

Cathay Pacific MTN Financing (HK)  
Limited

31 December 2024

## **Directors' Report**

The Directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2024.

### **Principal place of business**

Cathay Pacific MTN Financing (HK) Limited (the "Company") is a company incorporated and domiciled in Hong Kong and has its registered office at 31/F, One Pacific Place, 88 Queensway, Hong Kong and principal place of business at 7/F, Central Tower, Cathay Pacific City, 8 Scenic Road, Hong Kong International Airport, Lantau Island, Hong Kong.

### **Principal activity**

The principal activity of the Company is provision of financial services.

### **Financial statements**

The financial performance of the Company for the year ended 31 December 2024 and its financial position as at that date are set out in the financial statements on pages 8 to 20.

### **Dividends**

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2024 (2023: HK\$Nil).

### **Share capital**

Details of share capital of the Company are set out in note 9 to the financial statements. There were no movements during the year.

### **Directors**

The Directors during the financial year and up to the date of this report were:

Christopher Buckley  
Rebecca Sharpe  
Alex Liu

There being no provision in the Company's Articles of Association in connection with the retirement of Directors, all existing Directors continue in office for the following year.

### **Directors' interests in transactions, arrangements or contracts**

Save as disclosed in notes 2, 6, 7, 8 and 11 to the financial statements, no transactions, arrangements or contracts of significance to which the Company, its holding company or any of its fellow subsidiaries, was a party and in which a Director of the Company or an entity connected with a 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.

At no time during the year was the Company, its holding company or any of its fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **Permitted indemnity**

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every Director of the Company is entitled to be indemnified out of the assets of the Company in connection with the matters specified in the Articles of Association of the Company and in the manner and to the extent so specified. To the extent permitted by such Ordinance, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors of the Company.

### **Auditors**

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



Rebecca Sharpe  
Director  
Hong Kong,

30 JUN 2025



# Independent auditor's report to the sole member of Cathay Pacific MTN Financing (HK) Limited (Incorporated in Hong Kong with limited liability)

## Opinion

We have audited the financial statements of Cathay Pacific MTN Financing (HK) Limited ("the Company") set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income and the statement of changes in equity for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

## Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company 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 matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements for the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



**Independent auditor's report to the sole member of  
Cathay Pacific MTN Financing (HK) Limited (continued)**  
*(Incorporated in Hong Kong with limited liability)*

<b>Recoverability of loans to and amount due from the ultimate holding company</b>	
<i>Refer to accounting policy 1(e) and notes 6, 7 and 10(a) to the financial statements</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Company's principal activity is the raising of finance through the issuance of guaranteed notes to external parties and the lending of the funds raised to its ultimate holding company.</p> <p>The loans to and the amount due from the ultimate holding company are not secured by any assets of the ultimate holding company, although the guaranteed notes are unconditionally and irrevocably guaranteed by the ultimate holding company.</p> <p>Management determines a loss allowance on the loans to and amount due from the ultimate holding company using an expected credit loss model which is subject to a number of key parameters and assumptions, such as the identification of loss stages, estimates of probability of default, loss given default, exposure at default and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions.</p> <p>We identified assessing the recoverability of the loans to and amount due from the ultimate holding company as a key audit matter because the loans and amounts due from the ultimate holding company represent the principal assets on the Company's statement of financial position and because the ability of the Company to meet its financial obligations as and when they fall due in respect of the guaranteed notes is dependent on the ultimate holding company's punctual repayment of the loans to and the amount due from it.</p>	<p>Our audit procedures to assess the recoverability of the loans to and the amount due from the ultimate holding company included the following:</p> <ul style="list-style-type: none"> <li>• comparing the carrying amount of loans to and amount due from the ultimate holding company (before loss allowance) recorded by the Company to the financial records of the ultimate holding company;</li> <li>• evaluating management's assessment of whether the credit risk of the loans to and amount due from the ultimate holding company has increased significantly since initial recognition and whether the loan is credit-impaired with reference to loan overdue information; making enquiries of the management about the ultimate holding company's business operations; assessing the ultimate holding company's financial information and performing market research about the ultimate holding company's businesses; and</li> <li>• assessing the disclosures in the financial statements with reference to the requirements of the prevailing accounting standards.</li> </ul>



## **Independent auditor's report to the sole member of Cathay Pacific MTN Financing (HK) Limited (continued)** *(Incorporated in Hong Kong with limited liability)*

### **Information other than the financial statements and auditor's report thereon**

The directors are responsible for the other information. The other information comprises all the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the directors for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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. This report is made solely to you in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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



**Independent auditor's report to the sole member of  
Cathay Pacific MTN Financing (HK) Limited (continued)**  
*(Incorporated in Hong Kong with limited liability)*

**Auditor's responsibilities for the audit of the financial statements (continued)**

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**Independent auditor's report to the sole member of  
Cathay Pacific MTN Financing (HK) Limited (continued)**  
*(Incorporated in Hong Kong with limited liability)*

**Auditor's responsibilities for the audit of the financial statements (continued)**

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

We also provide the directors 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.

The engagement partner on the audit resulting in this independent auditor's report is McSheaffrey Paul Kevin.

A handwritten signature in black ink, appearing to read 'KPMG'.

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

30 JUN 2025



## Statement of profit or loss and other comprehensive income for the year ended 31 December 2024

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<i>2024</i> \$	<i>2023</i> \$
<b>Revenue</b>	2	347,055,699	293,739,133
Finance costs	3	<u>(347,055,699)</u>	<u>(293,739,133)</u>
<b>Profit before taxation</b>	3	-	-
Income tax	4	<u>-</u>	<u>-</u>
<b>Profit and total comprehensive income for the year</b>		<u>-</u>	<u>-</u>


The notes on pages 11 to 20 form part of these financial statements.

## Statement of financial position at 31 December 2024

(Expressed in Hong Kong dollars)


	Note	2024 \$	2023 \$
<b>Non-current asset</b>			
Loans to ultimate holding company	6	<u>6,859,423,736</u>	<u>5,071,800,889</u>
<b>Current assets</b>			
Loans to ultimate holding company	6	-	736,831,113
Amount due from ultimate holding company	7	<u>105,412,029</u>	<u>98,724,114</u>
		105,412,029	835,555,227
<b>Current liabilities</b>			
Guaranteed notes	8	-	(736,831,113)
Accrued interest payable		<u>(105,402,028)</u>	<u>(98,714,113)</u>
		<u>(105,402,028)</u>	<u>(835,545,226)</u>
<b>Net current assets</b>		<u>10,001</u>	<u>10,001</u>
<b>Total assets less current liability</b>		6,859,433,737	5,071,810,890
<b>Non-current liability</b>			
Guaranteed notes	8	<u>(6,859,423,736)</u>	<u>(5,071,800,889)</u>
<b>NET ASSETS</b>		<u>10,001</u>	<u>10,001</u>
<b>CAPITAL AND RESERVES</b>	9		
Share capital		1	1
Reserves		<u>10,000</u>	<u>10,000</u>
<b>TOTAL EQUITY</b>		<u>10,001</u>	<u>10,001</u>

Approved and authorised for issue by the Board of Directors on **30 JUN 2025**



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Name: Rebecca Sharpe  
Director



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Name: Christopher Buckley  
Director

The notes on pages 11 to 20 form part of these financial statements.

## Statement of changes in equity for the year ended 31 December 2024

*(Expressed in Hong Kong dollars)*

	<i>Share capital</i> \$	<i>Retained profits</i> \$	<i>Total</i> \$
<b>At 1 January 2023 and 2024</b>	1	10,000	10,001
Profit and total comprehensive income for the year	-	-	-
<b>At 31 December 2023 and 2024</b>	<u>1</u>	<u>10,000</u>	<u>10,001</u>

The notes on pages 11 to 20 form part of these financial statements.

# Notes to the financial statements

*(Expressed in Hong Kong dollars unless otherwise indicated)*

## **1 Material accounting policies**

### **(a) Statement of compliance**

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Company is disclosed below.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these financial statements.

### **(b) Basis of preparation of the financial statements**

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **(c) Changes in accounting policies**

The Company has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

## 1 Material accounting policies (continued)

The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

*Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Company's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

*Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies.*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Company has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

### (d) Cash flow statement

A cash flow statement has not been prepared as the Company did not have any cash flows during the current and prior periods nor did it have any cash or cash equivalents at any point throughout the periods.

The cash flows which have resulted from the operations of the Company were all paid and received by the ultimate holding company, and the amounts involved have all been accounted for as movements in the intercompany current account and loans receivable.

### (e) Loans to ultimate holding company and receivables

#### (i) Initial and subsequent measurements

Loans to ultimate holding company and receivables are initially stated at fair value plus directly attributable transaction costs. Subsequent to initial recognition, the loans to ultimate holding company and receivables are carried at amortised cost as they are held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the loans to ultimate holding company is calculated using the effective interest method.

#### (ii) Credit losses

The Company recognises a loss allowance for expected credit losses ("ECLs") on loans to its ultimate holding company and receivables. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

## 1 Material accounting policies (continued)

The expected cash shortfalls are discounted using effective interest rates determined at initial recognition or an approximation thereof. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

The Company recognises a loss allowance on loans to ultimate holding company and receivables equal to 12-month ECLs (i.e. losses that are expected to result from possible default events within the 12 months after the reporting date) unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs (i.e. losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies).

In assessing whether the credit risk of loans to the ultimate holding company and receivables has increased significantly since initial recognition, the Company compares the risk of default assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates; or
- an actual or expected significant deterioration in the operating results of the ultimate holding company.

ECLs are remeasured at each reporting date to reflect changes in credit risk of loans to ultimate holding company and receivables since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Company recognises an impairment gain or loss for loans to ultimate holding company and receivables with a corresponding adjustment to their carrying amount through a loss allowance account.

### (f) **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

### (g) **Payables**

Payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (h) **Income tax**

Income tax for the year comprises current tax which is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

## 1 Material accounting policies (continued)

### (h) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

### (i) Revenue recognition

Income is classified by the Company as revenue when it arises from the provision of services in the ordinary course of the Company's business.

Further details of the Company's revenue recognition policies are as follows:

- Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset in the ordinary course of the Company's business.

### (j) Finance costs

Finance costs are expensed in the period in which they are incurred.

### (k) Related parties

Related parties are individuals and companies, including subsidiary, fellow subsidiary, jointly controlled and associated companies and key management (including close members of their families), where the individual, Company or Group has the ability, directly or indirectly, to control the other party or exercise significant influence or joint control over the other party in making financial and operating decisions.

## 2 Revenue

The principal activity of the Company is the provision of financial services. The revenue represents interest received and receivable from loans to ultimate holding company.

	2024 \$	2023 \$
Interest income on loans to the ultimate holding company	<u>347,055,699</u>	<u>293,739,133</u>

Rebecca Sharpe was interested in these transactions as a director of the Company and Cathay Pacific Airways Limited ("CPA"), the ultimate holding company.

### 3 Profit before taxation

Profit before taxation is arrived at after charging interest expense on guaranteed notes of \$347,055,699 (2023: \$293,739,133) for the year.

Auditor's remuneration of \$67,500 (2023: \$65,500) was borne by the ultimate holding company and the ultimate holding company has waived its right of recovery of such expense.

### 4 Income tax

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company did not have any assessable profits during the years ended 31 December 2024 and 2023.

### 5 Directors' remuneration

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024	2023
	\$	\$
Directors' fees	-	-
Salaries, allowances and benefits in kind	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	-	-
	<u>          </u>	<u>          </u>

### 6 Loans to ultimate holding company

As at 31 December 2024, the loans to ultimate holding company bear effective interest rates ranging from 4.8% to 5.05% per annum (2023: from 4.65% to 5.0% per annum) which are unsecured and repayable on the maturity of the related guaranteed notes (see note 8).

No credit loss allowance was recognised as at 31 December 2024 and 2023. Further details on the Company's credit policy are set out in note 10(a).

Rebecca Sharpe was interested in these transactions as a director of the Company and CPA, the ultimate holding company.

### 7 Amount due from ultimate holding company

The amount due from ultimate holding company is interest-free, unsecured and repayable on demand.

No credit loss allowance was recognised as at 31 December 2024 and 2023. Further details on the Company's credit policy are set out in note 10(a).

Rebecca Sharpe was interested in these transactions as a director of the Company and CPA, the ultimate holding company.



## 8 Guaranteed notes

The guaranteed notes ("the Notes") are issued under a US\$2,500,000,000 medium term note programme ("the MTN Programme").

The Notes are unconditionally and irrevocably guaranteed by the ultimate holding company. The net proceeds of the issue of the Notes have been on-lent to the ultimate holding company for its working capital and general corporate purposes.

The Notes are subject to redemption in whole, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting taxes of the Hong Kong Special Administrative Region.

Details and nominal value of the notes issued are set out below:

	2024 \$	2023 \$
(i) USD650 million of guaranteed notes issued on 17 May 2021 at 4.875% fixed rate per annum. These notes will mature on 17 Aug 2026.	5,044,305,888	5,069,527,422
(ii) CNY230 million of guaranteed notes issued on 14 July 2021 at 4.8% fixed rate per annum. These notes will mature on 14 July 2024.	-	252,455,511
(iii) HKD288 million of guaranteed notes issued on 24 June 2022 at 4.65% fixed rate per annum. These notes will mature on 24 June 2024.	-	287,251,336
(iv) HKD200 million of guaranteed notes issued on 5 September 2022 at 5.0% fixed rate per annum. These notes will mature on 5 September 2024.	-	199,397,733
(v) HKD625 million of guaranteed notes issued on 1 February 2024 at 5.0% fixed rate per annum. These notes will mature on 1 February 2027.	622,119,792	-
(vi) HKD200 million of guaranteed notes issued on 21 February 2024 at 4.9% fixed rate per annum. These notes will mature on 21 February 2027.	199,001,389	-
(vii) HKD300 million of guaranteed notes issued on 11 March 2024 at 4.9% fixed rate per annum. These notes will mature on 11 March 2027.	298,383,667	-

## 8 Guaranteed notes (continued)

	2024 \$	2023 \$
(viii) HKD500 million of guaranteed notes issued on 23 April 2024 at 5.05% fixed rate per annum. These notes will mature on 23 April 2029.	496,651,000	-
(ix) HKD200 million of guaranteed notes issued on 25 April 2024 at 4.8% fixed rate per annum. These notes will mature on 25 April 2027.	198,962,000	-
	<u>6,859,423,736</u>	<u>5,808,632,002</u>

Rebecca Sharpe was interested in these transactions as a director of the Company and CPA, the ultimate holding company.

## 9 Share capital

### (a) Issued share capital

	<u>2024</u>		<u>2023</u>	
	<i>No. of share</i>	<i>Amount</i>	<i>No. of share</i>	<i>Amount</i>
<b>Ordinary share, issued and fully paid:</b>				
At 1 January and				
At 31 December	<u>1</u>	<u>\$ 1</u>	<u>1</u>	<u>\$ 1</u>

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary share of the Company does not have a par value.

The holder of the ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote at meetings of the Company.

### (b) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company is a vehicle for raising finance. As the Company is part of a larger group, the group management monitors the Company's capital structure on a regular basis.

## 10 Financial risk management and fair values of financial instruments

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

### (a) Credit risk

The Company's credit risk is attributable to the amount due from and loans to the ultimate holding company. As such, the Company has a concentration of credit risk in relation to amount due from and loans to the ultimate holding company. Neither the amount due from nor loans to the ultimate holding company is past due or impaired. No credit losses are recognised since the management considers the ultimate holding company has adequate financial resources at the reporting period end and expected credit losses are not significant.

### (b) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the funding requirements of the ultimate holding company.

The following table shows the remaining contractual maturities at the end of the reporting period of the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed based on the contract rate) and the earliest date the Company can be required to pay:

2024					
<i>Contractual undiscounted cash flows</i>					
	<i>Within 1 year or on demand</i>	<i>More than 1 year but less than 2 years</i>	<i>More than 2 years but less than 5 years</i>	<i>Total</i>	<i>Carrying amount</i>
	\$	\$	\$	\$	\$
Guaranteed notes	280,863,578	5,384,731,412	1,906,805,479	7,572,400,469	6,859,423,736
Accrued interest payable	105,402,028	-	-	105,402,028	105,402,028
	<u>386,265,606</u>	<u>5,384,731,412</u>	<u>1,906,805,479</u>	<u>7,677,802,497</u>	<u>6,964,825,764</u>
2023					
<i>Contractual undiscounted cash flows</i>					
	<i>Within 1 year or on demand</i>	<i>More than 1 year but less than 2 years</i>	<i>More than 2 years but less than 5 years</i>	<i>Total</i>	<i>Carrying amount</i>
	\$	\$	\$	\$	\$
Guaranteed notes	958,959,211	247,435,013	5,323,025,013	6,529,419,237	5,808,632,002
Accrued interest payable	98,714,113	-	-	98,714,113	98,714,113
	<u>1,057,673,324</u>	<u>247,435,013</u>	<u>5,323,025,013</u>	<u>6,628,133,350</u>	<u>5,907,346,115</u>

### (c) Interest rate risk

The Company's interest rate risk arises primarily from loans to ultimate holding company and guaranteed notes at a fixed interest rate. As the resulting interest-bearing assets and liabilities have the same payment terms and the same amounts, there is no significant interest rate risk as at 31 December 2024.

## 10 Financial risk management and fair values of financial instruments (continued)

### (d) Fair value measurement

The carrying amounts of the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2024 except for the following financial instruments, for which their carrying amounts and fair values and the level of fair value hierarchy are disclosed below:

	2024	
	<i>Carrying amount</i>	<i>Fair value</i>
	\$	\$
Loans to ultimate holding company	6,859,423,736	6,867,558,158
Guaranteed notes	<u>(6,859,423,736)</u>	<u>(6,867,558,158)</u>
	2023	
	<i>Carrying amount</i>	<i>Fair value</i>
	\$	\$
Loans to ultimate holding company	5,808,632,002	5,714,804,156
Guaranteed notes	<u>(5,808,632,002)</u>	<u>(5,714,804,156)</u>

The fair value measurements of the above financial instruments fall into Level 2 of the fair value hierarchy described above. Fair values of these financial instruments are measured using valuation techniques in which all significant inputs are based on observable market data. The most significant inputs are market interest rates. During the year ended 31 December 2024 and 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

## 11 Material related party transactions

Except for the transactions and balances with related parties disclosed elsewhere in these financial statements, the Company did not enter into any material related party transaction.

Rebecca Sharpe was interested in these transactions as a director of the Company and CPA, the ultimate holding company.

## 12 Immediate and ultimate controlling party

At 31 December 2024, the directors consider the immediate parent and ultimate controlling party of the Company to be CPA, which is incorporated in Hong Kong and produces consolidated financial statements which are available for public use.

### **13 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024**

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Company.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKAS 21, The effects of changes in foreign exchange rates – Lack of exchangeability	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.