Meeting held on 27 May 2024, a special resolution has been passed to approve amendments to the Articles of Association. The amendments were made to (i) align the Articles of Association with the applicable laws of Hong Kong, including the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Listing Rules; (ii) bring the Articles of Association to conform to the core shareholder protection standards set out in Appendix A1 to the Listing Rules; (iii) provide flexibility to the Company in relation to the conduct of general meetings, so that the Company may convene hybrid or virtual general meetings where shareholders of the Company may attend in person or by virtual meeting technologies; and (iv) incorporate certain housekeeping changes. The amended Articles of Association was adopted on 27 May 2024 and is available on websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.jinhuiship.com. Save as disclosed above, there was no other amendment made to the constitutional documents of the Company during the year.

SHAREHOLDERS' RIGHT

Procedures for shareholders to call a general meeting

For shareholder(s) of the Company who wish to call a general meeting, the shareholder(s) is / are requested to follow the requirements and procedures as set out in Section 566 of the Companies Ordinance.

Shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings can make a request to call a general meeting of the Company.

The request (a) must state the general nature of the business to be dealt with at the meeting; (b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting; (c) may consist of several documents in like form; (d) may be sent to the registered office of the Company in hard copy form or in electronic form; and (e) must authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance, the Directors must call a general meeting within twenty one days after the date on which they become subject to the requirement and the meeting so called must be held on a date not more than twenty eight days after the date of the notice convening the meeting. If the Directors do not do so, the shareholders who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting pursuant to Section 568 of the Companies Ordinance, but the meeting must be called for a date not more than three months after the date on which the Directors become subject to the requirement to call a general meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the meeting by reason of the failure of the Directors duly to call a general meeting.

SHAREHOLDERS' RIGHT *(Continued)*

Procedures for shareholders to circulate a resolution for annual general meeting

For shareholder(s) of the Company who wish to make a request to circulate a resolution for an annual general meeting, the shareholder(s) is / are requested to follow the requirements and procedures as set out in Section 615 of the Companies Ordinance.

Shareholder(s) can make a request to circulate a resolution for an annual general meeting pursuant to Section 615 of the Companies Ordinance if: (a) they represent at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate; or (b) at least fifty shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate.

The request (a) may be sent to the registered office of the Company in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than (i) six weeks before the annual general meeting to which the requests relate; or (ii) if later, the time at which notice is given of that meeting.

Shareholders' enquiries

The Chairman as well as the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, and all Directors are normally available at the annual general meeting to answer shareholders' enquiries, unless illness or another pressing commitment precludes them from doing so. Shareholders are also invited to ask questions during the meeting and have an opportunity to meet with Directors after the formal business of the meeting has been concluded. Shareholders could also direct their questions about their shareholdings to the Company's share registrar.

WORKFORCE DIVERSITY

The employees are the Group's most important resource and are crucial to the Group's success in achieving its targets for long term value creation. The Group provides various resources for staff training and development. The Group remunerates its employees, including the Executive Directors, in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. As far as the Group is aware, it complies with all relevant applicable regulations concerning employment, social benefits and labour safety.

The Group pursues a policy of gender equality. Workload and working hours depend on positions while promotion and recruitment depend on performance and experience. At 31 December 2024, the Group had 74 (2023: 66) full-time employees (including senior management), of whom 41 (2023: 37) employees, representing 55% (2023: 56%) were male and 33 (2023: 29) employees, representing 45% (2023: 44%) were female. At 31 December 2024, the Board consists of seven members, of whom six members are male and one member is female. Procedures regarding recruitment, promotion and salary review are carefully reviewed with due consideration to avoid gender discrimination. The Group aims to ensure equal opportunities and rights in workplace.

The Group has a sound and sufficient risk management and internal control measures in place. We understand the importance of anti-corruption and anti-money laundering and always uphold a high standard of corporate governance and maintain an ethical corporate culture. The Group's whistleblowing policies and internal ethical guidelines are stated in our staff handbooks. The whistleblowing policy can also be accessed on the Company's website at www.jinhuiship.com. Our employees or any person who deal with the Group can access the management or members of the Audit Committee to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Group or its employees. During the year, there was no report on any corrupt practices brought against the Group or its employees.

The Group maintains a good relationship with its employees and seafarers and has not experienced any disruption of its operation as a result of industrial disputes.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Report profile

Jinhui Holdings Company Limited and its subsidiaries (the "Group") released the 2024 Environmental, Social and Governance Report (the "ESG Report") to share its social and environmental performance with our stakeholders in a complete, accurate, and balanced manner. Jinhui Holdings Company Limited (the "Company") is committed to creating greater values for our shareholders to achieve its sustainable development goals. This report focuses largely on the boundary of our shipping operations which are carried out internationally and on working environments and corporate-wide practices relating to our sustainability performances.

The Board has the overall responsibility and accountability for Environmental, Social and Governance ("ESG") strategy and reporting.

Reporting standard

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). This ESG Report has complied with all mandatory disclosure requirements and "comply or explain" provisions of the ESG Reporting Guide.

Reporting principles

The ESG Report was prepared in accordance with the reporting principles outlined in the Stock Exchange's ESG Reporting Guide, including:

Materiality: The Group identifies key ESG issues through stakeholder engagement and materiality assessment.

Quantitative: Key performance indicators ("KPIs") were presented in quantitative terms to illustrate the performance more objectively. We established data collection tools to record and monitor the environmental and social indicators.

Balance: The ESG Report disclosed both our achievements and areas for improvement to provide an unbiased picture of the Group's ESG performance.

Consistency: Methodologies used in the ESG Report are consistent with those used in the prior years in terms of data statistics and calculation to ensure the comparability of information, unless otherwise stated. In case of any changes in the reporting scope or methodologies, they will be clearly explained for the reference of stakeholders.

ABOUT THIS REPORT *(Continued)*

Reporting period

The ESG Report illustrated and highlighted the environmental and social performance of the Group for the reporting period from 1 January 2024 to 31 December 2024 (the "Reporting Period"), which aligned with the period covered in the Group's annual report 2024. All financial data in this report is extracted from the financial reports of the Company, official documents and internal statistics.

The Board of Directors reviewed and approved the disclosure in this report.

Statement of the Board

The Board has overall responsibility for the long term sustainability and ESG strategies which support growth and enhance value for the business and its stakeholders, as well as contribution to the environment and the community growing.

The Board and the management are committed to operate our business in an environmentally and socially responsible manner. When setting the standards, the Board considers the needs and requirements of the business, its stakeholders, the Corporate Governance Code and the ESG Reporting Guide. The Board discusses and reviews the risks and opportunities, performance, progress, goals and targets regularly to monitor the ESG performance, related issues and potential risks.

The Group's businesses and functional departments also help to formulate relevant strategies in their respective areas and monitor the effectiveness of the implementation in accordance with the sustainable development strategies and objectives suggested by the Board. Reviews are also arranged regularly to evaluate the effectiveness of current policies and procedures and develop appropriate solutions to improve the overall performance of ESG policies.

The possible environmental impact may include air pollutants emissions, ballast water discharges and oil pollution in environmental disasters. By maintaining operational safety and providing quality training for our seafarers in compliance with applicable environmental laws and regulations, we believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations. To achieve this, we strive to comply with all applicable rules and regulations with our best efforts in shipping operation as well as in our daily working environment to minimize any adverse impact to the environment.

In line with the ESG Reporting Guide, the Board reports on an annual basis regarding the ESG performance. The management has provided confirmation to the Board on the effectiveness of the ESG risk management and internal control system.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder engagement

The management and staff of different operating functions were involved in the preparation of the ESG Report, including assisting management to review its operations, identification of relevant ESG issues, and assessing their materiality to our business as well as to the stakeholders.

The Group communicates regularly with and gathers feedback from stakeholders including members of the Board of Directors, employees, investors, shareholders, service providers, and clients through various channels to understand their expectations, build and maintain a good relationship, and identify those significant environmental and social aspects of the Group's operations to its stakeholders.

Below outlines the Group's various dialogue channels for different types of stakeholders:

Stakeholders	Communication Channels
Shareholders and investors	– Company's website – Annual and interim reports – Annual general meeting / general meetings – Company's announcements and circulars – Postal correspondences, emails (ir@jinhuiship.com)
Customers and business partners	– Company's website – Online presentation and discussion – Regular meetings – Customer services channels (chartering@jinhuiship.com) – Customers' meetings
Employees	– Daily direct communications – Training and orientation programs – Employees' performance evaluations – Employees' activities – Regular meetings – Emails and feedback collection boxes
Government authorities and regulators	– Documented information submissions – Compliance inspections and checks – Regular meetings / luncheons with professional bodies – Forums, conference and workshops
Media	– Company's website – Company's announcements and circulars – Press releases

STAKEHOLDER ENGAGEMENT AND MATERIALITY *(Continued)*

Materiality analysis

The Group values the input and feedback of its stakeholders as they bring insights into the Group's business. To determine the material aspects that are most important and influential to the business of the Group, a materiality assessment had been conducted specifically for this ESG Report, through the above stakeholder communication channels. This assessment helps to determine, prioritize and allocate resources more effectively.

The data collected from the materiality assessment formed the basis for the Group to identify long-term strategies for sustainable development. We continue to assess the relevance of the ESG framework by frequently communicating with our stakeholders through the means outlined above.

Accessibility of the ESG Report and Stakeholders' feedback

An electronic copy of this report can be accessed on the Company's website at www.jinhuiship.com.

The Group welcomes stakeholders' comments and feedbacks regarding its performance and approach on ESG aspects as they are valuable to its continuous improvement and sustainable development. Please send your questions, suggestions, and recommendations to the Group:

Address: 26/F Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong
Telephone: (852) 2545 0951
Fax: (852) 2541 9794
Email: ir@jinhuiship.com

ENVIRONMENTAL

A1 Emissions

Carbon Dioxide ("CO_2") and Greenhouse Gas ("GHG") Emissions

The International Maritime Organization ("IMO") adopted an Initial Strategy on the reduction of emissions, both CO_2 emission and GHG emission from ships. The strategy represents a framework for the industry, setting out a vision for international shipping, the levels of ambitions to reduce emissions and guiding principles.

ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

CO_2 and GHG Emissions ***(Continued)***

IMO adopted a revised 2023 IMO GHG Strategy on reducing emissions, identifying levels of ambitions for the sector including the reduction of CO_2 emissions per transport work, as an average across the industry, by at least 40% by 2030, compared to 2008. The 2023 IMO GHG Strategy also includes a new level of ambition relating to the uptake of zero or near-zero GHG emission technologies, fuels or energy sources which represent at least 5% to 10% of the energy used by international shipping by 2030. The strategy also identifies the reduction of the total annual GHG emissions from international shipping by at least 20% to 30% by 2030, and by at least 70% to 80% by 2040, compared to 2008.

We support the IMO's targets as our short term and long term targets of decarbonization.

Starting from January 2024, the European Union's ("EU") Emissions Trading System ("ETS") extended to cover CO_2 emissions from maritime transport entering EU ports. Shipping companies have to purchase and use EU ETS emission allowances for each tonne of reported CO_2 emissions. We believe ETS inclusion of maritime transport will drive a faster reduction of emissions among the industry. The Group will strive as much as possible to reduce emissions in order to enjoy the lowest carbon price.

KPIs
Emission
70% Reduction on Carbon Intensity
50% Reduction on GHG
By 2050 compared to 2008

Acting as a participant in the marine market, the Group always concerns the issue of increasing GHG and consumption of fossil fuels. We own a modern and high-quality fleet of dry bulk carriers and as at 31 December 2024, the Group had twenty five owned vessels. We ensure our owned fleet be equipped with proven green and energy efficient equipment and technologies to minimize the emission of toxic pollutants.

ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

Energy Efficiency Operational Indicator ("EEOI")

KPIs
Minimum 2% reduction on EEOI compare with previous year

2024: the average EEOI of the fleet is about 9.48 grammes CO_2 / MT.Mile
2023: the average EEOI of the fleet is about 10.0 grammes CO_2 / MT.Mile

Our fleet's carbon intensity, EEOI of 2024 decreased about 0.52 grammes from the EEOI of 2023, representing a decrease of 5.2% as compared to 2023. The decrease was mainly due to fewer ballast voyages arranged in 2024 as compared to the year 2023.

The fuel oil consumption and the corresponding CO_2 emission of the fleet are as follows:

Fuel oil consumption:
2024: Fuel oil consumption – 117,068 tonnes
2023: Fuel oil consumption – 112,375 tonnes

Corresponding CO_2 emission:
2024: CO_2 emission – 364,884 tonnes
2023: CO_2 emission – 350,179 tonnes

As the Group continued to seek to fine tune the quality of our fleet during the year, fuel oil consumption increased slightly under the fleet changes.

Achieve decarbonization

In order to meet the short term and long term targets of decarbonization, a mix of design, technical, operational measures and innovative measures is required:

(i) Calculation and verification Energy Efficiency Existing Ship Index;
(ii) Compliance of Energy Efficiency Design Index for newbuilding ship energy efficiency;
(iii) Introduction of a rating mechanism linked to the operational Carbon Intensity Indicator;
(iv) Implementation of Ship Energy Efficiency Management Plan Part III; and
(v) For newbuilding projects, we may choose the most energy efficient design and will include the possibility of using dual fuel engines.

ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

(i) Energy Efficiency Existing Ship Index ("EEXI")

(ii) Energy Efficiency Design Index ("EEDI")

We have implemented the Engine Power Limitation for those vessels which have not met the EEXI requirement. We believe that it is the first step and the fastest way to lower emissions. We try to make our vessels more efficient by reducing the amount of energy needed to propel it through the water. Propeller boss cap fins and propeller duct have been installed on our vessels. We also switch to using silicon anti-fouling paints and deploy de-rated main engines to our vessels in order to maintain the speeds of our vessels but with less fuel consumption.

Implementing operational performance techniques brings significant advantages to our fleet by combining tiny improvements. Propeller polishing and hull cleaning are scheduled periodically for our vessels for a smoother propel in the water. We optimize our fleet engine by implementing weather routing, optimization of ballast and trim, optimized voyage planning, usage of fuel oil additives, and optimum settings of fuel oil purifiers. We believe small improvements can add up to substantial fuel savings.

In 2024, the Group acquired three vessels which were already in compliance with EEXI or EEDI with Engine Power Limitation. In addition, two newbuildings with modern eco-design and complied EEDI were ordered in 2024, which to be delivered in 2026 and 2027 respectively.

KPIs
EEXI & EEDI
All vessels comply EEXI
New join vessels comply EEDI

(iii) Carbon Intensity Indicator ("CII")

CII gives vessels an annual rating on scale of A to E, with A being the least carbon intensive. The rating measures how efficiently a vessel transports goods and is given in grams of CO_2 emitted per cargo-carrying capacity and nautical mile. A vessel rated D for three consecutive years, or rated E for a particular year, will need to develop a work plan of corrective actions.

ENVIRONMENTAL *(Continued)*

A1 Emissions *(Continued)*

(iii) Carbon Intensity Indicator ("CII") *(Continued)*

It became mandatory for all vessels to calculate their CII rating to measure the annual operational emissions in 2023. Our fleet has joined the Data Collection and Reporting System since 2019 which enables data to be analyzed and verified by RINA Services S.p.A. ("RINA"). The official evaluation results of our fleet were yet to be released, however, under our estimation, a number of our vessels will be getting rated D or below on CII. These vessels have been put through a series of planned works as mentioned to improve the CII rating. We have consistently delivered additional features to support CII monitoring, aiming to achieve a rating of C or above for all of our vessels on CII.

KPIs
CII
Rated C or above for all vessels

(iv) Ship Energy Efficiency Management Plan ("SEEMP")

The vessels' SEEMP plans are approved by RINA and certified in compliance with IMO Resolutions.

CO_2 emission reduction – since February 2013, the Group has adopted the SEEMP, a plan that individual vessel can follow and improve each vessel's energy efficiency and reduction in fuel consumption through a series of procedures and efforts.

Our vessels adopted IMO Data Collection System on fuel consumption to allow us to monitor and improve fuel efficiency and mitigate emissions. The Group implemented initial SEEMP in 2013, adopted SEEMP Part II in 2021 and SEEMP Part III in 2022. SEEMP Part III also complies with the latest requirement to provide information for assessing the operation of the CII of the vessels.

SEEMP improves each vessel's energy efficiency through a series of procedures and efforts. We take below steps:

(1) Planning
(2) Implementation
(3) Monitoring
(4) Self-evaluation and Improvement

ENVIRONMENTAL *(Continued)*

A2 Use of resources

It has always been our policy to maintain high standard of environmental protection awareness and to operate our vessels in a safe and environmentally friendly manner. We maintain our modern first-class fleet to enable maximum environmental performance and ensure our compliance to safety and environmental laws and regulations including The International Safety Management Code ("ISM Code"), The International Ship and Port Facility Security Code ("ISPS Code"), and other applicable rules regulated by IMO. These conventions have been ratified by majority of maritime nations and apply to all vessels registered in these countries or calling in the waters of these countries. We obtain safety management certificate, document of compliance and go through annual verification and audit for compliance with ISM Code issued by recognized organization on behalf of the flag states.

Low sulphur oil

Since 2020, our vessels have switched over to 0.5% low sulphur content heavy fuel oil according to IMO 2020 Sulphur Cap requirement.

New requirements for China Emission Control Areas ("ECA") in Chinese territorial waters as announced by the Chinese Ministry of Transport came into effect on 1 January 2019. When our vessels enter regional emission control areas, we switch to 0.1% ultra-low sulphur content fuel oil to minimize fuel consumption and emission.

Fuel oil consumption:
2024: 0.5% low sulphur content heavy fuel oil consumption – 114,125 tonnes
2023: 0.5% low sulphur content heavy fuel oil consumption – 109,748 tonnes

2024: 0.1% ultra-low sulphur content fuel oil consumption – 2,943 tonnes
2023: 0.1% ultra-low sulphur content fuel oil consumption – 2,627 tonnes

Hazardous and non-hazardous waste produced

Waste from our vessels included garbage and food waste which are trivial and not hazardous. These wastes are disposed of by incineration, shore collection and other means according to The International Convention for the Prevention of Pollution from Ships ("MARPOL") Annex V and local requirements.

As discussed in our ESG principles, we were committed to operate our vessels in compliance with MARPOL regulations pertaining to hazardous ozone depleting substances; and there was no material marine waste discharge or environment pollution incidents happened in 2024 and 2023.

KPIs
Waste produced
Zero hazardous and non-hazardous waste discharge

ENVIRONMENTAL *(Continued)*

A2 Use of resources *(Continued)*

Garbage and waste management plan

Apart from the above, the Group also implements garbage and waste management plan for all vessels. All vessels are equipped with colored recycle trashes for garbage sorting. It is aimed to dispose garbage and waste in a diversified way ashore. The purpose is not only to reduce the level of waste but also have economic benefits to the Group. The less garbage disposed; the less wastage charged by each local port when the ship reaches that port when discharge.

Water consumption

Fresh water consumption for the use of boiler, machinery cooling and deck and hold cleaning is produced from the vessel's own desalination plants on board and running on waste heat of engines. This reduces the need to source fresh water from ashore and the consumption of natural water. Potable water is consumed for drinking, cooking and other domestic purposes.

Water consumption remained approximately 6 tonnes per vessel per day in both 2024 and 2023.

2024: Water consumption – 54,750 tonnes
2023: Water consumption – 55,000 tonnes

In order to reduce the use of water resources, we keep good maintenance on boilers and other equipment that use fresh water and also ensure that there is no leakage of water. Water log has been used for recording the usage of daily fresh water and locating leakage when abnormal consumption was found. On the other hand, we also educate seafarers to use water in a frugal way. We encourage seafarers to efficiently use washing machines. We use appliances, shower heads and equipment that conserve water. In the future, vacuum toilet systems will be considered when planning to acquire the newbuild vessels.

KPIs
Fresh water consumption
Less than 3 tonnes per vessel per day by 2030

ENVIRONMENTAL *(Continued)*

A3 The environment and natural resources

The Group is committed to controlling the consumption of resources and strives to use energy and resources efficiently, reducing emissions and waste during operations.

We realize the importance of environmental stewardship and share the same environmental preservation objective with our seafarers and our people. In order to foster the environmentally friendly practices in our vessels, we follow an internal safety management manual, which defines our objectives and commitments in complying with all applicable national and international rules and regulations, code and guidelines and standards recommended by IMO, flag states and other maritime industry organizations. These codes and guidelines and standards, together with our safety manual have been kept ashore and on our fleet and strictly followed by our team. We will closely monitor environmental regulations development to ensure compliance with all applicable environmental regulations in our business operation. We obtain safety management certificate, document of compliance and go through annual verification and audit for compliance with the ISM Code issued by recognized organization on behalf of the flag states.

Ballast water management

Ballast water is essential for safe and efficient modern shipping operations, but it may pose serious ecological, economic and health problems due to the multitude of marine species carried in ships' ballast water. These include bacteria, microbes, small invertebrates, eggs, cysts and larvae of various species. The transferred species may survive to establish a reproductive population in the host environment, becoming invasive, out-competing native species and multiplying into pest proportions.

KPIs
BWTS
All vessels installed BWTS
Zero failure in the Ballast Water Record Book

Investment project and installing the Ballast Water Treatment System ("BWTS") in our fleet completed in 2024. We implemented ballast water management with clearly stated instructions for dealing with ballast water in different situations and ensure the ballast water management plans are carried out to the standards set out by IMO. We prohibit unnecessary discharge of ballast water. Vessels need to replace the ballast water at least 50 nautical miles from the nearest shore and at least 200 meters deep when facing abnormal or special situations. Ballast Water Record Book must be kept on each vessel to record the discharge.

ENVIRONMENTAL *(Continued)*

A4 Climate change

The Group understands climate change affects our business and operations; hence it is crucial for the Group to react to prevent the risks associated with the climate change.

To enable a comprehensive review of the climate risks and opportunities, the Group conducted a climate risk assessment and scenario analysis and combine them with our business development. The climate-related risks that are likely to have corresponding business and financial impacts on the Group are discussed as below.

Physical risks

Acute risk – long term

The increased frequency and severity of extreme weather such as typhoons, floods, sea level rise and tropical cyclones can disrupt the Group's operations by damaging the fleet, ports and communication infrastructures, causing power failure and injuring employees during their work, leading to reduced capacity and decrease in productivity, or expose the Group to risks associated with non-performance and delayed performance. These risks affect the operational ability of the organization resulting in reputational damage, direct loss of revenue and increased operating cost. We have established an emergency work plan in response to extreme weather events and resume operation once the weather conditions are stable.

Transition risks

Laws and regulation risk – short to medium term

The Group anticipates that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. From a listed company's perspective, the Group acknowledges the increasing requirements of climate-related information disclosures.

The Group commits to environmental protection and strives to comply with disclosure requirements, however, this may increase the risk of higher operating costs and maintenance costs.

Market and reputational risk – short to medium term

The shipping market is constantly changing, and the increasing attention by the public towards environmental protection led to the change in customer behavior and preference. This change in market pattern led to a change in the demand of the shipping industry – increased demand for green transportation represents an increase in demand for low-sulphur oil with constant performance thus resulting a higher running cost.

ENVIRONMENTAL *(Continued)*

A4 Climate change *(Continued)*

We continue to assess the climate change phenomena and consider that there is no material and immediate threat to our operating business in short term. In medium and long term, we will monitor main climate change hazards, extreme weathers at seas, weather-related disruption to port and cargo loading activities across the global seaborne hubs and route. With flexible chartering policy and experienced captains and seafarers, we will swiftly respond to the climate change challenge by operating our vessels in geographical regions that are safe and practical. We will also reinvest, equip and modify our fleet to enable maximum environmental performance and compliance to climate change and maritime regulations.

In response to policy and legal risk and market and reputational risk, the Group will closely monitor any change in environmental regulations and policies, and respond in a timely manner.

SOCIAL

We encourage management and employees to take part in environmental preservation with best efforts. We support all kinds of environmentally friendly practices or energy saving ideas throughout our operations and dedicate to conserve water, energy, resources and materials by reduce, recycle and reuse in our office and to strengthen environment preservation consciousness as an integral part of our corporate culture.

Employment and labour practices

B1 & B4 Employment and labour standards

To promote a high-quality and diverse workforce, the Group provided equal opportunities to its employees in respect of recruitment, training and development, job advancement, and remuneration and benefits. The Group's staff handbook is designed to communicate important laws and work ethics surrounding employment, benefits and welfare, training and development, occupational health and safety, and code of conduct guidelines. It is an essential tool in helping to define the expectations of both the management and the employees, and to protect employees from unfair or inconsistent treatment and discrimination at work.

All employment of the Group is complied with particular local labour legislations and there was no reported incident of non-compliance or grievances in relation to human rights or labour practices standards and regulations that would have a material or significant impact on the Group during the reporting period.

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B1 & B4 Employment and labour standards *(Continued)*

Workforce by employment

As at 31 December 2024, the Group had 74 onshore staff and 590 seafarers. All employees of the Group are on fulltime basis.

Number of employees as at 31 December 2024

	Male	Female	Total
By Employment Category			
Office Staff	41	33	74
Seafarers	590	–	590
	631	33	664
By Age Group			
Below 30 years old	93	2	95
30 to 50 years old	433	14	447
Over 50 years old	105	17	122
	631	33	664
By Region			
Chinese			65.5%
Filipino			34.5%
			100.0%

The Group pursues a policy of gender equality. Workload and working hours depend on positions while promotion and recruitment depend on performance and experience. At 31 December 2024, the Group had 74 (2023: 66) full-time employees, of whom 41 (2023: 37) employees were male and 33 (2023: 29) employees were female. At 31 December 2024, the Board consists of seven members, of whom six members are male and one member is female.

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B1 & B4 Employment and labour standards *(Continued)*

Workforce by employment ***(Continued)***

The Group' s employee turnover rate of onshore staff for 2024 was 1.57%.

Turnover rate of employee for 2024

	%
By Gender	
Male	0.63%
Female	0.94%
	1.57%
By Age Group	
Below 30 years old	0.63%
30 to 50 years old	0.31%
Over 50 years old	0.63%
	1.57%

KPIs
Employee turnover
Less than 10% annually

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B1 & B4 Employment and labour standards *(Continued)*

Anti-discrimination

Procedures regarding recruitment, promotion and salary review are carefully reviewed with due consideration to avoid gender discrimination. The Group aims to ensure equal opportunities and rights in workplace. In addition to basic salary, the Group offers various performance bonus, employee allowances, overtime payment to compensate and reward performing employees. The Group maintains a good relationship with its employees and seafarers and has not experienced any disruption of its operation as a result of industrial disputes.

The Group does not tolerate any use of child or forced labour. During recruitment, human resources department will verify the personal information of candidates according to the requirements of Company's policies and procedures and check their identity cards to verify their age in order to avoid child labour. Prior to commencement of employment, employees are provided with key information, such as job duties and working hours of the position concerned, and the employment conditions are in line with the terms in the employment contract to prevent any forced labour.

Furthermore, our staff undergoing unfair treatment can report through our whistleblowing policy. The policy provides details and guidance to whistleblowers on the reporting of the possible whistleblowing matters to the Group. The whistleblowing policy can be accessed on the Company's website at www.jinhuiship.com.

We are not aware of any material non-compliance with rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare issues during the reporting period.

We provide fringe benefits and welfare to our people including but not limited to medical and life insurance, pension schemes, paid leave for various purposes, travel or meals for business-related work, and other benefits to improve employees' well-being.

B2 Health and safety

Occupational health and safety measures adopted

We put safety as our top priority in business operation. Accident preventions and efforts for improvement in working environment are given high priority in the business management, conventions and all parts of operations. We strive to comply with applicable safety and environmental laws and regulations to which seafarers of all ranks must be trained and certificated in order to be able to carry out their respective duties on board in our vessels. We ensure all seafarers on board are trained and certificated in accordance with the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW Convention").

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B2 Health and safety *(Continued)*

Occupational health and safety measures adopted ***(Continued)***

The Group is committed to preventing any work-related injury to its employees, and has complied with relevant laws and regulations to provide a safe working environment and protecting employees from occupational hazards.

During the year, the Group was not aware of any non-compliance to health and safety related rules and regulations.

Number and rate of work injuries

In order to foster the environmentally friendly practices in our vessels, we follow an internal safety management manual, which defines our objectives and commitments in complying with all applicable national and international rules and regulations, code and guidelines and standards recommended by IMO, flag states and other maritime industry organizations. These codes and guidelines and standards, together with our safety manual have been kept ashore and on our fleet and strictly followed by our team.

For the purpose to attract and retain the best people for the sustainable growth of the Company, we place emphasis on a healthy and safe workplace on board in our vessels and ashore at our office. The Group is committed to preventing any work-related injury to its employees, and has complied with relevant laws and regulations to provide a safe working environment and protecting employees from occupational hazards.

During the years 2024, 2023 and 2022 there were no work-related fatalities.

KPIs
Work-related accident
Zero work-related fatalities

Lost days due to work injuries

In 2024, the percentage of people suffering from work-related injuries or accidents is 0.8% (2023: 0.5%). The number of working days lost due to work-related injuries for the year 2024 is 83 (2023: 12).

KPIs
Lost day
Zero serious work injuries
Zero lost days due to work injuries

SOCIAL *(Continued)*

Employment and labour practices *(Continued)*

B3 Development and training

The Group recognizes the importance of skilled and professionally trained employees to its business growth and future success. Hence, it is firmly believed that it is necessary to improve employees' professional standards continuously through training. We encourage and support all employees taking training courses and workshops that are relevant to their job duties to enrich their knowledge and perspective in discharging their duties.

Management and Company Secretary had access to a variety of training activities, including attending seminars, workshops and conferences and receiving regulatory updates relevant to their business and duties, anti-corruption practices as well as their directors' duties and responsibilities when acting as directors. They received sufficient internal and external training to better equip themselves to fulfil their roles in supporting the Group.

We ensure that all seafarers on board are well-trained in the ISM scope, the Company's own safety management system, safety and pollution prevention policy, drugs and alcohol policy, and ISPS Code, and are certified in accordance with the STCW Convention. Our owned vessels are also subject to the laws, regulations, and rules of each country and port they visit. We have developed policies and procedures intended to ensure our compliance with these laws, regulations, and rules.

Training data for the year 2024

	Percentage of employees trained	Average training hours
By Gender		
Male	98%	24.56
Female	2%	24.90
By Employment Category		
Office Staff	5%	26.98
Seafarers	95%	24.46

Drills

In order to reduce the number of incidents that may happen or minimize the level of accidents on vessels, we arrange emergency drills for seafarers to deal with unexpected situations. We also hold emergency personnel training. Anti-piracy drills are also performed periodically for our seafarers for the proper procedures when there is a pirate attack.

SOCIAL *(Continued)*

Operating practices

B5 Supply chain management

The Group realizes the importance of the role of suppliers to our operations and prosperity. We pay great attention to the supplier relationship, particularly actively and regularly listening to them in order to improve, innovate and co-construct.

Standard procedures were developed for purchase management and vendor management by the Group. The procedures define the responsibilities and activities of procurement to ensure that goods and services are purchased from suppliers of approved reputation and capability, regulate the process for evaluation, selection and monitoring of suppliers under certain criteria and control the purchase and verification.

We believe our selection of suppliers affects the performance of the Group. We carefully choose our suppliers that align with our requirements, thus enabling us to maintain our quality. We assess potential suppliers carefully before confirming any engagement. The procedures give guidelines for selecting suppliers according to their ability to provide quality goods and services, their conformity to all relevant legislation and their ability to deliver on time and at the right price. The Group sets up guidelines on the assessment to ensure the suppliers are committed to the environment, social and human rights and good ethical practices, including those dealing with human rights, environmental protection, sustainable development, corruption and child protection.

Identified potential suppliers will be included in an approved suppliers list which is maintained within the Group's purchasing system. Key suppliers are monitored based on historical and current performance and records are updated accordingly.

For the year ended 31 December 2024, number of suppliers by geographical region as below:

Geographical region	Number of suppliers
Africa	8
Asia excluding China	97
China	228
Europe	33
North America	20
South America	1
Total	387

SOCIAL *(Continued)*

Operating practices *(Continued)*

B7 Anti-corruption

The Company has a sound and sufficient risk management and internal control measures in place. We understand the importance of anti-corruption and anti-money laundering and always uphold a high standard of corporate governance and maintain an ethical corporate culture.

The Group's whistleblowing policies and internal ethical guidelines are stated in our staff handbooks. The Group has an established reporting channel through which employees and stakeholders of the Group can raise any concerns, in confidence and anonymity, about actual or suspected fraud, misconduct, malpractice or irregularities in any matters related to the Group. The Group is committed to protecting whistleblower's privacy and personal data if any personal and contact details are left.

Our employees can access the management or members of the Audit Committee to report any malpractices or misconduct internally. During the years 2024 and 2023, there was no report on any corrupt practices brought against the Group or its employees.

KPIs
Corruption
Zero corruption reported

Community

B8 Community investment

We encourage management and employees to take part in environmental preservation with best efforts. During the years 2024 and 2023, the Group made charitable donations of HK$510,000 and HK$79,000 respectively. We support all kinds of environmentally friendly practices or energy saving ideas throughout our operations and dedicate to conserve water, energy, resources and materials by reduce, recycle and reuse in our office and to strengthen environment preservation consciousness as an integral part of our corporate culture.

CONCLUSION

This ESG report aims to provide key material information to our stakeholders to understand the Group's environmental policies and performance; and compliance with the relevant laws and regulations. The Group has already disclosed the management approach and performance in relation to this key material information in the report. Key material information represents areas that we identified and deemed to be of significant impact to the Group's business and our stakeholders. We believe comments of our stakeholders will help us to evaluate our performance on environmental, social and governance aspects objectively and comprehensively and stakeholders are welcome to contact us and provide any feedback on our ESG performance and their expectations for our future ESG reports. We thank our captains and seafarers, ship management experts, and onshore colleagues to operate our shipping business and continue to remain professional under an extremely challenging environment and we also thank our customers and stakeholders for their ongoing supports to the Group.

Hong Kong Stock Exchange ESG Reporting Guidelines

We have measured and tracked mandatory disclosure requirements ("MDRs") and key aspects of our sustainability performance which meet the Stock Exchange ESG Reporting Guide's latest disclosure requirements.

Stock Exchange Index Ref.	Description	Chapter
MDRs	Reporting Boundary	About this report-Report profile
MDRs	Reporting Principles	About this report-Reporting Principles
MDRs	Board Statement	About this report-Statement of the Board
Environmental		
A1: Emissions		
A1.1	Types of emissions and data	A1 Emissions-CO_2 and GHG Emissions
A1.2	Total emissions and density of greenhouse gases	A1 Emissions-EEOI
A1.3	Total hazardous wastes produced and intensity	A2 Use of resources-Hazardous and non-hazardous waste produced
A1.4	Total non-hazardous waste produced and intensity	A2 Use of resources-Hazardous and non-hazardous waste produced
A1.5	Description of emission targets set and steps taken to achieve these goals	A1 Emissions-Achieve decarbonization
A1.6	Description of disposal methods of hazardous and harmless wastes, and that of waste reduction objectives set and steps taken to achieve these objectives	A2 Use of resources-from Hazardous and non-hazardous waste produced to Water consumption
A2: Use of Resources		
A2.1	Total consumption and intensity of direct and / or indirect energy sources (such as electricity, gas or oil) by type	A1 Emissions-Achieve decarbonization A2 Use of resources-from Hazardous and non-hazardous waste produced to Water consumption

Hong Kong Stock Exchange ESG Reporting Guidelines *(Continued)*

Stock Exchange Index Ref.	Description	Chapter
A2.2	Total water consumption	A2 Use of resources-Water consumption
A2.3	Description of energy efficiency goals set and steps taken to achieve these goals	A1 Emissions-Achieve decarbonization A2 Use of resources
A2.4	Description of any problems in obtaining suitable water sources, the water efficiency targets set and steps taken to achieve these targets	A2 Use of resources-Water consumption
A2.5	Total packaging material used	Not applicable as the Group's operation do not incur any production of finished products and any usage of packaging materials
A3: Environment and Natural Resources		
A3.1	Description of significant impact of business activities on the environment and natural resources, and the actions taken to manage the impact	A3 The environment and natural resources-Ballast water management
A4: Climate Change		
A4.1	Description of major climate-related issues that have and may have an impact on the issuer, and the response actions	A4 Climate change
Social		
Employment and Labour Standards		
B1: Employment		
B1.1	Total workforce by employment type	B1 & B4 Employment and labour standards
B1.2	Employment turnover rate	B1 & B4 Employment and labour standards
B2: Health and Safety		
B2.1	Number and rate of work-related fatalities	B2 Health and safety-Number and rate of work injuries
B2.2	Lost days due to work injury	B2 Health and safety-Lost days due to work injuries
B2.3	Description of occupational health and safety measures adopted	B2 Health and safety
B3: Development and Training		
B3.1	Percentage of employees trained by category	B3 Development and training
B3.2	Average training hours per employee	B3 Development and training
B4: Labour Standards		
B4.1	Description of measures to review employment practices to avoid child and forced labour	B1 & B4 Employment and labour standards
B4.2	Description of steps taken to eliminate child and forced labour when discovered	B1 & B4 Employment and labour standards

Hong Kong Stock Exchange ESG Reporting Guidelines *(Continued)*

Stock Exchange Index Ref.	Description	Chapter
Operating Practices		
B5: Supply Chain Management		
B5.1	Number of suppliers geographical region	B5 Supply chain management
B5.2	Description of practices relating to engaging suppliers	B5 Supply chain management
B5.3	Description of practices to identify environmental and social risks along supply chain	B5 Supply chain management
B5.4	Description of practices used to select environmentally preferable suppliers	B5 Supply chain management
B6: Product Responsibility		**Not applicable as the Group does not manufacture any products or provide any services that require product responsibility**
B7: Anti-Corruption		
B7.1	Number of legal cases regarding corrupt practices	B7 Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures	B7 Anti-corruption
B7.3	Description of anti-corruption training provided	B7 Anti-corruption
Community		
B8: Community Investment		
B8.1	Focus areas of contribution	B8 Community investment
B8.2	Resources contributed	B8 Community investment

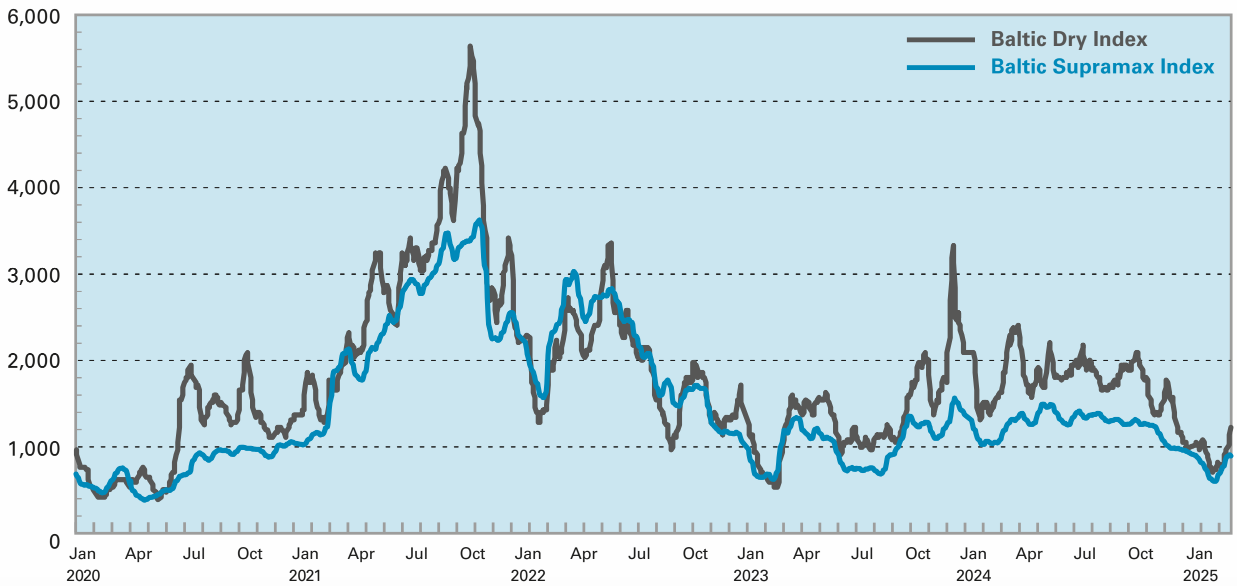
Management Discussion and Analysis

BUSINESS REVIEW

The Group operates its worldwide shipping activities through Jinhui Shipping and Transportation Limited, an approximately 55.69% owned subsidiary of the Company as at date of this annual report, whose shares are listed on the Oslo Stock Exchange (Oslo Børs), Norway. The Group's revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels.

Dry bulk shipping market remained healthy and performed well during the year supported by demand growth for dry bulk commodities and limited supply of vessels, the combined effect led to a surge of market freight rates. Market freight rates have recovered from the low level as seen from last year despite the simultaneous occurrence of multiple geo-political issues that affected business sentiment. Both Baltic Dry Index and charter rates across all vessel classes had been showing encouraging improvements as compared to year 2023. Baltic Dry Index opened at 2,094 points in January, continued to rise to the highest of the year at 2,419 points in March and then continued to decline and hit to the lowest of the year at 976 points in December and closed at 997 points by the end of 2024. The average Baltic Dry Index for the year 2024 was 1,755 points, which compares to 1,378 points in 2023.

Baltic Dry Index & Baltic Supramax Index



Source: Bloomberg

BUSINESS REVIEW *(Continued)*

Average daily time charter equivalent rates	2024	2023
	US$	*US$*
Capesize fleet	**24,298**	–
Panamax fleet	**15,528**	13,126
Ultramax / Supramax fleet	**14,466**	8,892
In average	**14,741**	9,063

As at 31 December 2024, the Group had twenty five owned vessels and eight chartered-in vessels. The Group's revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels. Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract.

The Group achieved a revenue from chartering freight and hire of HK$1,239,419,000 for the year 2024, marking a significant 94% increase compared to HK$638,573,000 for the year 2023. The rise mainly attributable to the increase in number of owned vessels and chartered-in vessels, along with the improved revenue earned from the average daily time charter equivalent rate earned by the Group's fleet, improving 63% to US$14,741 (approximately HK$115,000) for the year 2024 as compared to US$9,063 (approximately HK$71,000) for the year 2023. The Company generated a consolidated operating profit before depreciation and amortization amounted to HK$543,361,000 for 2024 as compared to consolidated operating loss before depreciation and amortization for 2023 of HK$115,784,000.

The Company recorded a consolidated net profit of HK$142,183,000 for the year 2024, which included a net reversal of impairment loss of HK$15,148,000 on owned vessels and a reversal of impairment loss of HK$35,809,000 on right-of-use-assets, as compared to the consolidated net loss of HK$461,805,000 which included a net impairment loss of HK$109,286,000 on owned vessels and an impairment loss of HK$44,406,000 on right-of-use assets for the year 2023. Basic earnings per share for the year was HK$0.112 as compared to basic loss per share of HK$0.512 for the year 2023.

Revenue of HK$178,208,000, HK$129,170,000 and HK$91,786,000 were derived from three charterers that contributed 14%, 10% and 7% respectively to the Group's revenue for the year 2024. Management has a credit policy in place for approving the credit limits to charterers and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. For trade receivables from customers, credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount. The management consider that the credit risks inherent in the Group's outstanding trade receivables within one year past due was immaterial.

BUSINESS REVIEW *(Continued)*

Key Performance Indicators for Shipping Business	2024	2023
	HK$'000	*HK$'000*
Average daily time charter equivalent rate	**115**	71
Daily vessel running cost	**44**	43
Daily vessel depreciation	**26**	27
Daily vessel finance cost	**–**	1
	70	71
Average utilization rate	**98%**	99%

Daily vessel running cost of the Group's owned vessels increased from US$5,569 (approximately HK$43,000) for the year 2023 to US$5,606 (approximately HK$44,000) for the year 2024 as certain initial running costs and expenses were incurred for the newly delivered vessels. Daily vessel depreciation of the Group's owned vessels decreased from US$3,486 (approximately HK$27,000) for the year 2023 to US$3,343 (approximately HK$26,000) for the year 2024. The decrease was mainly attributable to the decrease in depreciation on owned vessels due to the reduction in carrying amounts of owned vessels after the recognition of impairment loss on owned vessels by end of 2023. As vessel mortgage loans were fully repaid during the year, the finance cost associated with the vessel mortgage loans was minimal for the year 2024. Fleet utilization rate slightly decreased from 99% for the year 2023 to 98% for the year 2024. Our vessel running costs remain well controlled and we will continue to maintain a highly competitive cost structure when stacked against other market participants.

Management Discussion and Analysis

FLEET OVERVIEW

The Group operates a balanced and diversified fleet of dry bulk carriers, comprising Capesize, Panamax, Ultramax and Supramax bulk carriers. To stay competitive in the market, the Group focused on enhancing the quality of our fleet and adjusting our fleet profile, in particularly in terms of seeking to lower the overall age profile of our fleet. As at 31 December 2024, the Group operated twenty-five owned vessels and eight chartered-in vessels, with total deadweight carrying capacity of approximately 2,276,000 metric tonnes. As at 31 December 2024, the carrying amount of the motor vessels and capitalized drydocking costs was HK$3,067,893,000 (2023: HK$2,534,585,000).

	Number of vessels		
	Owned	**Chartered-in**	**Total**
Capesize fleet	2	–	2
Panamax fleet	1	3	4
Ultramax / Supramax fleet	22	5	27
Total number of vessels	**25**	**8**	**33**

During the year, the Group entered into agreements to acquire or charter-in vessels with a view to maintaining high financial flexibility and also maximize operational competitiveness at a lower level of capital investment.

Acquisition and disposal of vessels

During the year, the Group concluded to acquire four second-hand vessels and committed to acquire two newbuildings with independent third parties.

The Group entered into an agreement for the acquisition of a Capesize of deadweight 181,279 metric tonnes, built in year 2012, at a purchase price of US$30,950,000, approximately HK$241,410,000. The Capesize was delivered to the Group in August 2024. In addition, the Group entered into an agreement for the acquisition of a Panamax of deadweight 81,567 metric tonnes, built in year 2019, at a purchase price of US$31,122,000, approximately HK$242,755,000. The Panamax was delivered to the Group in May 2024. The Group also contracted to acquire a Capesize of deadweight 178,021 metric tonnes, built in year 2008, at a purchase price of US$24,000,000, approximately HK$187,200,000. The vessel was delivered to the Group in November 2024. Further to the end of the year, the Group entered into an agreement for the acquisition of an Ultramax of deadweight 61,441 metric tonnes, built in year 2017, at a purchase price of US$24,520,000, approximately HK$191,256,000 and the Ultramax was delivered to the Group in January 2025. These mark a significant step for the Group, as it has not acquired vessels for the transportation of dry bulk commodities with larger capacities for many years.

FLEET OVERVIEW *(Continued)*

Acquisition and disposal of vessels *(Continued)*

During the year, the Group entered into two shipbuilding contracts for the construction of two Ultramax newbuildings, each at a consideration of US$34,000,000, approximately HK$265,200,000, of deadweight 63,500 metric tonnes, to be delivered in 2026 and 2027 respectively. The acquisition of two newbuildings is consistent with the Group's ongoing strategy to renew the fleet with modern, larger and high-quality vessels, by gradually phasing out its older vessels and replacing them with newer and younger vessels. In addition, the two newbuildings are more fuel-efficient and of higher operational efficiency than the other bulk carriers of the Group currently in operation, which meets the latest environmental regulations and prevailing specification requirements in the shipping industry.

A Supramax of deadweight 52,050 metric tonnes which was contracted for disposal in December 2023 at a consideration of US$10,430,000, approximately HK$81,354,000, was delivered to the purchaser during the year.

Lease of vessels

To further enhance and improve our fleet profile while limiting the capital expenditure on acquisition of vessels and maximizing flexibility, the Group entered into certain inward time charters engagements during the year with total deadweight carrying capacity of approximately 827,000 metric tonnes. As at the reporting date, the Group operated eight chartered-in vessels, in which, three of them were long-term time charters with remaining lease term for more than twelve months. The right-of-use assets which are calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparties and corresponding lease liabilities were recognized in the consolidated statement of financial position upon their deliveries of the vessels in accordance with HKFRS 16 Leases. As at 31 December 2024, the carrying amounts of the right-of-use assets and the lease liabilities were HK$234,168,000 (2023: HK$164,541,000) and HK$252,598,000 (2023: HK$227,281,000) respectively.

During the year, the Group entered into three long-term inward time charters with independent third parties.

A charterparty was entered into for the leasing of an Ultramax with deadweight 61,452 metric tonnes, built in year 2016, for a minimum term of twenty-two months, and the vessel was delivered to the Group in late April 2024.

The Group took delivery of another Ultramax in May 2024 under a long-term inward time charter for a minimum term of twenty months. The vessel was built in year 2016 with deadweight 61,473 metric tonnes.

Besides, the Group entered into a charterparty in respect of leasing of a Capesize of deadweight 207,672 metric tonnes, built in year 2017 for a minimum term of thirty-three months. The vessel was delivered to the Group in January 2025.

We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal of smaller and older vessels and replace with newer vessels with larger carrying capacity and longer asset lives or charter-in of vessels. We will make such decisions on an ad hoc basis to maintain high financial flexibility and operational competitiveness.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue and operating profit. The Group achieved a revenue from chartering freight and hire of HK$1,239,419,000 for the year 2024, marking a significant 94% increase compared to HK$638,573,000 for the year 2023. The rise mainly attributable to the increase in number of owned vessels and chartered-in vessels, along with the improved revenue earned from the average daily time charter equivalent rate earned by the Group's fleet, improving 63% to US$14,741 (approximately HK$115,000) for the year 2024 as compared to US$9,063 (approximately HK$71,000) for the year 2023. The Company generated a consolidated operating profit before depreciation and amortization amounted to HK$543,361,000 for 2024, which included a net reversal of impairment loss of HK$15,148,000 on owned vessels and a reversal of impairment loss of HK$35,809,000 on right-of-use assets whereas a consolidated operating loss before depreciation and amortization of HK$115,784,000 was recorded for the year 2023, which included a net impairment loss of HK$109,286,000 on owned vessels and an impairment loss of HK$44,406,000 on right-of-use assets for the year 2023.

The net profit attributable to shareholders of the Company for the year 2024 was HK$59,217,000, whereas net loss of HK$271,527,000 was reported for the year 2023. Basic earnings per share for the year was HK$0.112 as compared to basic loss per share of HK$0.512 for the year 2023.

Other operating income. Other operating income increased from HK$61,018,000 for the year 2023 to HK$136,608,000 for the current year. The increase was mainly due to receipt of a settlement income of HK$27,300,000 from a legal dispute over the non-performance of a charterparty and recognition of net gain of HK$41,165,000 on financial assets at fair value through profit or loss, comprised of a realized gain of HK$22,026,000 upon disposal of certain equity and debt securities and an unrealized fair value gain of HK$19,139,000 on financial assets at fair value through profit or loss for the current year. On the contrary, a net loss of HK$5,437,000 on financial assets at fair value through profit or loss was recorded and included in other operating expenses for 2023.

Reversal of impairment loss on owned vessels and right-of-use assets. As at 31 December 2024, the Group reviewed the dry bulk shipping market environment, the overall macroenvironment and the market value of dry bulk vessels, the management considered that reversal of impairment indication of the Group's fleet existed at end of 2024 and performed a review of recoverable amount of our owned vessels and right-of-use assets.

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the reversal of impairment review, certain of the Group's owned vessels' recoverable amounts which were determined based on the higher of the fair value less costs of disposal and value in use and were higher than their respective carrying amounts at the end of 2024. Accordingly, a net reversal of impairment loss of HK$15,148,000 on owned vessels classified in property, plant and equipment was recognized at 31 December 2024 to reflect the Group's change in the expectation of the global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels as compared to 2023. The Group also performed a review on the recoverable amounts of the right-of-use assets based on the value-in-use approach using discounted cash flow method by comparing the carrying value and the recoverable amounts of the right-of-use assets. Based on the assessment, the Group concluded that the recoverable amounts of the right-of-use assets are higher than the carrying amounts. Hence, the Group recognized a reversal of impairment loss of HK$35,809,000 on right-of-use assets for the year ended 31 December 2024.

FINANCIAL REVIEW *(Continued)*

Shipping related expenses. Our shipping related expenses increased from HK$456,225,000 in 2023 to HK$658,353,000 in the current year. This significant rise was primarily attributable to the rise in hire payments upon the increase in the number of short-term chartered-in vessels. Throughout the year, the Group engaged in certain inward time charters engagements, leading to approximately HK$169,916,000 in hire payments for these short-term leases during the current year. Notably, there were no corresponding payments recorded in 2023. As a result of the enlarged fleet, expenditure on crew costs, consumables and shipping related expenses were increased accordingly upon the delivery of three vessels during the year. The Group's daily vessel running cost of owned vessels rose to US$5,606 (approximately HK$44,000) in 2024, up from US$5,569 (approximately HK$43,000) in 2023 as certain initial running costs and expenses were incurred for the newly delivered vessels. In response to these rising expenses, we are committed to implementing stringent cost-control measures and enhancing operational efficiency. Our goal is to maintain a highly competitive cost structure that aligns with industry standards and positions us favorably against other market participants.

Other operating expenses. Other operating expenses increased slightly from HK$98,399,000 in 2023 to HK$114,519,000 in current year. This figure includes a fair value loss of HK66,150,000 on investment properties for the current year, compared to a fair value loss of HK$36,640,000 on investment properties and the recognition of an impairment loss on assets held for sale (disposed vessel), amounting to HK$10,047,000 recorded in 2023. Other operating expenses for the year 2024 also included professional fee of approximately HK$5.2 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$2.2 million and remaining are various office administrative expenses.

Depreciation and amortization. Depreciation and amortization increased from HK$290,875,000 for the year 2023 to HK$346,919,000 for the year 2024. The increase was attributable to the recognition of depreciation of HK$117,145,000 on right-of-use assets for long-term chartered-in vessels for the current year whereas HK$42,637,000 was recorded in last corresponding year. The Group's daily vessel depreciation of the Group's owned vessels decreased to US$3,343 (approximately HK$26,000) for the year 2024 as compared to US$3,486 (approximately HK$27,000) for the year 2023. The decrease was mainly attributable to the decrease in depreciation on owned vessels due to the reduction in carrying amounts of owned vessels after the recognition of impairment loss on owned vessels by end of 2023.

Finance costs. Finance costs decreased from HK$55,152,000 for the year 2023 to HK$54,259,000 for the year 2024. This decrease was primarily due to the reduced recognition of interest expenses on lease liabilities, which amounted to HK$10,275,000 in 2024 compared to HK$11,105,000 in 2023.

Financial assets at fair value through profit or loss. As at 31 December 2024, the Group's portfolio of investment in financial assets at fair value through profit or loss was HK$166,692,000 (2023: HK$202,610,000), in which HK$145,616,000 (2023: HK$182,309,000) was investment in listed equity securities and HK$21,076,000 (2023: HK$13,502,000) was investment in investment funds. There was no (2023: HK$6,799,000) investment in debt securities at the end of year 2024. The principal activities of these financial assets at fair value through profit or loss include mainly banking groups that provide money lending and financial services; securities trading and investment; property development and investment; shipping and transportation, provision of value-added services and online advertising services to users in the PRC.

FINANCIAL REVIEW *(Continued)*

As at 31 December 2024, the fair value of each of these equity securities and investment funds represented less than 5% of the total assets of the Group.

During the year, the Group's net gain on financial assets at fair value through profit or loss was HK$41,165,000 (2023: net loss on financial assets at fair value through profit or loss of HK$5,437,000), comprised of a realized gain of HK$22,026,000 (2023: HK$6,477,000) upon disposal of certain equity and debt securities during the year, and an unrealized fair value gain of HK$19,139,000 (2023: unrealized fair value loss of HK$11,914,000) on financial assets at fair value through profit or loss for the year. The aggregate interest income and dividend income from financial assets was HK$16,595,000 (2023: HK$16,845,000).

Investment properties. As at 31 December 2024, the Group's investment properties were stated at fair value of HK$273,530,000 (2023: HK$339,680,000) and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong.

As at 31 December 2024, the fair value of each of these investment properties represented less than 5% of the total assets of the Group.

During the year, the Group recognized gross rental income from operating leases on all investment properties of HK$6,270,000 and recognized loss on fair value of investment properties amounting to HK$66,150,000 as at 31 December 2024. The Group's investment properties continue to generate steady and recurring stream of income for the Group and majority of these are office asset located in one of the most sought after central business district of Hong Kong.

Right-of-use assets and lease liabilities. As at the reporting date, the Group operated eight chartered-in vessels, in which, three of them were long-term time charters with remaining lease term for more than twelve months. In accordance with HKFRS 16 Leases, the Group recognized the right-of-use assets which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparties and corresponding lease liabilities was also recognized in the consolidated statement of financial position upon their deliveries of the vessels.

As at 31 December 2024, the carrying amounts of the right-of-use assets and the lease liabilities were HK$234,168,000 (2023: HK$164,541,000) and HK$252,598,000 (2023: HK$227,281,000) respectively.

During the year, the Group entered into three long-term inward time charters with independent third parties.

A charterparty was entered into for the leasing of an Ultramax with deadweight 61,452 metric tonnes, built in year 2016, for a minimum term of twenty-two months, and the vessel was delivered to the Group in late April 2024.

The Group took delivery of another Ultramax in May 2024 under a long-term inward time charter for a minimum term of twenty months. The vessel was built in year 2016 with deadweight 61,473 metric tonnes.

FINANCIAL REVIEW *(Continued)*

Besides, the Group entered into a charterparty in respect of leasing of a Capesize of deadweight 207,672 metric tonnes, built in year 2017 for a minimum term of thirty-three months. The vessel was delivered to the Group in January 2025.

During the year, the total cash outflow for the lease was HK$305,878,000 (2023: HK$38,051,000).

Unlisted equity investments. In 2018, a subsidiary of the Company entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Co-investment"), pursuant to which the Group is committed to acquire non-voting participating class A shares of Dual Bliss Limited of US$10,000,000 (approximately HK$78,000,000). Dual Bliss Limited is one of the investors of the Co-investment.

The Investment Manager of the Co-investment, Phoenix Property Investors Limited, reported an estimated loss of US$2,311,000, approximately HK$18,029,000, on the fair value of equity instruments for the year ended 31 December 2024, mainly arising from the financing costs incurred for the shareholder loans. The reported loss on the Co-investment was recognized by the Group as a change in fair value of financial assets at fair value through OCI and was included in other comprehensive loss in the consolidated statement of profit or loss and other comprehensive income. As at the reporting date, the estimated carrying amount of the unlisted equity investments was US$4,948,000, approximately HK$38,593,000 (2023: US$7,259,000, approximately HK$56,622,000) whereas the loan receivable arise from Co-investment (note 24), together with the interest accrued thereon was US$2,459,000, approximately HK$19,186,000 (2023: US$2,138,000, approximately HK$16,683,000). The Group will closely monitor the performance of the Co-investment and will assess impairment allowances where appropriate.

Loan receivables. As at 31 December 2024, the Group's loan receivables of HK$12,304,000 (2023: HK$12,304,000) arise from Co-investment, are unsecured and denominated in United States Dollars and has no fixed repayment terms. At the reporting date, these receivables have been reviewed by management to assess impairment allowances which are based on the evaluation of current creditworthiness, collection statistics and the net asset value of the Co-investment, and are not considered as impaired. The carrying amount of the loan receivables is considered to be a reasonable approximation of its fair value.

Trade and other payables. As at 31 December 2024, the Group's trade and other payables was HK$173,361,000 (2023: HK$128,259,000), including trade payables of HK$6,394,000 (2023: HK$1,037,000), accrued charges of HK$37,976,000 (2023: HK$23,122,000) and other payables of HK$128,991,000 (2023: HK$104,100,000). Other payables mainly included payables related to vessel running cost and ship operating expenses of HK$89,905,000 (2023: HK$71,015,000) for owned vessels, hire receipt in advance of HK$21,315,000 (2023: HK$20,338,000) from charterers, loan interest payables of HK$638,000 (2023: HK$1,419,000) and accrued employee benefits payables of HK$15,229,000 (2023: HK$9,405,000).

FINANCIAL REVIEW *(Continued)*

Liquidity, financial resources and capital structure. As at 31 December 2024, upon financing the delivery of three vessels, the Group maintained positive working capital position of HK$30,096,000 (2023: HK$255,439,000) and had cash and cash equivalents of HK$189,908,000 (2023: HK$329,449,000). Net cash generated from operating activities after working capital changes was HK$587,319,000 (2023: HK$113,853,000), of which HK$104,410,000 (2023: HK$92,221,000) related to changes in working capital.

For the year 2024, net cash used in investing activities was HK$665,262,000 (2023: HK$39,340,000). This included HK$738,646,000 on acquisition of three vessels and drydocking expenditure and HK$19,126,000 on deposit paid for acquisition of an Ultramax which was delivered to the Group in January 2025, partially offset by HK$81,228,000 proceeds from completed disposal of one Supramax.

Net cash used in financing activities was HK$61,598,000 (2023: HK$24,149,000) for 2024. During the year, the Group had drawn new secured bank loans of HK$509,638,000 (2023: HK$450,035,000) upon delivery of vessels and repaid HK$435,554,000 (2023: HK$411,083,000). Further, repayment of HK$135,921,000 (2023: HK$38,051,000) on lease liabilities was incurred.

The Group's total secured bank loans increased from HK$808,682,000 as at 31 December 2023 to HK$882,766,000 as at 31 December 2024, of which 18%, 8% and 74% are repayable respectively within one year, in the second year and in the third to fifth year. The bank borrowings represented revolving loans, term loans and property mortgage loans that were denominated in Hong Kong Dollars. All bank borrowings were committed on floating rate basis.

As at 31 December 2024, the total of the Group's equity and debt securities, bank balances and cash decreased to HK$335,524,000 (2023: HK$518,557,000).

The gearing ratio, as calculated on the basis of net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity, was 19% (2023: 10%) as at 31 December 2024. With cash, marketable equity and debt securities in hand as well as available credit facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements. As at 31 December 2024, the Group is able to service its debt obligations, including principal and interest payments.

Pledge of assets. As at 31 December 2024, the Group's property, plant and equipment with an aggregate net book value of HK$1,977,323,000 (2023: HK$1,733,638,000), investment properties with an aggregate carrying amount of HK$245,670,000 (2023: HK$303,750,000), financial assets at fair value through profit or loss of HK$54,556,000 (2023: HK$97,997,000) and deposits of HK$2,564,000 (2023: HK$2,803,000) placed with banks were pledged together with the assignment of fifteen (2023: fourteen) subsidiaries' income to secure credit facilities utilized by the Group.

FINANCIAL REVIEW *(Continued)*

Capital expenditures and commitments.

Capital expenditures

During the year, the Group incurred capital expenditure of HK$738,646,000 (2023: HK$188,918,000) on additions of motor vessels and capitalized drydockings and HK$3,105,000 (2023: HK$884,000) on other property, plant and equipment.

Capital commitments

During the year, the Group entered into two shipbuilding contracts for the construction of two Ultramax newbuildings, each at a consideration of US$34,000,000, approximately HK$265,200,000, of deadweight 63,500 metric tonnes, to be delivered in 2026 and 2027 respectively. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$68,000,000, approximately HK$530,400,000 (2023: nil).

The Group further entered into a charterparty in respect of leasing of a Capesize of deadweight 207,672 metric tonnes, built in year 2017, for a term of minimum thirty-three months; the vessel was delivered to the Group in January 2025. The right-of-use assets of approximately US$26,640,000, approximately HK$207,775,000 will be recognized on the date of delivery of the vessel. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was approximately US$26,640,000, approximately HK$207,775,000 (2023: nil).

During the year, the Group entered into an agreement for the acquisition of an Ultramax of deadweight 61,441 metric tonnes, built in year 2017, at a purchase price of US$24,520,000, approximately HK$191,256,000. The vessel was delivered to the Group in January 2025. As at the reporting date, a deposit of US$2,452,000, approximately HK$19,126,000, for the vessel was paid, the capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$22,068,000, approximately HK$172,130,000 (2023: nil).

In 2018, a subsidiary of the Company entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC, pursuant to which the Group is committed to acquire non-voting participating class A shares of Dual Bliss Limited of US$10,000,000, approximately HK$78,000,000. Dual Bliss Limited is one of the investors of the Co-investment. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000, approximately HK$2,905,000 (2023: US$372,000, approximately HK$2,905,000).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US$117,080,000, approximately HK$913,210,000 (2023: US$372,000, approximately HK$2,905,000).

Save as disclosed above, there was no other significant capital expenditure commitments contracted by the Group but not provided for as at the reporting date.

SIGNIFICANT LITIGATION UPDATE

Galsworthy Limited ("Galsworthy"), a subsidiary of the Company, was the disponent owner of the vessel "CANTON TRADER" which was later renamed "JIN KANG". On 17 June 2008, Galsworthy entered into a time charter with Parakou Shipping Pte Limited ("Parakou Shipping") for a period of approximately five years, with delivery not due until March 2009. On or about 13 March 2009, Parakou Shipping wrongfully refused to take delivery of the vessel and Galsworthy accepted their conduct as a repudiation of the charter, bringing it to an end.

The dispute was the subject of various proceedings, but principally in London arbitration. By Arbitration Awards dated 31 August 2010 and 13 May 2011, the London arbitrators upheld Galsworthy's claims and awarded damages of approximately US$41.25 million (approximately HK$321.75 million) plus interest and costs.

Parakou Shipping went into liquidation in 2011. Galsworthy has submitted a proof of debt in the liquidation in respect of its claim under the arbitration awards. Galsworthy has also been trying inter alia to enforce the arbitration awards against Parakou Shipping and its former directors and obtain compensation for its substantial losses. The outstanding amount is in excess of US$60 million (approximately HK$468 million).

In one action Galsworthy has been funding Singapore proceedings commenced by the liquidator of Parakou Shipping against four of Parakou Shipping's former directors and related corporate entities (the "Defendants"), seeking to claw back assets into Parakou Shipping for distribution amongst the creditors. Judgment was obtained in February 2017 in a sum of SGD17 million against the Defendants, but the Defendants have now appealed the same. The Liquidator cross appealed to increase the judgment amount.

(For more information with regards to the February 2017 judgment issued by Singapore High Court, please visit www.elitigation.sg/gd/s/2017_SGHC_15)

On 17 January 2018, the Singapore Court of Appeal substantially dismissed the Defendants' appeal and found in the Liquidator's favour. Amongst other things, the Singapore Court of Appeal upheld the Liquidator's argument that the London arbitration, and a litigation subsequently filed in the Hong Kong courts seeking indemnity against any liability in the arbitration, were commenced and pursued by the directors in breach of their fiduciary duties. The Court considered that evidence had been disregarded which showed that the directors' key concern was to avoid a statutory clawback period. The Court also agreed that certain asset sales that had taken place in late 2008 were done while Parakou Shipping was insolvent and were not part of a restructuring, as claimed by the former directors of Parakou Shipping. The Court found that a company resolution advanced as evidence of a restructuring plan by the Defendants was in fact an "an afterthought" produced later than its date under "suspicious circumstances". The Liquidator is entitled to seek either damages or an account of profits arising from the relevant breaches.

(For more information with regards to the January 2018 judgment issued by Singapore Court of Appeal, please visit www.elitigation.sg/gd/s/2018_SGCA_3)

SIGNIFICANT LITIGATION UPDATE *(Continued)*

Legal actions also took place in South Africa over the arrest of the vessel "PRETTY SCENE", as well as in Hong Kong against three of the former directors of Parakou Shipping for unlawful means conspiracy. An injunction order, freezing assets belonging to the directors of Parakou Shipping, was obtained.

This multi jurisdiction legal saga dragged on for an extensive period of time. In April 2024, Galsworthy and Parakou Shipping had reached agreement to settle the Hong Kong legal action for a settlement income of US$3.5 million (approximately HK$27.3 million), paving the way to bring the global actions to an end.

The termination of the Hong Kong legal action allowed Galsworthy to formally bring the ongoing legal dispute to an end and effect the application to the Singapore High Court for the receival of the settlement sum of the Singapore January 2018 judgment. Galsworthy received a sum of SGD27.6 million, a total of approximately HK$158.34 million in January 2025.

Save as disclosed above, there was no other significant event occurred after the reporting date.

EMPLOYEES AND REMUNERATION POLICY

The employees are the Group's most important resource and are crucial to the Group's success in achieving its targets for long term value creation. The Group provides various resources for staff training and development.

The Group pursues a policy of gender equality. As at 31 December 2024, the Group had 74 (2023: 66) full-time employees, of whom 41 (2023: 37) employees were male and 33 (2023: 29) employees were female. The Group remunerates its employees in accordance with their performances, experiences and prevailing market practices and provides them with usual fringe benefits including medical insurance and contributions to provident funds. Bonuses are also offered to employees of the Group at the discretion of the Directors and depending upon the financial performance of the Group.

The Group maintains a good relationship with its employees and crew and has not experienced any disruption of its operation as a result of industrial disputes.

WORKING ENVIRONMENT

In order to attract and retain the best people for the sustainable growth of the Company, we place emphasis on a healthy and safe workplace on board in our vessels and ashore at our office and support all kinds of community activities that contribute to our community.

WORKING ENVIRONMENT *(Continued)*

We put safety as our top priority in business operation. Accident preventions and efforts for improvement in working environment are given high priority in the business management, conventions and all parts of operations. We strive to comply with applicable safety and environmental laws and regulations to which seafarers of all ranks must be trained and certificated in order to be able to carry out their respective duties on board in our vessels. We ensure all seafarers on board are trained and certificated in accordance with STCW Convention.

We provide fringe benefits and welfare to our people including but not limited to medical and life insurance, pension schemes, paid leave for various purposes, travel or meals for business-related work, and other benefits to improve employees' well-being.

RISK MANAGEMENT

The Group is principally exposed to various risks and uses appropriate measures to manage risks related to its business and operations.

Business and operational risks. The Group is exposed to the business and operational risks to the extent that certain changes may have a negative effect on the Group's cash flows and operations. These changes include the fluctuations in charter rates of the shipping market; the changes in demand and supply in the dry bulk market; the drop in vessel values which results in impairment loss of the Group's assets; the changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs; and the maintenance expenses which include costs of spare parts. The dry bulk market is highly volatile and market freight rates may fluctuate significantly within a short period of time. We will continue to adopt a flexible chartering policy and manage different business risk exposures by diversification of counterparties, sourcing reliable charterers from a wider range of ship brokers, and maintaining a good balance of geographical positioning of our fleet.

In order to remain competitive in the market, the Group continues to seek to fine tune the quality of our fleet, in particularly in terms of seeking to lower the overall age profile of our fleet. The Group believes that maintaining a suitable proportion of chartered-in vessels to owned vessels allows the Group to maintain a sizeable fleet of vessels whilst limiting its capital commitments and maximizing flexibility in its business operations. In 2024, the Group entered into agreements to acquire two Capesizes, one Panamax and one Ultramax. The Group also engaged a well-established shipyard to construct two Ultramax newbuildings, with expected deliveries in 2026 and 2027. In addition, certain chartered-in vessel engagements with third parties were engaged during the year.

We will continuously monitor the market as well as our operations going forward and look out for opportunities to maintain a reasonably modern and competitive fleet, not ruling out any future disposal of smaller and older vessels and replace with newer vessels with larger carrying capacity and longer asset lives or charter-in of vessels. We will make such decisions on an ad hoc basis to maintain high financial flexibility and operational competitiveness.

RISK MANAGEMENT *(Continued)*

Market risk. Market risk is the risk of operational loss or financial loss due to adverse changes in the market exposure. It also includes the adverse change of value of a financial instrument or portfolio of financial instruments when there are changes in market factors such as underlying interest rates, exchange rates, equity securities prices, debt securities prices or in the volatility of these factors. The Group's major market risk exposures on financial instruments mainly arise from bank borrowings committed on floating rate basis, and investments in equity and debt securities. In the ordinary course of business, the Group identifies these risks and mitigates their financial impact through the use of appropriate financial instruments in accordance with the Group's risk management policies. Additional information regarding the Group's use of financial instruments is disclosed in the "Financial Risk Management and Policies" in note 39 to the consolidated financial statements.

Credit risk. Credit risk is the risk of financial loss to the Group if the counterparty fails to discharge its contractual obligations under the terms of the financial instrument. The Group's exposures to credit risk principally arising from the trade receivables from charterers, loan receivables to third parties and deposits or other financial assets placed with financial institutions. The potential loss is generally limited to the carrying amount of receivables and liquid assets as shown in the Group's consolidated statement of financial position. Credit risk also includes concentration risk of large exposures or concentrations to certain counterparties. The Group will, wherever possible, maintain a diversified customer portfolio or only enter into financial instruments with creditworthy counterparties. The Group regularly monitors the potential exposures to each significant counterparty and performs ongoing credit quality assessment and does not expect to incur material credit losses on managing the financial instruments.

Liquidity risk. Liquidity risk is the risk that the Group fails to meet its obligations associated with its financial liabilities. The Group takes conservative treasury policies to maintain sufficient cash reserves, readily realizable marketable equity and debt securities and obtain credit facilities from well-known financial institutions. The management actively involves in treasury management to ensure adequate cash flows to meet the expected liquidity requirements, working capital and capital expenditures needs. With the dry bulk market being extremely challenging, preserving optimal liquidity is of pinnacle importance. The Group will be working closely with lenders to devise ways to maximize liquidity position in case of the challenging freight environment will continue for longer than expected.

We will continuously review the prevailing market conditions of the shipping industry and monitor and adjust the Group's fleet profile as appropriate and make adjustments to its capital structure in the light of changes in economic conditions, recent market values of the Group's assets as well as the risk characteristics of the underlying assets.

RISK FACTORS

This report may contain forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including the Company's management's examination of historical operating trends. Although the Company believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties which are difficult or impossible to predict and are beyond its control, the Company cannot give assurance that it will achieve or accomplish these expectations, beliefs or targets.

RISK FACTORS *(Continued)*

Key risk factors that could cause actual results to differ materially from those discussed in this report will include but not limited to the way world economies, currencies and interest rate environment may evolve going forward, general market conditions including fluctuations in charter rates and vessel values, financial market conditions including fluctuations in marketable securities value, counterparty risk, changes in demand in the dry bulk market, changes in operating expenses including bunker prices, crewing costs, drydocking and insurance costs, availability of financing and refinancing, inability to obtain restructuring or rescheduling of indebtedness from lenders in liquidity trough, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, piracy or political events, and other important factors described from time to time in the reports filed by the Company.

OUTLOOK

2025 is expected to be an interesting year, where we expect increase volatility in the freight markets. With trade route disruptions due to military conflicts potentially coming to an end going forward, we have continued to work hard to look at longer-term employments for part of our fleet in order to lock in some revenue visibility.

As of the date of the announcement, we have successfully covered 100% of our Capesize and Panamax vessel days for the first quarter of 2025, with an average rate of US$24,750 and US$13,528 per day respectively. For Ultramax / Supramax, 47% of vessel days was covered at average rate of US$15,488 per day for the first quarter of 2025.

Transportation of commodities will continue to be affected by non-economical and non-industry specific factors, with geopolitical events and whether interest rates will remain elevated, being the main uncertainty going forward. Supply of new vessels remains to be tight, with newbuilding supply at moderate levels. We saw some disconnection between freight rates and vessels values a few months back and second-hand vessel values have been weakening.

Looking ahead, should global economic activity regain confidence with less uncertainty, our fleet will be well positioned to benefit from these supportive industry specific fundamentals. We also continue to look for fleet renewal opportunities at reasonable prices should they resurface.

We will remain alert to the increasingly frequent economic, geo-political, or other unforeseen surprises that can trigger volatility to our business performance, as well as the carrying value of our shipping assets and financial assets. We will continue to focus on taking sensible and decisive actions to achieve growth without sacrificing the maintenance of a strong financial position.

On behalf of the Board of Directors of the Company, I would like to first express our heartfelt appreciation to all our colleagues, as well as all customers and stakeholders for their ongoing support.

Board of Directors and Senior Management

BOARD OF DIRECTORS

Mr. Ng Siu Fai, *Chairman*

Aged 68. A Director of the Company since 1991 and the chairman of Jinhui Shipping since 1994. As one of the two founders of the Group in 1987, Mr. Ng is responsible for strategic planning for the Group as well as overseeing all aspects of the Group's operations. Mr. Ng has extensive knowledge and working experience in the shipping industry as well as business management and China trade. Mr. Ng Siu Fai is a brother of Messrs. Ng Kam Wah Thomas and Ng Ki Hung Frankie, both are directors of the Company.

Mr. Ng Kam Wah Thomas, *Managing Director*

Aged 62. A Director of the Company since 1991 and the managing director of Jinhui Shipping since 1994. Mr. Ng is the other founder of the Group in 1987 and responsible for the Group's shipping activities. Mr. Ng has extensive knowledge and working experience in the shipping industry and business management. Mr. Ng holds a Bachelor's Degree in Arts from the University of Guelph in Canada and a Diploma in Management Studies, specializing in shipping, from the Plymouth Polytechnic in the United Kingdom. Mr. Ng Kam Wah Thomas is a brother of Messrs. Ng Siu Fai and Ng Ki Hung Frankie, both are directors of the Company.

Mr. Ng Ki Hung Frankie, *Executive Director*

Aged 71. A Director of the Company since 1991 and a director of Jinhui Shipping since 1994. Mr. Ng is responsible for the Group's investments and business management. Mr. Ng has extensive working experience in the shipping industry as well as business management and China trade. Mr. Ng Ki Hung Frankie is a brother of Messrs. Ng Siu Fai and Ng Kam Wah Thomas, both are directors of the Company.

Ms. Ho Suk Lin, *Executive Director*

Aged 61. The Company Secretary of the Company since 1991, a Director of the Company since 1993 and a director and the company secretary of Jinhui Shipping since 1994. Ms. Ho is responsible for the Group's financial controls and secretarial matters. Ms. Ho has extensive working experience in finance and management. Prior to joining the Group in 1991, she worked in an international accounting firm. Ms. Ho is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

Mr. Cui Jianhua, *Independent Non-executive Director*

Aged 70. An Independent Non-executive Director of the Company since 1993. Mr. Cui has extensive experience gained from his management positions in various China related entities. He is currently the managing director of Hessway International Ltd. Mr. Cui holds a Master of Arts Degree from McMaster University, Canada.

BOARD OF DIRECTORS *(Continued)*

Mr. Tsui Che Yin Frank, *Independent Non-executive Director*

Aged 67. An Independent Non-executive Director of the Company since 1994 and a non-executive director of Jinhui Shipping since 2006. Mr. Tsui has extensive experience in investment and banking industries and held senior management positions at various international financial institutions. Mr. Tsui is an independent non-executive director of Melco International Development Limited listed in Hong Kong. Mr. Tsui graduated with a Bachelor's and a Master's Degree in Business Administration from the Chinese University of Hong Kong and with a Law Degree from the University of London. He holds a Doctoral Degree in Business Administration from The University of Newcastle, Australia.

Mr. William Yau, *Independent Non-executive Director*

Aged 57. An Independent Non-executive Director of the Company since 2004 and a non-executive director of Jinhui Shipping since 2006. Mr. Yau has extensive experience gained from his senior management positions in various industries. He is at present a director of American Phil Textiles Limited and Forum Restaurant (1977) Limited, and a supervisor of Fujian Shishi Rural Commercial Bank Co., Ltd. Mr. Yau is a member of the Gansu Provincial Committee of the Chinese People's Political Consultative Conference. Mr. Yau graduated with a Bachelor Degree of Computer Systems Engineering from the Carleton University in Canada.

SENIOR MANAGEMENT

Mr. Ching Wei Man Raymond, *Vice President*

Aged 50. Joined the Group in 2004 as Vice President, and is responsible for overseeing various activities for the Group, with particular focus in shipping related investments, corporate finance matters, investor relations, and new business development. Mr. Ching has extensive experience in shipping investments and in finance. Prior to joining the Group, he worked for a number of years in the investment banking division for a major US bank. Mr. Ching holds a Master of Engineering and a Master of Science (Finance), both from the Imperial College of Science, Technology and Medicine in London.

Mr. Shum Yee Hong, *Head of Management and Operation Department*

Aged 72. Joined the Group in 1992 as Head of Management and Operation Department, responsible for the ship operation activities of the Group. Mr. Shum has over 30 years of working experience in the shipping industry. Before joining the Group, Mr. Shum was a marine superintendent for an international shipping company.

Directors' Report

The Directors present their report and the audited consolidated financial statements of Jinhui Holdings and its subsidiaries for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are ship chartering and ship owning and the particulars of the principal subsidiaries are set out in note 42 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year. The business review of these activities and a discussion on the Group's future business development and analysis of the Group's performance during the year ended 31 December 2024 using key performance indicators as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the Chairman Statement, Management Discussion and Analysis section, Environmental, Social and Governance Report, and Highlights section of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report. In addition, discussion on the Group's environmental policies and performance and the stakeholder relationships are contained in the Environmental, Social and Governance Report of this annual report. Compliance with relevant laws and regulations which have significant impact on the Group can be found throughout the annual report, in particular, the Corporate Governance Report.

REGISTERED OFFICE

The Company is incorporated in Hong Kong and its registered office is 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong.

DIVIDEND POLICY

The Company may declare and distribute dividends to the shareholders of the Company. Our policy aims to provide stable and consistent dividends with steady growth when supported by our earnings whilst ensuring that sufficient financial resources can be maintained to fund our business growth. In addition, the amount and timing of any dividend distributions in the future will depend, among other things, on our compliance with covenants in our credit facilities, earnings, financial condition, cash position, Companies Ordinance affecting the dividend distributions, restrictions in our financing agreements and other factors. In addition, the declaration and payment of dividend distributions is subject at all times to the discretion of our Board.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the financial position of the Group as at 31 December 2024 are set out in the consolidated financial statements on pages 88 to 171.

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2024. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2024.

Directors' Report

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the "Consolidated Statement of Changes in Equity" on page 92 and note 41 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2024, calculated under Part 6 of the Companies Ordinance, amounted to HK$325,937,000 (2023: HK337,049,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 11 and 12.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment, and investment properties of the Group during the year are set out in note 18 and note 20 to the consolidated financial statements respectively.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2024 are set out in note 28 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue attributable to the top five largest customers in aggregate and the single largest customer of the Group accounted for approximately 45% and 14% respectively of the total revenue of the Group for the year.

Purchases attributable to the top five largest suppliers in aggregate and the single largest supplier of the Group are not disclosed as there was no purchase of the Group for the year.

At no time during the year have the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's number of issued shares) had any interest in the Group's five largest customers.

CHARITABLE DONATIONS

During the year, the Group made charitable donations of HK$510,000.

RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution provident fund scheme and a mandatory provident fund scheme for employees in Hong Kong. Particulars of these schemes are set out in note 4.20 to the consolidated financial statements.

EVENTS AFTER THE REPORTING DATE

Regarding the legal proceedings between the subsidiaries of the Company and Parakou Shipping Pte Limited ("Parakou Shipping") in London and Hong Kong in relation to the non-performance of a charterparty, Galsworthy Limited, a subsidiary of the Company, and Parakou Shipping had reached an agreement to settle the legal action, and the Group received a sum of SGD27.6 million, a total of approximately HK$158.34 million in January 2025. For details, please refer to the section SIGNIFICANT LITIGATION UPDATE on page 66.

Save as disclosed above, there were no other significant events occurred after the reporting date and up to the date of this report.

Directors' Report

DIRECTORS

The Directors who held office of the Company during the year and up to the date of this report were:

Executive Directors
Mr. Ng Siu Fai, *Chairman*
Mr. Ng Kam Wah Thomas, *Managing Director*
Mr. Ng Ki Hung Frankie
Ms. Ho Suk Lin

Independent Non-executive Directors
Mr. Cui Jianhua
Mr. Tsui Che Yin Frank
Mr. William Yau

In accordance with the Company's Articles of Association, Mr. Ng Ki Hung Frankie and Mr. Cui Jianhua will retire from office at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Board has obtained annual written confirmations from all independent non-executive directors of the Company concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board believes that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Brief biographical details of the Directors and senior management are set out in "Board of Directors and Senior Management" on pages 71 and 72.

A full list of the directors of the Company's subsidiaries is available on the Company's website at www.jinhuiship.com.

DIRECTORS' REMUNERATION

The directors' remuneration is subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities, salaries paid by comparable companies and performance and results of the Group. The Remuneration Committee makes recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, including salaries, bonuses, benefits in kind, pension rights and compensation payments, and the remuneration of the independent non-executive directors. In addition, the directors' remuneration is reviewed by the Remuneration Committee annually.

Details of the remuneration of the Directors are set out in note 12 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company, or any of the Company's holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

Long positions

(i) Directors' interests in shares of the Company

Name	Number of shares in the Company held and capacity: Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Percentage of total issued shares of the Company
Ng Siu Fai	25,203,000	15,140,000	205,325,568 *Note 1*	245,668,568	46.33%
Ng Kam Wah Thomas	5,909,000	–	136,883,712 *Note 2*	142,792,712	26.93%
Ng Ki Hung Frankie	3,000,000	–	–	3,000,000	0.57%
Ho Suk Lin	3,850,000	–	–	3,850,000	0.73%
Cui Jianhua	960,000	–	–	960,000	0.18%
Tsui Che Yin Frank	1,000,000	–	–	1,000,000	0.19%
William Yau	441,000	–	–	441,000	0.08%

Note 1: Mr. Ng Siu Fai is deemed to be interested in 205,325,568 shares of the Company held by his 51% owned company, Fairline Consultants Limited. Mr. Ng Siu Fai is the director of Fairline Consultants Limited.

Note 2: Mr. Ng Kam Wah Thomas is deemed to be interested in 136,883,712 shares of the Company held by his wholly owned company, Timberfield Limited. Mr. Ng Kam Wah Thomas is the director of Timberfield Limited.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

(ii) Directors' interests in associated corporation

Name	Beneficial owner	Interest of spouse	Interest of controlled corporation	Total	Percentage of total issued shares of Jinhui Shipping
	Number of shares in Jinhui Shipping held and capacity				
Ng Siu Fai	4,141,830	1,101,096	61,249,098 *Note 1*	66,492,024	60.86%
Ng Kam Wah Thomas	864,900	–	260,000 *Note 2*	1,124,900	1.03%

Notes:

1. Mr. Ng Siu Fai is deemed to be interested in 61,249,098 shares of Jinhui Shipping through his interests in 51% of the issued capital of Fairline Consultants Limited as Fairline Consultants Limited was the beneficial owner of 407,858 shares of Jinhui Shipping and, through Fairline Consultants Limited's controlling interests in the Company, is also deemed to be interested in 60,841,240 shares of Jinhui Shipping held by the Company.

2. Mr. Ng Kam Wah Thomas is deemed to be interested in 260,000 shares of Jinhui Shipping through his wholly owned company, Timberfield Limited.

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

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its specified undertakings, and associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer.

EQUITY-LINKED AGREEMENTS

At no time during the year was the Company, or any of its specific undertakings a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

LOANS TO OFFICERS

No loans to the Company's officers were made or outstanding at any time during the year or at the end of the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, in accordance with the register kept under Section 336 of the SFO, the following persons (other than Directors or chief executives of the Company) had interests representing 5% or more of the issued share capital of the Company:

Long positions

	Number of shares in the Company held and capacity				
Name of shareholders	**Beneficial owner**	**Interest of spouse**	**Interest of controlled corporation**	**Total**	**Percentage of total issued shares of the Company**
Wong Yee Man Gloria	15,140,000	230,528,568 *Note 1*	–	245,668,568	46.33%
Ng Chi Lam Michael	–	–	205,325,568 *Note 2*	205,325,568	38.72%
Fairline Consultants Limited	205,325,568	–	–	205,325,568	38.72%
Timberfield Limited	136,883,712	–	–	136,883,712	25.81%
Bian Ximing	–	–	29,378,000 *Note 3*	29,378,000	5.54%
Zhongcai Merchants Investment Group Co., Ltd.	–	–	29,378,000 *Note 4*	29,378,000	5.54%
Zhongcai (Holdings) Limited	26,949,000	–	–	26,949,000	5.08%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Notes:

1. Ms. Wong Yee Man Gloria is deemed to be interested in 230,528,568 shares of the Company through the interests of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).

2. Mr. Ng Chi Lam Michael is deemed to be interested in 205,325,568 shares of the Company through his interests in 49% of the issued capital of Fairline Consultants Limited (as disclosed hereinabove).

3. Mr. Bian Ximing is deemed to be interested in 29,378,000 shares of the Company through his interests in 65.32% of the issued capital of Zhongcai Merchants Investment Group Co., Ltd. (as disclosed in Note 4 below).

4. Zhongcai Merchants Investment Group Co., Ltd. is deemed to be interested in 29,378,000 shares of the Company through its subsidiaries, Zhongcai (Holdings) Limited and Hong Kong Zhongcai Finance Investment Limited, which are the beneficial owners of 26,949,000 shares and 2,429,000 shares of the Company respectively.

Save as disclosed herein, as at 31 December 2024, the Company has not been notified of any person (other than Directors or chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares was held by the public throughout the year and up to the date of this report.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for directors' and senior management's liabilities in respect of legal actions against its directors and senior management arising from corporate activities. The permitted indemnity provision is in force for the benefit of any directors as required by the Hong Kong Companies Ordinance throughout the year and remained in force up to the date of this report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operation of the Group in the event of a material breach or non-compliance. During the year ended 31 December 2024, there was no material breach nor non-compliance with the applicable laws and regulations by the Group.

Directors' Report

CORPORATE GOVERNANCE

Jinhui Holdings recognizes the importance of good corporate governance to the Company's value creation. The corporate governance report of 2024 was set out in "Corporate Governance Report" on pages 13 to 31, which covered the required report contents as set out in Appendix C1 of the Listing Rules with the description of our conformance throughout the year and provided explanation of the reasons for the deviations.

ESG REPORT

The Board has the overall responsibility and accountability for ESG strategy and reporting. We follow the guidelines in the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 of the Listing Rules. The ESG report for the year 2024 was set out in "Environmental, Social and Governance Report" on pages 32 to 54, which covered the required report contents as set out in Appendix C2 of the Listing Rules with deviations explained on provisions that are not applicable to the Group's business operations and corporate-wide operations throughout the year ended 31 December 2024, or not included or reported in the ESG report.

AUDITOR

The consolidated financial statements for the years ended 31 December 2022, 2023 and 2024 had been audited by Grant Thornton Hong Kong Limited. An ordinary resolution for the re-appointment of Grant Thornton Hong Kong Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting, subject to shareholders' approval.

For and on behalf of the Board

Ng Kam Wah Thomas
Managing Director

Hong Kong, 18 March 2025

Grant Thornton
致同

Independent auditor's report
To the members of Jinhui Holdings Company Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Jinhui Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 88 to 171, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Carrying value of owned vessels and leased vessel (right-of-use assets)

The Key Audit Matters	How the matter was addressed in our audit
Refer to notes 4.12, 5, 18 and 19 to the consolidated financial statements. The Group's carrying amount of motor vessels and capitalized drydocking costs included in property, plant and equipment and leased vessels included in right-of-use assets amounted to HK$3,067,893,000 and HK$233,745,000 respectively as at 31 December 2024 and reversal of impairment loss of HK$50,957,000 was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the year. The Group assesses at each reporting date (i) whether there are indicators of impairment and if there are such indicators, an estimate is made of the recoverable amount of owned and leased vessels concerned; and (ii) whether there are indications that an impairment loss recognised in prior periods for owned and leased vessels may no longer exist or may have decreased. Management has exercised judgement in assessing whether there is any objective evidence of impairment and reversal of impairment loss of such owned and leased vessels. The recoverable amounts of owned vessels were determined based on higher of fair value less costs of disposal reference to market transactions, or the value in use ("VIU") calculation which is estimated based on the estimated future cash flows projections from the continuous use of such vessels and the recoverable amounts of leased vessels was determined based on the VIU calculation. Independent qualified appraisal firms were engaged by management to appraise the fair value of owned vessels and VIU calculation which involves significant judgements and estimates about the future performance, key assumptions including discount rate, useful life, hire rates and utilization rate of the owned and leased vessels. We focused on this area considering the significance of judgements and estimates and the financial impacts of the impairment assessment in respect of the Group's owned and leased vessels.	Our audit procedures included: • evaluating the process of identifying indicators of potential impairment or reversal of impairment on owned and leased vessels; • evaluating VIU calculation prepared by the management's expert including the methodology and assumptions adopted; • assessing the independence and competence of the management's expert; • testing, on a sample basis, the mathematical accuracy of the VIU calculation; • assessing the reasonableness of the key assumptions including discount rate, hire rates, useful life and utilization rate by comparing the current year actual performance and prior year projections and by reference to the market and industry information; • involving our valuation specialists in assessing the appropriateness of discount rate and hire rates; • evaluating the fair values estimated by the management's expert including the methodology and assumptions adopted; • involving our valuation specialist in assessing the reasonableness of fair values estimated; and • testing, on a sample basis, the mathematical accuracy of the impairment assessment with reference to the estimated recoverable amounts based on VIU calculation or fair value less costs of disposal. We obtained supportive evidence for the significant judgements and estimates in respect of VIU calculation and key assumptions applied in the estimated future cash flows projections and the estimation of fair value less cost of disposal.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

18 March 2025

Shaw Chi Kit
Practising Certificate No.: P04834

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	7	**1,239,419**	638,573
Net loss on disposal of owned vessels		**–**	(6,866)
Other operating income	8	**136,608**	61,018
Interest income	9	**6,571**	6,434
Reversal of impairment loss (Impairment loss) on owned vessels and right-of-use assets	10	**50,957**	(153,692)
Shipping related expenses		**(658,353)**	(456,225)
Staff costs	11	**(117,322)**	(106,627)
Other operating expenses	13	**(114,519)**	(98,399)
Operating profit (loss) before depreciation and amortization	14	**543,361**	(115,784)
Depreciation and amortization		**(346,919)**	(290,875)
Operating profit (loss)		**196,442**	(406,659)
Finance costs		**(54,259)**	(55,152)
Profit (Loss) before taxation		**142,183**	(461,811)
Taxation	15	**–**	6
Net profit (loss) for the year		**142,183**	(461,805)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through OCI (non-recycling)		**(18,029)**	(16,667)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties (non-recycling)		**–**	2,863
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through OCI (recycling)		**(310)**	505
Total comprehensive income (loss) for the year		**123,844**	(475,104)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Net profit (loss) for the year attributable to:			
Shareholders of the Company		**59,217**	(271,527)
Non-controlling interests		**82,966**	(190,278)
		142,183	(461,805)
Total comprehensive income (loss) for the year attributable to:			
Shareholders of the Company		**48,915**	(278,668)
Non-controlling interests		**74,929**	(196,436)
		123,844	(475,104)
Earnings (Loss) per share	*17*		
Basic and diluted		**HK$0.112**	HK$(0.512)

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	18	**3,140,837**	2,613,676
Right-of-use assets	19(a)	**234,168**	164,541
Investment properties	20	**273,530**	339,680
Financial assets at fair value through OCI	21	**64,251**	82,590
Loan receivables	24	**12,304**	12,304
Deposit paid for the acquisition of owned vessels		**19,126**	–
Intangible assets	22	**755**	800
		3,744,971	3,213,591
Current assets			
Inventories	23	**21,130**	10,781
Trade and other receivables	25	**125,612**	141,831
Financial assets at fair value through profit or loss	26	**166,692**	202,610
Tax recoverable		**–**	166
Pledged deposits	36(c)	**2,564**	2,803
Bank balances and cash		**189,908**	329,449
		505,906	687,640
Assets held for sale		**–**	81,299
		505,906	768,939
Current liabilities			
Trade and other payables	27	**173,361**	128,259
Secured bank loans	28	**156,653**	345,765
Lease liabilities	19(b)	**145,796**	39,476
		475,810	513,500
Net current assets		**30,096**	255,439
Total assets less current liabilities		**3,775,067**	3,469,030
Non-current liabilities			
Secured bank loans	28	**726,113**	462,917
Lease liabilities	19(b)	**106,802**	187,805
		832,915	650,722
Net assets		**2,942,152**	2,818,308

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	29	**381,639**	381,639
Reserves	30	**1,262,790**	1,213,875
		1,644,429	1,595,514
Non-controlling interests		**1,297,723**	1,222,794
Total equity		**2,942,152**	2,818,308

Approved and authorized for issue by the Board of Directors on 18 March 2025

Ng Siu Fai
Chairman

Ng Kam Wah Thomas
Managing Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to shareholders of the Company						
	Issued capital *HK$'000*	Other asset revaluation reserve *HK$'000*	Reserve for financial assets at fair value through OCI *HK$'000*	Retained profits *HK$'000*	Subtotal *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2023	381,639	3,806	13,960	1,485,383	1,884,788	1,434,336	3,319,124
Comprehensive loss							
Net loss for the year	–	–	–	(271,527)	(271,527)	(190,278)	(461,805)
Other comprehensive income (loss)							
Change in fair value of financial assets at fair value through OCI	–	–	(8,735)	–	(8,735)	(7,427)	(16,162)
Change in fair value arisen from reclassification from leasehold land and buildings to investment properties	–	1,594	–	–	1,594	1,269	2,863
Total comprehensive loss for the year	–	1,594	(8,735)	(271,527)	(278,668)	(196,436)	(475,104)
Final dividend paid	–	–	–	(10,606)	(10,606)	–	(10,606)
Dividends paid to non-controlling interests by subsidiaries	–	–	–	–	–	(15,106)	(15,106)
At 31 December 2023	381,639	5,400	5,225	1,203,250	1,595,514	1,222,794	2,818,308
At 1 January 2024	381,639	5,400	5,225	1,203,250	1,595,514	1,222,794	2,818,308
Comprehensive income							
Net profit for the year	–	–	–	59,217	59,217	82,966	142,183
Other comprehensive loss							
Change in fair value of financial assets at fair value through OCI	–	–	(10,302)	–	(10,302)	(8,037)	(18,339)
Total comprehensive income for the year	–	–	(10,302)	59,217	48,915	74,929	123,844
At 31 December 2024	**381,639**	**5,400**	**(5,077)**	**1,262,467**	**1,644,429**	**1,297,723**	**2,942,152**

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES			
Cash generated from operations	31	**631,918**	156,925
Interest paid		**(44,765)**	(44,240)
Hong Kong Profits Tax refunded		**166**	1,168
Net cash from operating activities		**587,319**	113,853
INVESTING ACTIVITIES			
Interest received		**4,248**	4,081
Dividend income received		**10,024**	10,411
Purchase of property, plant and equipment		**(741,751)**	(189,802)
Deposit paid for the acquisition of owned vessels		**(19,126)**	–
Proceeds from disposal of asset held for sale, net		**81,228**	–
Proceeds from disposal of property, plant and equipment, net		**115**	135,970
Net cash used in investing activities		**(665,262)**	(39,340)
FINANCING ACTIVITIES			
New secured bank loans		**509,638**	450,035
Repayment of secured bank loans		**(435,554)**	(411,083)
Decrease in pledged deposits		**239**	662
Payment of lease liabilities		**(125,646)**	(26,946)
Interest paid on lease liabilities		**(10,275)**	(11,105)
Dividends paid to non-controlling interests by subsidiaries		**–**	(15,106)
Final dividend paid to shareholders of the Company		**–**	(10,606)
Net cash used in financing activities		**(61,598)**	(24,149)
Net increase (decrease) in cash and cash equivalents		**(139,541)**	50,364
Cash and cash equivalents at 1 January		**329,449**	279,085
Cash and cash equivalents at 31 December		**189,908**	329,449

Notes to the Consolidated Financial Statements

Year ended 31 December 2024

1. GENERAL INFORMATION

Jinhui Holdings Company Limited is a limited liability company incorporated and domiciled in Hong Kong. The registered office of the Company is at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong. The Company's shares are listed on the Hong Kong Stock Exchange.

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the businesses of ship chartering and ship owning which are carried out internationally.

The consolidated financial statements for the year ended 31 December 2024 were approved for issue by the Board on 18 March 2025.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, the requirements of the Hong Kong Companies Ordinance and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. ADOPTION OF NEW AND AMENDED HKFRSs

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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

The adoption of the amendments to HKFRSs does not have material impact on the Group's financial performance and financial position for the current and prior periods have been prepared and presented.

3. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

At the date of authorization of these consolidated financial statements, certain new and amendments to HKFRSs have been published but are not yet effective, and have not been early adopted by the Group. The management anticipated that all pronouncements will be adopted in the Group's accounting policy for the first accounting period beginning after the effective dates of the pronouncements. Information on these new pronouncements that are expected to be relevant to the Group's consolidated financial statements is provided below.

HKFRS 18	Presentation and Disclosure in Financial Statements [3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures [3]
Amendments to HKFRS 10 and HKAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture [4]
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 Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 [2]
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 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity [2]

Notes:

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 management is currently assessing the possible impact of these new and amendments to standards and interpretations on the Group's results and financial position in the first year of application.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Basis of preparation

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

The consolidated financial statements have been prepared on the historical cost basis modified by revaluation of a leasehold land and buildings and except for: investment properties, financial assets at fair value through profit or loss and financial assets at fair value through OCI that are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements, are disclosed in note 5.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

4.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

In the Company's statement of financial position, investments in subsidiaries are carried at cost less any impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.4 Non-controlling interests

Non-controlling interests represent the equity on consolidated subsidiaries not attributable directly or indirectly to the shareholders of the Company.

Non-controlling interests in consolidated subsidiaries are presented in the consolidated statement of financial position within equity, separately from the equity attributable to shareholders of the Company. Non-controlling interests in the results of the Group are presented separately in the consolidated statement of profit or loss and other comprehensive income as an allocation of the Group's net profit and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

All transactions with non-controlling interests that do not result in a loss of control in a subsidiary are accounted for as transaction between equity holders, whereby adjustments are made to the amounts of controlling interests within equity to reflect the change in relative interests.

4.5 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars which is the functional and presentation currency of the Company. The functional and presentation currencies of the Company's subsidiaries are either in United States Dollars or Hong Kong Dollars.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates ruling at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognized in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss. When a fair value gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is also recognized in other comprehensive income.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong Dollars. Assets and liabilities have been translated into Hong Kong Dollars at the closing rates at the reporting date. Income and expenses have been converted into Hong Kong Dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any significant differences arising from this translation procedure are recognized in other comprehensive income and accumulated separately in the translation reserve in equity.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.6 Revenue recognition

Revenue mainly arises from the operations of ship chartering or owning business comprises chartering freight and hire income.

To determine whether to recognize revenue, the Group follows a five-step process:

(a) Identify contracts with customers
(b) Identify the separate performance obligations in the contract
(c) Determine the transaction price of the contract
(d) Allocate the transaction price to each of the separate performance obligation in the contract
(e) Recognize the revenue as each performance obligation is satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers. Further details of the Group's revenue recognition policies are as follows:

(a) Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract. Crewing service income classified as non-lease component is included in hire income and recognized over the period of each time charter contract.

(b) Freight income under voyage charter is accrued over the period from the date of loading of charterer's cargo to the date of discharging the cargo and is recognized on percentage of completion basis measured by time proportion of each voyage charter contract. The existing practice reflects the performance obligation to provide transportation services which is satisfied over time from when transport of the goods begins from loading port through delivery to discharging port and freight income is recognized over the period of performance.

4.7 Borrowing costs

Borrowing costs incurred for the acquisition or construction of any qualifying asset are capitalized during the period of time that is required to complete or prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed as incurred.

The capitalization of borrowing costs as part of the qualifying assets commences when borrowing costs are being incurred and the activities that are necessary to prepare the asset for its intended use are in progress. Capitalization of borrowing costs is suspended or ceased when substantially all activities necessary to prepare the qualifying assets for its intended use are interrupted or completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.8 Income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and / or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. It is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset is realized, provided these tax rates have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and tax losses available to be carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

For investment properties measured using the fair value model in accordance with the accounting policy below, the measurement of the related deferred tax asset or liability reflects the tax consequences of recovering the carrying amount of the investment properties entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets or liabilities are not recognized if the temporary differences arise from goodwill or from initial recognition (other than in a business combination) of assets or liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.8 Income tax *(Continued)*

The determination of the average tax rates requires an estimation of (i) when the existing temporary difference will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and
– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognized amounts; and
(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

 (i) the same taxable entity; or
 (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.9 Property, plant and equipment

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Improvements are capitalized only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditures incurred in restoring assets to their normal working conditions and other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Motor vessels are stated at cost less accumulated depreciation and impairment loss.

Drydocking and special survey costs are capitalized and depreciated over the drydocking cycle of two to three years on a straight-line basis. Upon disposal of vessels, any relevant carrying amounts not yet written off are transferred to profit or loss. Vessel repairs and survey costs are expensed during the financial period in which they are incurred.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.9 Property, plant and equipment *(Continued)*

Leasehold land and buildings (where the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease) are stated at cost less accumulated depreciation and impairment loss, except for a leasehold land and building which is stated at valuation made in 1994 by a professional valuer on an open market existing use basis less accumulated depreciation and impairment loss.

Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA from the requirement to make regular revaluation of a leasehold land and building which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of the entire class of leasehold land and buildings is carried out.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

Depreciation is provided to write-off the cost of motor vessels over their estimated useful lives, after taking into account their estimated residual values, using the straight-line method of 25 years from the date of the initial delivery from the shipyards.

Depreciation is provided to write-off the cost or valuation of other property, plant and equipment as specified below over their estimated useful lives, after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold land and buildings	over the shorter of unexpired term of lease or 3% per annum
Leasehold improvement	20% – 30% per annum
Utility vessels, furniture and equipment	6% – 25% per annum

Accounting policy for depreciation of right-of-use asset is set out in note 4.21.

Estimated residual value is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the conditions expected at the end of its useful life. The Group estimates the residual values of motor vessels based on the light-weight tonnes of each vessel multiply by market demolition metal price per tonnes. Estimate of residual value and useful life are reviewed and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the net sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.10 Investment properties

Investment properties are land and / or buildings which are owned or held under a leasehold interest to earn rental income and / or for capital appreciation.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value which is determined by external professional valuers with sufficient experience with respect to both the location and category of the investment property and it reflects the prevailing market conditions at the reporting date.

Gain or loss arising from either change in the fair value or the sale of an investment property is recognized in profit or loss in the period in which they arise.

The change in fair value arisen from reclassification from leasehold land and buildings to investment properties will be credited to other asset revaluation reserve. Upon disposal of such properties, the amount previously recognized in other asset revaluation reserve will be transferred to retained profits.

4.11 Intangible assets

Intangible assets acquired separately are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any impairment loss. Amortization for intangible assets is provided on a straight-line basis over the following estimated useful lives:

Club entrance fee	36 years

Amortization commences when the intangible assets are available for use. Those assets' amortization methods and useful lives are reviewed and adjusted if appropriate, at each reporting date.

4.12 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, intangible assets and the Company's interests in subsidiaries are subject to impairment testing whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.12 Impairment of non-financial assets *(Continued)*

Impairment loss recognized for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

4.13 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, and is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

4.14 Financial assets

Financial assets are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial assets expire, or when the financial asset and substantially all of its risks and rewards of ownership are transferred.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss, plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets are classified into the following categories:

– amortized cost;
– fair value through profit or loss; or
– fair value through OCI.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.14 Financial assets *(Continued)*

Classification and initial measurement of financial assets (Continued)

The classification is determined by both:

– the entity's business model for managing the financial asset; and
– the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within other operating income, interest income, other operating expenses and finance costs, except for ECL of trade receivables which is presented in other operating expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
– the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's bank balances and cash, pledged deposits, loan receivables and trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through OCI – recycling

If the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.14 Financial assets *(Continued)*

Subsequent measurement of financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at fair value through profit or loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at fair value through profit or loss.

Equity investments

An investment in equity securities is classified as fair value through profit or loss unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at fair value through OCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income and accumulated in "Reserve for financial assets at fair value through OCI" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at fair value through OCI are not subject to impairment assessment. The cumulative gain or loss in "Reserve for financial assets at fair value through OCI" will not be reclassified to profit or loss upon disposal of the equity investments.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established. Dividend income are included in the "other operating income" in profit or loss.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.14 Financial assets *(Continued)*

Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognize ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortized cost or fair value through OCI and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

Stage 1: financial instruments that have not deteriorated significantly in credit quality since their initial recognition or that have low credit risk.

Stage 2: financial instruments that have deteriorated significantly in credit quality since their initial recognition and whose credit risk is not low.

Stage 3: financial instruments that have objective evidence of impairment at the reporting date.

For Stage 1 category, loss allowance is recognized at the present value of expected credit losses that will result if a default occurs in the 12 months after the reporting date ("12-month ECL"). For Stage 2 and Stage 3 category, loss allowance is recognized at the present value of expected credit shortfalls over their remaining life ("lifetime ECL").

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.14 Financial assets *(Continued)*

Impairment of financial assets (Continued)

For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For loan receivables, the Group measures the loss allowance for these financial assets equal to 12-month ECL (which is recognized at Stage 1), unless when there has been a significant increase in credit risk since initial recognition or classified as credit-impaired, the Group recognizes lifetime ECL (which is recognized at Stage 2). The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition or classified as credit-impaired. The loan receivables are reviewed at the reporting date to assess impairment allowance which are based on the evaluation of current creditworthiness, collection statistic and market values of the collaterals which were appraised by independent qualified appraisal firms or the net asset value of the co-investment.

For other financial assets measured at amortized cost and fair value through OCI, the Group measures the loss allowance for these financial assets equal to 12-month ECL (which is recognized at Stage 1), unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL (which is recognized at Stage 2). The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.14 Financial assets *(Continued)*

Impairment of financial assets (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Group considers the default has occurred when: (1) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); (2) a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group writes off trade and other receivables in whole or in part, when it has exhausted all practical recovery efforts and concluded there is no reasonable expectation of recovery.

Detailed analysis of the ECL assessment of trade receivables, other financial assets measured at amortized cost and debt investments at fair value through OCI are set out in note 39(e).

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.15 Assets held for sale

Non-current assets are classified as held for sale when:

(a) they are available for immediate sale;
(b) management is committed to a plan to sell;
(c) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
(d) an active programme to locate a buyer has been initiated;
(e) the asset is being marketed at a reasonable price in relation to its fair value; and
(f) a sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount immediately prior to being classified as held for sale and fair value less costs of disposal. Following their classification as held for sale, the assets are not depreciated. An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount prior to being classified as held for sale exceeds its fair value less costs of disposal. The gain or loss of assets being disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income up to the date of disposal.

4.16 Financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

The Group classifies its financial liabilities into the following categories:

Trade and other payables

Trade and other payables are recognized initially at fair values and subsequently measured at amortized costs, using the effective interest method.

Borrowings

Borrowings are recognized initially at fair values, net of transaction costs incurred. Borrowings are subsequently stated at amortized costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless as at the end of the reporting period, the Group has a right to defer settlement of the liabilities for at least twelve months after the reporting date.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.17 Fair value measurement

For financial reporting purposes, fair value measurement is categorized into Level 1, 2 and 3 of the three-level fair value hierarchy as defined under HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques in which all significant inputs other than quoted prices included within Level 1 are directly or indirectly based on observable market data.

Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data.

4.18 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. For the purpose of consolidated statement of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4.19 Share capital

Ordinary shares are classified as equity. Share capital is recognized at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares to the extent they are incremental costs directly attributable to the equity transaction.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.20 Employee benefits

Retirement benefits schemes

The Group operates a defined contribution provident fund scheme and a mandatory provident fund scheme. The assets of the schemes are held separately from those of the Group in their respective schemes managed by an independent trustee. The contributions to retirement benefits schemes charged to profit or loss represent contributions payable to the funds by the Group at the rates specific in the rules of the schemes.

The contributions to the defined contribution provident fund scheme vest in employees according to the vesting percentage set out in the scheme. When employees leave the defined contribution provident fund scheme prior to being vested fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. On the other hand, the contributions to the mandatory provident fund scheme vest immediately and fully in employees once the contributions are payable by the Group. There is no forfeited contribution when employees leave the mandatory provident fund scheme.

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

Defined benefit plans

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

Management estimates the LSP obligations annually and the LSP obligations are measured at the present value at the end of each reporting period. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.20 Employee benefits *(Continued)*

Short term employee benefits

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognized until the time of leave.

4.21 Leases

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

– the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

– the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

– the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.21 Leases *(Continued)*

(a) Group as a Lessee

At the lease commencement date, the Group recognizes the right-of-use asset and the lease liability on the consolidated statement of financial position, except for short-term leases that have a lease term of 12 months or less ("short-term lease") and leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists, as for owned vessels in accordance with the Group's accounting policies.

Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to the commencement date, the Company measures the lease liability by: (i) increasing the carrying amount to reflect the accretion of interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

For lease remeasurement that the lease payments change due to changes in market rental rates following a market rent review / expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.21 Leases *(Continued)*

(a) Group as a Lessee (Continued)

Lease liabilities (Continued)

When the lease is remeasured, the corresponding adjustment is reflected in the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) Group as a lessor (Assets leased out under operating leases)

As a lessor, the Group classifies its leases as operating leases. Where the Group as a lessor leases out assets under operating leases, such assets are measured and presented according to the nature of the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-leases as two separate contracts. The sub-leases are classified as a finance or operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the short-term lease exemption, then the Group classifies the sub-lease as an operating lease.

The Group sub-leases some of its charter-in vessels and the sub-lease contracts are classified as operating leases.

Rental income receivable from operating leases is recognized in profit or loss on a straight-line basis over the lease terms.

Hire income applicable to operating leases in respect of time charters are recognized as revenue on time basis over the period of each lease.

Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net income receivable from the lease.

4.22 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.22 Provisions and contingent liabilities *(Continued)*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are not recognized but are disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow of economic benefits occurs, and an outflow is probable, it will then be recognized as a provision.

4.23 Related parties

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

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint venture of the same third entity.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

4.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

The Group has regarded the business of ship chartering and ship owning as the only dominant reportable operating segment to be reported to the chief operating decision maker. Thus, no analysis of segment revenue, segment results, segment assets and segment liabilities are presented in the consolidated financial statements for the years 2024 and 2023.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The significant estimates and judgements made in the process of applying the Group's accounting policies are discussed below.

Reversal of impairment loss on owned vessels and right-of-use assets

Dry bulk shipping market remained healthy and performed well during the year supported by demand growth for dry bulk commodities and limited supply of vessels, the combined effect led to a surge of market freight rates and market value of dry bulk vessels. Both Baltic Dry Index and charter rates across all vessel classes had been showing encouraging improvements as compared to year 2023. The Group reviewed the dry bulk shipping market environment, the overall macro environment and the market value of dry bulk vessels at the reporting date. The management considered that the reversal of impairment indication of the Group's fleet existed at reporting date and performed reversal of impairment review on 31 December 2024.

Key assumptions applied in calculation of reversal of impairment assessment for owned vessels and right-of-use assets

(a) Reversal of impairment loss on owned vessels, net

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the reversal of impairment loss review, certain of the Group's owned vessels' recoverable amounts which were determined based on the higher of the fair value less costs of disposal and value in use and were higher than their respective carrying amounts at the end of 2024. Those vessels with carrying amount of HK$855,581,000 was estimated based on the value in use under discounted cash flow method, using estimated future cash flows projections from the continuous use of such vessels. Key assumptions applied in value in use calculation mainly included discount rate and hire rates earned by each vessel as the value in use is most sensitive to the changes in these two factors. Other assumptions applied in the estimated future cash flows projections included the first five-year period from the continuous use of such vessels and cash flows beyond the five-year period are extrapolated using the zero growth rate.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Reversal of impairment loss on owned vessels and right-of-use assets *(Continued)*

Key assumptions applied in calculation of reversal of impairment assessment for owned vessels and right-of-use assets (Continued)

(a) Reversal of impairment loss on owned vessels, net *(Continued)*

The hire rates applied in the reversal of impairment test on owned vessels were based on management's best estimation, taking into consideration of historical performances, market research data and market expectation. The hire rates would have an average of 1% decline (2023: 1% growth) for the first five-year period and cash flows beyond the five-year period are extrapolated using the zero growth rate. The discount rate applied to the value in use calculation on owned vessels was 10.5% (2023: 10.5%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. It is based on weighted average cost of capital in which the cost of equity, cost of debt and capital structure are the key parameters. Other assumptions included utilization rate which is assumed to be 98% (2023: 95%) in all subsequent years; and vessels are expected to have useful life of 25 (2023: 25) years from the date of the initial delivery from the shipyards. The net cash flow also reflected the estimated drydocking and special surveys costs and vessels operating expense.

Certain owned vessels with carrying amount of HK$1,116,219,000 are determined based on fair value less cost of disposal. The fair value less cost of disposal is based on valuation performed by independent valuer and the valuation is under market comparison approach and such measurement of these owned vessels was categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13. Key assumptions applied in fair value less cost of disposal mainly included quoted recent transactions of similar vessels. Other assumptions included estimated cost of disposal of these vessels which are based on the Group's historical acquisition and disposal transactions of its fleets.

Accordingly, a net reversal of impairment loss of HK$15,148,000 (2023: net impairment loss of HK$109,286,000) on owned vessels classified in property, plant and equipment was recognized at 31 December 2024 to reflect the Group's change in the expectation of the global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Reversal of impairment loss on owned vessels and right-of-use assets *(Continued)*

Key assumptions applied in calculation of reversal of impairment assessment for owned vessels and right-of-use assets (Continued)

(b) Reversal of impairment loss on right-of-use assets

The Group carried out a review of the recoverable amounts of the right-of-use assets based on the value-in-use approach using discounted cash flow method by comparing the carrying value and the recoverable amounts of the right-of-use assets. The key assumptions for the discounted cash flow method are those regarding the discount rates, hire rates, growth rate and utilization rate during the lease term of the charterparty.

The hire rates applied in the reversal of impairment test on right-of-use assets were based on management's best estimation, taking into consideration of historical performances, market research data and market expectation. The hire rates would have an average of 1% (2023: 1%) decline during the lease term of the charterparty. The discount rate applied to the value in use calculation on right-of-use assets was 10.5% (2023: 10%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. It is based on weighted average cost of capital in which the cost of equity, cost of debt and capital structure are the key parameters. Utilization rate of 98% (2023: 95%) is assumed during the lease term of the charterparty.

Based on the reversal of impairment test performed, the recoverable amounts of the right-of-use assets exceed its carrying amount and accordingly, a reversal of impairment loss of HK$35,809,000 (2023: impairment loss of HK$44,406,000) was recognized for the year ended 31 December 2024.

The reversal of impairment loss on owned vessels and right-of-use assets of HK$50,957,000 (2023: net impairment loss of HK$153,692,000) for the year ended 31 December 2024 are non-cash in nature and do not have impact on the operating cash flows of the Group.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Reversal of impairment loss on owned vessels and right-of-use assets *(Continued)*

Sensitivity in calculation of reversal of impairment assessment of owned vessels and right-of-use assets

Value in use

With all other variables remaining constant, it was estimated that a decrease of 5% in hire rates applied in the reversal of impairment test at the reporting date, the net reversal of impairment loss on owned vessels recognized and net profit for the year would decrease by approximately HK$89,232,000 and the carrying amount of the Group's owned vessels would decrease by 2.91%.

With all other variables remaining constant, it was estimated that a decrease of 5% in hire rates applied in the reversal of impairment test at the reporting date, the reversal of impairment loss on right-of-use assets recognized and net profit for the year would decrease by approximately HK$5,869,000 and the carrying amount of the right-of-use assets would decrease by 2.51%.

With all other variables remaining constant, it was estimated that an increase of 75 basis points in discount rate applied in the reversal of impairment test at the reporting date, the net reversal of impairment loss on owned vessels recognized and net profit for the year would decrease by approximately HK$33,119,000 and the carrying amount of the Group's owned vessels would decrease by 1.08%.

With all other variables remaining constant, it was estimated that an increase of 75 basis points in discount rate applied in the reversal of impairment test at the reporting date, the reversal of impairment loss on right-of-use assets recognized and net profit for the year would decrease by approximately HK$2,500,000 and the carrying amount of the right-of-use assets would decrease by 1.07%.

Fair value less cost of disposal

With all other variables remaining constant, it was estimated that a decrease of 5% in selling price quoted from the transactions of similar vessels applied in the reversal of impairment test at the reporting date, the net reversal of impairment loss on owned vessels recognized and net profit for the year would decrease by approximately HK$63,508,000 and the carrying amount of the Group's owned vessels would decrease by 2.07%.

Valuation of investment properties

As at 31 December 2024, the Group's investment properties were stated at fair value of HK$273,530,000 (2023: HK$339,680,000). Change in fair value loss of investment properties of HK$66,150,000 (2023: HK$36,640,000) was recognized in profit or loss during the year. The fair values of the Group's investment properties were determined by an independent qualified professional valuer. The valuations are dependent on certain unobservable inputs, including market unit sale rate per square feet / carpark which are determined based on comparable transactions after applying adjusting factors such as the age, location, size, view, floor level and quality of buildings and carparks to reflect the conditions and locations of the subject properties. Details of the valuation methodologies and significant unobservable inputs used in the valuations are disclosed in note 20.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Fair values of financial assets at fair value through OCI

Fair values of financial assets at fair value through OCI that are not traded in an active market is determined by using valuation techniques. The Group determines the fair values primarily based on the recent transaction prices, net asset value (representing the fair value of the equity instruments reported by investment manager of the investees) and take into account of its financial results and other factors. The fair values of financial assets at fair value through OCI that are not traded in active market are determined by using valuation techniques as disclosed in note 21.

Impairment of trade receivables and other financial assets

As at 31 December 2024, the carrying amount of the trade receivables (note 25) was HK$8,527,000 (2023: HK$7,797,000). For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For other financial assets measured at amortized cost or fair value through OCI (note 39(a)), the Group measures the loss allowance for these financial assets equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk for other financial assets has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For loan receivables (note 24) which arise from co-investment, the Group measures the loss allowance for these financial assets equal to 12-month ECL with taking the net asset value of the co-investment into accounts unless when there has been a significant increase in credit risk since initial recognition or classified as credit impaired, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition or classified as credit impaired. The loan receivables are reviewed by the management at the reporting date to assess impairment allowance which are based on the evaluation of current creditworthiness, collection statistic and the net asset value of the co-investment.

6. SEGMENT INFORMATION

The Group is principally engaged in the business of ship chartering and ship owning and the management has regarded this business as the only dominant reportable operating segment to be reported to the chief operating decision maker. Thus, no analysis of segment revenue, segment results, segment assets and segment liabilities are presented in the consolidated financial statements for the years 2024 and 2023.

While the Group's revenue was mainly attributable to its chartering operations which are carried out internationally and cannot be attributable to any particular geographical location, analysis of revenue from chartering freight and hire business by geographical split of revenue by charterer's location is presented in note 7.

The Group's non-current assets mainly consist of property, plant and equipment, right-of-use assets and investment properties. Property, plant and equipment and right-of-use assets mainly comprised of the Group's owned vessels and chartered-in vessels respectively. As the Group's motor vessels are operated across different geographical regions, it is meaningless to identify the specific geographical locations of the motor vessels at the reporting date. The Group's investment properties comprised of premises and car parks and all are located in Hong Kong. While majority of the Group's non-current assets other than financial instruments cannot be attributable to any particular geographical location, no analysis of non-current assets other than financial instruments by geographical area is presented in the consolidated financial statements.

7. REVENUE

Revenue represents chartering freight and hire income arising from the Group's owned and chartered-in vessels. Revenue recognized during the year is as follows:

	2024	2023
	HK$'000	*HK$'000*
Chartering freight and hire income:		
Hire income under time charters [1]	**1,239,419**	638,573

Note:

1. Hire income under time charter is accounted for as operating lease and is recognized on a straight-line basis over the period of each time charter contract. During the year, hire income included a non-lease component in relation to crewing service of HK$215,969,000 (2023: HK$237,614,000).

7. REVENUE *(Continued)*

Information about major charterers

Revenue of HK$178,208,000, HK$129,170,000 and HK$91,786,000 (2023: HK$124,984,000, HK$121,238,000 and HK$102,531,000) were derived from three charterers that contributed 14%, 10% and 7% (2023: 20%, 19% and 16%) respectively to the Group's revenue for the year 2024.

Information about geographical distribution

Revenue from external customers (charterers) is as follows:

	2024	2023
	HK$'000	*HK$'000*
Geographical split of revenue by charterers' location:		
China	**739,250**	418,521
Singapore	**336,643**	185,320
Japan	**33,631**	14,645
Norway	**22,732**	3,151
United Arab Emirates	**19,104**	–
South Korea	**18,171**	4,850
Switzerland	**6,145**	12,086
Other countries	**63,743**	–
	1,239,419	638,573

8. OTHER OPERATING INCOME

	2024	2023
	HK$'000	HK$'000
Net gain on financial assets at fair value through profit of loss	41,165	–
Other shipping operating income	37,019	33,931
Settlement income	27,300	–
Reversal of impairment loss on trade and other receivables, net	14,416	9,937
Dividend income	10,024	10,411
Gross rental income from operating leases on investment properties	6,270	6,448
Sundry income	414	291
	136,608	61,018

9. INTEREST INCOME

	2024	2023
	HK$'000	HK$'000
Interest income in respect of:		
Deposits with banks and other financial institutions	3,599	3,713
Loan receivables	2,503	2,418
Financial assets at fair value through profit of loss	198	303
Others	271	–
	6,571	6,434

10. REVERSAL OF IMPAIRMENT LOSS (IMPAIRMENT LOSS) ON OWNED VESSELS AND RIGHT-OF-USE ASSETS

Given the prevailing dry bulk shipping market conditions, management considered that reversal of impairment indication of the Group's fleet and right-of-use assets existed at the end of 2024. A review on the recoverable amount of our owned vessels and right-of-use assets was performed to reflect our change in the expectation of the global economic and the dry bulk shipping industry outlook.

10. REVERSAL OF IMPAIRMENT LOSS (IMPAIRMENT LOSS) ON OWNED VESSELS AND RIGHT-OF-USE ASSETS *(Continued)*

(a) Reversal of impairment loss on owned vessels, net

With due considerations of factors affecting the long term intrinsic values of owned dry bulk vessels in the reversal of impairment review, certain of the Group's owned vessels' recoverable amounts which were determined based on the higher of the fair value less costs of disposal and value in use and were higher than their respective carrying amounts at the end of 2024. Those vessels with carrying amount of HK$855,581,000 was estimated based on the value in use under discounted cash flow method, using estimated future cash flows projections from the continuous use of such vessels. Key assumptions applied in value in use calculation mainly included discount rate and hire rates earned by each vessel as the value in use is most sensitive to the changes in these two factors. Other assumptions applied in the estimated future cash flows projections included the first five-year period from the continuous use of such vessels and cash flows beyond the five-year period are extrapolated using the zero growth rate.

The hire rates applied in the reversal of impairment test on owned vessels were based on management's best estimation, taking into consideration of historical performances, market research data and market expectation. The hire rates would have an average of 1% decline (2023: 1% growth) for the first five-year period and cash flows beyond the five-year period are extrapolated using the zero growth rate. The discount rate applied to the value in use calculation on owned vessels was 10.5% (2023: 10.5%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. It is based on weighted average cost of capital in which the cost of equity, cost of debt and capital structure are the key parameters. Other assumptions included utilization rate which is assumed to be 98% (2023: 95%) in all subsequent years; and vessels are expected to have useful life of 25 (2023: 25) years from the date of the initial delivery from the shipyards. The net cash flow also reflected the estimated drydocking and special surveys costs and vessels operating expense.

Certain owned vessels with carrying amount of HK$1,116,219,000 are determined based on fair value less cost of disposal. The fair value less cost of disposal is based on valuation performed by independent valuer and the valuation is under market comparison approach and such measurement of these owned vessels was categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13. Key assumptions applied in fair value less cost of disposal mainly included quoted recent transactions of similar vessels. Other assumptions included estimated cost of disposal of these vessels which are based on the Group's historical acquisition and disposal transactions of its fleets.

Accordingly, a net reversal of impairment loss of HK$15,148,000 (2023: net impairment loss of HK$109,286,000) on owned vessels classified in property, plant and equipment was recognized at 31 December 2024 to reflect the Group's change in the expectation of the global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels.

10. REVERSAL OF IMPAIRMENT LOSS (IMPAIRMENT LOSS) ON OWNED VESSELS AND RIGHT-OF-USE ASSETS *(Continued)*

(b) Reversal of impairment loss on right-of-use assets

The Group carried out a review of the recoverable amounts of the right-of-use assets based on the value-in-use approach using discounted cash flow method by comparing the carrying value and the recoverable amounts of the right-of-use assets. The key assumptions for the discounted cash flow method are those regarding the discount rates, hire rates, growth rate and utilization rate during the lease term of the charterparty.

The hire rates applied in the reversal of impairment test on right-of-use assets were based on management's best estimation, taking into consideration of historical performances, market research data and market expectation. The hire rates would have an average of 1% (2023: 1%) decline during the lease term of the charterparty. The discount rate applied to the value in use calculation on right-of-use assets was 10.5% (2023: 10%), which was a pre-tax rate that reflected current market assessments of time value of money and the risks specific to the assets. It is based on weighted average cost of capital in which the cost of equity, cost of debt and capital structure are the key parameters. Utilization rate of 98% (2023: 95%) is assumed during the lease term of the charterparty.

Based on the reversal of impairment test performed, the recoverable amounts of the right-of-use assets exceed its carrying amount and accordingly, a reversal of impairment loss of HK$35,809,000 (2023: impairment loss of HK$44,406,000) was recognized for the year ended 31 December 2024.

The reversal of impairment loss on owned vessels and right-of-use assets of HK$50,957,000 (2023: net impairment loss of HK$153,692,000) for the year ended 31 December 2024 are non-cash in nature and do not have impact on the operating cash flows of the Group.

11. STAFF COSTS

	2024	2023
	HK$'000	*HK$'000*
Salaries and other benefits	**112,177**	101,599
Contributions to retirement benefits schemes	**5,145**	5,028
	117,322	106,627

There was no forfeited contribution throughout the year ended 31 December 2024 (2023: nil).

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Emoluments of the Directors, including the chief executives [1] of the Company for the years 2024 and 2023 are set out below:

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
2024					
Executive Directors					
Ng Siu Fai [2]	**1,933**	**32,031**	**6,500**	**1,829**	**42,293**
Ng Kam Wah Thomas [2]	**1,933**	**25,776**	**4,500**	**1,469**	**33,678**
Ng Ki Hung Frankie [2]	**1,326**	**2,618**	**–**	**72**	**4,016**
Ho Suk Lin [2]	**468**	**1,830**	**100**	**107**	**2,505**
Independent Non-executive Directors					
Cui Jianhua	**212**	**–**	**–**	**–**	**212**
Tsui Che Yin Frank [2]	**441**	**–**	**–**	**–**	**441**
William Yau [2]	**372**	**–**	**–**	**–**	**372**
	6,685	**62,255**	**11,100**	**3,477**	**83,517**
2023					
Executive Directors					
Ng Siu Fai [2]	1,933	32,024	3,750	1,829	39,536
Ng Kam Wah Thomas [2]	1,933	25,776	3,000	1,469	32,178
Ng Ki Hung Frankie [2]	1,326	2,610	–	72	4,008
Ho Suk Lin [2]	468	1,883	–	107	2,458
Independent Non-executive Directors					
Cui Jianhua	212	–	–	–	212
Tsui Che Yin Frank [2]	441	–	–	–	441
William Yau [2]	372	–	–	–	372
	6,685	62,293	6,750	3,477	79,205

Notes:

1. Chief executives of the Company are Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas, who are responsible under the immediate authority of the Board for the conduct of the Company.

2. Emoluments of the Directors were borne by the Company and its subsidiaries for their service as directors of the Company and its subsidiaries.

12. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' emoluments *(Continued)*

During the years 2024 and 2023, no emolument was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors waived any emoluments during the years 2024 and 2023.

(b) Details of remuneration to senior management

Emoluments of senior management (non-director) of the Company are within the following bands:

	Number of individuals	
	2024	2023
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	1
	2	2

(c) The five highest paid individuals

The five highest paid individuals included four (2023: four) Directors whose details of emoluments are presented on page 126. Emoluments of the remaining one (2023: one) highest paid individual fall within the band from HK$3,000,001 to HK$3,500,000 (2023: from HK$3,000,001 to HK$3,500,000) and his aggregate emoluments were as follow:

	2024	2023
	HK$'000	*HK$'000*
Salaries and other benefits	**3,150**	3,117
Contributions to retirement benefits schemes	**18**	18
	3,168	3,135

13. OTHER OPERATING EXPENSES

Other operating expenses for the year 2024 mainly included change in fair value of investment properties of approximately HK$66.2 million, professional fee of approximately HK$5.2 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$2.2 million and remaining are various office administrative expenses.

Other operating expenses for the year 2023 mainly included an impairment loss on assets held for sale (disposed vessel) of approximately HK$10 million, net loss on financial assets at fair value through profit or loss of approximately HK$5.4 million, change in fair value of investment properties of approximately HK$36.6 million, professional fee of approximately HK$5.6 million, directors' fee of approximately HK$6.7 million, auditor's remuneration related to audit services of approximately HK$2.1 million and remaining are various office administrative expenses.

14. OPERATING PROFIT (LOSS) BEFORE DEPRECIATION AND AMORTIZATION

This is stated after charging / (crediting):

	2024	2023
	HK$'000	*HK$'000*
Auditor's remuneration:		
Audit services	**2,150**	2,100
Other services	**472**	343
Charter hire payment for time charters [1]	**169,916**	–
Hire income arising from chartered-in vessels classified as right-of-use assets	**(157,944)**	(37,369)
Rent and rates payments in respect of premises	**1,511**	1,447
Net loss (gain) on financial assets at fair value through profit or loss		
Realized gain on financial assets at fair value through profit or loss	**(22,026)**	(6,477)
Unrealized loss (gain) on financial assets at fair value through profit or loss	**(19,139)**	11,914
Interest income in respect of:		
Deposits with banks and other financial institutions	**(3,599)**	(3,713)
Loan receivables	**(2,503)**	(2,418)
Financial assets at fair value through profit or loss	**(198)**	(303)
Others	**(271)**	–
Dividend income	**(10,024)**	(10,411)
Impairment loss (Reversal of impairment loss) on owned vessels and right-of-use assets	**(50,957)**	153,692
Reversal of impairment loss on trade and other receivables, net	**(14,416)**	(9,937)
Change in fair value of investment properties	**66,150**	36,640
Gain on disposal of property, plant and equipment, other than owned vessels	**(115)**	–
Loss on write-off of property, plant and equipment	**9**	25
Gross rental income from operating leases on investment properties	**(6,270)**	(6,448)
Outgoings in respect of investment properties	**256**	254
Net exchange loss (gain)	**740**	(73)
Net loss on disposal of owned vessels	**–**	6,866
Impairment loss on assets held for sale	**–**	10,047

Note:

1. Represents short term leases with a term of twelve months or less.

15. TAXATION

Hong Kong Profits Tax has not been provided as the Group has no assessable profits for the years. In the opinion of the Directors, a substantial portion of the Group's income neither arose in nor was derived from Hong Kong and therefore was not subject to Hong Kong Profits Tax. The Group is not subject to taxation in any other jurisdictions in which the Group operates.

The amount of taxation charged (credited) to the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Over provision in prior year	–	(6)

Reconciliation between taxation charge (credit) and accounting profit (loss) at the applicable tax rates:

	2024	2023
	HK$'000	*HK$'000*
Profit (Loss) before taxation	**142,183**	(461,811)
Income tax at the applicable tax rates in the tax jurisdictions concerned	**(37,572)**	(29,933)
Non-deductible expenses	**20,512**	9,007
Tax exempted revenue	**(4,476)**	(2,263)
Unrecognized tax losses	**25,908**	23,551
Unrecognized temporary differences	**(420)**	(344)
Utilization of previously unrecognized tax losses	**(3,952)**	(18)
Over provision in prior year	–	(6)
Taxation charge (credit) for the year	–	(6)

The applicable tax rates are the weighted average of current rates of taxation ruling in the relevant jurisdictions.

16. DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2024 (2023: nil).

17. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share were calculated on the net profit attributable to shareholders of the Company of HK$59,217,000 for the year 2024 (2023: net loss attributable to shareholders of the Company of HK$271,527,000) and the weighted average number of 530,289,480 (2023: 530,289,480) ordinary shares in issue during the year.

Diluted earnings (loss) per share for the years 2024 and 2023 were the same as basic earnings (loss) per share as there was no potentially dilutive ordinary shares in existence for the years 2024 and 2023.

18. PROPERTY, PLANT AND EQUIPMENT

	Motor vessels [1] and capitalized drydocking costs HK$'000	Leasehold land and buildings HK$'000	Leasehold improvement, utility vessels, furniture and equipment HK$'000	Total HK$'000
Cost or valuation				
At 1 January 2023	5,758,702	271,780	64,017	6,094,499
Reclassification to assets held for sale [2]	(328,791)	–	(24)	(328,815)
Reclassification to investment properties [3]	–	(720)	–	(720)
Additions	188,918	–	884	189,802
Disposals / Write-off	(190,531)	–	(1,402)	(191,933)
At 31 December 2023	5,428,298	271,060	63,475	5,762,833
Additions	738,646	–	3,105	741,751
Disposals / Write-off	(27,183)	–	(1,781)	(28,964)
At 31 December 2024	**6,139,761**	**271,060**	**64,799**	**6,475,620**
Accumulated depreciation and impairment loss				
At 1 January 2023	2,831,088	190,893	56,830	3,078,811
Reclassification to assets held for sale [2]	(237,445)	–	(24)	(237,469)
Reclassification to investment properties [3]	–	(593)	–	(593)
Impairment loss, net [4]	109,286	–	–	109,286
Charge for the year	238,479	8,385	1,330	248,194
Eliminated on disposals / write-off	(47,695)	–	(1,377)	(49,072)
At 31 December 2023	2,893,713	198,685	56,759	3,149,157
Reversal of impairment loss, net [5]	(15,148)	–	–	(15,148)
Charge for the year	220,486	7,644	1,599	229,729
Eliminated on disposals / write-off	(27,183)	–	(1,772)	(28,955)
At 31 December 2024	**3,071,868**	**206,329**	**56,586**	**3,334,783**
Net book value				
At 31 December 2024	**3,067,893**	**64,731**	**8,213**	**3,140,837**
At 31 December 2023	2,534,585	72,375	6,716	2,613,676

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The analysis of the cost or valuation of property, plant and equipment by category is as follows:

	Motor vessels and capitalized drydocking costs	Leasehold land and buildings	Leasehold improvement, utility vessels, furniture and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
2024				
At cost	**6,139,761**	**218,060**	**64,799**	**6,422,620**
At professional valuation in 1994	**–**	**53,000**	**–**	**53,000**
	6,139,761	**271,060**	**64,799**	**6,475,620**
2023				
At cost	5,428,298	218,060	63,475	5,709,833
At professional valuation in 1994	–	53,000	–	53,000
	5,428,298	271,060	63,475	5,762,833

Had the Group's leasehold land and buildings been carried at cost less accumulated depreciation and impairment loss, the carrying amount would have been HK$64,787,000 (2023: HK$71,335,000) at the reporting date.

Notes:

1. All motor vessels are held for use under operating leases.

2. Reclassification to assets held for sale:
In 2023, the Group entered into an agreement for the disposal of a Supramax of deadweight 52,050 metric tonnes at a consideration of US$10,430,000 (approximately HK$81,354,000). The vessel was delivered to the purchaser in January 2024.

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes:

3. Reclassification to investment properties:
In 2023, an owner-occupied leasehold land and building was reclassified to an investment property and a revaluation surplus of HK$2,863,000 was credited to other asset revaluation reserve.

4. Impairment loss, net:
A net impairment loss of HK$109,286,000 on owned vessels classified in property, plant and equipment was recognized at 31 December 2023.

5. Reversal of impairment loss, net:
A net reversal of impairment loss of HK$15,148,000 on owned vessels classified in property, plant and equipment was recognized at 31 December 2024 to reflect the Group's change in the expectation of the global economic and the dry bulk shipping industry outlook which affect the assumptions applied in estimation of the value in use and fair value less cost of disposal of the Group's owned vessels as compared to 2023. The net reversal of impairment loss on owned vessels is non-cash in nature and does not have impact on the operating cash flows of the Group.

Details of the events that led to the recognition of reversal of impairment loss, reversal of impairment indicators, key assumptions applied in the value in use calculation and fair value less cost of disposal, recoverable amounts of impaired assets and the sensitivity analysis are provided in note 5 and note 10(a).

Details of the Group's certain owned vessels and information about the determination of the fair values less cost of disposal of these vessels, in particular the valuation techniques, significant unobservable inputs and category of the fair value hierarchy are disclosed as below:

Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2024	Range of unobservable inputs 2023	Relationship of significant unobservable inputs to fair value less cost of disposal
Level 2	Direct comparison method	Selling price quoted from the transactions of similar vessels, after taking into account the individual factors such as year of built, shipyards and size of vessels	**US$12.2 million – US$29 million (approximately HK$95 million – HK$226 million) per vessel**	US$14 million – US$14.2 million (approximately HK$109 million – HK$111 million) per vessel	An increase in percentage of selling price quoted from the transactions of similar vessels would result in an increase in fair value measurement of the vessels, and vice versa

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

	2024	2023
	HK$'000	HK$'000
At 1 January	164,541	226,180
Additions	217,469	–
Lease remeasurement	(66,506)	25,404
Depreciation	(117,145)	(42,637)
Reversal of impairment loss (Impairment loss)	35,809	(44,406)
At 31 December	234,168	164,541

(b) Lease liabilities

	2024	2023
	HK$'000	HK$'000
At 1 January	227,281	228,823
Additions	217,469	–
Lease remeasurement	(66,506)	25,404
Interest expense (included in finance costs)	10,275	11,105
Repayments of lease liabilities	(135,921)	(38,051)
At 31 December	252,598	227,281

The lease liabilities were repayable as follows:

	2024	2023
	HK$'000	HK$'000
Within one year	145,796	39,476
After one year but within two years	39,219	41,123
After two years but within five years	67,583	134,809
After five years	–	11,873
	106,802	187,805
	252,598	227,281

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

During the year, the total cash outflow for the lease was HK$305,878,000 (2023: HK$38,051,000).

At the reporting date, the Group operated four long-term chartered-in vessels, three of them were with remaining lease term of more than twelve months. In accordance with HKFRS 16 Leases, the Group recognized the right-of-use assets which is calculated with the present value of total minimum hire payment at the inception of the lease terms of the charterparties and corresponding lease liabilities was also recognized in the consolidated statement of financial position upon their deliveries of the vessels.

In 2022, the Group entered into a charterparty with a third party in respect of leasing of a Panamax of deadweight 84,484 metric tonnes, built in year 2022 for a term of seven years and the vessel was delivered to the Group in June 2022.

Additions to right-of-use assets during the year 2024 were mainly attributable to three long-time inward time charters where vessels have been delivered to the Group during the year.

(i) A Panamax of deadweight 81,842 metric tonnes, built in 2021 for a term of minimum twenty-two months and the vessel was delivered to the Group in January 2024.

(ii) An Ultramax of deadweight 61,452 metric tonnes, built in year 2016 for a term of minimum twenty-two months and the vessel was delivered to the Group in late April 2024.

(iii) An Ultramax of deadweight 61,473 metric tonnes, built in year 2016 for a term of minimum twenty months and the vessel was delivered to the Group in May 2024.

At the reporting date, a reversal of impairment assessment of right-of-use assets was performed and a reversal of impairment loss of HK$35,809,000 (2023: impairment loss of HK$44,406,000) was recognized as at 31 December 2024. The reversal of impairment loss on right-of-use assets is non-cash in nature and does not have impact on the operating cash flows of the Group. The carrying amount of right-of-use assets mainly comprised of leased vessels of HK$233,745,000 (2023: HK$164,541,000).

Details of the events that led to the recognition of reversal of impairment loss, reversal of impairment indicators, key assumptions applied in the value in use calculation and recoverable amounts of right-of-use assets and the sensitivity analysis are provided in note 5 and note 10(b).

20. INVESTMENT PROPERTIES

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**339,680**	373,330
Reclassification from leasehold land and buildings	**–**	2,990
Change in fair value	**(66,150)**	(36,640)
At 31 December	**273,530**	339,680

The Group's investment properties were stated at fair value and comprised of premises and car parks held under operating leases to earn rentals or held for capital appreciation, or both. These premises and car parks are held under long term leases and located in Hong Kong. The Group had a number of investment properties and, in the opinion of directors, no individual investment property would be material as value of each individual investment property did not exceed 5% of the Group's total assets as at 31 December 2024.

At the reporting date, the fair values of the Group's investment properties were determined by Centaline Surveyors Limited, an independent qualified professional valuer, on direct comparison approach on annually basis with reference to comparable transactions available in the relevant locality. In estimating the fair value of investment properties, the highest and best use of the properties is their current use.

The fair value measurement of these investment properties was categorized as Level 3 of the three-level fair value hierarchy as defined under HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

20. INVESTMENT PROPERTIES *(Continued)*

Particulars of the Group's investment properties as at 31 December 2024 are disclosed in the Appendix to the annual report and information about the determination of the fair values of these investment properties, in particular the valuation techniques, significant unobservable inputs and category of the fair value hierarchy are disclosed as below:

Properties	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs 2024	Range of unobservable inputs 2023	Relationship of significant unobservable inputs to fair value
Premises	Level 3	Direct comparison method	Market unit sale rate per square feet, after taking into account the age, location and individual factors such as size, view, floor level and quality of building	**HK$14,000 – HK$24,000 per square feet**	HK$15,000 – HK$27,000 per square feet	An increase in percentage of market unit sale rate per square feet would result in an increase in fair value measurement of the premises by the same percentage increase, and vice versa
Car parks	Level 3	Direct comparison method	Market unit sale rate per car park	**HK$2,900,000 – HK$3,800,000 per car park**	HK$3,000,000 – HK$6,000,000 per car park	An increase in percentage of market unit sale rate per car park would result in an increase in fair value measurement of the car park by the same percentage increase, and vice versa

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	2024	2023
	HK$'000	*HK$'000*
Unlisted equity investments		
Co-investment in a property project		
At 1 January	**56,622**	73,289
Change in fair value [1]	**(18,029)**	(16,667)
	38,593	56,622
Unlisted club debentures		
At 1 January	**22,600**	22,000
Change in fair value [2]	**(200)**	600
	22,400	22,600
Unlisted club membership		
At 1 January	**3,368**	3,463
Change in fair value [2]	**(110)**	(95)
	3,258	3,368
	64,251	82,590

Notes:

1. Items that will not be reclassified to profit or loss.

2. Items that may be reclassified subsequently to profit or loss.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI *(Continued)*

Unlisted equity investments

In 2018, a subsidiary of the Company entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC (the "Co-investment"), pursuant to which the Group is committed to acquire non-voting participating class A shares of Dual Bliss Limited of US$10,000,000 (approximately HK$78,000,000). Dual Bliss Limited is one of the investors of the Co-investment.

The Investment Manager of the Co-investment, Phoenix Property Investors Limited, reported an estimated loss of US$2,311,000, approximately HK$18,029,000 (2023: US$2,137,000, approximately HK$16,667,000) on the fair value of equity instruments for the year ended 31 December 2024, mainly arising from the financing costs incurred for the shareholder loans. The reported loss on the Co-investment was recognized by the Group as a change in fair value of financial assets at fair value through OCI and was included in other comprehensive loss in the consolidated statement of profit or loss and other comprehensive income. As at the reporting date, the estimated carrying amount of the unlisted equity investments was US$4,948,000, approximately HK$38,593,000 (2023: US$7,259,000, approximately HK$56,622,000) whereas the loan receivable arise from Co-investment (note 24), together with the interest accrued thereon was HK$19,186,000 (2023: HK$16,683,000). The Group will closely monitor the performance of the Co-investment and will assess impairment allowances where appropriate.

There is no quoted market price in active market for unlisted equity investments. Transactions in such investments do not occur on a regular basis. The Group uses its net asset value (representing the fair value of the equity instruments reported by Phoenix Property Investors Limited, the Investment Manager) to determine its fair value as the Group determined that this is the fair price at which shareholders subscribe and redeem the investments or determined its fair value with generally accepted pricing models.

The fair value measurement of unlisted equity investments was categorized as Level 3 of the three-level fair value hierarchy as defined under HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

Unlisted club debentures and Unlisted club membership

The investment in club debentures and club membership are stated at fair values which are determined directly by reference to published price quotations in active markets and were categorized as Level 1 of the three-level fair value hierarchy as defined under HKFRS 13 and there was no transfer among the three levels of the fair value hierarchy during the year.

22. INTANGIBLE ASSETS

	2024	2023
	HK$'000	*HK$'000*
Club entrance fee		
Cost		
At 1 January and 31 December	**1,599**	1,599
Accumulated amortization		
At 1 January	**799**	755
Charge for the year	**45**	44
At 31 December	**844**	799
Net book value		
At 31 December	**755**	800

23. INVENTORIES

Inventories consisted of bunker stock and ship stores on the Group's vessels. At the reporting date, these inventories were carried at cost.

24. LOAN RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**12,304**	10,475
Gross new loan originated	**–**	1,829
Provision of individual impairment	**–**	–
Loan receivables, net of provision	**12,304**	12,304

24. LOAN RECEIVABLES *(Continued)*

A subsidiary of the Company (the "Co-Investor") together with other co-investors signed an unsecured subordinated shareholder loan agreement with Triple Smart Limited, a special purpose vehicle invested by Dual Bliss Limited, for the purposes of funding the operating expenditure of the Co-investment (as mentioned in note 21) in 2021. A maximum amount of HK$12,304,000 (2023: HK$12,304,000) was agreed and provided as at the reporting date. The loan receivables are unsecured and denominated in United States Dollars and has no repayment terms.

At the reporting date, the loan receivables have been reviewed by management to assess impairment allowances which are based on the evaluation of current creditworthiness, collection statistics and the net asset value of the Co-investment, and are not considered as impaired. The carrying amount of the loan receivables is considered to be a reasonable approximation of its fair value.

25. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**8,527**	7,797
Prepayments	**52,729**	19,484
Rental and other deposits	**827**	730
Other receivables	**63,529**	113,820
	117,085	134,034
	125,612	141,831

Management has a credit policy in place for approving the credit limits to charterers and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment.

The carrying amounts of trade and other receivables are considered to be a reasonable approximation of their fair values due to their short term maturities.

25. TRADE AND OTHER RECEIVABLES *(Continued)*

The aging analysis of trade receivables (net of impairment loss) based on payment due dates is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within three months	**7,132**	6,547
Over three months but within six months	**1,144**	1,037
Over six months but within twelve months	**251**	213
	8,527	7,797

The movement for impairment loss on trade and other receivables is as follows:

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**34,031**	44,628
Impairment loss recognized	**–**	3,162
Reversal of impairment loss	**(14,416)**	(13,099)
Written off as uncollectible	**(18,342)**	(660)
At 31 December	**1,273**	34,031

For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition.

At the reporting date, the Group had determined trade receivables of HK$1,273,000 (2023: HK$34,031,000) as impaired. No impairment loss on other receivables was provided as at 31 December 2024 and 2023.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	HK$'000	*HK$'000*
Held for trading		
Equity securities		
Listed in Hong Kong	**94,682**	118,311
Listed outside Hong Kong	**50,934**	63,998
	145,616	182,309
Debt securities		
Listed outside Hong Kong	–	4,502
Unlisted	–	2,297
	–	6,799
Designated as such upon initial recognition		
Investment funds	**21,076**	13,502
	166,692	202,610

At the reporting date, the fair value measurements of listed equity securities and listed debt securities were determined by reference to their quoted bid prices in active markets and were categorized as Level 1 and the fair value measurements of unlisted debt securities and investment funds represented the quoted market prices on the underlying investments provided by financial institutions and were categorized as Level 2 of the three-level fair value hierarchy as defined under HKFRS 13. There was no transfer among the three levels of the fair value hierarchy during the year.

27. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**6,394**	1,037
Accrued charges	**37,976**	23,122
Other payables		
Payables related to vessel running cost and ship operating expenses	**89,905**	71,015
Hire receipt in advance	**21,315**	20,338
Loan interest payables	**638**	1,419
Accrued employee benefits	**15,229**	9,405
Others	**1,904**	1,923
	128,991	104,100
	173,361	128,259

The carrying amounts of trade and other payables are considered to be a reasonable approximation of their fair values.

The aging analysis of trade payables based on payment due dates is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within three months	**3,189**	149
Over three months but within six months	**2,317**	–
Over twelve months	**888**	888
	6,394	1,037

28. SECURED BANK LOANS

	2024	2023
	HK$'000	*HK$'000*
Vessel mortgage loans	–	128,734
Other bank loans	**882,766**	679,948
	882,766	808,682

The maturity of secured bank loans is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within one year	**156,653**	345,765
In the second year	**71,074**	436,205
In the third to fifth year	**655,039**	26,712
Total secured bank loans	**882,766**	808,682
Less: Amount repayable within one year	**(156,653)**	(345,765)
Amount repayable after one year	**726,113**	462,917

During the year, the Group had drawn new secured bank loans of HK$509,638,000 (2023: HK$450,035,000) and repaid HK$435,554,000 (2023: HK$411,083,000).

Vessel mortgage loans were denominated in United States Dollars. Other bank loans which included revolving loans, term loans and property mortgage loans were denominated in Hong Kong Dollars and United States Dollars. At the reporting date, all secured bank loans were committed on floating rate basis ranging from 3.75% to 6.58% (2023: 4.25% to 7.58%) per annum. These loans are secured by certain of the Group's assets as disclosed in note 36.

The carrying amount of the secured bank loans is considered to be a reasonable approximation of its fair value.

29. SHARE CAPITAL

The Company's share capital is as follows:

	2024		2023	
	Number of ordinary shares	**Amount**	Number of ordinary shares	Amount
		HK$'000		*HK$'000*
Issued and fully paid:				
At 1 January and 31 December	**530,289,480**	**381,639**	530,289,480	381,639

30. RESERVES

Details of movements in reserves of the Group are set out in the "Consolidated Statement of Changes in Equity" on page 92.

Other asset revaluation reserve

Other asset revaluation reserve represents the revaluation surplus between the carrying amounts of the leasehold land and buildings which are owner-occupied and the fair values of those properties at the date of reclassification to investment properties.

Reserve for financial assets at fair value through OCI

Reserve for financial assets at fair value through OCI represents the changes in fair value of financial assets at fair value through OCI. As at 31 December 2024, the reserve for financial assets at fair value through OCI consists of recycling and non-recycling portion amounting to income of HK$15,334,000 (2023: HK$15,596,000) and loss of HK$20,411,000 (2023: HK$10,371,000) respectively.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2024	2023
	HK$'000	*HK$'000*
Profit (Loss) before taxation	**142,183**	(461,811)
Adjustments for:		
Depreciation and amortization	**346,919**	290,875
Interest income	**(6,571)**	(6,434)
Interest expenses	**54,259**	55,152
Dividend income	**(10,024)**	(10,411)
Impairment loss (Reversal of impairment loss) on owned vessels and right-of-use assets	**(50,957)**	153,692
Reversal of impairment loss on trade and other receivables, net	**(14,416)**	(9,937)
Change in fair value of investment properties	**66,150**	36,640
Gain on disposal of property, plant and equipment, other than owned vessels	**(115)**	–
Loss on write-off of property, plant and equipment	**9**	25
Net loss on disposal of assets held for sale	**71**	–
Net loss on disposal of owned vessels	**–**	6,866
Impairment loss on assets held for sale	**–**	10,047
Cash generated from operations before changes in working capital	**527,508**	64,704
Changes in working capital:		
Inventories	**(10,349)**	12,555
Loan receivables	**–**	(1,829)
Trade and other receivables	**32,958**	28,346
Financial assets at fair value through profit or loss	**35,918**	42,369
Trade and other payables	**45,883**	10,780
Changes in working capital	**104,410**	92,221
Cash generated from operations	**631,918**	156,925

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities are classified as follows:

	Vessel mortgage loans	Other secured bank loans	Lease liabilities	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2023	206,456	563,274	228,823	998,553
Cash flows:				
Drawdown of loans	–	450,035	–	450,035
Repayment of loans	(77,722)	(333,361)	–	(411,083)
Repayment of lease liabilities	–	–	(38,051)	(38,051)
Non-cash:				
Lease remeasurement	–	–	25,404	25,404
Interest expense on lease liabilities	–	–	11,105	11,105
At 31 December 2023	128,734	679,948	227,281	1,035,963
At 1 January 2024	128,734	679,948	227,281	1,035,963
Cash flows:				
Drawdown of loans	–	509,638	–	509,638
Repayment of loans	(128,734)	(306,820)	–	(435,554)
Repayment of lease liabilities	–	–	(135,921)	(135,921)
Non-cash:				
New lease	–	–	217,469	217,469
Lease remeasurement	–	–	(66,506)	(66,506)
Interest expense on lease liabilities	–	–	10,275	10,275
At 31 December 2024	**–**	**882,766**	**252,598**	**1,135,364**

33. DEFERRED TAXATION

At the reporting date, deferred tax assets have not been recognized in respect of the followings:

	2024	2023
	HK$'000	*HK$'000*
Deductible temporary differences	**2,225**	2,181
Tax losses	**3,128,797**	2,995,729
	3,131,022	2,997,910

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. Both deductible temporary differences and tax losses do not expire under current tax legislation.

34. FUTURE OPERATING LEASE ARRANGEMENTS

(a) Where the Group is the lessee

At the reporting date, the Group had future minimum lease payment which was payable within one year in amount of HK$55,508,000 under non-cancellable operating leases on time charter hire. No such obligations were reported as at 2023.

(b) Where the Group is the lessor

At the reporting date, the Group had future minimum lease income receivables under non-cancellable operating leases as follows:

	2024	2023
	HK$'000	*HK$'000*
Within one year:		
Premises	**370**	408
Owned vessels	**357,842**	65,321
Chartered-in vessels	**42,254**	79,314
	400,466	145,043
In the second to fifth year:		
Premises	**17**	7
Owned vessels	**493,498**	–
Chartered-in vessels	**50,038**	–
	543,553	7
	944,019	145,050

35. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditures

During the year, the Group incurred capital expenditure of HK$738,646,000 (2023: HK$188,918,000) on additions of motor vessels and capitalized drydockings and HK$3,105,000 (2023: HK$884,000) on other property, plant and equipment.

Capital commitments

During the year, the Group entered into two shipbuilding contracts for the construction of two newbuildings, each at a consideration of US$34,000,000, approximately HK$265,200,000, of deadweight 63,500 metric tonnes, to be delivered in 2026 and 2027 respectively. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$68,000,000, approximately HK$530,400,000 (2023: nil).

The Group further entered into a charterparty in respect of leasing of a Capesize of deadweight 207,672 metric tonnes, built in year 2017, for a term of minimum thirty-three months; the vessel was delivered to the Group in January 2025. The right-of-use assets of approximately US$26,640,000, approximately HK$207,775,000 will be recognized on the date of delivery of the vessel. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was approximately US$26,640,000, approximately HK$207,775,000 (2023: nil).

During the year, the Group entered into an agreement for the acquisition of an Ultramax of deadweight 61,441 metric tonnes, built in year 2017, at a purchase price of US$24,520,000, approximately HK$191,256,000, was delivered to the Group in January 2025. As at the reporting date, a deposit of US$2,452,000, approximately HK$19,126,000, for the vessel was paid, the capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was approximately US$22,068,000, approximately HK$172,130,000 (2023: nil).

In 2018, a subsidiary of the Company entered into the co-investment documents to co-invest in a property project in Tower A of One Financial Street Center, Jing'an Central Business District, Shanghai, the PRC, pursuant to which the Group is committed to acquire non-voting participating class A shares of Dual Bliss Limited of US$10,000,000, approximately HK$78,000,000. Dual Bliss Limited is one of the investors of the Co-investment. As at the reporting date, the capital expenditure commitments contracted by the Group but not provided for was US$372,000, approximately HK$2,905,000 (2023: US$372,000, approximately HK$2,905,000).

As at the reporting date, the total amount of capital expenditure commitments contracted by the Group but not provided for, net of deposits paid, was US$117,080,000, approximately HK$913,210,000 (2023: US$372,000, approximately HK$2,905,000).

Save as disclosed above, there was no other significant capital expenditure commitment contracted by the Group but not provided for as at the reporting date.

36. PLEDGE OF ASSETS

At the reporting date, the Group had certain credit facilities which were secured by the followings:

(a) Legal charges on the Group's property, plant and equipment (note 18) with an aggregate net book value of HK$1,977,323,000 (2023: HK$1,733,638,000) and investment properties (note 20) with an aggregate carrying amount of HK$245,670,000 (2023: HK$303,750,000);

(b) Financial assets at fair value through profit or loss of HK$54,556,000 (2023: HK$97,997,000);

(c) Deposits totaling HK$2,564,000 (2023: HK$2,803,000) of the Group placed with banks; and

(d) Assignment of fifteen (2023: fourteen) subsidiaries' income in favour of banks.

In addition, no (2023: six) shares of ship owning subsidiaries were pledged to banks for vessel mortgage loans.

37. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following related party transactions:

Compensation of key management personnel as follows:

	2024	2023
	HK$'000	*HK$'000*
Salaries and other benefits	**77,973**	73,486
Contributions to retirement benefits schemes	**3,562**	3,562
	81,535	77,048

Other payables included accrued employee benefits payables to directors and senior management of HK$11,410,000 (2023: HK$7,012,000). There is no other balance or transaction related to connected party or any director and senior management and substantial shareholder of the Group that had not been disclosed under the requirement of Chapter 14 and 14A of the Listing Rules and HKAS 24 (Revised) "Related Party Disclosures".

38. EVENTS AFTER THE REPORTING DATE

Regarding the legal proceedings between the subsidiaries of the Company and Parakou Shipping Pte Limited ("Parakou Shipping") in London and Hong Kong in relation to the non-performance of a charterparty, Galsworthy Limited, a subsidiary of the Company, and Parakou Shipping had reached an agreement to settle the legal action, and the Group received a sum of SGD27.6 million, a total of approximately HK$158.34 million in January 2025.

39. FINANCIAL RISK MANAGEMENT AND POLICIES

The Group is exposed to financial risks through its use of financial instruments which arise from its business activities. The financial risks include market risk (mainly comprise of interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The management manages and monitors the financial risk exposures to ensure appropriate measures are implemented on a timely and effective manner. These policies have been in place for years and are considered to be effective.

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(a) Categories of financial instruments

At the reporting date, the carrying amounts of financial instruments presented in the consolidated statement of financial position related to the following categories of financial assets and financial liabilities:

	2024	2023
	HK$'000	*HK$'000*
Financial assets		
Financial assets at fair value through OCI		
Unlisted equity investments	**38,593**	56,622
Unlisted club debentures	**22,400**	22,600
Unlisted club membership	**3,258**	3,368
	64,251	82,590
Financial assets at fair value through profit or loss		
Equity securities	**145,616**	182,309
Debt securities	**–**	6,799
Investment funds	**21,076**	13,502
	166,692	202,610
Financial assets at amortized cost		
Trade and other receivables	**72,883**	122,347
Loan receivables	**12,304**	12,304
Pledged deposits	**2,564**	2,803
Bank balances and cash	**189,908**	329,449
	277,659	466,903
	508,602	752,103
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables	**151,966**	107,812
Secured bank loans	**882,766**	808,682
Lease liabilities	**252,598**	227,281
	1,287,330	1,143,775

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(b) Interest rate risk

Exposures to interest rate risk and the Group's risk management policies

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk arises primarily from bank borrowings that were committed on floating rate basis.

The Group manages interest rate risk by monitoring its interest rate profile as set out in note 28.

Sensitivity analysis*

Based on the exposures to bank borrowings of HK$882,766,000 (2023: HK$808,682,000) at the reporting date, it was estimated that an increase of 25 (2023: 25) basis points in interest rate, with all other variables remaining constant, the Group's net profit would decrease by approximately HK$2,207,000 (2023: net loss would increase by approximately HK$2,022,000).

The sensitivity analysis above has been determined as if the change in interest rate had occurred at the reporting date. The basis of 25 (2023: 25) points increase is considered to be reasonably possible change based on observation of current market conditions and represents the management's assessment of a reasonably possible change in interest rate over the period until the next reporting date.

(c) Foreign currency risk

Exposures to foreign currency risk and the Group's risk management policies

Foreign currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's transactions, assets and liabilities are mainly denominated in Hong Kong Dollars and United States Dollars which is linked to Hong Kong Dollars at exchange rate of around US$1.00 to HK$7.80. The Group believes that there will be no significant fluctuation in the exchange rates between Hong Kong Dollars and United States Dollars.

At the reporting date, the Group was exposed to foreign currency risk primarily through holding certain bank deposits and investment in equity securities mainly denominated in Singapore Dollars amounting to SGD830,000 and SGD7,608,000, approximately HK$4,743,000 and HK$43,442,000 respectively (2023: SGD743,000 and SGD9,890,000, approximately HK$4,396,000 and HK$58,539,000 respectively).

* *The sensitivity analysis disclosed above represents the risks inherent to the Group's financial instruments as of each reporting date. The result of the sensitivity analysis may differ from time to time according to the then prevailing market conditions.*

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(c) Foreign currency risk *(Continued)*

Sensitivity analysis*

At the reporting date, based on the total exposures to the bank deposits and equity securities mainly denominated in Singapore Dollars of SGD8,438,000, approximately HK$48,185,000 (2023: SGD10,633,000, approximately HK$62,935,000), it was estimated that a depreciation of 5% (2023: 5%) in exchange rate of Singapore Dollars against Hong Kong Dollars would result in a decrease to the Group's net profit by approximately HK$2,409,000 (2023: an increase to the Group's net loss by approximately HK$3,147,000) with all other variables remain constant. The sensitivity analysis had been determined based on the assumed exchange rate movement of Singapore Dollars (2023: Singapore Dollars) against Hong Kong Dollars taking place at the beginning of the year and held constant throughout the year.

(d) Price risk

Exposures to price risk and the Group's risk management policies

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will decline because of adverse market price movements of the financial instrument. The Group is exposed to price risk primarily through its investments in equity securities, debt securities and investment funds classified as financial assets at fair value through profit or loss.

The Group's portfolio of financial instruments that exposed to price risk at the reporting date is set out in note 26.

Sensitivity analysis*

Based on the portfolio of equity securities held by the Group at the reporting date, if the quoted prices of the equity securities had been decreased by 10% (2023: 10%), the Group's net profit would decrease by approximately HK$14,562,000 (2023: net loss would increase by approximately HK$18,231,000).

Based on the portfolio of investment funds held by the Group at the reporting date, if the quoted prices of the investment funds had been decreased by 10% (2023: 10%), the Group's net profit would decrease by approximately HK$2,108,000 (2023: net loss would increase by approximately HK$1,350,000).

* *The sensitivity analysis disclosed above represents the risks inherent to the Group's financial instruments as of each reporting date. The result of the sensitivity analysis may differ from time to time according to the then prevailing market conditions.*

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(e) Credit risk

Exposures to credit risk and the Group's risk management policies

Credit risk relates to the risk that the counterparty to a financial instrument would fail to discharge its contractual obligations under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposures to credit risk mainly arises from granting credit to charterers in the ordinary course of its operations, loan receivables to third parties and deposits or other financial assets placed with financial institutions.

Management has a credit policy in place for approving the credit limits to charterers and the exposures to credit risk are monitored such that any outstanding trade receivables are reviewed and followed up on an ongoing basis. Credit evaluations including assessing the customer's creditworthiness and financial standing are performed on customers requiring a credit over certain amount. During the year, the Group did not recognize any impairment loss on trade receivables that were outstanding for over one year past due, whereas an impairment loss of HK$3,162,000 was recorded in 2023. A reversal of impairment loss on trade receivables amounting to HK$14,416,000 (2023: HK$13,099,000) was recognized during the year, attributable to the recovery of outstanding trade receivables from prior years. Additionally, trade receivables of HK$18,342,000 (2023: HK$660,000) was written off as uncollectible during the year.

The credit terms given to charterers vary from 15 to 60 days according to the types of vessels' employment.

For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(e) Credit risk *(Continued)*

Exposures to credit risk and the Group's risk management policies *(Continued)*

On the above basis, the ECL for trade receivables as at 31 December 2024 and 2023 was determined as follows:

	Current	Within 3 months past due	Over 3 months but within 6 months past due	Over 6 months but within 12 months past due	Over 12 months past due	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2024						
Trade receivables						
– gross carrying amount	**1,689**	**5,443**	**1,144**	**251**	**1,273**	**9,800**
Lifetime ECL	**–**	**–**	**–**	**–**	**1,273**	**1,273**
ECL rate	**0%**	**0%**	**0%**	**0%**	**100%**	
2023						
Trade receivables						
– gross carrying amount	1,851	4,696	1,037	213	34,031	41,828
Lifetime ECL	–	–	–	–	34,031	34,031
ECL rate	0%	0%	0%	0%	100%	

For other receivables and loan receivables arised from the Co-investment, the Group measures the loss allowance for those receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood or risk of default occurring since initial recognition and the Group also considered the net asset value of the Co-investment for estimating the ECL for loan receivables. For the result of the assessment, no impairment loss on other receivables and loan receivables arised from Co-investment was provided as at 31 December 2024 and 2023. The outstanding balance of those receivables of HK$76,660,000 (2023: HK$126,854,000) are considered as not deteriorated significantly in credit quality or with low credit risk. Management believes that there was no significant increase in credit risk inherent in the Group's outstanding balance of those receivables.

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(e) Credit risk *(Continued)*

Exposures to credit risk and the Group's risk management policies *(Continued)*

For the financial assets at fair value through OCI, the management believes that the credit risk inherent in the Group is low and counterparties have the capacity to meet their contractual cash flow obligation in the near term and the ECL recognized is based on the 12-month ECL.

The Group has no significant concentration of credit risk in respect of trade receivables, with exposure spread over a number of charterers. At the reporting date, the Group did not hold any collateral from charterers.

Bank deposits are only placed with creditworthy financial institutions. The management does not expect any financial institutions fail to meet their obligations.

(f) Liquidity risk

Exposures to liquidity risk and the Group's risk management policies

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, its financing obligations and lease liabilities, and also in respect of its cash flow management.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other borrowings. The management regularly monitors the Group's current and expected liquidity requirements and its compliance with lending covenants, to ensure it maintains sufficient reserves of cash and bank balances, readily realizable marketable equity and debt securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirement.

39. FINANCIAL RISK MANAGEMENT AND POLICIES *(Continued)*

(f) Liquidity risk *(Continued)*

Exposures to liquidity risk and the Group's risk management policies *(Continued)*

The analysis below set out the remaining contractual maturity based on undiscounted cash flow of the Group's financial liabilities at the reporting date.

	Within one year *HK$'000*	In the second year *HK$'000*	In the third to fifth year *HK$'000*	After the fifth year *HK$'000*	Total undiscounted amount *HK$'000*	Carrying amount *HK$'000*
2024						
Trade and other payables	**151,966**	**–**	**–**	**–**	**151,966**	**151,966**
Secured bank loans	**211,327**	**116,030**	**691,905**	**–**	**1,019,262**	**882,766**
Lease liabilities	**155,008**	**42,784**	**70,882**	**–**	**268,674**	**252,598**
	518,301	**158,814**	**762,787**	**–**	**1,439,902**	**1,287,330**
2023						
Trade and other payables	107,812	–	–	–	107,812	107,812
Secured bank loans	399,399	463,636	28,320	–	891,355	808,682
Lease liabilities	48,500	48,368	145,235	11,926	254,029	227,281
	555,711	512,004	173,555	11,926	1,253,196	1,143,775

40. CAPITAL MANAGEMENT

The Group's capital management objectives are:

(a) to ensure the Group's ability to continue as a going concern;

(b) to provide adequate returns for shareholders;

(c) to maintain an optimal capital structure to reduce the cost of capital; and

(d) to support the Group's stability and sustainable growth.

The Group's capital management strategies are to rely on internal resources and interest-bearing borrowings to finance the capital expenditures. The management may make adjustments to its capital structure in the light of changes in economic conditions, recent market values of the Group's assets as well as the risk characteristics of the underlying assets through adjusting the amount of dividends paid to shareholders, issuing new shares or selling assets to reduce debts.

The Group monitors capital structure on the basis of the gearing ratio. This ratio is calculated as net debts (total interest-bearing debts net of equity and debt securities, bank balances and cash) over total equity. The gearing ratio of the Group at the reporting date is calculated as follows:

	2024	2023
	HK$'000	*HK$'000*
Secured bank loans repayable within one year	**156,653**	345,765
Secured bank loans repayable after one year	**726,113**	462,917
Total secured bank loans	**882,766**	808,682
Less: Equity and debt securities	**(145,616)**	(189,108)
Less: Bank balances and cash	**(189,908)**	(329,449)
Net debts	**547,242**	290,125
Total equity	**2,942,152**	2,818,308
Gearing ratio	**19%**	10%

41. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

(a) Statement of financial position of the Company

	2024	2023
	HK$'000	*HK$'000*
ASSETS AND LIABILITIES		
Non-current assets		
Financial assets at fair value through OCI	**14,800**	14,800
Investments in subsidiaries	**586,670**	586,670
	601,470	601,470
Current assets		
Other receivables	**470**	469
Financial assets at fair value through profit or loss	**5,971**	14,679
Amount due from subsidiaries	**133,294**	130,625
Bank balances and cash	**9,150**	14,154
	148,885	159,927
Current liabilities		
Other payables	**759**	689
Net current assets	**148,126**	159,238
Net assets	**749,596**	760,708
EQUITY		
Capital and reserves		
Issued capital	**381,639**	381,639
Reserves *(Note)*	**367,957**	379,069
Total equity	**749,596**	760,708

Note: At the reporting date, reserves of the Company available for distribution to shareholders amounted to HK$325,937,000 (2023: HK$337,049,000).

Approved and authorized for issue by the Board of Directors on 18 March 2025

Ng Siu Fai
Chairman

Ng Kam Wah Thomas
Managing Director

41. STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CHANGES IN EQUITY OF THE COMPANY *(Continued)*

(b) Statement of changes in equity of the Company

	Issued capital *HK$'000*	Reserve for financial assets at fair value through OCI *HK$'000*	Retained profits *HK$'000*	Total equity *HK$'000*
At 1 January 2023	381,639	8,500	376,750	766,889
Comprehensive income				
Net profit for the year	–	–	3,125	3,125
Other comprehensive income				
Change in fair value of financial assets at fair value through OCI	–	1,300	–	1,300
Total comprehensive income for the year	–	1,300	3,125	4,425
Final dividend paid	–	–	(10,606)	(10,606)
At 31 December 2023	381,639	9,800	369,269	760,708
At 1 January 2024	381,639	9,800	369,269	760,708
Loss and total comprehensive loss for the year	–	–	(11,112)	(11,112)
At 31 December 2024	**381,639**	**9,800**	**358,157**	**749,596**

42. PRINCIPAL SUBSIDIARIES

The following table lists out the information relating to Jinhui Shipping and its subsidiaries (collectively, referred to as "Jinhui Shipping Group"), the subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarized financial information presented below represents the amounts before any inter-company transactions and balances elimination:

	Jinhui Shipping Group	
	2024	2023
	HK$'000	*HK$'000*
NCI percentage	**44.31%**	44.31%
Non-current assets	**3,600,238**	3,034,473
Current assets	**488,537**	737,864
Non-current liabilities	**(806,520)**	(622,034)
Current liabilities	**(383,698)**	(420,849)
Net assets	**2,898,557**	2,729,454
Carrying amount of NCI	**1,297,723**	1,222,794
Revenue	**1,239,419**	638,573
Net profit (loss) for the year	**187,239**	(429,429)
Total comprehensive income (loss) for the year	**169,104**	(443,329)
Net profit (loss) for the year attributable to NCI	**82,966**	(190,278)
Total comprehensive income (loss) for the year attributable to NCI	**74,929**	(196,436)
Dividends paid to NCI	**–**	(15,106)
Net cash from operating activities	**590,717**	124,363
Net cash used in investing activities	**(666,190)**	(40,654)
Net cash used in financing activities	**(59,038)**	(29,913)

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Details of the Company's principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2024	Attributable equity interest at 31/12/2023	Principal activities	Place of operation
Incorporated in Bermuda					
Jinhui MetCoke Limited	12,000 ordinary shares of US$1 each	55.69%	55.69%	Investment holding	Worldwide
# Jinhui Shipping and Transportation Limited	109,258,943 ordinary shares of US$0.05 each	55.69%	55.69%	Investment holding	Worldwide
Incorporated in the British Virgin Islands					
Advance Rich Limited	1 share of US$1 each	55.69%	55.69%	Investment	Worldwide
Atwell Enterprises Limited	1 share of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Elstead Limited	100 shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Hazen Valley Limited	1 share of US$1 each	100%	100%	Property investment	Hong Kong
Jin Hui Shipping Inc.	50,000 shares of US$1 each	55.69%	55.69%	Investment holding	Worldwide
Jinhui Investments Limited	1 share of US$1 each	55.69%	55.69%	Investment holding	Worldwide
Oriental Dynamic International Limited	1 share of US$1 each	100%	100%	Property investment	Hong Kong
# Pantow Profits Limited	60,000 shares of US$1 each	100%	100%	Investment holding	Worldwide

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2024	Attributable equity interest at 31/12/2023	Principal activities	Place of operation
Incorporated in the British Virgin Islands *(Continued)*					
Timeplus Limited	1,000 shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Wokefield Enterprises Limited	1 share of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Incorporated in Hong Kong					
Best Flame International Limited	HK$2 divided into 2 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
Carpa Limited	HK$2 divided into 2 ordinary shares	100%	100%	Property investment	Hong Kong
Exalten Limited	HK$2 divided into 2 ordinary shares	100%	100%	Property investment	Hong Kong
Fair Fait International Limited	HK$2 divided into 2 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
First Lion International Limited	HK$2 divided into 2 ordinary shares	100%	100%	Property investment	Hong Kong
Goldbeam International Limited	HK$5,000,000 divided into 5,000,000 ordinary shares	55.69%	55.69%	Ship management services, shipping agent and investment	Hong Kong
Good Sunshine Limited	HK$1 divided into 1 ordinary share	55.69%	55.69%	Property investment	Hong Kong
Jinhui Finance (Hong Kong) Limited	HK$10,000 divided into 10,000 ordinary shares	55.69%	55.69%	Money lending	Hong Kong

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2024	Attributable equity interest at 31/12/2023	Principal activities	Place of operation
Incorporated in Hong Kong *(Continued)*					
# Jinhui Investments (China) Limited	HK$2 divided into 2 ordinary shares	100%	100%	Investment holding	Hong Kong
Keenfair Investment Limited	HK$2 divided into 2 ordinary shares	100%	100%	Investment	Hong Kong
Leadford Industries Limited	HK$2 divided into 2 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
Linkford International Limited	HK$2 divided into 2 ordinary shares	100%	100%	Property investment	Hong Kong
Monocosmic Limited	HK$10,000 divided into 10,000 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
Noble Talent Development Limited	HK$1 divided into 1 ordinary share	55.69%	55.69%	Property investment	Hong Kong
Ringo Star Company Limited	HK$2 divided into 2 ordinary shares	55.69%	55.69%	Property investment	Hong Kong
Union Gold Limited	HK$1 divided into 1 ordinary share	55.69%	55.69%	Property investment	Hong Kong
Incorporated in the Republic of Liberia					
Galsworthy Limited	1 registered share of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Goldbeam Shipping Inc.	100 registered shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Paxton Enterprises Limited	500 registered shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2024	Attributable equity interest at 31/12/2023	Principal activities	Place of operation
Incorporated in the Republic of Liberia *(Continued)*					
Sompol Trading Limited	10 registered shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Wonder Enterprises Ltd.	500 registered shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide
Incorporated in the Republic of Panama					
Jinan Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinao Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinbi Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinchao Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jincheng Maritime Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jingang Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinheng Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinhong Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinhui Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2024	Attributable equity interest at 31/12/2023	Principal activities	Place of operation
Incorporated in the Republic of Panama *(Continued)*					
Jinji Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinjun Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinli Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinmao Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinmei Marine Inc.	2 registered shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinping Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinrong Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinrui Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinshun Shipping Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinsui Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jintong Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinwan Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide

42. PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Issued and paid-up capital / registered capital	Attributable equity interest at 31/12/2024	Attributable equity interest at 31/12/2023	Principal activities	Place of operation
Incorporated in the Republic of Panama *(Continued)*					
Jinxiang Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinxing Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinyi Shipping Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinyuan Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Jinyue Marine Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship owning	Worldwide
Rimpacific Navigation Inc.	2 common shares of US$1 each	55.69%	55.69%	Ship chartering	Worldwide

These are direct subsidiaries of the Company. All other companies are indirect subsidiaries.

Glossary

This glossary contains the abbreviations and main terms used in the 2024 annual report.

Abbreviations / Main terms	Meanings in the annual report
Articles of Association	Articles of Association of the Company;
Board	Board of Directors;
Chairman	Chairman of the Board;
China / PRC	The People's Republic of China;
CG Code	Corporate Governance Code as set out in Appendix C1 of the Listing Rules;
Company / Jinhui Holdings	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange (stock code: 137);
Company Code	A set of code adopted by the Company, which sets out the corporate standards and practices used by the Group;
Director(s)	Director(s) of the Company;
DWT	Deadweight tonnage;
ECL	Expected credit loss;
ESG	Environmental, social, and governance;
Group	Company and its subsidiaries;
HKAS	Hong Kong Accounting Standards;
HKFRS	Hong Kong Financial Reporting Standards;
HKICPA	Hong Kong Institute of Certified Public Accountants;
Hong Kong	The Hong Kong Special Administrative Region of the PRC;
IMO	The International Maritime Organization;
ISM Code	The International Safety Management Code;

Glossary

Abbreviations / Main terms	Meanings in the annual report
ISPS Code	The International Ship and Port Facility Security Code;
Jinhui Shipping	Jinhui Shipping and Transportation Limited, a limited liability company incorporated in Bermuda and an approximately 55.69% owned subsidiary of the Company as at 31 December 2024, whose shares are listed on the Oslo Stock Exchange (Oslo Børs) (stock code: JIN);
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
LSP	Long service payment;
MARPOL	The International Convention for the Prevention of Pollution from Ships;
MPF	Mandatory provident fund;
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
Shareholder(s)	Shareholder(s) of the Company;
STCW Convention	The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers;
Stock Exchange	The Stock Exchange of Hong Kong Limited;
HK$	Hong Kong Dollars, the lawful currency of Hong Kong;
SGD	Singapore Dollars, the lawful currency of Singapore; and
US$	United States Dollars, the lawful currency of the United States of America.

Appendix

LIST OF INVESTMENT PROPERTIES

Particulars of the Group's investment properties [1] as at 31 December 2024 are as follows:

Address	Saleable area	Use	Category of lease	Percentage held by the Group
Whole of 20th Floor Lippo Leighton Tower No. 103 Leighton Road Hong Kong	2,848 sq. feet	Commercial	Long lease	100%
Unit B on 12th Floor Lippo Leighton Tower No. 103 Leighton Road Hong Kong	1,293 sq. feet	Commercial	Long lease	100%
Unit A on 16th Floor Lippo Leighton Tower No. 103 Leighton Road Hong Kong	1,288 sq. feet	Commercial	Long lease	100%
Portion A on 15th Floor (consisting of a portion of Office A & Offices E & F) Yardley Commercial Building No. 3 Connaught Road West Hong Kong	2,522 sq. feet	Commercial	Long lease	100%
Office Units B, C and D on 16th Floor Yardley Commercial Building No. 3 Connaught Road West Hong Kong	2,450 sq. feet	Commercial	Long lease	100%
Office Unit B on 7th Floor Yardley Commercial Building No. 3 Connaught Road West Hong Kong	2,521 sq. feet	Commercial	Long lease	100%
Unit 06 on 12th Floor of Block A Hongway Garden No. 8 New Market Street Sheung Wan Hong Kong	402 sq. feet	Residential	Long lease	100%

Note:

1. The list of investment properties does not include the 26 car parks held by the Group which are located at Yardley Commercial Building, No. 3 Connaught Road West, Hong Kong.