

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

(Incorporated in Hong Kong with limited liability)

Stock Code: 3877

One of the  
World's  
**LEADING  
SHIP LEASING  
COMPANIES**



ANNUAL REPORT  
**2025**

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



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# COMPANY PROFILE



***CSSC (Hong Kong) Shipping Company Limited (hereinafter referred to as “CSSC” or the “Company”, stock code: 3877.HK) incorporated on 25 June 2012 and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 June 2019. As the core ship leasing platform under China State Shipbuilding Corporation Limited, the Company is the first shipyard-affiliated leasing company in Greater China and one of the world’s leading integrated shipping finance service providers. It is committed to providing customized, flexible and efficient ship leasing and diversified shipping finance solutions for global ship operators, shippers and traders.***

The Company actively responds to the national “Maritime Power” strategy and deeply integrates itself into the “Belt and Road” initiative. During the reporting period, we signed new vessel orders for 10 ships. CSSC has built a one body and two wings development pattern of “ship leasing” and “investment operation” around the cross-cyclical strategy of “cross-cyclical investment and cyclical operation”. Through continuous optimization of operation and management, the Company maintained steady growth in performance during the reporting period, committed to achieving higher quality, higher efficiency, and more sustainable development.

The Company regards innovation as its core driving force, continuously achieving new breakthroughs in advancing high-level technological self-reliance and self-strengthening. We actively promote fleet structure optimization, increasing investment in high-end, intelligent and green vessels. The Company continues to deepen exploration and application in green shipping technologies, supporting the development and commercial operation of new fuel vessels and intelligent ships, using technological innovation to lead the transformation and upgrading of the shipping industry. During the reporting period, the Company’s 82,000-ton bulk carrier “CS JINAN” successfully completed testing of its autonomous navigation system and received the Autonomous Navigation Recognition Certificate from American Bureau of Shipping (ABS). As the world’s first ABS-certified ocean-going bulk carrier, this achievement

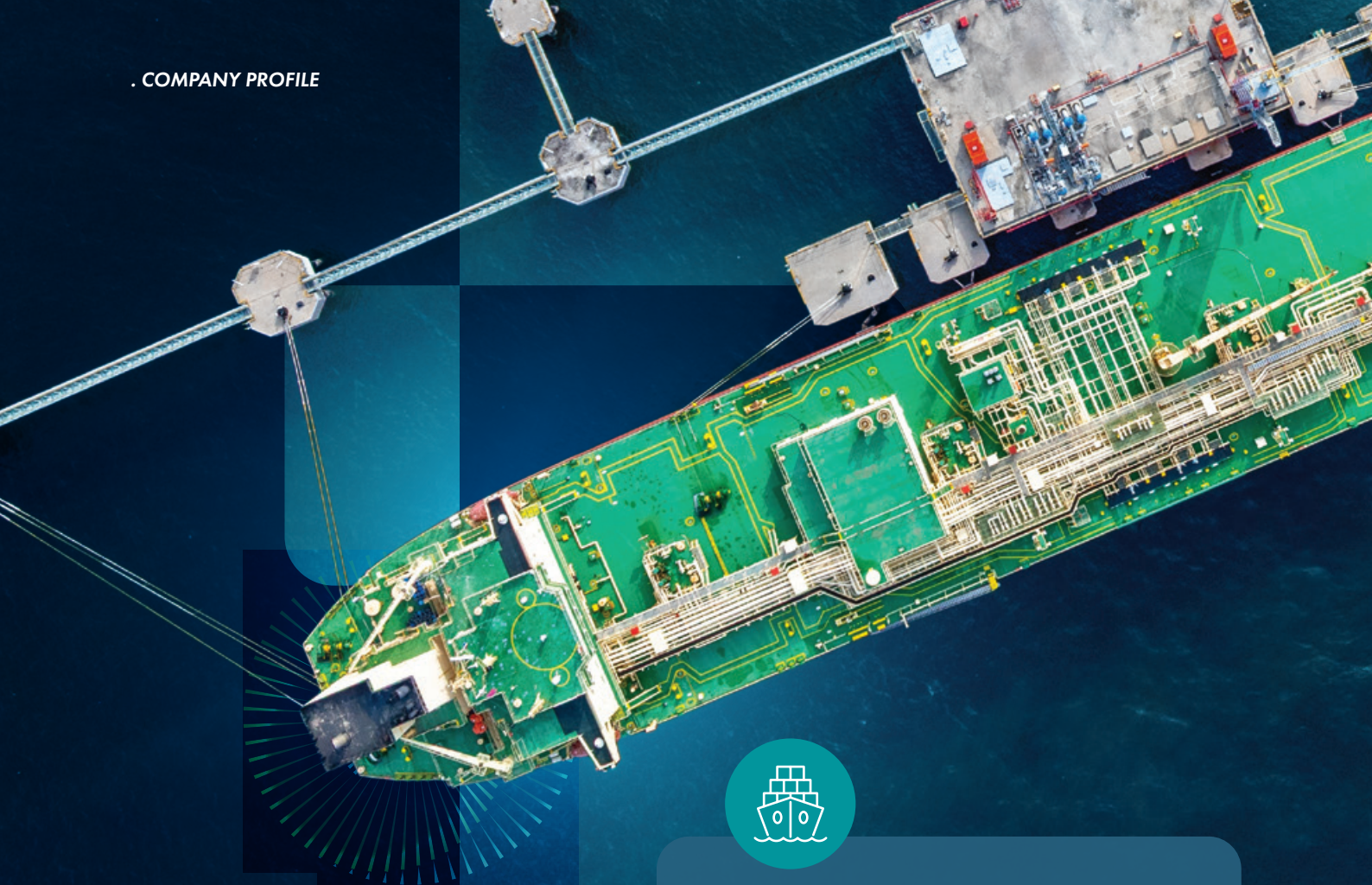


fully demonstrates the Company's leading capabilities in shipping technology. At the same time, the Company is also actively advancing the exploration of digital and intelligent applications for vessels to comprehensively enhance operational efficiency, empowering refined management through technological innovation.

The Company actively promotes industrial restructuring and transformation, fully implements green shipping principles. Taking "develop green finance and serve green shipping" as its mission, it continuously accelerates the low-carbonization of its fleet, advances toward carbon neutrality from multiple dimensions, and actively cultivates new productive forces. By the end of 2025, the Company's fleet included 135 vessels, of which 114 were in operation and 21 were under construction, of which 51% are vessels related to green energy. With a diversified fleet configuration featuring green and high-end vessel types, the Company maintains a leading position in the industry in terms of vessel asset scale, providing robust support for the Company's stable medium-to-long-term operations and sustainable development, while also highlighting its leading role in the green shipping sector.

The Company has initiated the formulation of its 15th Five-Year Development Plan to comprehensively advance a new round of reform and development, aiming to stimulate internal momentum and unleash fresh vitality. We will continue to optimize corporate governance structures, enhance management efficiency, and refine incentive mechanisms. Guided by market principles, we will strategically optimize the layout of domestic and international subsidiaries to continuously improve our ability to respond to market changes and enhance decision-making efficiency. The Company remains highly attentive to current digital and intelligent transformation trends. We are actively exploring the application of cutting-edge technologies such as big data, artificial intelligence, and the Internet of Things in ship operations, risk control and customer service. We are developing and building an intelligent shipping financial services platform to enhance operational intelligence and refined management capabilities, striving to build a world-class technology-driven ecosystem company in the ship leasing sector.

Headquartered in Hong Kong, the Company is committed to global ship and offshore engineering leasing businesses.



## SERVICES

### *Integrated Shipping Services*

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

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



## CORPORATE BUSINESS

### Financing Services

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

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

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

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

# COMPANY INFORMATION

## Board of Directors

### Executive Directors

Mr. Li Hongtao (*Chairman*)  
Mr. Liu Hui  
(appointed on 25 September 2025)

### Non-Executive Directors

Mr. Xie Weizhong  
(appointed on 6 January 2026)  
Mr. Chi Benbin  
Ms. Zhang Yi  
(resigned on 23 June 2025)  
Mr. Zhang Qipeng  
(resigned on 6 January 2026)

### Independent Non-Executive Directors

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

### Audit Committee

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

### Remuneration Committee

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

## Nomination Committee

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

## Strategic and Investment Committee

Mr. Li Hongtao (*Chairperson*)  
Mr. Liu Hui  
Mr. Xie Weizhong  
Mr. Chi Benbin  
Mr. Wang Dennis

## ESG and Sustainable Development Committee

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

## Company Secretary

Mr. Ng Kwun Wa

## Assistant Company Secretary

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

## Authorised Representatives

Mr. Li Hongtao  
Ms. Ng Sau Mei

## Registered Office

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

## Hong Kong Legal Adviser

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

## Share Registrar

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

## Auditor

Baker Tilly Hong Kong Limited  
*Certified Public Accountants*  
Level 8, K11 ATELIER King's Road  
728 King's Road  
Quarry Bay  
Hong Kong

## Principal Banks

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

## Company's Website

<http://www.csscshipping.com>

## Stock Code

3877

## Listing Date

17 June 2019

# HISTORY

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

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

Over the years, we have continued to expand our scale of operations as well as our vessel portfolio. According to Clarkson's research report, in terms of assets balance in 2025, we ranked sixth in China's ship leasing industry.

## Key Milestones

**2012**

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

**2013**

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

**2014**

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

**2015**

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

**2016**

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

**2017**

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

**2018**

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

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

**2019**

CSSC was successfully listed on SEHK.

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

The Company released the first ESG report (2019).

**2020**

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

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

**2021**

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

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

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

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

**2022**

In the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC")'s special assessment of the "double hundred enterprises" of the central enterprises in 2021, the Company was awarded as "benchmark".

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

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

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

**2023**

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

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

**2024**

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

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

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

**2025**

The Company completed the establishment of a medium-term note framework plan not exceeding US\$3 billion and successfully issued RMB1 billion of 3-year offshore senior unsecured fixed-rate bonds, marking the Company's first offshore RMB bond issuance.

The Company's self-operated 82,000-ton bulk carrier "CS JINAN" received China's first autonomous navigation approval certificate from the American Bureau of Shipping (ABS), which is also the world's first ocean-going bulk carrier to receive an ABS autonomous navigation approval certificate.

The Company has been successfully included in the S&P Global's "Sustainability Yearbook (China Edition) 2025".

The Company has been ranked on the Fortune China ESG Impact List for three consecutive years.

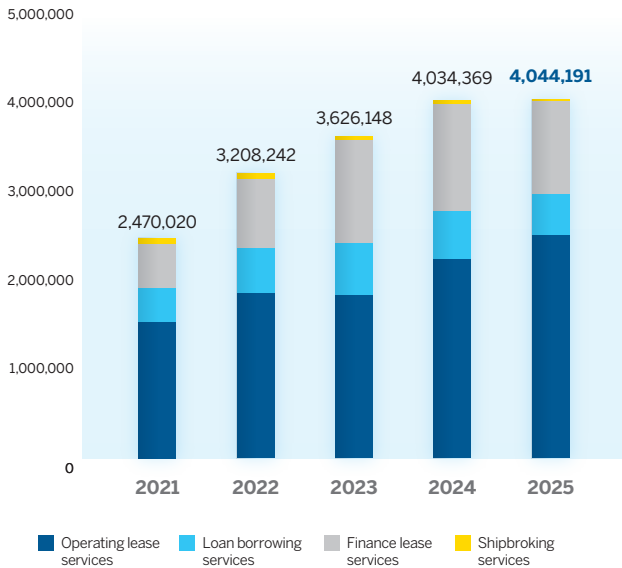
The Company received the "Golden Bull Award for Investor Relations" from the China Securities Journal. and the 2025 "Best IRs (HK)" from the New Fortune Magazine.

# FINANCIAL HIGHLIGHTS AND FIVE-YEAR FINANCIAL SUMMARY

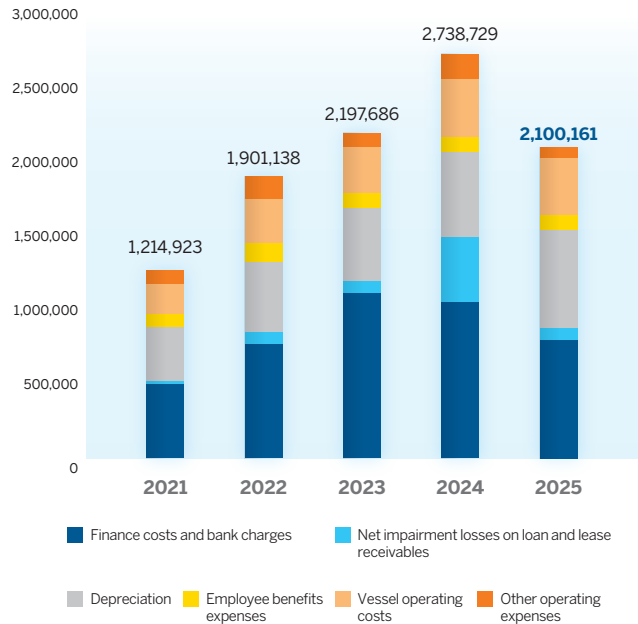
## Five-year Summary of Consolidated Income Statement



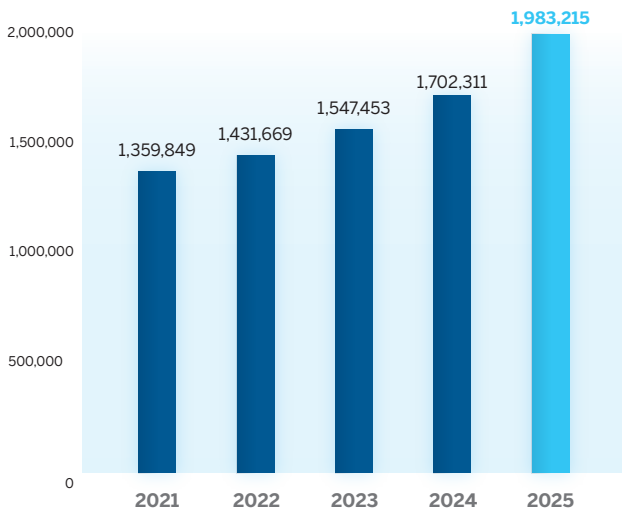
**Revenue**  
(HK\$'000)



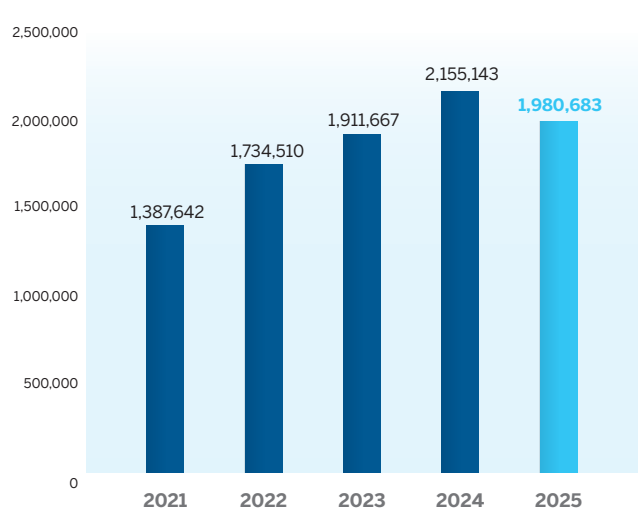
**Total expense**  
(HK\$'000)



**Profit from operations**  
(HK\$'000)



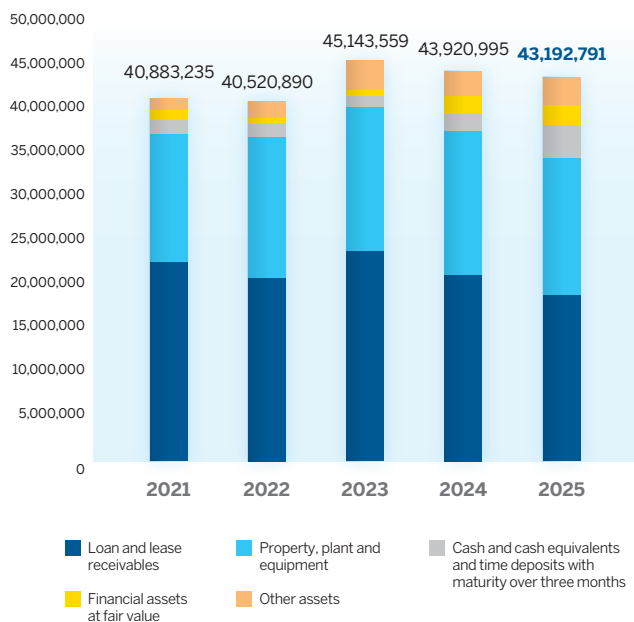
**Profit for the year**  
(HK\$'000)



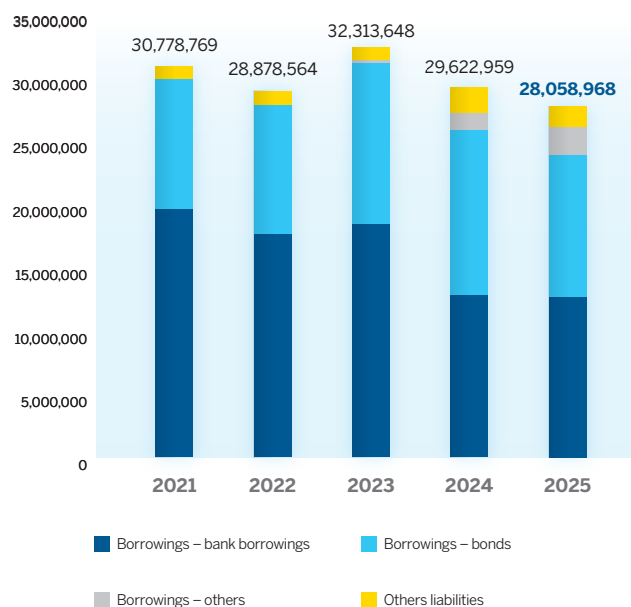
Five-year Summary of Consolidated Statement of Financial Position



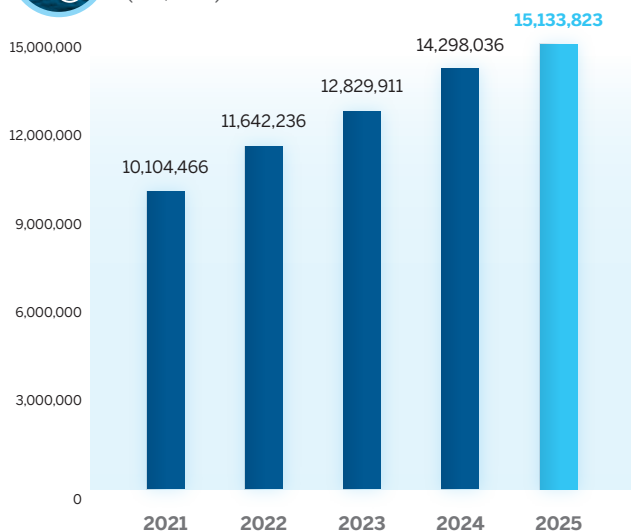
**Total Assets**  
(HK\$'000)



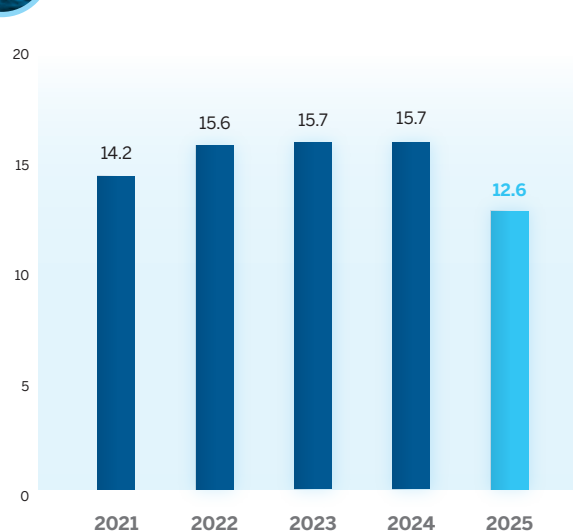
**Total Liabilities**  
(HK\$'000)



**Net Assets**  
(HK\$'000)



**Return on Equity**  
%



## Selected Financial Ratios

	For the year ended 31 December/ As at 31 December	
	2025	2024
<b>Profitability indicators</b>		
Return on average assets ("ROA") <sup>(1)</sup>	4.6%	4.8%
Return on average net assets ("ROE") <sup>(2)</sup>	12.6%	15.7%
Average cost of interest-bearing liabilities <sup>(3)</sup>	2.9%	3.5%
Net profit margin <sup>(4)</sup>	49.0%	53.4%
<b>Liquidity indicators</b>		
Asset-liability ratio <sup>(5)</sup>	65.0%	67.5%
Risk asset-to-equity ratio <sup>(6)</sup>	2.6 times	2.9 times
Gearing ratio <sup>(7)</sup>	1.8 times	1.9 times
Net debt-to-equity ratio <sup>(8)</sup>	1.5 times	1.8 times
<b>Credit ratings</b>		
S&P Global Ratings	A-	A-
Fitch Ratings	A-	A
Dagong Global Credit Ratings	AAA	AAA

*Notes:*

- (1) Calculated by dividing net profit for the year by the average balance of total assets at the beginning and the end of the year.
- (2) Calculated by dividing net profit attributable to the equity shareholders of the Company for the year by the average balance of net assets attributable to the equity shareholders of the Company at the beginning and the end of the year.
- (3) Calculated by dividing finance costs and bank charges by the average balance of total debts at the beginning and the end of the year.
- (4) Calculated by dividing net profit for the year by revenue for the year.
- (5) Calculated by dividing total liabilities by total assets.
- (6) Calculated by dividing risk assets by total equity. Risk assets represent total assets less cash and cash equivalents and time deposits with maturity over three months.
- (7) Calculated by dividing total borrowings by total equity.
- (8) Calculated by dividing net debts by total equity. Net debts represent borrowings and lease liabilities less cash and cash equivalents.

# LETTER TO SHAREHOLDERS

## I. 2025: Riding the Waves, Seeking Progress While Maintaining Stability

In 2025, amid a complex global macroeconomic and geopolitical landscape, the worldwide shipping market demonstrated remarkable industrial resilience. China's shipbuilding industry further solidified its global leadership position, securing 63% of new orders worldwide (measured by compensated gross tonnage) and accounting for nearly 40% of green-powered vessels.

This year, the Company maintained strategic resolution amid turbulent clouds, embraced innovation and prioritized quality, delivering outstanding high-quality development results to all investors:

**Operating performance maintained a steady lead.** In 2025, the Company achieved a total profit of HK\$1,981 million; ROE reached 12.6%, and ROA reached 4.6%, with core profitability metrics consistently ranking among the industry's top players. We precisely capitalized on peak asset valuations, successfully selling three bulk carriers and realizing disposal gain of approximately HK\$104 million. The dual-engine model of "quasi-credit fixed income" and "operational flexible income" remained firmly established.

**Precise focus on core businesses.** During the year, new ship orders totaled 10 vessels with a contract value of US\$519 million, with 100% comprising mid-to-high-end and green ship types. The Company actively embraced intelligent transformation, collaborating with the research institutes to secure the world's first ABS-certified autonomous navigation product certificate, setting an industry benchmark in shipping technology innovation.

**Outstanding achievements were made in capital risk control.** We established a USD3 billion medium-term note framework, and successfully issued our first offshore RMB senior bond with the amount of RMB1 billion within the framework, oversubscribed by 3.8 times, as well as reached a hundred-billion-level interbank lending cooperation with CSSC Finance Company Limited. By optimizing the debt structure, the comprehensive financing cost for the year was reduced against the trend by 62 basis points to 2.91%. During the year, the rental collection rate was up to 99.92% for projects under lease, demonstrating rock-solid asset quality.

**Shareholder returns continued to deepen.** The Company upheld its commitment to "sharing development outcomes" by implementing a stable and generous dividend policy. Our ESG governance has achieved remarkable results, with the S&P CSA rating ranking among the top 18% in the industry. The Company was successfully selected for the Fortune China ESG Impact List and awarded the "Golden Bull Award for Investor Relations" by China Securities Journal, further elevating its image in the capital markets.

Looking back at the 14th Five-Year Plan period, the Company doubled its total profit within five years, placed orders for 65 new vessels, and accepted 86 new ships. These leapfrog achievements stem from the relentless efforts of all employees and the long-term trust of our investors.

## II. Cycle Analysis: Embracing Structural Opportunities, Advancing Toward Value Reassessment

In 2025, the average ClarkSea Index witnessed a 7% year-on-year increase. Looking ahead to 2026, we believe the global shipping market is entering a deep phase of “multipolar differentiation and momentum transition”, with the industry undergoing deep value reassessment and technological transformation.

The recent abrupt escalation of tensions in the Middle East, particularly the disruption of shipping lanes through key energy and logistics arteries like the Strait of Hormuz and the Red Sea, has not only triggered a sharp short-term surge in freight rates for oil tankers and gas carriers along with market risk premiums, but also driven up insurance premiums and fuel costs across the global shipping market. Such sudden geopolitical conflicts have once again highlighted the fragility and uncertainty of global supply chains, making the trends of route detour and trade flow restructuring increasingly evident.

Confronting the evolution of a new cycle in the global shipping market, the investment and financing logic of shipping finance is undergoing profound changes. We remain steadfast in our core business philosophy of “counter-cyclical investment and cross-cycle operations”. In the current environment of high-level market volatility, the Company’s strategic focus will undergo a comprehensive upgrade from pure asset scale expansion to “improving the efficiency of existing asset operations” and “enhancing the quality of increment business deployments”, precisely targeting three structural dividends:

1. **The “certainty” of green and intelligent transformation:** Alternative fuels and intelligent navigation technologies have entered a phase of large-scale implementation. The global environmental compliance upgrades of aging vessels will continuously unleash substantial financing demand for high-quality assets.

2. **The “new opportunities” from trade pattern restructuring:** The accelerating trend toward “regionalized and shortened links” of global supply chains, coupled with China’s growing exports of intermediate goods, is creating more diverse shipping and logistics demands, offering substantial premiums for flexible feeder fleets and lean operations.
3. **The “moat” of industrial-financial synergy:** Facing rigid constraints on global shipyard capacity, premium vessel assets will sustain long-term elevated valuations. Leveraging the parent company CSSC Group’s leadership in global shipbuilding, we will continue to harness our core strengths of “technological foresight” and “delivery certainty” in vessel operations and investment financing.

As the flagship of the “shipyard-affiliated” leasing industry, we will fully leverage our industrial gene of “understand ships”, firmly anchor the certainty of the Company’s high-quality growth in an uncertain market.



### III. 2026: Setting Sail for the Year of New Beginnings

2026 marks the inaugural year of the 15th Five-Year Plan. Aligning with the overarching principle of “financial services supporting the real economy” and adhering to the general approach of “seeking progress while maintaining stability, and promoting stability through progress”, the Company will embark on a new journey of high-quality development:

#### **Focus on core business, ascending toward “green”.**

We will steadfastly enhance our principal business of ship and marine equipment leasing, focusing on new technology applications such as alternative fuel vessels and intelligent navigation systems, maintain our leading edge through model innovation and technological advancement. At the same time, we will adequately engage in market-driven second-hand ship transactions, formulating an incremental structure characterized by “solid core business and synergistic diversification”.

#### **Lean Operations, Pursuing Efficiency from “Quality”.**

We will implement asset pool restructuring to enhance vessel asset circulation and utilization, and deepen market-oriented operations for self-operated and joint-venture fleets, steadily realizing asset value dividends and maximizing returns on existing assets.

#### **Deepening reforms, Focusing on “Innovation”.**

We will launch a new round of the “Double Hundred Initiative” and value creation benchmarking against world-class peers, optimizing organizational assessments to energize all employees. We will accelerate digital and intelligent transformation, explore AI industrial applications, and empower full-lifecycle risk management through a digital middle platform to sustain industry-leading profitability.

**Focus on returns, “win-win” development.** The Board recommends the payment of a final dividend of HK\$0.05 per share for 2025, alongside interim and special dividends, continuing to deliver highly competitive cash returns for long-term shareholders. We will further enhance transparency, striving to become a trusted partner in the global maritime industry and capital markets.

Dear investors, looking back, we have remained steadfast in our strategy and steadily navigated the market; looking ahead, the strong foundation of the Chinese economy, the full-industry chain support of CSSC Group, and our professional and efficient management team are our greatest source of confidence to overcome challenges and achieve even greater success.

As the New Year begins, all things renew. 2026, Year of the Horse, symbolizes progress and breakthroughs. **“Steer the steed across a thousand miles, steady the helm for the long voyage; spur the horse into the wind, sail the clouds across the sea”.** We look forward to joining hands with our investors and partners to navigate the waves in the grand new voyage of the 15th Five-Year Plan, creating greater value for shareholders and contributing more formidable CSSC power to the shipping and shipbuilding industries in China and around the world!

# MANAGEMENT DISCUSSION AND ANALYSIS



# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Industry Environment

### (1) Detailed Analysis of the Industry Environment in 2025

In 2025, the global economy navigated a complex international political and economic landscape. Facing multiple challenges including normalized geopolitical competition, rising trade protectionism, and profound restructuring of global supply chains, the world economy exhibited a recovery pattern characterized by “weak at the beginning and strong at the end”. In the first half of the year, market sentiment faced pressure due to tariff policy expectations and trade frictions among major economies. In the second half of the year, as uncertainties marginally receded, global trade demonstrated strong resilience. As the “barometer” of global trade, the global shipping and shipbuilding industry maintained a steady development trajectory despite various non-market disturbances, benefiting from accelerated energy structure transformation and heightened demand for supply chain security.

In 2025, China’s economy continued to serve as a “ballast” and “engine” for global growth, achieving a full-year Gross Domestic Product (“GDP”) growth rate of 5.0% year-on-year and successfully meeting the expected target. Facing profound changes in both domestic and international environments, China remained steadfast in pursuing high-quality development, with significant progress in industrial upgrading centered on “new quality productive forces”. Robust growth in high-tech manufacturing and intermediate goods trade propelled the contribution of net exports of goods and services to GDP growth of 32.7%. China’s pivotal role in global industry and supply chains was further consolidated, providing solid fundamental support for the stable operation of the shipping market.

#### 1. **Global Shipping Market: Overall Stability with Structural Differentiation**

In 2025, the average ClarkSea Index rose by 7% year-on-year to US\$26,777 per day. Differing impacts from supply-demand fundamentals and geopolitical factors led to pronounced divergence across market segments.

**Dry Bulk Market:** Constrained by slowing demand growth for traditional energy shipments like coal and pressure from new vessel deliveries, the market remained generally stable yet under pressure. However, the inelastic demand for global grain trade provided a floor support for the market. Notably, the anticipated completion of the Simandou iron ore project in the second half of the year injected new long-term growth logic into the market for large bulk carriers like Capesize vessels.

**Tanker Market:** Global crude oil and refined product consumption gradually recovered amid economic rebound. Geopolitical factors extended certain shipping routes and prompted supply chain adjustments, effectively absorbing excess capacity and providing certain support for tanker rates. At the same time, while scraping of older vessels did not surge significantly, expectations of stricter environmental regulations are gradually influencing fleet renewal decisions.

## 1. Industry Environment *(Continued)*

### (1) **Continued** Detailed Analysis of the Industry Environment in 2025

#### 1. **Continued** Global Shipping Market: Overall Stability with Structural Differentiation

**Container Market:** With the delivery of numerous new container vessels, supply-side pressure has become apparent. However, slow resumption of Red Sea shipping, sustained e-commerce growth, localized restructuring of global manufacturing supply chains and intermittent port congestion due to efficiency fluctuations have kept container freight rates at a certain level. Through capacity management and route optimization, liner companies have demonstrated unexpected resilience in market freight rates, and the industry's profitability remained within a healthy range throughout the year.

**LNG/LPG Transportation Market:** The transition to clean energy becomes a global consensus. However, the combination of new vessel deliveries, seasonal factors and inventory cycle impacts led to heightened volatility in spot LNG freight rates throughout the year. From an asset value perspective, the high cost barrier for newbuilds and the stable support from long-term contracts have maintained strong resilience in the asset value of environmentally friendly, high-efficiency next-generation LNG carriers, demonstrating the robust attributes of high-quality core assets in weathering market cycles.

#### 2. **Global Shipbuilding Market: Green and Intelligent Transformation Driving Industry Change**

In 2025, the global shipbuilding market continued its active trend of recent years, but its driving forces have undergone profound changes. “Green” and “intelligent” have become the core keywords for new ship orders, and the industry landscape presents three major characteristics.

**Deepening Green Transition:** Investment in clean energy vessels and alternative fuel ships remains stable. According to the data of Clarksea, new orders for alternative fuel vessels in 2025 reached 474 vessels, totaling 21.51 million CGT, accounting for 38% of all new ship orders by CGT. Ships with alternative fuel provisions reached 300 vessels, totaling 8.96 million CGT, accounting for 16% of all new orders. Concurrently, shipowners are retrofitting existing fleets with advanced energy-efficient equipment and intelligent systems, driving more complex construction processes and higher technological investments, and pushing up newbuilding costs.

**China Leads in Market Share:** Global shipbuilding capacity continues to concentrate in a handful of countries possessing green shipbuilding capabilities and technological strength. Leveraging its comprehensive industrial chain support and continuous technological innovation, China's shipbuilding industry maintained its position as the world leader with a 63% share of new orders (measured in CGT), further enhancing its industry influence. Among these, the leading position of the Company's controlling shareholder, China State Shipbuilding Corporation Limited (“**China Shipbuilding Group**”), is further highlighted. In 2025, it maintained its global top ranking among shipbuilding conglomerates across three key indicators: new orders undertaking, completed deliveries and orders in hand.

**Tight Supply of New Ships:** Driven by global inflation, rising labor costs and supply chain constraints, new shipbuilding costs remain elevated. At the same time, major shipyards operate at full capacity, leading to widespread delivery delays. Certain shipyards have order backlogs extending into 2029-2030, underscoring the scarcity and value of shipyard berthing resources.

## 1. Industry Environment *(Continued)*

### (2) Macro Outlook for the Industry

Looking ahead to 2026 and the 15th Five-Year Plan period, the global economy faces geopolitical and tariff challenges. However, China's steady economic growth and high-level opening-up will serve as an anchor for global shipping and trade. The shipping and shipbuilding industries are transitioning from pure scale expansion to a new phase of high-quality development characterized by "enhancing the quality of existing fleet capacity, reevaluating asset values and advancing green and intelligent transformation".

#### 1. ***Macroeconomic Context: Geopolitical Risks Highlight Supply Chain Vulnerabilities, with the China Engine Driving the Restructuring of the Landscape***

As the inaugural year of the 15th Five-Year Plan, 2026 sees the underlying logic of global economic recovery solidifying, yet the complexity and unpredictability of the external environment have significantly increased. The recent abrupt escalation of geopolitical conflicts in the Middle East, particularly its impact on core maritime and energy infrastructure, has once again alerted global markets as to the vulnerability of critical logistics chokepoints such as the Strait of Hormuz and the Red Sea. Frequent occurrence of geopolitical risk incidents have not only instantly driven up global energy prices, shipping insurance premiums and fuel costs, but also accelerated the restructuring of global supply chains at a deeper level.

Against this backdrop, the evolution of global supply chains has not diminished maritime demand. On the contrary, the global restructuring of industrial chains and risk-averse rerouting have spawned more complex supply chain structures. During the 15th Five-Year Plan period, China's economy continues to unleash domestic demand potential while driving high-level "go abroad" expansion, generating substantial intermediate goods trading and feeder shipping demand. This profound structural shift, compounded by forced detours due to geopolitical conflicts, has directly extended global trade's ton-mile demand. It also imposes higher-dimensional requirements on shipping companies' asset deployment flexibility and risk pricing capabilities, opening vast value growth opportunities for shipping finance enterprises with global asset allocation capabilities.

#### 2. ***Shipping Market Outlook: Entering a New Cycle of "Value Reshaping"***

Looking back at the entire 14th Five-Year Plan period, global shipping enterprises and markets demonstrated robust performance, with vessel asset values steadily enhancing. Entering 2026, despite facing pressure from the concentrated delivery of new buildings for certain vessel types during the 15th Five-Year Plan period, the three fundamental drivers of the shipping market, namely "green compliance constraints, aging fleet structures and extended trade routes", remain solid. Recent geopolitical events have further imbued core shipping assets with a pronounced "risk premium". Core assets characterized by "environmental protection, compliance and youthfulness" will continue to enjoy excess premiums. The various market segments exhibit a trend of both differentiation and convergence:

## 1. Industry Environment *(Continued)*

### (2) **Continued** Macro Outlook for the Industry

#### 2. **Continued** Shipping Market Outlook: Entering a New Cycle of “Value Reshaping”

##### **Tanker Market: Compliant Capacity Shortage and Geopolitical Shocks Drive Freight Rates to Record Highs.**

At the beginning of 2026, the crude oil tanker market, particularly the Very Large Crude Carriers (“VLCC”) market, performed exceptionally well. The recent escalation of tensions in the Middle East led to a sharp decline in traffic flow through the Strait of Hormuz, which carries approximately 20% of the world’s oil supply, theoretical daily spot earnings for large tankers such as VLCCs once exceeded US\$350,000. Beyond short-term geopolitical fluctuations, the strength of the tanker market is fundamentally due to a “structural scarcity” of shipping capacity:

**“Effective Capacity Reduction” at supply side:** Constrained by extremely low newbuilding orders in recent years, “compliant capacity scarcity” driven by new environmental regulations, and the exclusion of the “shadow fleet” from mainstream transactions under strict regulation, the global pool of “available, auditable, insurable” compliant tonnage has significantly diminished.

**“Ton-mile Growth” at demand side:** Increased exports from the Americas and the ongoing restructuring of crude oil flows continue to provide a solid foundation. Catalyzed by sudden geopolitical events, high-quality capacity further concentrates among leading players, the crude tanker market has demonstrated exceptionally strong “pricing power” characteristics. At the same time, product tankers benefit from the eastward shift of global refinery capacity and the long-haul demand, and overall oil tanker asset values will maintain a high premium expectation throughout the 15th Five-Year Plan period.

##### **Container Vessel Market: Facing Supply-Demand Dynamics, Red Sea Normalization Reshapes Structural Resilience.**

The container vessel market grapples with new vessel delivery pressures. However, the recent deterioration of security landscape in the Middle East has dampened major liner companies’ expectations for a swift resumption of Red Sea and Suez Canal operations, leading to a slowdown in cargo bookings for the Middle East region. The full normalization of the Cape of Good Hope detour route has effectively and continuously absorbed excess market capacity. Combined with the acceleration of the phasing out of older vessels due to environmental regulations and the increasingly sophisticated “precise capacity management” by liner groups, the freight rate market has demonstrated unexpected resilience. Particularly noteworthy segments, including green dual-fuel tankers aligned with future environmental trends and flexible feeder vessels suited for regional supply chain restructuring, are facing structural shortages.

## 1. Industry Environment *(Continued)*

### (2) **Continued** Macro Outlook for the Industry

#### 2. **Continued** Shipping Market Outlook: Entering a New Cycle of “Value Reshaping”

##### **LNG/LPG Carrier Market: Short-term Constraints due to Chokepoint Disruptions, but Long-term Fundamentals Remain Optimistic.**

The gas carrier market has recently experienced significant volatility. Recent tensions in the Middle East have led to the shutdown of certain core LNG liquefaction terminals, such as Qatar’s Ras Laffan facilities, and disruptions to navigation in the Strait of Hormuz, resulting in a short-term delay in approximately 20% of global LNG trade and 30% of LPG trade, rapidly pushing up short-term gas shipping costs and natural gas prices in Europe and Asia. This has exposed the geopolitical risks of energy transportation’s extreme reliance on a single transportation route. Looking ahead to the whole picture of the 15th Five-Year Plan period, although there is short-term pressure from concentrated new ship deliveries, the accelerated global clean energy transition and the commissioning of diversified large-scale liquefaction terminals in North America and West Africa will drive the growth rate of natural gas transportation demand per ton-mile to exceed the fleet growth rate. The trend of “diversification and decentralization” in the supply chain will further stimulate incremental demand for modern gas carriers.

##### **Dry Bulk Market: Marginal Improvement in Supply and Demand, with Asset Values Stably Rising.**

Although the direct exposure of dry bulk trade to the Middle East Straits is relatively small, at only approximately 2%, the surge in global fuel prices and regional port congestion have still driven up overall operating costs. On the demand side, global rigid grain trade and the anticipated commissioning of large-scale iron ore projects like Simandou are injecting momentum into bulk shipping during the 15th Five-Year Plan period. On the supply side, the proportion of new shipbuilding orders is at a historically low level in the early stage (currently only approximately 5% of the existing fleet), coupled with increasingly stringent International Maritime Organization (“IMO”) environmental regulations that force a large number of old ships to sail at a lower speed or accelerate their dismantling, the actual effective capacity growth is severely suppressed. The tight balance between supply and demand will support the dry bulk market to present a stable and positive development pattern.

##### **Offshore Equipment Market: Demand Gradually Rebounds, with New Equipment Emerging.**

Supported by both offshore clean energy development and oil prices, global deepwater oil and gas exploration has entered a new phase of activity. During the 15th Five-Year Plan period, due to energy safety concerns, the prospects for high-end marine engineering equipment with independent development and production capabilities, such as FLNG (Floating Liquefied Natural Gas System) and FPSO (Floating Production, Storage, and Offloading Units), are accelerating their recovery; at the same time, the demand for new equipment such as offshore support vessels, wind power maintenance vessels and offshore rocket launch platforms has also shown a strong increasing trend.

## 1. Industry Environment *(Continued)*

### (2) **Continued** Macro Outlook for the Industry

#### 3. **Shipbuilding Market Outlook: Capacity Continues to Consolidate, with Accelerated Industry Upgrading** **Global Shipbuilding: Hard Constraints of Capacity Keep the Price of Vessel Assets Firm.**

The number of active shipyards globally has shrunk significantly compared to the peak of the previous cycle, with core shipyards holding order books covering approximately four years' capacity. Despite year-on-year fluctuations of global new ship deliveries in 2025, the shipbuilding market is projected to remain at a high level due to "hard constraints" on global high-quality shipbuilding capacity and shipowners' urgent need to upgrade to compliant and environmentally friendly vessels, keeping the price of new ships and that of high-quality second-hand ships consistently strong. Leading shipyards with green technology advantages and on-time delivery capabilities will enjoy long-term market premiums, further enhancing industry concentration.

#### **The Shipbuilding Industry in China and China Shipbuilding Group: The Pillar of a Great Power, Leading Global Green Transition.**

In the next five years, under the guidance of the national 15th Five-Year Plan, China's shipbuilding industry will complete the leap from "scale leadership" to "technology leadership". In the fields of alternative fuel ships such as methanol and ammonia fuels and intelligent ships, Chinese shipyards have demonstrated strong resilience beyond economic cycles and have firmly established themselves in the world's first tier.

Our controlling shareholder, China Shipbuilding Group, as the world's largest shipbuilding group, will continue serving as the industry's "ballast stone" and "pillar", focusing on national strategic priorities. By accelerating dual transformations in "digital and intelligent manufacturing" and "green products", China Shipbuilding Group will continue to maintain leadership in high value-added sectors including large LNG carriers, premium PCTCs, dual-fuel container ships and luxury cruise liners.

Looking ahead, the Company will continue to leverage the Group's robust industrial foundation, deepen industry-finance synergy mechanisms, and transform the parent group's industrial strengths into the Company's "technological foresight" and "asset operation capabilities" in shipping investment and financing, building a solid moat for achieving leapfrog, high-quality development of the Company.



## 2. Operating Results

In 2025, confronting complex shifts in the shipping market and new industry challenges, the Group adhered to the overarching principle of “seeking progress while maintaining stability”, proactively optimized its multidimensional business strategy, achieving breakthrough progress in the depth and breadth of business expansion, the efficiency and quality of asset operations, the precision and robustness of risk management, and the flexibility and effectiveness of capital management. These efforts laid a solid foundation for the Group’s high-quality sustainable development.

In 2025, the Group achieved operating revenue of HK\$4.044 billion, representing a year-on-year increase of 0.2%; net profit reached HK\$1.981 billion, representing a year-on-year decrease of 8.1%; ROE was 12.6%, representing a year-on-year decrease of 3.1 percentage points; and ROA was 4.6%, representing a decrease of 0.2 percentage point year-on-year.

### (I) Core Operating Results of the Group in 2025

#### 1. *Continued Optimization of Fleet Structure and Precise Implementation of Asset-Side Strategy*

Seizing the opportunities presented by the green and intelligent transformation of the shipbuilding market, the Group is steadily expanding into new projects. In 2025, we secured 10 new ship orders with a total contract value of US\$519 million, with 100% of the orders being mid-to-high-end vessel types. We intensified investment in offshore clean energy equipment (LNG carriers, FLNG, etc.) and high-tech value-added vessels while dynamically adjusting our existing fleet structure to increase the proportion of green vessels. This approach not only meets the increasingly stringent international environmental standards, but also precisely aligns with the structural demand driven by the energy transition.

In 2025, one of the Group’s bulk carriers completed the technical verification of our autonomous navigation system and received approval from the ABS classification society, demonstrating its continued improvement in technological innovation capabilities and leading the industry. As of 31 December 2025, the Group’s fleet size reached 135 vessels, including 114 operating vessels and 21 vessels under construction. The average age of the operating vessels was 4.5 years, and the average remaining lease term for bareboat charter and long-term charter projects (excluding 32 short-term and spot-operation vessels) was 7.4 years, indicating strong asset operational stability. In terms of investment and financing amount, the operating fleet consisted of 37.7% marine clean energy equipment, 12.8% container vessels, 23.8% liquid cargo vessels, 12.5% bulk carriers and 13.2% special-purpose vessels, demonstrating a balanced fleet layout and effectively mitigating the risks of fluctuations in a single market. Among the operating vessels, 46 were under financial lease and 68 were under operating lease; among the vessels under construction, 8 were under financial lease and 13 were under operating lease, indicating that the business model and vessel structure are aligned with industry development trends.

## 2. Operating Results *(Continued)*

### (I) **Continued** Core Operating Results of the Group in 2025

#### 2. **Significant Operational Achievements with Efficient Implementation of Strategies at Business End**

In response to the differentiated characteristics of various shipping market segments, the Group implemented a refined charter management strategy. For short-term and spot market vessels, it optimized charter periods and pricing mechanisms to improve asset turnover efficiency. For long-term charter projects, it strengthened customer screening and contract terms designed to ensure stable cash flow. At the same time, it actively expanded joint ventures and asset disposal channels, diversifying investments and operation models to mitigate risks associated with individual vessel type and individual market, thus formulating a diversified profit structure of “charterhire income + investments income + asset appreciation income”.

In 2025, the Group achieved returns exceeding benchmark market levels through scientific charter arrangements and refined cost control. Throughout the year, a total of 32 self-operated and joint venture vessels operated in the short-term and spot markets, covering the four major vessel types: oil tankers, bulk carriers, container vessels and gas carriers. The joint venture asset portfolio continued to expand, encompassing refined oil tankers, bulk carriers, container vessels, VLGCs and other specialized vessel types, maintaining overall stable operations. Among these, the number of controlled and jointly operated vessels amounted to 8, contributed a net profit of HK\$373 million, the amount of HK\$104 million was attributable to successful sale of three bulk carriers during the year; the number of invested and jointly operated vessels amounted to 20, contributed a net profit of HK\$265 million; and the self-operated vessels achieved a net profit of HK\$100 million, providing additional momentum for profit growth.

#### 3. **Outstanding Capital and Credit Advantages, with Significant Results from Funding Strategies**

The Group closely monitored international financial conditions and exchange rate and interest rate market trends, implemented a diversified financing model that combines “cross-currency, short, medium and long-term financing, and floating and fixed interest rates”, resulting in continuous improvement in the quality and efficiency of capital operations. In 2025, the Group’s overall financing cost decreased to 2.91%, representing a reduction of 62 basis points compared to the same period of the previous year, placing it among the top in the industry in terms of cost control effectiveness.

Leveraging its prudent operational approach and high-quality asset portfolio, the Company maintained its outstanding international credit ratings of A- from Fitch and A- from S&P this year, while retaining the highest domestic credit rating of AAA in China.

In September 2025, the Group completed the establishment of a medium-term note framework plan of no more than US\$3 billion. In November 2025, it successfully issued RMB1 billion of 3-year offshore senior unsecured fixed-rate bonds, which was its first offshore RMB bond issuance. The issuance cost was low in the market, attracting enthusiastic subscriptions from global institutional investors, with peak order size exceeding the issuance size by 3.8 times. Concurrently, the Company entered into a RMB10 billion financial services framework agreement with a member of CSSC Group for 2025-2027, and completed the first drawdown and use, achieving a breakthrough in intra-group fund lending; preparations for convertible bond issuance were steadily carried out, continuously enriching funding sources and broadening financing channels.

## 2. Operating Results *(Continued)*

### (I) **Continued** Core Operating Results of the Group in 2025

#### 4. ***Robust Risk and Compliance Management, with Continuous Enhancement of Risk Prevention***

The ship leasing industry is characterized by capital intensity, high gearing ratio and strong cyclicality. Adhering to a prudent principle, the Group continuously improved its risk prevention and compliance systems to maintain sound asset quality. As of 31 December 2025, the Group's non-performing credit assets amounted to HK\$162 million, with cumulative impairment provisions of HK\$752 million and a provision ratio of 464.0%.

To further strengthen the management of key risks, the Group has comprehensively assessed internal and external risk factors and established a quantitative risk control indicator system that aligns with its own management practices. Through dynamic tracking and quarterly monitoring of data changes, the Group promptly grasps the changes in various risks, effectively guiding business operations and ensuring compliance requirements are met. The quantitative risk control indicators are broken down into two levels: overall indicators and individual indicators. Overall indicators monitor the Group's profitability, primarily measured from a financial accounting perspective. Individual indicators track the Group's key risks, such as four categories of risks, including credit risk, market risk, asset management risk and liquidity risk. The threshold ranges set for risk indicators are divided into target values, early warning values and tolerance values, monitored by capturing representative operating data.

#### 5. ***Enhanced ESG and Investor Relations, Creation at the Value Side Continues to Deepen***

The Group continues to integrate ESG principles into its corporate governance framework, significantly enhancing its ESG influence in the industry. In 2025, the Group's ESG report passed the validation of the Hong Kong Quality Assurance Agency (HKQAA); as of the end of December 2025, its S&P CSA rating score was 42, ranking in the top 18%; Fitch's annual rating was 3, with its subject score improving from 49 of last year to 55; and Wind's ESG rating was "A". In April 2025, the Company was included in the S&P Global Sustainability Yearbook (China Edition) 2025. In May 2025, the Company was included in the Fortune China ESG Influence Ranking 2025. In October 2025, the Company was included in the "Central State-owned Enterprise Pioneers 100 (2025)" list. In November 2025, the Company's case study, "Financial Leasing Services Leading the Green Transformation and Upgrading of the Industrial Chain", was selected as one of the "2025 Listed Companies' Outstanding Sustainable Development Practices" by the China Association for Public Companies. The ESG rating work has laid a solid foundation for the Group to further reduce its funding costs and obtain low-interest green financing, contributing to the enhancement of the Group's brand image and influence in the capital market.

## 2. Operating Results *(Continued)*

### (I) **Continued** Core Operating Results of the Group in 2025

#### 5. **Continued** *Enhanced ESG and Investor Relations, Creation at the Value Side Continues to Deepen*

We strengthened engagement with capital markets and rewarded investors with generous dividends. We enriched communication channels and maintained close contact with buy-side and sell-side institutions, conducting multi-dimensional and comprehensive publicity and promotion through earnings releases, non-deal roadshows, traditional media reports, video promotions and investor open days. More than 60 communication activities were held throughout the year. The Board recommends a final dividend of HK\$0.05 per Share (subject to the approval at the Company's upcoming annual general meeting). Together with the interim dividend of HK\$0.05 per Share paid in 2025 and a special dividend of HK\$0.06 per Share, the total annual dividend payout is HK\$0.16 per Share, representing a dividend payout ratio of 53.7%. In 2025, the Company received various awards including the "Golden Bull Award for Investor Relations" from the China Securities Journal and the "Best IR Award for Hong Kong Stocks in 2025" from New Fortune magazine.

## 3. Company Outlook

Looking ahead to 2026 and the 15th Five-Year Plan period, the Group will closely carry out the national strategy of building a maritime power and green development concepts. Building on opportunities arising from industry differentiation and transformation, it will adhere to the overarching principle of "seeking progress while maintaining stability". Guided by the operational strategy of "innovation-driven, structural optimization, refined operations and value leadership", the Group will continuously strengthen its core competitiveness to achieve long-term sustainable development, provide premium services to global customers and create greater value for shareholders.

**Upholding innovation-driven development to forge core capabilities.** Fully leverage the Group's industrial advantages, increase investment and financing in green and intelligent ships and marine engineering equipment, and promote technological progress and industrial upgrading in the industry.

**Optimize asset structure to navigate industry cycles with stability.** Dynamically adjust asset allocation strategies, continuously increase the proportion of clean energy and high-end equipment, and build an asset portfolio that combines growth potential with defensive capabilities.

**Boost operational efficiency and strengthen internal momentum.** Promote the deep integration of digital technology and refined management, further improve asset management and operation levels, and enhance value creation capabilities throughout the entire lifecycle.

### 3. Company Outlook *(Continued)*

**Continuously deepen reforms and advance digital intelligence empowerment.** Comprehensively promote the implementation of the 15th Five-Year Plan, continuously optimize the Group's governance structure and improve operational efficiency. Widely apply big data, artificial intelligence and other technologies to enhance vessel management, risk control and market forecasting capabilities.

**Focus on value creation to achieve win-win outcomes for all stakeholders.** While maintaining prudent operations, we will actively explore opportunities to extend our industrial chain, creating greater comprehensive value for shareholders, customers and the society.

With unwavering strategic resolution, agile market responsiveness and a spirit of continuous innovation, the Group will navigate new challenges and forge ahead steadily in this new phase of development. We are committed to composing a new chapter of high-quality development, creating exceptional value for all shareholders, and contributing to the State's development as a maritime power.

## 4. Financial Review

### 4.1 Analysis on Consolidated Income Statement

#### Summary of Consolidated Income Statement

	For the year ended 31 December		Change
	2025 HK\$'000	2024 HK\$'000	
Revenue	4,044,191	4,034,369	0.2%
Total expenses	(2,100,161)	(2,738,729)	(23.3%)
Profit from operations	1,983,215	1,702,311	16.5%
Profit for the year	1,980,683	2,155,143	(8.1%)
Earnings per share (HK\$)			
– Basic	0.298	0.342	(12.9%)
– Diluted	0.297	0.341	(12.9%)

## 4. Financial Review *(Continued)*

### 4.1 **Continued** Analysis on Consolidated Income Statement

#### 4.1.1 Profit for the year

For the year ended 31 December 2025, the Group recorded a profit before income tax of HK\$2,219.2 million, representing a year-on-year increase of 1.8%, reflecting the steady performance of its core business. The growth was mainly attributable to a slight increase in the Group's revenue by 0.2% to HK\$4,044.2 million, driven by the steady improvement in operating lease service income, and a reduction in financing costs and bank charges by HK\$251.7 million, to HK\$795.9 million. However, the Group's share of results of joint ventures decreased by HK\$224.8 million, to HK\$265.3 million, primarily due to the disposal of two chemical MR oil tankers in the second half of 2024, coupled with a decline in the daily charter rates of refined product oil and chemical carriers compared to the previous year.



Despite the stable performance of the core business, the Group's profit for the year decreased by 8.1% to HK\$1,980.7 million, primarily attributable to the Group's application of the OECD Pillar Two model rules with effect from 1 January 2025, resulting in an increase in tax expense of HK\$186.4 million compared to the previous year. Excluding the tax impact of Pillar Two model rules, the profit for the year would have been HK\$2,167.1 million in 2025, representing a year-on-year increase of 0.6%.

#### 4.1.2 Revenue

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

The Group's revenue increased by 0.2% or HK\$9.8 million, from HK\$4,034.4 million for the year ended 31 December 2024 to HK\$4,044.2 million for the year ended 31 December 2025, primarily attributable to the revenue generated from operating lease services.

## 4. Financial Review *(Continued)*

### 4.1 **Continued** Analysis on Consolidated Income Statement

#### 4.1.2 **Continued** Revenue

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

	Year ended 31 December		Change
	2025 HK\$'000	2024 HK\$'000	
<b>Integrated shipping services</b>			
– Operating lease services	<b>2,516,915</b>	2,235,972	12.6%
– Shipbroking services	<b>16,583</b>	33,545	(50.6%)
	<b>2,533,498</b>	2,269,517	11.6%
<b>Financing services</b>			
– Finance lease services	<b>1,049,871</b>	1,219,700	(13.9%)
– Loan borrowings services	<b>460,822</b>	545,152	(15.5%)
	<b>1,510,693</b>	1,764,852	(14.4%)
<b>Total</b>	<b>4,044,191</b>	4,034,369	0.2%

#### *Integrated Shipping Services*

Revenue generated from the integrated shipping services increased from HK\$2,269.5 million for the year ended 31 December 2024 to HK\$2,533.5 million for the year ended 31 December 2025, representing an increase of 11.6% or HK\$264.0 million, primarily attributable to the Group's operating lease services income, which rose by 12.6% from HK\$2,236.0 million for the year ended 31 December 2024 to HK\$2,516.9 million for the year ended 31 December 2025. The increase was driven by the addition of 8 container vessels in batches during 2024, which contributed a full year of revenue in 2025, resulting in additional revenue of HK\$267.0 million compared to 2024.

## 4. Financial Review *(Continued)*

### 4.1 **Continued** Analysis on Consolidated Income Statement

#### 4.1.2 **Continued** Revenue

##### *Financing Services*

Revenue generated from the financing services decreased from HK\$1,764.9 million for the year ended 31 December 2024 to HK\$1,510.7 million for the year ended 31 December 2025, representing a decrease of 14.4%, primarily attributable to a 10.5% year-on-year decline in the Group's loan and lease receivables balance, leading to an overall decrease in revenue generated from the financing services.

#### 4.1.3 *Other Income and other gains, net*

For the year ended 31 December 2025, the Group's other income and other gains, net amounted to HK\$39.2 million. The year-on-year decrease was primarily attributable to a significant decrease in the number of early terminated projects during the year, with no major project early terminated, leading to a decline in one-off gains arising from the termination of finance lease projects, as well as the impact of exchange losses resulting from the appreciation of Renminbi against the U.S. dollar.

#### 4.1.4 *Expenses*

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

	Year ended 31 December		Change
	2025 HK\$'000	2024 HK\$'000	
Finance costs and bank charges	<b>795,900</b>	1,047,554	(24.0%)
Depreciation	<b>666,099</b>	578,716	15.1%
Vessel operating costs	<b>385,234</b>	398,436	(3.3%)
Employee benefits expenses	<b>107,285</b>	105,268	1.9%
Net impairment losses on loan and lease receivables	<b>79,316</b>	446,968	(82.3%)
Other operating expenses	<b>64,018</b>	159,361	(59.8%)
Research and development expenses	<b>2,309</b>	2,426	(4.8%)
<b>Total</b>	<b>2,100,161</b>	2,738,729	(23.3%)

##### *Finance Costs and Bank Charges*

For the year ended 31 December 2025, the Group's finance costs and bank charges amounted to HK\$795.9 million, representing a decrease of 24.0% or HK\$251.7 million year-on-year. The Group's finance costs mainly comprise interest and expenses on: (i) bonds; (ii) bank borrowings; and (iii) other borrowings. For the year ended 31 December 2025 and for the year ended 31 December 2024, the average cost of interest-bearing liabilities was 2.9% and 3.5%, respectively, remaining at a relatively low level in the industry, reflecting the Group's relatively strong financing capabilities.

## 4. Financial Review *(Continued)*

### 4.1 **Continued** Analysis on Consolidated Income Statement

#### 4.1.4 **Continued** Expenses

##### *Finance Costs and Bank Charges (Continued)*

During the year, one of the Group's guaranteed USD bonds matured and was repaid. Meanwhile, the Group maintained various measures to effectively manage and reduce finance costs, including: (i) adopting a cross-currency financing approach, the Group optimised and controlled financing costs on the basis of USD financing by utilising a diversified range of currencies including Renminbi, Hong Kong dollars and Euros; (ii) for existing bank borrowings, the Group reached agreements with multiple banks to reduce existing loan interest rates to more favourable levels, maintaining the interest rates of existing bank borrowings at relatively favourable market levels, thereby reducing interest expenses; and (iii) hedging interest rate risks through financial derivatives.

These measures continued to enable the Group to effectively reduce finance costs while managing its overall financing scale, maintaining its competitive advantage. By combining cross-currency financing, proactive debt management and risk hedging instruments, the Group has strengthened its financial position and enhanced its ability to adapt to interest rate fluctuations.

##### *Depreciation*

The Group's depreciation expenses increased by 15.1% or HK\$87.4 million, from HK\$578.7 million for the year ended 31 December 2024 to HK\$666.1 million for the year ended 31 December 2025. The increase in depreciation expenses was primarily attributable to two factors: (i) the exercise of purchase options by lessees for three of the Group's container vessels under operating leases, which shortened the useful lives of the relevant vessels to 2027, resulting in an increase in depreciation expenses of HK\$72.9 million during the year; and (ii) the addition of 8 container vessels under operating leases in batches during 2024, leading to a corresponding increase in depreciation expenses in line with the growth in total shipping capacity.

##### *Vessel Operating Costs*

Vessel operating costs represent expenses related to the operation of vessels under operating lease arrangements, including: crew expenses, vessel repair and maintenance fees, ship management fees, vessel insurances, and stores and supplies expenses. The Group implemented effective cost control measures during the year to reduce related expenses. Vessel operating costs decreased by 3.3% from HK\$398.4 million for the year ended 31 December 2024 to HK\$385.2 million for the year ended 31 December 2025.

##### *Employee Benefits Expenses*

The Group's employee benefits expenses include (i) wages, salaries, other allowances and retirement benefit costs; and (ii) share-based payment expenses. For the year ended 31 December 2025, the Group recognised employee benefits expenses of HK\$107.3 million, which included a reversal of share-based payment expenses of HK\$4.4 million.

## 4. Financial Review *(Continued)*

### 4.1 **Continued** Analysis on Consolidated Income Statement

#### 4.1.4 **Continued** Expenses

##### *Net Impairment Losses on Loan and Lease Receivables*

For the year ended 31 December 2025, the Group's net impairment losses on loans and lease receivables were HK\$79.3 million. These provisions for impairment represent adjustments made to the credit ratings of certain lease projects by the Group in accordance with the prudence principle, based on market conditions at the reporting date.

##### *Research and Development Expenses*

The Group recognised research and development expenses of HK\$2.3 million for the year ended 31 December 2025. These expenses were incurred for: (i) acquiring vessel data resources; and (ii) procurement of domestically produced software and hardware.

#### 4.1.5 *Share of Results of Joint Ventures*

The Group's share of results of joint ventures decreased from HK\$490.1 million for the year ended 31 December 2024 to HK\$265.3 million for the year ended 31 December 2025, representing a decrease of HK\$224.8 million.

The decrease in the share of results of joint ventures was primarily attributable to (i) the disposal of two chemical MR oil tankers in the second half of 2024, with a recognised share of gain on vessel disposal of HK\$133.1 million in 2024; and (ii) the reduction in vessel capacity following the disposals, leading to a corresponding decrease in operating profit.

#### 4.1.6 *Income Tax Expense*

Benefiting from certain profits tax concession schemes relating to chartering and ship leasing in Hong Kong, China, the Group recorded an overall income tax expense of HK\$25.2 million for the year ended 31 December 2024. For the year ended 31 December 2025, income tax expense increased to HK\$238.5 million, primarily due to the application of the OECD Pillar Two model rules with effect from 1 January 2025.

The OECD promulgated the Pillar Two model rules ("**Global Anti-base Erosion**" or "**GloBE**" rules) to reform the international corporate tax system. These rules apply to large multinational enterprises with consolidated revenue exceeding EUR750 million, requiring such enterprises to calculate their GloBE effective tax rate for each jurisdiction in which they operate, and to pay tax at a minimum effective rate of 15%.

As the Group is part of an in-scope multinational enterprise group and has operations in Hong Kong, China, it falls within the scope of the Pillar Two model rules. Under these rules, profits derived by the Group from international shipping and certain related ancillary activities are exempt from tax, while other non-qualifying profits are subject to tax at the minimum tax rate of 15%. The Group has estimated the current tax provision in accordance with the Pillar Two model rules guidance. Accordingly, the Group recognized HK\$186.4 million in relation to Pillar Two model rules for the year ended 31 December 2025.

## 4. Financial Review *(Continued)*

### 4.2 Analysis on Consolidated Statement of Financial Position

#### *Summary of Consolidated Statements of Financial Statements*

	As at 31 December		Change
	2025 HK\$'000	2024 HK\$'000	
<b>Total assets</b>	<b>43,192,791</b>	43,920,995	(1.7%)
<b>Total liabilities</b>	<b>28,058,968</b>	29,622,959	(5.3%)
<b>Total Equity</b>	<b>15,133,823</b>	14,298,036	5.8%

As at 31 December 2025, the Group's total assets amounted to HK\$43,192.8 million, representing a decrease of HK\$728.2 million compared to the total assets as at 31 December 2024, primarily attributable to a reduction in loan and lease receivables, which was resulted from the early completion of certain lease projects of the Group during the year and the continued timely repayment of principals under the projects, and the Group sold three bulk carriers in 2025, resulting in a decrease in property, plant and equipment. The Group utilized the proceeds from the terminated lease projects and the sale of vessels to repay existing bank borrowings and maturing bonds.

Therefore, the Group's total liabilities amounted to HK\$28,059.0 million, representing a decrease of HK\$1,564.0 million compared to the total liabilities as at 31 December 2024, primarily attributable to the repayment of a matured USD bond in the first half of 2025, the prudent use of funds from early completion of lease project and charter income to reduce the scale of interest-bearing liabilities to a reasonable level, while simultaneously lowering overall financing costs.

As at 31 December 2025, the Group's total equity amounted to HK\$15,133.8 million, representing an increase of HK\$835.8 million compared to the total equity as at 31 December 2024. The Group's gearing ratio decreased by approximately 2.5 percentage points from 67.5% as at 31 December 2024 to 65.0% as at 31 December 2025.

## 4. Financial Review *(Continued)*

### 4.2 **Continued** Analysis on Consolidated Statement of Financial Position

#### **Assets**

As at 31 December 2025, the total assets of the Group mainly comprised loan and lease receivables, property, plant and equipment, cash and bank deposits and financial assets at fair value, which accounted for 92.9% of the Group's total assets.

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000	Change
Loan and lease receivables	18,542,316	20,714,833	(10.5%)
Property, plant and equipment	15,536,140	16,394,376	(5.2%)
Cash and cash equivalents, and time deposits with maturity over three months	3,795,364	1,909,346	98.8%
Financial assets at fair value	2,242,715	2,136,047	5.0%
Other assets	3,076,256	2,766,393	11.2%
<b>Total</b>	<b>43,192,791</b>	43,920,995	(1.7%)

#### **4.2.1 Loan and Lease Receivables**

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

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000	Change
Lease receivables	12,678,426	14,331,654	(11.5%)
Loan receivables	5,716,660	6,118,321	(6.6%)
Loans to joint ventures	147,230	264,858	(44.4%)
<b>Total</b>	<b>18,542,316</b>	20,714,833	(10.5%)

## 4. Financial Review *(Continued)*

### 4.2 **Continued** Analysis on Consolidated Statement of Financial Position

#### 4.2.1 **Continued** Loan and Lease Receivables

##### a) Lease Receivables

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

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Gross investments in finance leases	19,266,409	21,740,247
Less: Unearned finance income	(6,059,146)	(6,790,765)
Net investments in finance leases	13,207,263	14,949,482
Less: Accumulated allowance for impairment	(528,837)	(617,828)
Net lease receivables	12,678,426	14,331,654

As at 31 December 2024 and 31 December 2025, the Group's net lease receivables amounted to HK\$14,331.7 million and HK\$12,678.4 million, respectively. The receivables decreased by 11.5% year-on-year, primarily attributable to the completion of certain finance lease projects upon expiry of their lease terms and early terminations during the year.

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings as at 31 December 2025 and 2024:

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Gross investments in finance leases		
– Within 1 year	2,037,774	2,282,154
– After 1 year but within 2 years	1,626,475	1,911,284
– After 2 years but within 3 years	1,576,593	1,903,541
– After 3 years but within 4 years	1,486,990	1,672,337
– After 4 years but within 5 years	1,665,677	1,566,267
– Over 5 years	10,872,900	12,404,664
	19,266,409	21,740,247

## 4. Financial Review *(Continued)*

### 4.2 **Continued** Analysis on Consolidated Statement of Financial Position

#### 4.2.1 **Continued** Loan and Lease Receivables

##### b) *Loan Receivables*

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

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Within 1 year	527,711	508,881
After 1 year but within 2 years	534,805	513,080
After 2 years but within 5 years	1,607,279	1,638,340
Over 5 years	3,046,865	3,458,020
	<b>5,716,660</b>	6,118,321

Loan receivables mainly represent receivables from secured loans provided by the Group. As at 31 December 2025, the Group's loan receivables were secured and repayable in instalments from 2026 to 2033.

##### c) *Loans to Joint Ventures*

The Group received repayments from a joint venture during the year. As at 31 December 2025, the balance of an unsecured loan receivable from a joint venture amounted to HK\$147.2 million.



## 4. Financial Review *(Continued)*

### 4.2 **Continued** Analysis on Consolidated Statement of Financial Position

#### 4.2.2 *Property, Plant and Equipment*

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

As at 31 December 2025 and 2024, the Group's property, plant and equipment amounted to HK\$15,536.1 million and HK\$16,394.4 million, respectively. As at 31 December 2025, the Group's property, plant and equipment decreased by 5.2%, primarily due to (i) the disposal of three bulk carriers in the second half of 2025; and (ii) the depreciation arising from vessels in the leasing business.

#### 4.2.3 *Financial Assets at Fair Value*

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

The Group's financial assets at fair value was HK\$2,242.7 million as at 31 December 2025. The Group continued to invest in an investment portfolio with a variety of listed bonds and wealth management products to diversify the risk of its investment portfolio. The Group will continue to optimise the allocation of financial assets for holding suitable investment portfolio of listed bonds and wealth management products to obtain stable returns.

#### *Liabilities*

As at 31 December 2025, the total liabilities of the Group mainly represented borrowings, including bank borrowings, bonds and other borrowings, which accounted for 94.3% of its total liabilities.

	<b>As at 31 December 2025 HK\$'000</b>	As at 31 December 2024 HK\$'000	Change
Borrowings – bank borrowings	<b>12,668,800</b>	12,829,276	(1.3%)
Borrowings – bonds	<b>11,548,088</b>	13,432,257	(14.0%)
Borrowings – others	<b>2,249,642</b>	1,325,622	69.7%
Other liabilities	<b>1,592,438</b>	2,035,804	(21.8%)
<b>Total</b>	<b>28,058,968</b>	29,622,959	(5.3%)

## 4. Financial Review *(Continued)*

### 4.2 **Continued** Analysis on Consolidated Statement of Financial Position

#### 4.2.4 Borrowings – Bank Borrowings

The Group's bank borrowings decreased by 1.3% from HK\$12,829.3 million as at 31 December 2024 to HK\$12,668.8 million as at 31 December 2025, primarily attributable to the timely repayment of bank borrowings by the Group.

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

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
On demand or within 1 year	7,742,201	7,142,694
After 1 year but within 2 years	1,375,902	904,795
After 2 years but within 5 years	1,859,895	2,340,630
After 5 years	1,690,802	2,441,157
	<b>12,668,800</b>	12,829,276

#### 4.2.5 Borrowings – Bonds

As at 31 December 2025, the Group held USD and Renminbi bonds. The Group's bonds decreased by 14.0% from HK\$13,432.3 million as at 31 December 2024 to HK\$11,548.1 million as at 31 December 2025, primarily attributable to the full and timely repayment of the US\$400 million (equivalent to approximately HK\$3,112 million) guaranteed bonds due in February 2025 by the Group during the year.

Meanwhile, during the year, the Group established a US\$3 billion equivalent offshore medium-term note programme framework (the “**MTN Programme**”). Under this framework, the Group issued its first offshore Renminbi bond of RMB1 billion (equivalent to approximately HK\$1,109 million) due in 2028, achieving a record-low coupon rate for the Group's Renminbi bonds. The issuance cost was significantly lower than USD financing costs and also lower than the available Renminbi bank loan costs during the same period. The proceeds from this bond issuance will be primarily used for the deployment and operation of the Group's RMB-denominated marine shipping projects, supporting the development of RMB settlement business for shipping projects. This initiative represents the Group's active participation in the internationalisation of the Renminbi through concrete actions, promoting the internationalisation of China's shipbuilding industry. This not only embodies the Group's commitment to serving its core business but also represents a positive response to the national strategy of Renminbi internationalisation, achieving the dual objectives of financing efficiency and strategic synergy.



## 4. Financial Review *(Continued)*

### 4.2 **Continued** Analysis on Consolidated Statement of Financial Position

#### 4.2.5 **Continued** Borrowings – Bonds

In addition, the Group held (i) US\$400 million (equivalent to approximately HK\$3,112 million) guaranteed bonds due in 2030; and (ii) US\$500 million (equivalent to approximately HK\$3,890 million) dual-certified green and blue bonds due in 2026.

In addition, the Group held three batches of “Panda Bonds” listed on the National Association of Financial Market Institutional Investors, (“**inter-bank bond market**”), including the 2023 First Tranche of Sustainability-Linked and Bond Connect, the Second Tranche of 2023 Medium-term Notes, and the First Tranche of 2024 Medium-term Notes, with issue size of RMB1,000 million (equivalent to approximately HK\$1,109 million) due in 2026, RMB1,200 million (equivalent to approximately HK\$1,331 million) due in 2026 and RMB800 million (equivalent to approximately HK\$887 million) due in 2029, respectively.

As at 31 December 2025, the bonds were repayable as follows:

	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Within 1 year	6,439,994	3,235,011
After 1 year but within 2 years	–	6,233,180
After 2 years but within 5 years	5,108,094	852,066
After 5 years	–	3,112,000
	<b>11,548,088</b>	13,432,257

## 4. Financial Review *(Continued)*

### 4.3 Asset Quality

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

The following tables set out the accumulated provision for impairment loss of loan and lease receivables as at 31 December 2025 and 2024:

	<b>Stage 1</b> <b>12-month</b> <b>ECL</b> <b>HK\$'000</b>	<b>Stage 2</b> <b>Lifetime</b> <b>ECL</b> <b>HK\$'000</b>	<b>Stage 3</b> <b>Lifetime</b> <b>ECL</b> <b>HK\$'000</b>	<b>Total</b> <b>HK\$'000</b>
<b>Provision for impairment loss of loan and lease receivables as at 31 December 2025</b>	<b>64,386</b>	<b>525,287</b>	<b>162,001</b>	<b>751,674</b>
Provision for impairment loss of loan and lease receivables as at 31 December 2024	126,093	386,580	177,222	689,895

## 4. Financial Review *(Continued)*

### 4.3 **Continued** Asset Quality

#### *Write-offs*

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

### 4.4 Liquidity and Working Capital

The Group funds its operations and growth primarily through cash generated from operating activities, bank borrowings and issuance of bonds. In 2025, the Group continued to maintain a stable risk appetite for liquidity management. The goal of the Group's liquidity risk management is to maintain moderate liquidity reserves and assets and sufficient funding resources to adequately meet the repayment needs of matured liabilities and the funding needs of business development.

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

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

## 4. Financial Review *(Continued)*

### 4.4 **Continued** Liquidity and Working Capital

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

	Year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
Net cash generated from operating activities	<b>4,203,308</b>	6,768,311
Net cash generated from/(used in) investing activities	<b>529,804</b>	(1,577,399)
Net cash used in financing activities	<b>(2,762,634)</b>	(4,331,650)
Net increase in cash and cash equivalents	<b>1,970,478</b>	859,262
Cash and cash equivalents at the beginning of the year	<b>1,773,896</b>	938,005
Effect of foreign exchange rate changes	<b>(37,702)</b>	(23,371)
Cash and cash equivalents at the end of the year	<b>3,706,672</b>	1,773,896

The net cash generated from operating activities amounted to HK\$4,203.3 million, which was mainly because the Group generated a profit from operation and received the payment from the completed finance lease projects for the year ended 31 December 2025.

Net cash generated from investing activities amounted to HK\$529.8 million, primarily attributable to the proceeds received by the Group from the disposal of three bulk carriers during the year ended 31 December 2025.

Net cash used in financing activities amounted to HK\$2,762.6 million, primarily attributable to the Group's proactive and prudent debt management during the year ended 31 December 2025, which involved repaying certain bank borrowings and maturing USD bonds while successfully issuing its first offshore Renminbi bond.

## 4. Financial Review *(Continued)*

### 4.5 Bank Loans and Capital Structure

In 2025, with the positive development of its principal business, the Group's operating performance steadily improved. Benefiting from excellent international ratings and good market reputation, the Group's liquidity was solid, and its financing capabilities continued to increase and financing methods were increasingly diversified. The Group kept abreast of the changes in macroeconomic conditions, actively responded to the complicated financial environment at home and abroad, proactively grasped the market trend and adjusted its financing strategies in a timely manner to further optimise its debt structure and balance its finance costs. Given the persistent wide spread between RMB and USD interest rates, the Group strategically utilized RMB financing during the reporting period. Capitalizing on a phase of relatively low RMB interest rates, the Group successfully issued its first offshore RMB bond. Simultaneously, the Group increased the proportion of HKD financing by seizing opportunities presented by declining HKD interest rates during the year, effectively controlling the rapid growth of finance costs.

In 2025, the Federal Reserve continued its interest rate cuts, though the timing was relatively late, with the year-end U.S. dollar benchmark interest rate settling in the range of 3.50% to 3.75%. Renminbi interest rates remained at relatively low levels, with the one-year Loan Prime Rate (“LPR”) falling to 3.00% and the five-year LPR dropping to 3.50%. The interest level of Renminbi financing remained significantly lower than that for U.S. dollar financing. Due to ample market liquidity, HKD short-term interest rates experienced multiple substantial declines in 2025, resulting in a notable spread compared to USD rates during the same period. This year, the Group continued to implement “cross-currency” financing measures to control the excessive growth of finance costs, achieving positive results. The comprehensive finance cost remained at a relatively low level in the market. The average cost of the Group's interest-bearing liabilities decreased from 3.5% for the year ended 31 December 2024 to 2.9% for the year ended 31 December 2025.

In light of heightened U.S. dollar interest rates in the longer term, the Group had been active in seeking to diversify its financing channels and took effective measures in a timely manner. During the year, the Group established a US\$3 billion equivalent MTN framework and issued its first offshore RMB bond under this framework. This issuance achieved a record-low coupon rate for the Group's RMB bonds, with issuance costs significantly lower than both USD financing costs and the cost of concurrently available RMB bank loans. The proceeds were used to support energy efficiency upgrades, equipment renewal and modernization, green and low-carbon offshore RMB shipping projects, and to repay existing higher-cost RMB financing, effectively controlling the excessive growth of finance costs. During the year, the Group entered into the 2025 Financial Services Framework Agreement with CSSC Finance Company Limited, which was approved at the Company's extraordinary general meeting, securing a RMB10 billion loan facility valid until 31 December 2027, enabling the Group to access more efficient and cost-effective financing support. This significantly enhanced the Group's capital management efficiency and flexibility in responding to market changes. Meanwhile, the Group made comprehensive use of multi-currency financing, such as Hong Kong dollars and Euros, for daily operations such as vessel leasing, which effectively reduced the negative impact of heightened USD interest rates. The Group has closely monitored its exposure to exchange rate risks arising from multi-currency financing, and has adopted prudent foreign exchange risk management strategies to effectively hedge foreign exchange risk exposure with the continuous use of financial instruments such as foreign exchange swaps and cross-currency swaps.

## 4. Financial Review *(Continued)*

### 4.5 **Continued** Bank Loans and Capital Structure

The Group continued to deepen its partnership with core banks based on its existing financing channels in accordance with its strategic development needs, forming in-depth strategic partnerships with banks including the large banks and policy banks, as well as international commercial banks, through continuous and proactive communication and negotiation with financing parties, we have successfully reduced costs for multiple existing bank financings. As at 31 December 2025, the Group held loan facilities of approximately HK\$43.9 billion (approximately US\$5.6 billion), utilised loan facilities of approximately HK\$14.9 billion (approximately US\$1.9 billion) and unutilised bank loan facilities of approximately HK\$29 billion (approximately US\$3.7 billion), and the credit balance was sufficient. As at 31 December 2025, the Group's total assets and total liabilities were HK\$43,192.8 million and HK\$28,059.0 million, respectively, its equity attributable to equity shareholders was HK\$15,011.3 million and the gearing ratio was 1.8 times. By improving the existing fund operation, enhancing the utilisation efficiency of funds, strictly implementing funding plans and controlling the scale of interest-bearing indebtedness, the gearing ratio remained at a lower level in the industry, consistently maintaining a healthy gearing position.

## 5. Risk Management

### 5.1 Exchange Rate Risk

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

The Group has adopted a prudent foreign exchange risk management strategy and established a foreign exchange rate risk tracking system to monitor the trend of major currencies around the world in a timely manner. Since April this year, the RMB exchange rate has trended towards unilateral appreciation. The Group did not incur any additional RMB exchange rate risk exposure. In respect of the existing RMB exchange rate risk exposure, the Group hedged a portion of the foreign exchange risk exposure through partial use of financial instruments such as foreign exchange swaps and cross-currency swaps, and partial replacement of RMB financing with Hong Kong dollar financing. Exchange rate risk had a certain impact on the Group during the year.

## 5. Risk Management *(Continued)*

### 5.2 Interest Rate Risk

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank loans and other financing, as well as loan and finance lease receivables and other loans. During the year, the Federal Reserve continued its interest rate cuts, though the timing was relatively late. It implemented three rate reductions throughout the year, with a cumulative cut of 75 basis points. As at the end of the year, the benchmark U.S. dollar interest rate stood within the range of 3.50% to 3.75%, but still at a relatively high level.

In order to cope with the persistently high interest rates in the U.S. dollar interest rate market, the Group has maintained its usual interest rate risk control measures by using financial instruments such as interest rate swaps to hedge its interest rate risk exposure. As at 31 December 2025, the notional principal amount of the Group's existing interest rate swap products was approximately HK\$3,030.6 million, and the locked-in U.S. dollar average long-term fixed interest rate was approximately 1.60%, which effectively hedged the negative impact of the high interest rate of the U.S. dollar. In terms of interest rate structure, the Group continued to maintain its original interest rate risk management strategies and proactively managed the matching of assets and liabilities in terms of interest rate structure. For the Group's operating lease assets, the Group continued to improve the interest rate matching between assets and liabilities through measures such as the issuance of fixed interest rate bonds, fixed interest rate loans and operating interest rate swaps, thereby effectively mitigating interest rate risks, and the existing interest rate risk exposure is relatively low.

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

#### ***Interest rate profile***

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

	<b>As at 31 December 2025 HK\$'000</b>	As at 31 December 2024 HK\$'000
Loan and lease receivables	<b>9,591,155</b>	10,996,232
Borrowings	<b>11,776,190</b>	8,988,580

## 5. Risk Management *(Continued)*

### 5.2 **Continued** Interest Rate Risk

#### *Sensitivity analysis*

As at 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after taxation and retained profits by approximately HK\$18,245,000 (2024: increase/decrease by approximately HK\$16,764,000). Other components of equity would not be affected by the changes in interest rates.

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

### 5.3 Foreign Currency Risk

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

The carrying amounts of the Group's significant financial assets and liabilities denominated in foreign currency as at 31 December 2025 and 2024, translated into Hong Kong dollars at the closing rates, are as follows:

	As at 31 December 2025			As at 31 December 2024		
	EUR HK\$'000	SGD HK\$'000	RMB HK\$'000	EUR HK\$'000	SGD HK\$'000	RMB HK\$'000
Loan and lease receivables	1,025,305	–	670,054	948,148	–	955,093
Other receivables	–	–	14,438	–	–	22,850
Cash and cash equivalents	30,537	2,290	3,063,585	48,549	3,375	1,104,911
Other payables	(271)	(1,102)	(29,140)	(6,983)	(3,925)	(39,586)
Borrowings	(1,231,067)	–	(10,526,628)	(1,200,167)	–	(8,409,179)
Net exposure	(175,496)	1,188	(6,807,691)	(210,453)	(550)	(6,365,911)

## 5. Risk Management *(Continued)*

### 5.3 **Continued** Foreign Currency Risk

The following table details the Group's sensitivity to a 5% increase in the relevant foreign currencies against HK\$ as at 31 December 2025. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation for 5% change in foreign currency rates during the year. A positive/negative number indicates an increase/decrease in profit for the year where respective foreign currencies strengthening 5% as at 31 December 2025. During the year, for a 5% weakening of respective foreign currencies against HK\$, there would be an equal but opposite impact on the profit for the year.

	<b>As at 31 December 2025 HK\$'000</b>	As at 31 December 2024 HK\$'000
EUR	<b>(7,324)</b>	(8,786)
SGD	<b>50</b>	(23)
RMB	<b>(244,325)</b>	(265,777)

## 6. Contingent liabilities

Details of the Group's contingent liabilities during the year are set out in note 34 to the consolidated financial statements.



# DIRECTORS AND SENIOR MANAGEMENT

# DIRECTORS AND SENIOR MANAGEMENT

## Directors

### Executive Directors

**Mr. Li Hongtao**, aged 60, was appointed as the Chairman of the Board and an executive Director on 23 May 2024, and the Chief Executive Officer of the Company on 31 December 2024. Mr. Li has extensive experience in the management in the shipping industry. Before the appointment as the executive Director, Mr. Li successively served as deputy general manager and general manager of China Shipbuilding Industry Trading Co., Limited\* (中國船舶工業貿易公司), chairman of China United Shipbuilding Company Limited\* (華聯船舶有限公司), general manager and chairman of China Shipbuilding International Marine Technology Co., Limited\* (中船國際海洋技術有限公司), general manager and chairman of China Shipping International Trading Company Limited\* (中船國際貿易有限公司) and chairman of China Shipbuilding Industry Trading Co., Limited\* (中國船舶工業貿易有限公司).

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

**Mr. Liu Hui**, aged 45, was appointed as an executive Director on 25 September 2025.

Mr. Liu has extensive experience in the shipping industry management. Prior to the appointment as the executive Director, Mr. Liu successively served as an assistant to the officer manager, assistant to manager of the finance department and deputy manager of Guangzhou Wenchong Shipyard Co., Ltd.\* (廣州文沖船廠有限責任公司), the manager of the finance department and deputy chief accountant of CSSC Huangpu Wenchong Shipbuilding Company Limited\* (中船黃埔文沖船舶有限公司), the chief accountant, general legal counsel and chief compliance officer of Guangzhou Shipyard International Company Limited (廣船國際有限公司), and a director and the general manager of CSSC Cruise Technology Development Co., Ltd.\* (中船郵輪科技發展有限公司).

Mr. Liu obtained a bachelor's degree in accounting from the University of South China in July 2004 and a master's degree in accounting from Jinan University in December 2012.

## Non-Executive Directors

**Mr. Xie Weizhong**, aged 57, was appointed as a non-executive Director on 6 January 2026.

Mr. Xie has extensive senior management experience in the shipbuilding industry. Prior to the appointment as a non-executive Director, he served as deputy director of the office of the shipbuilding branch of Huangpu Shipyard, director of the factory office of Huangpu Shipyard, assistant to the general manager of Huangpu Shipyard, chairman of the trade union of Guangzhou Huangpu Shipyard Co., Ltd., and vice president of Guangzhou Naval Architecture and Ocean Engineering College. Currently, he is a director of China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd.

Mr. Xie obtained a bachelor's degree in ideological and political education from Harbin Institute of Shipbuilding Engineering (哈爾濱船舶工程學院) (now known as Harbin Engineering University (哈爾濱工程大學)) in August 1991, and a master's degree in international finance and trade from the School of Economics at South-Central University for Nationalities (中南民族學院經濟學院) (now known as School of Economics at South-Central Minzu University\* (中南民族大學經濟學院)) in July 2003.

**Mr. Chi Benbin (遲本斌)**, aged 52, was appointed as a non-executive Director on 24 February 2023.

He is currently a director and deputy general manager of Wuchang Shipbuilding Industry Group Co., Ltd.\* (武昌船舶重工集團有限公司), which is a subsidiary of China State Shipbuilding Corporation Limited\* (中國船舶集團有限公司). From August 1994 to May 2002, Mr. Chi successively served as a trainee of the marketing department of Hudong Shipyard\* (滬東造船廠), a salesman, a project manager, a deputy section chief and an assistant to the director of the civil products section of the marketing department of Hudong Zhonghua Shipyard\* (滬東中華造船廠). From May 2002 to July 2014, he successively served as assistant director of the marketing department and head of the general management section, deputy director of the marketing department, director of the marketing department and assistant to the general manager and director of the marketing department of Hudong Zhonghua Shipbuilding (Group) Co., Ltd.\* (滬東中華造船(集團)有限公司). From July 2014 to May 2025, he was the deputy general manager of Hudong Zhonghua Shipbuilding (Group) Co., Ltd.\* (滬東中華造船(集團)有限公司). From July 2014 to August 2021, he also successively served as the deputy general manager of Shanghai Jiangnan Changxing Shipbuilding Co., Ltd.\* (上海江南長興造船有限責任公司) and the deputy general manager of Shanghai Shipyard Company Limited\* (上海船廠船舶有限公司).

Mr. Chi obtained a bachelor's degree in Marine and Offshore Engineering from Huazhong University of Science and Technology\* (華中理工大學) in 1994. Mr. Chi holds the senior engineer professional and technical qualification.

## Independent Non-Executive Directors

**Mr. Wang Dennis (王德銀)**, aged 63, was appointed as an independent non-executive Director on 10 November 2020. Mr. Wang is primarily responsible for the independent supervision of the management of the Group.

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

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

**Mdm. Shing Mo Han Yvonne (盛慕嫻)**, *BBS, JP*, aged 70, is an independent non-executive Director appointed in May 2019. Mdm. Shing is primarily responsible for overseeing the management of our Group independently.

Mdm. Shing is currently serving as an independent non-executive director of Aeon Credit Service (Asia) Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 900); China Merchants Energy Shipping Co., Ltd., a company listed on the SSE (stock code: 601872); and Analogue Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1977). From December 2021 to January 2025, she has been serving as an independent non-executive director of Sirnaomics Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 2257) and from August 2017 to May 2025, she has been serving as an independent non-executive director of China Resources Pharmaceutical Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3320). She was a senior adviser of Deloitte Touche Tohmatsu in Hong Kong until March 2019.

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

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

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

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

**Mr. Li Hongji (李洪積)**, aged 69, is an independent non-executive Director appointed in May 2019. Mr. Li is primarily responsible for overseeing the management of our Group independently.

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

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

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

## Senior Management

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

Please refer to the section "Directors" for the biography of Mr. Liu Hui.

**Mr. Wang Shanjun (王善君)**, aged 50, was appointed as the chief accountant of the Company on 1 January 2025, primarily responsible for financial and legal affairs (compliance), risk management, issues pertaining to, among others, the Board of Directors meetings and shareholders meetings, securities affairs, investor relations management and ESG.

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

Mr. Wang obtained his bachelor's degree from Dalian University of Technology in July 1998, his master's degree in economics from the Graduate School of the People's Bank of China in February 2005, and his doctoral degree in management from the Graduate School of the People's Bank of China in June 2017.

**Mr. Wu Aijun (吳愛軍)**, aged 53, was appointed as the deputy general manager of the Company on 1 January 2025. He is mainly responsible for business development, external investment, ship operation, ship management, etc.

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

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

**Mr. Ng Kwun Wa (吳冠華)**, aged 48, was appointed as the company secretary of the Company on 31 December 2024. Mr. Ng is a member of the Hong Kong Chartered Governance Institute and a member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in financial management and reporting, accounting and auditing. Mr. Ng joined the Group in 2020 initially as the director of finance department. Prior to joining the Company, Mr. Ng worked in a company listed on the Stock Exchange and several accounting firms with extensive experience in finance, audit and corporate finance matters.

Mr. Ng obtained a bachelor's degree in accounting from Hong Kong Baptist University in 2001 and a master's degree in corporate governance from The Hong Kong Polytechnic University in 2011.

# DIRECTORS' REPORT



# DIRECTORS' REPORT

The Board is pleased to present the report and the audited consolidated financial statements of the Group for the year ended 31 December 2025 (the “**Reporting Year**”).

## Global Offering

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

## Principal Activities

The Company is a ship leasing, investment and operation company, together with its subsidiaries (collectively, the “**Group**”) provides integrated shipping services (including operating leases and shipbroking services) and financial services (including finance leases and loans borrowings). An analysis of the Group’s business segment for the year ended 31 December 2025 is set out in note 5 to the consolidated financial statements.

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

## Results

The results of the Group for the year ended 31 December 2025 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 101 and 102 of this annual report, respectively.

## Final Dividend

To share the fruitful results of the Group among all Shareholders, the Board recommends the payment of a final dividend (the “**Final Dividend**”) of HK\$0.05 per Share out of the distributable reserve of the Company for the year ended 31 December 2025. The date of closure of the register of members of the Company regarding the entitlement of final dividend will be announced in due course. The proposed final dividend is expected to be paid on or before 31 August 2026 following the approval at the forthcoming annual general meeting of the Company (the “**AGM**”).

The Final Dividend will be payable in cash to each Shareholder in Hong Kong Dollars unless an election is made to receive the same in Renminbi. For further details, please refer to the announcement of the Company dated 26 March 2026.

Shareholders should seek professional advice with their own tax advisers regarding the possible tax implications of the Final Dividend payment.

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

## Business Review

### Financial Overview

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

### Major Customers and Suppliers

#### *Major Customers*

For the year ended 31 December 2025, the transaction amounts of the top five customers of the Group accounted for 51.8% of the Group's total revenue (2024: 48.9%), while the transaction amounts of the single largest customer of the Group accounted for 11.9% of the Group's total revenue (2024: 11.3%).

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

#### *Major Suppliers*

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

### Property, Plant and Equipment

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

### Share Capital

Details of movements in the Company's share capital during the Reporting Year are set out in note 28 to the consolidated financial statements.

### Reserves

Details of movements in the reserves of the Company and the Group during the Reporting Year are set out in the consolidated statement of changes in equity on page 105 of this annual report.

### Reserves Available for Distribution

As at 31 December 2025, the Company's reserves available for distribution calculated under Part 6 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) (the "**Companies Ordinance**") amounted to approximately HK\$4,121,881,000 (2024: HK\$3,958,045,000).

### Bank Borrowings

Particulars of bank borrowings of the Group as at 31 December 2025 are set out in note 24 to the consolidated financial statements.

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

On 8 April 2025, the Company (as Borrower) entered into a working capital loan agreement (the “**Loan Agreement**”) with a bank (as Lender) (the “**Lender**”), pursuant to which the Lender has agreed to grant the Borrower a loan of up to RMB800,000,000 to provide working capital for the Borrower. The maturity date of the loan is 12 months from the drawdown date.

Pursuant to the Loan Agreement, the Company undertakes, among other things, that during the term of the Loan Agreement, China State Shipbuilding Corporation Limited shall maintain its status as an enterprise directly supervised by the State-owned Assets Supervision and Administration Commission of the State Council, and CSSC Group shall maintain its status as the controlling shareholder of the Company.

## Directors

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

### Executive Directors:

Mr. Li Hongtao (*Chairman*)

Mr. Liu Hui (appointed on 25 September 2025)

### Non-executive Directors:

Mr. Xie Weizhong (appointed on 6 January 2026)

Mr. Chi Benbin

Ms. Zhang Yi (resigned on 23 June 2025)

Mr. Zhang Qipeng (resigned on 6 January 2026)

### Independent Non-executive Directors:

Mr. Wang Dennis

Mdm. Shing Mo Han Yvonne, *BBS, JP*

Mr. Li Hongji

Pursuant to Article 98(2) of the Company's Articles of Association (“**Articles of Association**”), the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the Board. Any Director so appointed shall hold office only until the first AGM after his appointment, and shall then be eligible for re-election at that meeting, provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at the AGM.

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

Therefore, Mr. Li Hongtao, Mr. Liu Hui, Mr. Xie Weizhong, Mr. Wang Dennis and Mr. Li Hongji shall retire, and being eligible, offer themselves for re-election at the forthcoming AGM.

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

## Directors and Senior Management

Biographical details of the Directors and senior management of the Company are set out on pages 48 to 54 of this annual report.

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

## Confirmation of Independence from the Independent Non-executive Directors

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

## Directors' Service Contracts and Letters of Appointment

Each of Mr. Li Hongtao and Mr. Liu Hui has entered into a service agreement with the Company for a period of three years commencing from 13 May 2024 and 25 September 2025, respectively.

With regard to the appointment as an independent non-executive Director, each of Mr. Wang Dennis, Mdm. Shing Mo Han Yvonne and Mr. Li Hongji has signed a letter of appointment with the Company for an initial term of three years commencing from 11 November 2023, 17 June 2025 and 17 June 2025, respectively.

With regard to the appointment as non-executive Directors, each of Mr. Chi Benbin and Mr. Xie Weizhong has signed a letter of appointment with the Company for a period of three years commencing from 24 February 2026 and 6 January 2026, respectively.

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

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

## Directors' Interests in Transactions, Arrangements or Contracts of Significance

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

## Management Contracts

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

## Employee and Emolument Policy

As at 31 December 2025, the Group had a total of 77 employees, approximately 32.47% of whom were located in Hong Kong. The Group has a team of high-quality talents with a bachelor's degree or above. As at 31 December 2025, approximately 96.10% of the Group's employees had a bachelor's degree or above. The Group endeavors to create a competitive and fair system for remuneration and welfare. The remuneration package of the Group's employees includes basic salary, performance-related bonus and share-based payment. The Group reviews the remuneration packages and performance of its employees on an annual basis.

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

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

## Retirement and Employee Benefits Scheme

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

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

As at 31 December 2025, none of the Directors and chief executives of the Company had interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company, or which were required to be otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules.

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

As at 31 December 2025, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interests	Number of Shares	Long/Short position	Approximate percentage of shareholding in the Company (%)
SASAC	Interest in controlled corporation <sup>(1)</sup>	4,602,046,234	Long position	74.24
China Shipbuilding Group	Interest in controlled corporation <sup>(1)</sup>	4,602,046,234	Long position	74.24
CSSC Group	Interest in controlled corporation <sup>(1)</sup>	4,602,046,234	Long position	74.24
CSSC International Holding Company Limited ("CSSC International")	Beneficial owner <sup>(1)</sup>	4,602,046,234	Long position	74.24

Note:

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

Save as disclosed above, as at 31 December 2025, as far as the Directors are aware, no any other persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## Share Option Scheme

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

### Purpose of the Scheme

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

### Participants of the Scheme

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

### Maximum number of Shares to be granted under the Scheme

The maximum number of Shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 Shares, representing approximately 10% of the total number of issued Shares as at the date of approval of the Scheme at the EGM. 172,250,000 share options had been granted by the Company under the Scheme up to the date of this annual report. Therefore, the number of share options available for further grant at the beginning and at the end of the Reporting Year was 441,356,623 and 441,356,623, respectively, and the number of Shares available for issue under the Scheme is 487,963,358 Shares, representing approximately 7.87% of the total number of issued Shares as at the date of this annual report.

As no share options were granted under the Scheme during the year ended 31 December 2025, the number of Shares that could be issued in respect of the share options granted under the Scheme during the Reporting Year divided by the weighted average number of Shares in issue (excluding treasury shares) during the Reporting Year is nil.

### Maximum entitlement of each participant under the Scheme

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

## Share Option Scheme *(Continued)*

### Time limit for exercise of share options

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

### Exercise price

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

### The remaining life of the Scheme

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

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

## Share Option Scheme (Continued)

Particulars and movements of share options granted under the Scheme during the year ended 31 December 2025 are set out below:

Name or category of participant	Position(s) held with the Group	Number of share options					As of 31 December 2025	Estimated fair value per share option (HK\$)	Date of grant	Exercise period of share options (both dates inclusive) (Note)	Exercise price (HK\$)	Closing price of the shares of the Company immediately before the Date of Grant (HK\$)	Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK\$)
		As of 1 January 2025	Granted during the period	Exercised during the period	Lapsed or forfeited during the period	As of 31 December 2025							
<b>Former Director</b>													
Mr. Zhong Jian	Former Chairman and Executive Director	508,725	-	-	508,725	-	N/A	30/4/2021	30/4/2021-29/4/2031	1.32	1.32	N/A	
Sub-total		508,725	-	-	508,725	-							
<b>Other employees of the Group</b>													
Employees in aggregate		37,156,505	-	9,253,245	10,735,055	17,168,205	0.303	30/4/2021	30/4/2021-29/4/2031	1.32	1.32	1.85	
		21,275,500	-	3,080,750	9,412,750	8,782,000	0.298	4/4/2022	4/4/2022-3/4/2032	1.15	1.15	1.85	
Sub-total		58,432,005	-	12,333,995	20,147,805	25,950,205							
<b>Total</b>		<b>58,940,730</b>	<b>-</b>	<b>12,333,995</b>	<b>20,656,530</b>	<b>25,950,205</b>							

Details of the movements in the share options under the Scheme are also set out in note 29 to the consolidated financial statements.

As at 1 January 2025 and 31 December 2025, the number of unvested share options was 45,436,750 and 5,066,000, respectively.

Notes:

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

- (i) the first batch (being 33% of the share options granted) will be vested on the first trading day after 24 months from the date of grant;
- (ii) the second batch (being 33% of the share options granted) will be vested on the first trading day after 36 months from the date of grant; and
- (iii) the third batch (being 34% of the share options granted) will be vested on the first trading day after 48 months from the date of grant.

## Directors' Rights to Acquire Shares or Debentures

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

## Principal Risks and Uncertainties

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

## Environmental Policies and Performance

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

## Compliance with Laws and Regulations

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

## Equity-linked Agreement

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

## Purchase, Sales or Redemption of the Listed Securities

During the Reporting Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares, if any). As at 31 December 2025, the Company did not hold any treasury Shares.

## Pledge of Assets

As at 31 December 2025, the Group's loan and lease receivables of approximately HK\$7,489.9 million (31 December 2024: HK\$8,195.7 million), floating charge on deposits of approximately HK\$222.8 million (31 December 2024: HK\$253.0 million), and property, plant and equipment of approximately HK\$4,141.9 million (31 December 2024: HK\$4,296.1 million), shares of certain subsidiaries, general assignments, bareboat charterer assignments and intra group loan assignments were secured to banks to acquire bank loans.

## Deed of Non-competition

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

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

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

## Directors' Interest in Competing Business

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

## Connected Transactions and Continuing Connected Transactions

### Connected Transactions

On 16 July 2025 (after trading hours), Fortune Propulsion and Fortune Prosperity Shipping Limited (both being indirect wholly owned SPVs of the Company) as the buyers and CSSC Qingdao Beihai Shipbuilding Company Limited (“**Beihai Shipbuilding**”) and China Shipbuilding Trading Company Limited (“**China Shipbuilding Trading**”) as the builders entered into two shipbuilding Agreements on substantially the same terms for the construction of two vessels at a consideration of RMB528,000,000 (equivalent to approximately HK\$575,520,000) for each vessel and for an aggregate consideration of RMB1,056,000,000 (equivalent to approximately HK\$1,151,040,000).

As at the date of the Company's announcement dated 26 March 2025, China Shipbuilding Group (through CSSC Group) is interested in 4,602,046,234 Shares, accounting for approximately 74.24% of the then issued share capital of the Company. As China Shipbuilding Group, the sole shareholder of CSSC Group, indirectly controls Beihai Shipbuilding and wholly owns China Shipbuilding Trading, Beihai Shipbuilding and China Shipbuilding Trading (being the builders) are connected persons of the Company. Therefore, the transactions contemplated under the shipbuilding agreements constituted connected transactions of the Company under Chapter 14A of the Listing Rules.

## Connected Transactions and Continuing Connected Transactions *(Continued)*

### Non-exempt continuing connected transactions

During the year ended 31 December 2025, the Group had entered into the following continuing connected transactions:

Continuing connected transactions	Related parties involved	Nature	Annual cap permitted under the Listing Rules	Transaction amounts in 2025
Framework property leasing agreement (Note 1)	CSSC Group and/or its associates	Leasing of properties	HK\$27.21million	HK\$18.79 million
Framework shipbroking agreement (Note 2)	CSSC Group and/or its associates	Shipbroking services	HK\$65.00 million	HK\$16.30 million
Financial services framework agreement (Note 3)	CSSC Finance and/or its associates	Deposit services		
		– Maximum outstanding daily balance on the deposits	RMB1,000.00 million	RMB12.50 million
		– Interest on the deposits for the year	RMB30.00 million	RMB0.01 million
		Lending services		
		– Maximum outstanding daily balance on the loans	RMB2,000.00 million	RMB895.84 million
– Interest on the loans for the year	RMB70.00 million	RMB0.84 million		

Notes:

- The Company entered into a framework property leasing agreement with CSSC Group on 26 March 2025, pursuant to which CSSC Group and/or its associates agreed to lease certain properties to the Company for a term of three years commencing retroactively from 1 January 2025 to 31 December 2027.
- The Company entered into a framework shipbroking agreement with CSSC Group on 26 March 2025, pursuant to which the Company agreed to provide shipbroking services to CSSC Group and/or its associates for a term of three years commencing retroactively from 26 March 2025 to 31 December 2027.
- The Company entered into a financial services framework agreement with CSSC Finance Company Limited (“**CSSC Finance**”) on 26 May 2025, pursuant to which CSSC Finance and/or its associates agreed to provide financial services to the Company for a term commencing from 27 June 2025 to 31 December 2027.

For details of the above continuing connected transactions, please refer to the Company’s announcement dated 26 March 2025 and the Company’s circular dated 30 May 2025.

## Connected Transactions and Continuing Connected Transactions *(Continued)*

### Non-exempt continuing connected transactions *(Continued)*

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

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

- (1) have been approved by the Board;
- (2) have followed the pricing policies of the Group in all material aspects, if they involve the goods or services provided by the Group;
- (3) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and
- (4) have an aggregate amount not exceeding the relevant cap disclosed in the Announcement.

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

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal or better commercial terms; or the terms are no less favorable than those available to or provided by independent third parties; and
- (iii) in accordance with the agreements for such transactions, the terms of which are fair and reasonable, and are in the interest of the Shareholders as a whole.

The related party transactions mentioned in note 30 to the consolidated financial statements include transactions which constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and are in compliance with the disclosure requirements in Chapter 14A of the Listing Rules.

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

## Charity Donation

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

## Material Legal Proceedings

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

## Permitted Indemnity Provisions

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

## Material Acquisitions and Disposals

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

## Events after the Reporting Year

Details of significant events after the Reporting Year are set out in note 39 to the consolidated financial statements.

## Audit Committee

The audit committee of the Company (the "**Audit Committee**") has, together with the senior management of the Group, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements for the year ended 31 December 2025.

## Corporate Governance Practices

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the corporate governance report on pages 70 to 93 in this annual report.

## Public Float

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

## Auditor

As the Company and Grant Thornton Hong Kong Limited (“**Grant Thornton**”) were unable to reach a consensus on the audit fee for the Company’s annual audit for the financial year ended 31 December 2025 (the “**2025 Audit**”), Grant Thornton has resigned as the Company’s auditor, effective 27 November 2025. The Company has appointed Baker Tilly Hong Kong Limited (“**Baker Tilly**”) as the new auditor of the Company following the resignation of Grant Thornton, effective 27 November 2025.

Baker Tilly acted as the Company’s auditor for the 2025 Audit. The consolidated financial statements for the year ended 31 December 2025, have been audited by Baker Tilly, which will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM.

Save as disclosed above, there has been no other change in the Company’s auditor during the past three years.

## List of Directors of Subsidiaries

A list of directors of the Company’s subsidiaries is set out on the Company’s website.

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

Hong Kong, 26 March 2026

# CORPORATE GOVERNANCE REPORT

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

## Corporate Governance Practices

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

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

## The Board

### Corporate Culture

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

### Responsibilities

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

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

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

## Board Composition

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

### Executive Directors:

Mr. Li Hongtao (*Chairman*)  
Mr. Liu Hui

### Non-executive Directors:

Mr. Xie Weizhong  
Mr. Chi Benbin

### Independent Non-executive Directors:

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

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

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

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

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

## Board Composition *(Continued)*

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

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

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

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

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

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

The gender ratio of employees of the Company during the year ended 31 December 2025 is set out in the Environmental, Social and Governance Report for the Reporting Year. The Company will continue to take steps to promote gender diversity at all levels of the Group, including but not limited to the Board and senior management.

## Independence of the Board

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

## Induction and Continuous Professional Development

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

Mr. Liu Hui and Mr. Xie Weizhong were appointed as an executive Director and a non-executive Director on 25 September 2025 and 6 January 2026, respectively. They have obtained legal advice as mentioned in Rule 3.09D of the Listing Rules on 25 September 2025 and 6 January 2026 respectively, and confirmed that they understood their responsibilities as a director of a listed issuer and the possible consequences of making false statements or providing false information to the Stock Exchange.

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

## Induction and Continuous Professional Development *(Continued)*

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

Name of Directors	Nature of Continuous Professional Development
Mr. Li Hongtao	B
Mr. Liu Hui <sup>(1)</sup>	A/B
Mr. Xie Weizhong <sup>(2)</sup>	Not Applicable
Mr. Chi Benbin	B
Ms. Zhang Yi <sup>(3)</sup>	B
Mr. Zhang Qipeng <sup>(4)</sup>	B
Mr. Wang Dennis	B
Mdm. Shing Mo Han Yvonne, <i>BBS, JP</i>	A/B
Mr. Li Hongji	B

Notes:

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

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

<sup>(1)</sup> Mr. Liu Hui was appointed as an executive Director on 25 September 2025.

<sup>(2)</sup> Mr. Xie Weizhong was appointed as a non-executive Director on 6 January 2026.

<sup>(3)</sup> Ms. Zhang Yi resigned as a non-executive Director on 23 June 2025.

<sup>(4)</sup> Mr. Zhang Qipeng resigned as a non-executive Director on 6 January 2026.

## Chairman and Chief Executive Officer

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

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

## Appointment and Re-election of Directors

Each of Mr. Li Hongtao and Mr. Liu Hui has entered into a service agreement with the Company for a period of three years commencing from 13 May 2024 and 25 September 2025, respectively.

With regard to the appointment as an independent non-executive Director, each of Mr. Wang Dennis, Mdm. Shing Mo Han Yvonne and Mr. Li Hongji has signed a letter of appointment with the Company for an initial term of three years commencing from 11 November 2023, 17 June 2025 and 17 June 2025, respectively.

With regard to the appointment as non-executive Directors, each of Mr. Chi Benbin and Mr. Xie Weizhong has signed a letter of appointment with the Company for an initial period of three years commencing from 24 February 2023 and 6 January 2026, respectively.

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

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

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

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

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

## Board Meetings

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

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

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

## Board Meetings *(Continued)*

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

Directors	Number of Board meetings attended/held	Number of general meetings attended/held
Mr. Li Hongtao	7/7	3/3
Mr. Liu Hui <sup>(1)</sup>	2/2	0/1
Mr. Xie Weizhong <sup>(2)</sup>	Not Applicable	Not Applicable
Mr. Chi Benbin	5/7	3/3
Ms. Zhang Yi <sup>(3)</sup>	2/2	Not Applicable
Mr. Zhang Qipeng <sup>(4)</sup>	5/7	3/3
Mr. Wang Dennis	7/7	3/3
Mdm. Shing Mo Han Yvonne, <i>BBS, JP</i>	7/7	3/3
Mr. Li Hongji	7/7	3/3

Notes:

- <sup>(1)</sup> Mr. Liu Hui was appointed as an executive Director on 25 September 2025.
- <sup>(2)</sup> Mr. Xie Weizhong was appointed as a non-executive Director on 6 January 2026.
- <sup>(3)</sup> Ms. Zhang Yi resigned as a non-executive Director on 23 June 2025.
- <sup>(4)</sup> Mr. Zhang Qipeng resigned as a non-executive Director on 6 January 2026.

## Model Code for Securities Transactions by Directors

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

## Delegation by the Board

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

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

## Corporate Governance Function

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

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- (d) to develop and review the Company's policies and practices on corporate governance, and to recommend their opinions and report related affairs to the Board;
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report; and
- (f) to review and monitor the Company's compliance with the Company's reporting policies.

## Risk Management and Internal Control

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

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

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

The Group's risk management and internal control systems are reviewed by the Audit Committee annually. The Audit Committee has conducted a review of the effectiveness of the Group's internal control system for the year ended 31 December 2025 (including but not limited to reviewing the function of internal audit of the Group and considering the work report on the Company's internal control and risk management made by the risk management department), and considers it effective and adequate. The Group has an internal audit function.

## Board Committees

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

### Audit Committee

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

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

- (a) To be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and dealing with any questions of its resignation or dismissal;
- (b) To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the auditor before submission to the Board; and
- (c) To review the adequacy of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, and the adequacy of training programmes received by employees and the related budgets.

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

The Audit Committee held five meetings during the year ended 31 December 2025 to discuss and consider the following:

- Review of the interim results of the Company and its subsidiaries for the six months ended 30 June 2025;
- Review of the Company's continuing connected transactions during 2024, consideration of the 2024 risk management and internal audit exercise, consideration of the 2024 internal audit quality self-assessment report, consideration of the 2024 internal control evaluation report, and consideration of the resolution in respect of the appointment of auditor for 2024;
- Review of the financial reporting systems, compliance procedures, internal controls (including the adequacy of the resources, qualifications, training courses and budget for the employees of the accounting and financial reporting department of the Company), risk management systems and procedures, and re-appointment of external auditor; and
- Consideration of the change of auditor. The Board has not deviated from any recommendation made by the Audit Committee regarding the selection, appointment, retirement or removal of the external auditor.

**Board Committees** *(Continued)***Audit Committee** *(Continued)*

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

<b>Directors</b>	<b>Number of meetings attended/ eligible to attend</b>
Mdm. Shing Mo Han Yvonne, <i>BBS, JP</i>	5/5
Mr. Wang Dennis	5/5
Mr. Li Hongji	5/5
Mr. Xie Weizhong <sup>(1)</sup>	Not Applicable
Ms. Zhang Yi <sup>(2)</sup>	2/2
Mr. Zhang Qipeng <sup>(3)</sup>	4/5

Notes:

- <sup>(1)</sup> Mr. Xie Weizhong was appointed as a member of the Audit Committee on 6 January 2026.
- <sup>(2)</sup> Ms. Zhang Yi resigned as a member of the Audit Committee on 23 June 2025.
- <sup>(3)</sup> Mr. Zhang Qipeng resigned as a member of the Audit Committee on 6 January 2026.

## Board Committees *(Continued)*

### Nomination Committee

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

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

- (a) To review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least annually, assist the Board in maintaining a Board skills matrix and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) To assess the independence of independent non-executive Directors;
- (d) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive;
- (e) To review the Board diversity policy; and
- (f) To support the Company's regular evaluation of the Board's performance.

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

## Board Committees *(Continued)*

### Nomination Committee *(Continued)*

The Nomination Committee held three meetings during the year ended 31 December 2025 to discuss and consider the following:

- Discussion of the structure, size and composition of the Board;
- Discussion of the Board diversity policy and its implementation;
- Assessment of the independence of the independent non-executive Directors;
- Consideration of the “Resolution for the retirement of Directors for re-election”;
- Consideration of the “Resolution on the appointment of executive Director and general manager”; and
- Consideration of the “Resolution on the amendments to the ‘Terms of Reference of the Nomination Committee of the Board’”.

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

<b>Directors</b>	<b>Number of meetings attended/ eligible to attend</b>
Mr. Li Hongtao	3/3
Mr. Chi Benbin	2/3
Mr. Wang Dennis	3/3
Mdm. Shing Mo Han Yvonne, <i>BBS, JP</i>	3/3
Mr. Li Hongji	3/3

## Board Committees *(Continued)*

### Remuneration Committee

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

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

- (a) To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) To make recommendations to the Board on the remuneration of non-executive Directors;
- (e) To consider salaries paid by comparable companies, time commitment, responsibility and employment conditions elsewhere in the Group;
- (f) To review and approve matters relating to share schemes under Chapter 17 of the Listing Rules of the Stock Exchange and other incentive schemes of the Company;
- (g) To review and approve the compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive for the Company;
- (h) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (i) To ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

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

## Board Committees *(Continued)*

### Remuneration Committee *(Continued)*

The Remuneration Committee held five meetings during the year ended 31 December 2025 to discuss and consider the following:

- Discussion of the remuneration package for Directors for the year 2024;
- Discussion of the remuneration policy and structure for Directors for the year 2025;
- Consideration of the “Resolution regarding the determination of the results of the comprehensive evaluation of professional managers in 2024/2022-2024 and honoring of performance-based annual salary and term-based incentive”;
- Consideration of the “Resolution on the amendments to the Company’s ‘Performance Management Measures for Members of the Management Team’”;
- Consideration of the “Resolution on formulating term appointment agreements for members of the management team and the 2025 annual operating performance responsibility agreement”;
- Consideration of the “Resolution regarding the recommendation of the level of remuneration for the nominated executive Director”;
- Consideration of the “Resolution on formulating the performance evaluation responsibility agreement for the Company’s general manager for the year 2025 and for the management team for 2025-2027”;
- Consideration of the “Resolution regarding the implementation of 2024 excess profit reward”;
- Consideration of the “Resolution on re-evaluating the former plan for results of evaluation and honoring of remuneration of professional managers”; and
- Consideration of the “Resolution on amendments to the Company’s ‘Total Wage Management Measures’ and determination of the total wage budget for the year 2025”.

## Board Committees *(Continued)*

### Remuneration Committee *(Continued)*

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

Directors	Number of meetings attended/ eligible to attend
Mr. Wang Dennis	5/5
Mdm. Shing Mo Han Yvonne, <i>BBS, JP</i>	5/5
Mr. Li Hongji	5/5

### Strategic and Investment Committee

The current members of the Strategic and Investment Committee include two executive Directors, namely Mr. Li Hongtao (Chairperson) and Mr. Liu Hui, two non-executive Directors, namely Mr. Xie Weizhong and Mr. Chi Benbin, and one independent non-executive Director, namely Mr. Wang Dennis.

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

- (a) To conduct research on the long-term strategic planning, investment policies and major investment projects of the Company and make recommendations, and to monitor and follow up on major investment projects approved by the shareholders' meeting and the Board and to notify all Directors in a timely manner. "Major investment projects" herein refer to external investment and annual investment plans that are subject to the approval of the Board;
- (b) To conduct research on other major matters that may have impacts on the development of the Company and make recommendations to the Board; and
- (c) To consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

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

The Strategic and Investment Committee held three meetings during the year ended 31 December 2025 to discuss and consider the following:

- Consideration of the 2025 Equity Investment Plan;
- Consideration of the "Resolution on Adjustment of the 2025 equity investment plan"; and
- Receipt of reports on the assessment of the implementation of the 14th Five-Year Plan, the implementation of the plan for 2025, and the draft of the 15th Five-Year Plan.

## Board Committees *(Continued)*

### Strategic and Investment Committee *(Continued)*

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

<b>Directors</b>	<b>Number of meetings attended/ eligible to attend</b>
Mr. Li Hongtao	3/3
Mr. Liu Hui <sup>(1)</sup>	1/1
Mr. Xie Weizhong <sup>(2)</sup>	Not Applicable
Mr. Chi Benbin	3/3
Mr. Wang Dennis	3/3
Ms. Zhang Yi <sup>(3)</sup>	1/1
Mr. Zhang Qipeng <sup>(4)</sup>	2/3

Notes:

- <sup>(1)</sup> Mr. Liu Hui was appointed as a member of the Strategic and Investment Committee on 25 September 2025.
- <sup>(2)</sup> Mr. Xie Weizhong was appointed as a member of the Strategic and Investment Committee on 6 January 2026.
- <sup>(3)</sup> Ms. Zhang Yi resigned as a member of the Strategic and Investment Committee on 23 June 2025.
- <sup>(4)</sup> Mr. Zhang Qipeng resigned as a member of the Strategic and Investment Committee on 6 January 2026.

## Board Committees *(Continued)*

### ESG and Sustainable Development Committee

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

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

- (a) To guide, review and formulate the Company's ESG and sustainable development management policies, strategies, principles, targets and vision to ensure that they keep pace with the times, meet the needs, and comply with applicable laws and regulatory requirements;
- (b) To supervise the formulation and implementation of the Company's ESG objectives, including establishing the Company's ESG management efficiency targets; reviewing the progress of target achievement and providing suggestions on the actions to be taken in order to achieve the targets;
- (c) To monitor major trends in ESG so as to report the relevant risks and opportunities affecting the sustainable development, ESG policies, strategies and targets of the Company to the Board;
- (d) To guide and review the identification and prioritization of important ESG issues of the Group;
- (e) To review the annual ESG Report and other ESG-related disclosures, and to make recommendations to the Board for approval;
- (f) To identify ESG risks and opportunities related to the Company, assess the effect of such risks or opportunities on the Group, and provide suggestions to the Board regarding the response to risks or opportunities;
- (g) Other authorities exercisable by the Committee specified or recommended by the Listing Rules (including the provisions in the "Environmental, Social and Governance Reporting Code" as set out in Appendix C2 to the Listing Rules); and
- (h) To perform other duties assigned by the Board.

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

## Board Committees *(Continued)*

### ESG and Sustainable Development Committee *(Continued)*

The ESG and Sustainable Development Committee held one meeting during the year ended 31 December 2025 to discuss and consider the following:

- To consider the 2024 ESG Report.

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

Directors	Number of meeting attended/eligible to attend
Mr. Li Hongtao	1/1
Mr. Liu Hui <sup>(1)</sup>	Not Applicable
Mr. Wang Dennis	1/1
Mdm. Shing Mo Han Yvonne, <i>BBS, JP</i>	1/1

Note:

<sup>(1)</sup> Mr. Liu Hui was appointed as a member of the ESG and Sustainable Development Committee on 25 September 2025.

## Directors' Remuneration Policy

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

## Remuneration of Directors and Senior Management

Details of the remuneration of the members of the Board and the senior management of the Company for the year ended 31 December 2025 are as follows:

Remuneration band	Number of individuals
Nil to HK\$1,000,000	7
HK\$1,000,001 to HK\$1,500,000	2
HK\$1,500,001 to HK\$2,000,000	2

## Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 94 to 100 of this annual report.

## Auditor's Remuneration

The approximate auditor's remuneration in respect of the audit and non-audit services provided by Baker Tilly to the Company and the Group during the year ended 31 December 2025 is as follows:

Type of services	Amount (HK\$'000)
Audit services	3,400
Non-audit services	–
Total	3,400

## Company Secretary

Mr. Ng Kwun Wa (“**Mr. Ng**”) is the company secretary of the Company, responsible for making recommendations to the Board on corporate governance matters and ensuring that the Board’s policies and procedures, applicable laws, rules and regulations have been complied with.

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

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

## Communication with Shareholders and Investor Relationship Enquiries to the Board

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

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

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

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

## Shareholders' Rights

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

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

## Dividend Policy

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

## Convening a General Meeting

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

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

## Propose Resolutions at the Shareholders' Meetings and the AGM

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

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

## Making Inquiries to the Board

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

## Amendments to Constitutional Documents

The Articles of Association are available on the websites of the Stock Exchange and the Company. During the Reporting Year, there were no changes to the Articles of Association.

# INDEPENDENT AUDITOR'S REPORT



**Independent auditor's report to the members of  
CSSC (Hong Kong) Shipping Company Limited**  
*(incorporated in Hong Kong with limited liability)*

## Opinion

We have audited the consolidated financial statements of CSSC (Hong Kong) Shipping Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages 101 to 204, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated 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 (“**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**”), as applicable to audits of financial statements of public interest entities. We have also 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 Matter

### How our audit addressed the Key Audit Matter

#### Lease arrangements

Refer to notes 2.16 and 4 to the consolidated financial statements.

Management assessed the classification of leases in accordance with Hong Kong Financial Reporting Standard (“HKFRS”) 16 “Leases”.

In the event of the Group entering into agreements whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased vessels to the lessees/borrowers, the Group excludes the vessels from its consolidated statement of financial position and instead recognises them as finance lease receivables. In all other cases, the Group includes the vessels under operating leases as property, plant and equipment.

The determination of whether the Group has transferred substantially all the risks and rewards of ownership depends on assessment of a number of factors of the relevant arrangements relating to the lease which involves critical judgements by management. In particular, at inception of the leases, management assessed the length of lease term corresponding to the estimated useful lives of the vessels, the present value of minimum lease payments, the nature of the leased assets, and whether there was any ownership transfer or reasonably certain that the purchase options (if applicable) will be exercised at the end of the lease terms.

Due to the significance of management’s judgements and estimates applied in assessing the classification of leases, we considered this as a key audit matter.

We performed the following procedures to assess management’s classification of leases:

- we evaluated the design and implementation and tested the operating effectiveness of controls over the classification of leases;
- we examined the agreements to assess whether each agreement is, or contains, a lease under the definition of HKFRS 16;
- we examined the lease agreements and discussed with management the key terms in order to identify any inconsistency from our understanding;
- we performed the following procedures for the appropriateness of the judgements made by management in the determination of lease classification on a sample basis:
  - assessed the impact of the agreed terms in the lease agreements on the classification;
  - tested the mathematical accuracy of the present value of minimum lease payment calculations and verified relevant input data (i.e. lease terms, lease payments and lease period) by checking to the agreements;
  - assessed the appropriateness of the discount rates adopted in the minimum lease payment calculations;
  - evaluated the appropriateness of the economic lives and the fair value of leased assets with reference to similar types of assets in the market; and
  - assessed the existence of the purchase options (if applicable) under the lease arrangement by checking to the lease agreements and possibility of lessees/borrowers to exercise such options by comparing the exercise price and corresponding market value at inception date.

## Key Audit Matters *(Continued)*

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Impairment of loan and lease receivables

Refer to notes 2.11, 3.2(i), 4 and 17 to the consolidated financial statements.

As at 31 December 2025, the carrying amounts of the Group's loan and lease receivables amounted to approximately HK\$18,542,316,000 (net of provision for impairment loss of approximately HK\$751,674,000).

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

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

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

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

- we evaluated the design and implementation and tested the operating effectiveness of controls over the approval, recording and credit monitoring of loan and lease receivables subject to ECL;
- we tested the calculation of provision for impairment loss of loan and lease receivables;
- we evaluated and challenged the methodologies for ECL for impairment assessment and assessed the reasonableness of significant judgements and assumptions;
- we examined, on sample basis, financial and non-financial information and past due history of the lessees/borrowers and relevant external evidence as adopted by the management in the ECL assessment, and assessed the appropriateness of the management's identification of receivables with significant increase in credit risk since initial recognition and credit-impaired loan and lease receivables;
- we examined key data inputs to the ECL models on selected samples, including historical data and data observed at the measurement date, to assess their accuracy, appropriateness and completeness;

## Key Audit Matters *(Continued)*

### Key Audit Matter

### How our audit addressed the Key Audit Matter

#### Impairment of loan and lease receivables *(Continued)*

The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period, primarily including the following:

- (1) Consideration on whether the loan and lease receivables have experienced a significant increase in credit risk;
- (2) Identification of default and credit-impaired assets;
- (3) Inputs, assumptions and estimation techniques in measuring ECL (i.e. PD, EAD, LGD), including forward-looking information incorporated in the ECL (i.e. forecasted economic growth rates which reflect the general economic conditions of the industry in which the lessees/borrowers operate).

Due to the significance of management's judgement and estimates applied in assessing the amount of ECL at the reporting date, we considered this as a key audit matter.

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

- we reviewed the management's analysis for forward-looking information using forecasted economic growth rate, assessed the reasonableness and performed sensitivity analysis on possible scenarios; and
- we re-performed management's calculation of the impairment loss assessment.

## Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on these statements on 26 March 2025.

## Other Information

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, 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 and those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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 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.

Those charged with governance 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. This report is made solely to you, as a body, 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 HKSA's 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 HKSA's, 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.

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

- 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

The engagement director on the audit resulting in this independent auditor's report is Cheung Hon Pui.

### **Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

Hong Kong, 26 March 2026

### **Cheung Hon Pui**

Practising certificate number P08297

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	5	<b>4,044,191</b>	4,034,369
<b>Other income</b>	6	<b>102,472</b>	74,171
<b>Other (losses)/gains, net</b>		<b>(63,287)</b>	332,500
<b>Expenses</b>			
Finance costs and bank charges	7	(795,900)	(1,047,554)
Net impairment losses on loan and lease receivables	17	(79,316)	(446,968)
Depreciation		(666,099)	(578,716)
Employee benefits expenses	10	(107,285)	(105,268)
Vessel operating costs		(385,234)	(398,436)
Other operating expenses		(66,327)	(161,787)
<b>Total expenses</b>		<b>(2,100,161)</b>	(2,738,729)
<b>Profit from operations</b>	8	<b>1,983,215</b>	1,702,311
Share of results of joint ventures	15	265,253	490,103
Share of results of associates	16	(29,293)	(12,056)
<b>Profit before income tax</b>		<b>2,219,175</b>	2,180,358
Income tax expense	9	(238,492)	(25,215)
<b>Profit for the year</b>		<b>1,980,683</b>	2,155,143
<b>Profit for the year attributable to:</b>			
– Equity shareholders of the Company		1,845,236	2,105,663
– Non-controlling interests		135,447	49,480
		<b>1,980,683</b>	2,155,143
<b>Earnings per share (HK\$)</b>	12		
– Basic		<b>0.298</b>	0.342
– Diluted		<b>0.297</b>	0.341

The accompanying notes are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>Profit for the year</b>		<b>1,980,683</b>	2,155,143
<b>Other comprehensive (expense)/income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of financial statements of foreign operations		<b>17,797</b>	22,814
– Share of other comprehensive expense of joint ventures	15	<b>(19,737)</b>	(4,479)
– Share of other comprehensive income of associates	16	<b>13,130</b>	–
– Changes in fair value of debt instruments at fair value through other comprehensive income		<b>77,372</b>	46,504
– Changes in fair value of cash flow hedges	18	<b>(33,349)</b>	104,868
<i>Items that are reclassified to profit or loss:</i>			
– Reclassification adjustment from hedging reserve to profit or loss	18	<b>(91,608)</b>	(135,705)
– Release of investment revaluation reserve upon disposal of debt instrument at fair value through other comprehensive income		<b>(34,936)</b>	–
<b>Total other comprehensive (expense)/income for the year</b>		<b>(71,331)</b>	34,002
<b>Total comprehensive income for the year</b>		<b>1,909,352</b>	2,189,145
<b>Total comprehensive income for the year attributable to:</b>			
– Equity shareholders of the Company		<b>1,773,464</b>	2,139,699
– Non-controlling interests		<b>135,888</b>	49,446
		<b>1,909,352</b>	2,189,145

The accompanying notes are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>Assets</b>			
Property, plant and equipment	13	15,536,140	16,394,376
Right-of-use assets	14	7,979	11,895
Interests in joint ventures	15	1,632,923	1,628,199
Interests in associates	16	181,406	190,238
Loan and lease receivables	17	18,542,316	20,714,833
Derivative financial assets	18	260,336	404,865
Prepayments, deposits and other receivables	19	597,208	214,057
Financial assets at fair value through profit or loss	20	486,608	457,312
Financial assets at fair value through other comprehensive income	21	1,756,107	1,678,735
Deferred tax assets	27	1,559	4,111
Amount due from an associate	22	–	37,810
Amounts due from joint ventures	22	387,070	275,218
Amounts due from non-controlling interests	22	7,775	–
Time deposits with maturity over three months	23	88,692	135,450
Cash and cash equivalents	23	3,706,672	1,773,896
<b>Total assets</b>		<b>43,192,791</b>	43,920,995
<b>Liabilities</b>			
Income tax payables		240,761	38,157
Borrowings	24	26,466,530	27,587,155
Derivative financial liabilities	18	25,563	195,801
Deferred tax liabilities	27	–	316
Amounts due to non-controlling interests	22	127,965	131,884
Other payables and accruals	25	882,874	1,321,335
Lease liabilities	26	315,275	348,311
<b>Total liabilities</b>		<b>28,058,968</b>	29,622,959
<b>Net assets</b>		<b>15,133,823</b>	14,298,036

. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2025 HK\$'000	2024 HK\$'000
<b>Equity</b>			
Share capital	28	<b>6,715,125</b>	6,695,690
Reserves	35	<b>8,296,210</b>	7,485,431
Equity attributable to equity shareholders of the Company		<b>15,011,335</b>	14,181,121
Non-controlling interests		<b>122,488</b>	116,915
<b>Total equity</b>		<b>15,133,823</b>	14,298,036

The consolidated financial statements on pages 101 to 204 were approved and authorised for issue by the Board of Directors on 26 March 2026 and were signed on its behalf.

**Li Hongtao**  
*Director*

**Liu Hui**  
*Director*

The accompanying notes are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity shareholders of the Company							Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Investment revaluation reserve HK\$'000	Hedging reserve HK\$'000	Other reserves HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000			
<b>At 1 January 2024</b>	6,615,789	(141)	348,817	70,979	27,488	(120,971)	5,769,911	12,711,872	118,039	12,829,911
Profit for the year	-	-	-	-	-	-	2,105,663	2,105,663	49,480	2,155,143
Other comprehensive income/(expense) for the year	-	46,504	(30,837)	(4,479)	-	22,848	-	34,036	(34)	34,002
Total comprehensive income for the year	-	46,504	(30,837)	(4,479)	-	22,848	2,105,663	2,139,699	49,446	2,189,145
Appropriations to statutory surplus reserve	-	-	-	1,498	-	-	(1,498)	-	-	-
Transactions with equity shareholders:										
- Issuance of shares under share option scheme (note 28)	79,901	-	-	-	(15,135)	-	-	64,766	-	64,766
- Dividends (note 36)	-	-	-	-	-	-	(738,622)	(738,622)	-	(738,622)
Transactions with non-controlling interests:										
- Dividends	-	-	-	-	-	-	-	-	(50,570)	(50,570)
Equity settled share-based payments	-	-	-	-	3,406	-	-	3,406	-	3,406
<b>At 31 December 2024</b>	6,695,690	46,363	317,980	67,998	15,759	(98,123)	7,135,454	14,181,121	116,915	14,298,036
<b>At 1 January 2025</b>	6,695,690	46,363	317,980	67,998	15,759	(98,123)	7,135,454	14,181,121	116,915	14,298,036
Profit for the year	-	-	-	-	-	-	1,845,236	1,845,236	135,447	1,980,683
Other comprehensive income/(expense) for the year	-	42,436	(124,957)	(6,607)	-	17,356	-	(71,772)	441	(71,331)
Total comprehensive income for the year	-	42,436	(124,957)	(6,607)	-	17,356	1,845,236	1,773,464	135,888	1,909,352
Appropriations to statutory surplus reserve	-	-	-	1,265	-	-	(1,265)	-	-	-
Transactions with equity shareholders:										
- Issuance of shares under share option scheme (note 28)	19,435	-	-	-	(3,677)	-	-	15,758	-	15,758
- Dividends (note 36)	-	-	-	-	-	-	(954,591)	(954,591)	-	(954,591)
Transactions with non-controlling interests:										
- Dividends	-	-	-	-	-	-	-	-	(130,315)	(130,315)
Equity settled share-based payments	-	-	-	-	(4,417)	-	-	(4,417)	-	(4,417)
<b>At 31 December 2025</b>	6,715,125	88,799	193,023	62,656	7,665	(80,767)	8,024,834	15,011,335	122,488	15,133,823

The accompanying notes are an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from operating activities</b>			
Net cash generated from operations	31.1	4,845,602	7,781,449
Interest received		112,950	49,526
Interest paid		(726,243)	(1,022,698)
Income tax refunded		–	1,648
Income tax paid		(29,001)	(41,614)
<b>Net cash generated from operating activities</b>		<b>4,203,308</b>	<b>6,768,311</b>
<b>Cash flows from investing activities</b>			
Investment in a joint venture		–	(5)
Investment in an associate		–	(111,284)
Distribution from investment in a joint venture		–	112,536
Distribution from investment in an associate		–	8,060
Placements of time deposits with maturity over three months		(88,692)	–
Withdrawal of time deposits with maturity over three months		135,450	63,465
Withdrawal of pledged time deposits		–	5,144
Payments for purchase of vessels and property, plant and equipment		(236,088)	(1,031,988)
Proceeds from disposal of vessels and property, plant and equipment		537,410	365,109
Dividend received from a joint venture		240,792	214,224
Dividend received from an associate		–	645
Purchases of financial assets at fair value through profit or loss		–	(132,260)
Purchases of financial assets at fair value through other comprehensive income		–	(1,204,463)
Proceeds from settlement of derivative financial instruments		7,890	9,861
Payments for settlement of derivative financial instruments		(110,543)	–
Repayments from fellow subsidiaries		–	3,186
Advances to associates		–	(13,070)
Repayments from associates		37,810	–
Advances to joint ventures		(111,852)	(166,021)
Repayments from joint ventures		117,627	288,674
Proceeds from partial disposal of interests in an associate		–	10,788
<b>Net cash generated from/(used in) investing activities</b>		<b>529,804</b>	<b>(1,577,399)</b>

	Note	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from financing activities</b>			
Proceeds from issuance of bonds	31.2	1,072,498	874,410
Redemption of bonds	31.2	(3,112,000)	–
Proceeds from borrowings	31.2	11,177,627	9,320,321
Repayment of borrowings	31.2	(10,774,673)	(13,710,888)
Payment of lease liabilities	31.2	(53,019)	(60,567)
Proceeds from shares issued under share option scheme		15,758	64,765
Dividends paid to equity shareholders of the Company		(954,591)	(738,622)
Dividends paid to non-controlling interests		(130,315)	(50,570)
Repayment to non-controlling interests	31.2	(3,919)	(30,499)
<b>Net cash used in financing activities</b>		<b>(2,762,634)</b>	<b>(4,331,650)</b>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		1,970,478	859,262
Effect of foreign exchange rate changes		1,773,896	938,005
		(37,702)	(23,371)
<b>Cash and cash equivalents at the end of the year</b>	23	<b>3,706,672</b>	<b>1,773,896</b>

The accompanying notes are an integral part of the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1 General information

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

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in provision of integrated shipping services (including operating lease services and shipbroking services) and financing services (including finance lease services and loan borrowing services).

## 2 Basis of preparation and material accounting policy information

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the requirements of the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities as specified below which are stated at fair value.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.2 Changes in accounting policies

#### ***Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year***

The Group has applied amendments to HKAS 21 “The effects of changes in foreign exchange rates – Lack of exchangeability” issued by the HKICPA to these consolidated financial statements for the current accounting period. The amendments do not have a material impact on these consolidated financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### ***New and amendments to HKFRS Accounting Standards in issue but not yet effective***

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Contracts referencing nature – dependent electricity	1 January 2026
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 HKFRS Accounting Standards – 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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.2 Changes in accounting policies *(Continued)*

#### ***New and amendments to HKFRS Accounting Standards in issue but not yet effective*** *(Continued)*

The Group 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 consolidated financial statements except for the following:

#### ***HKFRS 18, Presentation and disclosures in financial statements***

HKFRS 18 will replace HKAS 1 “Presentation of financial statements” and aims to improve the transparency and comparability of information about an entity’s financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

### 2.3 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commenced until the date on which control ceases.

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

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

### 2.4 Joint arrangements

Joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method of accounting (note 2.5), after initially being recognised at cost in the consolidated statement of financial position.

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.5 Equity method

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.10.

### 2.6 Investments in subsidiaries in separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

### 2.7 Segment reporting

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

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.8 Foreign currency translation

*(i) Functional and presentation currency*

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the “**functional currency**”). United States dollars (“**US\$**”) is the functional currency of the Company and its major subsidiaries. The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the Group’s presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

*(ii) Transactions and balances*

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

Foreign exchange gains and losses are presented in profit or loss on a net basis within other (losses)/gains, net.

*(iii) Group companies*

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

- assets and liabilities of foreign operations are translated at the closing rate at the reporting date;
- income and expenses of foreign operations are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.9 Property, plant and equipment

#### ***Construction in progress***

Construction in progress represents vessel under construction which is carried at cost less any accumulated impairment losses. Construction in progress includes construction expenditure incurred, capitalised borrowing costs and other direct costs attributable to the construction. On completion and ready to use, the construction in progress is reclassified to vessel under the category of property, plant and equipment. No depreciation is provided for construction in progress.

#### ***Other property, plant and equipment***

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

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

Depreciation is calculated using the straight-line method to write off the cost of each item of property, plant and equipment to its residual values over its estimated useful lives as follows:

Vessels (except for components as further mentioned below)	30 years
Motor vehicles	5 years
Office equipment	3 years
Leasehold improvements	Over the lease term

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

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Gains and losses on disposals are determined by comparing the net sales proceeds and carrying amount of the relevant asset and is included in profit or loss.

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.10 Impairment of non-financial assets

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

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the cash-generated unit on a pro-rata basis.

### 2.11 Investments and other financial assets

#### (i) *Classification*

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

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

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

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

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

#### (ii) *Recognition and derecognition*

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.11 Investments and other financial assets *(Continued)*

#### *(ii) Recognition and derecognition (Continued)*

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

#### *(iii) Measurement*

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

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

#### **Debt instruments**

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from loan and lease receivables and other financial assets at amortised cost are included in revenue and other income using the effective interest method respectively. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (losses)/gains, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses or respective reversals, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.11 Investments and other financial assets *(Continued)*

#### *(iii) Measurement (Continued)*

##### **Debt instruments** *(Continued)*

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

##### **Equity instruments**

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

Changes in the fair value of financial assets at FVTPL are recognised in other (losses)/gains, net in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

##### **Impairment**

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

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

### 2.12 Offsetting financial instruments

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.13 Derivatives and hedging activities

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

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

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 18. Cumulative changes in fair values of the derivatives are presented separately as hedging reserve in the consolidated statement of changes in equity.

#### ***Cash flow hedges that qualify for hedge accounting***

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

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

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

#### ***Derivatives that do not qualify for hedge accounting***

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.15 Revenue and other income

Income is classified by the group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

**(i) Revenue from contracts with customers**

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled.

**(a) Commission income**

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

**(ii) Revenue from other sources and other income**

(a) Finance lease income – refer to note 2.16(i).

(b) Operating lease income – refer to note 2.16(ii).

(c) Interest income other than finance lease income

Interest income is recognised using the effective interest method. The effective interest is 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 calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.16 Leases

#### ***Definition of a lease and the Group as a lessee***

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

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

#### ***As a lessee***

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

Lease liabilities include the present value of the following lease payments:

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

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

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.16 Leases *(Continued)*

#### ***As a lessee*** *(Continued)*

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions and credit rating of the Group since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. value of right-of-use assets, term, country, currency and value of security.

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

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

#### ***As a lessor***

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

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.16 Leases *(Continued)*

#### **As a lessor** *(Continued)*

##### *(i) Finance lease*

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

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

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

##### *(ii) Operating lease*

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

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

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.16 Leases *(Continued)*

#### ***Sale and leaseback transactions***

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

For a transfer of asset that does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a loan receivable equal to the transfer proceeds within the scope of HKFRS 9.

For a transfer of asset that satisfies the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor accounts for the purchase of the asset applying applicable standards, and for the lease applying the lessor accounting requirements in accordance with HKFRS 16.

### 2.17 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

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

### 2.18 Other payables

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

### 2.19 Provisions

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

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

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.20 Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

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

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

All other borrowing costs are expensed in the period in which they are incurred.

### 2.21 Current and deferred income tax

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

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.21 Current and deferred income tax *(Continued)*

#### *(i) Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the jurisdictions where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### *(ii) Deferred income tax*

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

Deferred income tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax liabilities and assets are not recognised for:

- temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“**OECD**”).

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.21 Current and deferred income tax *(Continued)*

#### *(ii) Deferred income tax (Continued)*

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

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

#### *(iii) Investment allowances and similar tax incentives*

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

### 2.22 Employee benefits

#### *(i) Short-term obligations*

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

#### *(ii) Retirement benefits*

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.22 Employee benefits *(Continued)*

#### *(ii) Retirement benefits (Continued)*

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

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

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

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

#### *(iii) Share-based employee compensation*

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

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

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.22 Employee benefits *(Continued)*

#### *(iii) Share-based employee compensation (Continued)*

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

#### *(iv) Profit-sharing and bonus plans*

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

#### *(v) Termination benefits*

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

### 2.23 Earnings per share

#### *(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to equity shareholders of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.23 Earnings per share *(Continued)*

#### *(ii) Diluted earnings per share*

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### 2.24 Dividend distribution

Dividends are recognised as a liability when they are appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 2.25 Financial guarantee contracts

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

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

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

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

## 2 Basis of preparation and material accounting policy information *(Continued)*

### 2.26 Related parties

- (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 ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

### 3 Financial risk management

#### 3.1 Financial instruments by categories

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

Financial assets as at 31 December 2025	At amortised cost HK\$'000	At fair value HK\$'000	Total HK\$'000
Loan and lease receivables	18,542,316	–	18,542,316
Derivative financial assets	–	260,336	260,336
Deposits and other receivables	230,619	–	230,619
Financial assets at FVTPL	–	486,608	486,608
Financial assets at FVOCI	–	1,756,107	1,756,107
Amounts due from joint ventures	387,070	–	387,070
Amounts due from non-controlling interests	7,775	–	7,775
Time deposits with maturity over three months	88,692	–	88,692
Cash and cash equivalents	3,706,672	–	3,706,672
<b>Total</b>	<b>22,963,144</b>	<b>2,503,051</b>	<b>25,466,195</b>

Financial assets as at 31 December 2024	At amortised cost HK\$'000	At fair value HK\$'000	Total HK\$'000
Loan and lease receivables	20,714,833	–	20,714,833
Derivative financial assets	–	404,865	404,865
Deposits and other receivables	168,211	–	168,211
Financial assets at FVTPL	–	457,312	457,312
Financial assets at FVOCI	–	1,678,735	1,678,735
Amount due from an associate	37,810	–	37,810
Amounts due from joint ventures	275,218	–	275,218
Time deposits with maturity over three months	135,450	–	135,450
Cash and cash equivalents	1,773,896	–	1,773,896
<b>Total</b>	<b>23,105,418</b>	<b>2,540,912</b>	<b>25,646,330</b>

### 3 Financial risk management *(Continued)*

#### 3.1 Financial instruments by categories *(Continued)*

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

Financial liabilities as at 31 December 2025	At amortised cost HK\$'000	At fair value HK\$'000	Total HK\$'000
Borrowings	26,466,530	–	26,466,530
Derivative financial liabilities	–	25,563	25,563
Amounts due to non-controlling interests	127,965	–	127,965
Other payables (excluding deposits received and accruals)	311,524	–	311,524
Lease liabilities	315,275	–	315,275
<b>Total</b>	<b>27,221,294</b>	<b>25,563</b>	<b>27,246,857</b>

Financial liabilities as at 31 December 2024	At amortised cost HK\$'000	At fair value HK\$'000	Total HK\$'000
Borrowings	27,587,155	–	27,587,155
Derivative financial liabilities	–	195,801	195,801
Amounts due to non-controlling interests	131,884	–	131,884
Other payables (excluding deposits received and accruals)	702,474	–	702,474
Lease liabilities	348,311	–	348,311
<b>Total</b>	<b>28,769,824</b>	<b>195,801</b>	<b>28,965,625</b>

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors

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

*(i) Credit risk*

The Group's credit risk are primarily attributable to loan and lease receivables, deposits and other receivables, financial assets at FVTPL and FVOCI – debt instruments, amounts due from an associate, joint ventures and non-controlling interests, time deposits and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In this respect, management considers the credit risk is significantly reduced. Except for financial assets at FVTPL – debt instruments, the Group performed impairment assessment for financial assets under ECL model.

The amounts due from an associate, joint ventures and non-controlling interests are considered by management to be fully recoverable with no significant increase in credit risk identified.

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

For deposits and other receivables and financial assets at FVOCI – debt instruments, management makes periodic collective assessments as well as individual assessment on the recoverability with no significant increase in credit risk identified, except for the other receivables of HK\$523,905,000 that were transferred from loan and lease receivables during the year ended 31 December 2024.

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

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

*(i) Credit risk (Continued)*

*Impairment allowance policies for loan and lease receivables*

The Group applies ECL model for impairment assessment and considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the reporting period.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information, especially the following indicators are incorporated:

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

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

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

(i) **Credit risk** *(Continued)*

*Impairment allowance policies for loan and lease receivables (Continued)*

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

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

The ECL model for loan and lease receivables are summarised below:

- The ECL was calculated and provided based on the “three-stages” model by referring to the changes in credit quality since initial recognition.
- The loan and lease receivables that is not credit-impaired on initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.
- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.
- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to “Stage 3”. The ECL is measured on lifetime basis.
- In Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

*(i) Credit risk (Continued)*

*Impairment allowance policies for loan and lease receivables (Continued)*

The key judgements and assumptions adopted by the Group are summarised below:

- (1) Consideration on whether the loan and lease receivables have experienced a significant increase in credit risk  
The Group considers whether the loan and lease receivables have experienced a significant increase in credit risk when backstop criteria have been met. A backstop is applied and the loan and lease receivables are considered to have experienced a significant increase in credit risk if any contractual payment of the counterparty is overdue.
- (2) Identification of default and credit-impaired assets  
The Group identifies a financial instrument as default, when the counterparty is overdue for more than 90 days. This has been applied to all loan and lease receivables held by the Group.
- (3) Inputs, assumptions and estimation techniques in measuring ECL  
The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each portfolio. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summarised. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

(i) **Credit risk** *(Continued)*

*Impairment allowance policies for loan and lease receivables (Continued)*

The key judgements and assumptions adopted by the Group are summarised below: *(Continued)*

(4) Forward-looking information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the per capita disposable income of urban residents as the key economic variables impacting credit risk and ECL.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

*Provision for impairment loss*

The provision for impairment loss recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to loan and lease receivables experiencing significant increases (or decreases) of credit risk in the period, and the subsequent “step up” (or “step down”) between 12-month and lifetime ECL;
- Additional provisions for new financial instruments recognised, as well as releases for loan and lease receivables derecognised in the period; and
- Loan and lease receivables derecognised and write-offs of provisions related to assets that were written off during the period.

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

(i) **Credit risk** *(Continued)*

*Provision for impairment loss (Continued)*

The following tables set out the changes in the provision for impairment loss of loan and lease receivables between the beginning and the end of the year:

	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL (non-credit- impaired) HK\$'000	Stage 3 Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	92,378	393,429	181,483	667,290
Transferred from Stage 2 to Stage 1	29,024	(29,024)	–	–
Transferred to other receivables	–	(424,363)	–	(424,363)
Net ECL allowance recognised/(reversed)	4,691	446,538	(4,261)	446,968
As at 31 December 2024	126,093	386,580	177,222	689,895
As at 1 January 2025	<b>126,093</b>	<b>386,580</b>	<b>177,222</b>	<b>689,895</b>
Transferred from Stage 1 to Stage 2	<b>(64,632)</b>	<b>64,632</b>	–	–
Transferred from Stage 2 to Stage 1	<b>10,726</b>	<b>(10,726)</b>	–	–
Write-off	–	–	<b>(17,537)</b>	<b>(17,537)</b>
Net ECL allowance (reversed)/recognised	<b>(7,801)</b>	<b>84,801</b>	<b>2,316</b>	<b>79,316</b>
As at 31 December 2025	<b>64,386</b>	<b>525,287</b>	<b>162,001</b>	<b>751,674</b>

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

(i) **Credit risk** *(Continued)*

*Provision for impairment loss (Continued)*

The gross carrying amount of the loan and lease receivables sets out the significance to the changes is the provision above.

	Stage 1 12-month ECL HK\$'000	Stage 2 Lifetime ECL (non-credit- impaired) HK\$'000	Stage 3 Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	20,570,820	3,649,319	181,483	24,401,622
Transferred from Stage 2 to Stage 1	366,976	(366,976)	–	–
Transferred to other receivables (note a)	–	(523,905)	–	(523,905)
Loan and lease receivables derecognised during the year other than write-off	(2,295,960)	(156,200)	–	(2,452,160)
Exchange rate realignments	(16,568)	–	(4,261)	(20,829)
<b>As at 31 December 2024</b>	<b>18,625,268</b>	<b>2,602,238</b>	<b>177,222</b>	<b>21,404,728</b>
As at 1 January 2025	<b>18,625,268</b>	<b>2,602,238</b>	<b>177,222</b>	<b>21,404,728</b>
Transferred from Stage 1 to Stage 2 (note b)	<b>(4,309,588)</b>	<b>4,309,588</b>	–	–
Transferred from Stage 2 to Stage 1	<b>167,679</b>	<b>(167,679)</b>	–	–
Write-off	–	–	<b>(17,537)</b>	<b>(17,537)</b>
Loan and lease receivables derecognised during the year other than write-off	<b>(1,774,463)</b>	<b>(359,848)</b>	<b>(2,316)</b>	<b>(2,136,627)</b>
Exchange rate realignments	<b>38,794</b>	–	<b>4,632</b>	<b>43,426</b>
<b>As at 31 December 2025</b>	<b>12,747,690</b>	<b>6,384,299</b>	<b>162,001</b>	<b>19,293,990</b>

Notes:

- (a) During the year ended 31 December 2024, two finance lease agreements were terminated due to default in payment of the counterparties. Upon the termination, the loan and lease receivables were transferred to other receivables.
- (b) During the year ended 31 December 2025, certain loan and lease receivables were transferred from Stage 1 to Stage 2 as a result of increase in credit risks since initial recognition. The internal credit rating of those lessees/borrowers were downgraded due to a deterioration of the forward-looking financial conditions.

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

##### *(i) Credit risk (Continued)*

###### *Write-off policy*

The Group writes off loan and lease receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

The Group may write-off loan and lease receivables that are still subject to enforcement activity.

###### *Modification*

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. The Group considers the impact from such modification is not significant.

##### *(ii) Liquidity risk*

The Group is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board of directors when borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The tables below analyse the Group's financial assets and liabilities into relevant maturity groupings based on their contractual maturities for:

- (a) all non-derivative financial assets and liabilities; and
- (b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

##### (ii) *Liquidity risk (Continued)*

###### *Financial assets*

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
<b>As at 31 December 2025</b>						
Derivative financial assets	59,240	53,010	110,870	69,783	292,903	260,336
Financial assets at FVTPL and FVOCI	2,242,715	–	–	–	2,242,715	2,242,715
Loan and lease receivables	3,124,650	2,539,348	7,302,823	14,631,273	27,598,094	18,542,316
Deposits and other receivables	230,619	–	–	–	230,619	230,619
Amounts due from non-controlling interests and joint ventures	394,845	–	–	–	394,845	394,845
Cash and cash equivalents and time deposits with maturity over three months	3,795,364	–	–	–	3,795,364	3,795,364
	<b>9,847,433</b>	<b>2,592,358</b>	<b>7,413,693</b>	<b>14,701,056</b>	<b>34,554,540</b>	<b>25,466,195</b>
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
<b>As at 31 December 2024</b>						
Derivative financial assets	86,360	77,333	178,487	129,412	471,592	404,865
Financial assets at FVTPL and FVOCI	2,136,047	–	–	–	2,136,047	2,136,047
Loan and lease receivables	3,535,586	2,892,025	7,841,538	16,964,375	31,233,524	20,714,833
Deposits and other receivables	168,211	–	–	–	168,211	168,211
Amounts due from an associate and joint ventures	313,028	–	–	–	313,028	313,028
Cash and cash equivalents and time deposits with maturity over three months	1,909,346	–	–	–	1,909,346	1,909,346
	<b>8,148,578</b>	<b>2,969,358</b>	<b>8,020,025</b>	<b>17,093,787</b>	<b>36,231,748</b>	<b>25,646,330</b>

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

##### *(ii) Liquidity risk (Continued)*

##### *Financial liabilities*

	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
<b>As at 31 December 2025</b>						
Borrowings	15,830,519	1,873,563	8,094,582	2,885,153	28,683,817	26,466,530
Derivative financial liabilities	25,563	–	–	–	25,563	25,563
Amounts due to non-controlling interests	127,965	–	–	–	127,965	127,965
Other payables (excluding deposits received and accruals)	311,524	–	–	–	311,524	311,524
Lease liabilities	53,409	49,462	141,833	148,835	393,539	315,275
	<b>16,348,980</b>	<b>1,923,025</b>	<b>8,236,415</b>	<b>3,033,988</b>	<b>29,542,408</b>	<b>27,246,857</b>
Financial guarantees contracts	2,750,259	–	–	–	2,750,259	–
	Within 1 year or on demand HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
<b>As at 31 December 2024</b>						
Borrowings	11,179,712	7,835,845	4,513,704	7,064,602	30,593,863	27,587,155
Derivative financial liabilities	195,801	–	–	–	195,801	195,801
Amounts due to non-controlling interests	131,884	–	–	–	131,884	131,884
Other payables (excluding deposits received and accruals)	702,474	–	–	–	702,474	702,474
Lease liabilities	51,191	50,053	146,959	198,352	446,555	348,311
	<b>12,261,062</b>	<b>7,885,898</b>	<b>4,660,663</b>	<b>7,262,954</b>	<b>32,070,577</b>	<b>28,965,625</b>
Financial guarantees contracts	3,206,175	–	–	–	3,206,175	–

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

##### *(ii) Liquidity risk (Continued)*

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the directors considered that it was not probable that the borrower of the loan would default the repayment of the loan and therefore no provision for the Group's obligation under the financial guarantees have been made.

##### *(iii) Cash flows and fair value interest rate risk*

The Group's exposure to interest rate risk arises primarily from its loan receivables and bank borrowings with floating interest rate which expose the Group to cash flow interest rate risk. The Group hedges the cash flow volatility risk as the result of the interest rate fluctuation through derivatives such as interest rate swap contracts. The Group switches the floating rate into fixed rate through interest rate swap contract to effectively match the future fixed lease income, and fix the interest spread. The interest rate swap settles at maturity. The Group will settle the difference between the fixed and floating interest rate on a net basis. The Group's hedge relationship between interest rate swaps and the designated hedged items were highly effective.

##### *Interest rate profile*

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

	2025 HK\$'000	2024 HK\$'000
Loan and lease receivables	9,591,155	10,996,232
Borrowings	(11,776,190)	(8,988,580)
	(2,185,035)	2,007,652

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

##### *(iii) Cash flows and fair value interest rate risk (Continued)*

###### *Instruments used by the Group*

Swaps currently in place cover approximately 35% (2024: 34%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 0.72% and 3% (2024: 0.72% and 3%) per annum, and the variable rates of the loans are mainly at 3 month Secured Overnight Financing Rate (“SOFR”) rate (2024: 3 month SOFR rate) which, at the end of the reporting period, was 4.01% (2024: 4.69%) per annum. The swap contracts require settlement of net interest receivable or payable every 3 months. The settlement dates coincide with or are close with the dates on which interest is payable on the underlying debt. The details and effects of the interest rate swaps on the Group’s consolidated financial position and performance are as follows:

	2025 HK\$'000	2024 HK\$'000
Interest rate swaps designated as cash flow hedges		
Carrying amount	210,576	331,831
Notional amount	3,030,562	3,032,112
Hedge ratio	1:1	1:1
Weighted average hedged rate for the year	1.60%	1.58%
	Year	Year
Maturity date	2028-2032	2028-2032

###### *Sensitivity analysis*

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group’s profit after taxation and retained profits by approximately HK\$18,245,000 (2024: increase/decrease by approximately HK\$16,764,000). Other components of equity would not be affected by the changes in interest rates.

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

### 3 Financial risk management *(Continued)*

#### 3.2 Financial risk factors *(Continued)*

##### *(iv) Foreign currency risk*

The Group has foreign currency income, expenses and fund remittances, which expose the Group to foreign currency risk. Since the fluctuation of US\$ and HK\$ is minimal under the Linked Exchange Rate System, the directors of the Company consider the Group mainly exposes to Euro (“**EUR**”), Singapore dollars (“**SGD**”) and Renminbi (“**RMB**”). The Group manages the foreign exchange risks by performing regular reviews of the Group’s net foreign exchange exposure.

The carrying amounts of the Group’s significant financial assets and liabilities denominated in foreign currency as at 31 December 2025 and 2024, translated into Hong Kong dollars at the closing rates, are as follows:

	As at 31 December 2025			As at 31 December 2024		
	EUR HK\$'000	SGD HK\$'000	RMB HK\$'000	EUR HK\$'000	SGD HK\$'000	RMB HK\$'000
Loan and lease receivables	1,025,305	–	670,054	948,148	–	955,093
Other receivables	–	–	14,438	–	–	22,850
Cash and cash equivalents	30,537	2,290	3,063,585	48,549	3,375	1,104,911
Other payables	(271)	(1,102)	(29,140)	(6,983)	(3,925)	(39,586)
Borrowings	(1,231,067)	–	(10,526,628)	(1,200,167)	–	(8,409,179)
Net exposure	(175,496)	1,188	(6,807,691)	(210,453)	(550)	(6,365,911)

The following table details the Group’s sensitivity to a 5% increase in the relevant foreign currencies against HK\$ as at 31 December 2025. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation for 5% change in foreign currency rates during the year. A positive/negative number indicates an increase/a decrease in profit for the year where respective foreign currencies strengthening 5% as at 31 December 2025. During the year, for a 5% weakening of respective functional currencies against HK\$, there would be an equal but opposite impact on the profit for the year.

	2025 HK\$'000	2024 HK\$'000
EUR	(7,324)	(8,786)
SGD	50	(23)
RMB	(244,325)	(265,777)

\* Less than HK\$1,000

### 3 Financial risk management *(Continued)*

#### 3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to reduce debt.

The Group monitors its capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "bank borrowings", "bonds" and "other borrowings" as disclosed in note 24 to the consolidated financial statements).

The gearing ratios as at 31 December 2025 and 2024 were as follows:

	2025 HK\$'000	2024 HK\$'000
Borrowings	26,466,530	27,587,155
Total equity	15,133,823	14,298,036
Gearing ratio	1.75 times	1.93 times

#### ***Loan covenants***

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants relating to the Group's consolidated financial position and the following financial covenants relating to certain financial ratios:

- the debt to asset ratio must be not more than 85%; and
- interest service coverage ratio must be maintained at not less than 1.6 times.

The Group has complied with these covenants throughout the reporting period.

### 3 Financial risk management *(Continued)*

#### 3.4 Fair value estimation

The three levels of a fair value hierarchy of financial instruments carried at fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and not using significant unobservable inputs (Level 2);
- Inputs for the asset or liability that are not based on observable market data (these are, significant unobservable inputs) (Level 3).

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

##### ***Fair value hierarchy***

The different levels of financial instruments carried at fair value have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required for measurement of fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Changes in Levels 2 and 3 fair values are analysed at the end of each reporting period during the semi-annually valuation discussion between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reason for the fair value movements.

There was no transfer among Level 1, 2 and 3 fair value hierarchy during the year.

### 3 Financial risk management *(Continued)*

#### 3.4 Fair value estimation *(Continued)*

##### *Fair value hierarchy (Continued)*

The following table presents the Group's financial assets and financial liabilities that are measured at fair value:

	Note	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 31 December 2025</b>					
<b>Financial assets</b>					
Derivative financial assets	18	–	260,336	–	260,336
Financial assets at fair value through profit or loss	20	–	486,608	–	486,608
Financial assets at fair value through other comprehensive income	21	1,756,107	–	–	1,756,107
<b>Financial liabilities</b>					
Derivative financial liabilities	18	–	(25,563)	–	(25,563)
		<b>1,756,107</b>	<b>721,381</b>	<b>–</b>	<b>2,477,488</b>
<b>At 31 December 2024</b>					
<b>Financial assets</b>					
Derivative financial assets	18	–	404,865	–	404,865
Financial assets at fair value through profit or loss	20	–	457,312	–	457,312
Financial assets at fair value through other comprehensive income	21	1,678,735	–	–	1,678,735
<b>Financial liabilities</b>					
Derivative financial liabilities	18	–	(195,801)	–	(195,801)
		1,678,735	666,376	–	2,345,111

### 3 Financial risk management *(Continued)*

#### 3.4 Fair value estimation *(Continued)*

##### ***Valuation techniques and inputs used in Level 2 fair value measurements***

The fair value of cross currency swaps is the estimated amount that the Group would receive or pay to transfer the swap at the end of the reporting period, taking into account current exchange rates and the current creditworthiness of the swap counterparties.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to transfer the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of debt instruments at FVOCI is determined by the aggregate amount of quoted bid prices of the listed debt instruments involved in wealth management portfolio.

The carrying values of the Group's financial assets and financial liabilities carried at amortised costs approximate their fair values due to their short-term maturities.

#### 3.5 Offsetting financial assets and financial liabilities

There is no material offsetting, enforceable master netting arrangement and similar agreements entered into as at 31 December 2025 and 2024.

## 4 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgements and estimates, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

### (i) Classification of leases

The Group has entered into certain agreements whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased vessels to the lessees, as the present values of the minimum lease payments of the lease amounts to at least substantially all of the fair value of the leased assets at the inception of the leases. Accordingly, the Group has derecognised the vessels from its consolidated statement of financial position and has instead, recognised as finance lease receivables. Otherwise, the Group recognises the vessels under operating lease in property, plant and equipment.

The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this has involved critical judgements by management. In particular, management assessed the lease term, the present value of minimum lease payments, the nature of leased assets, and that there were no ownership transfers and it is reasonably certain that no purchase options will be exercised, where applicable. The key judgements are in respect of the economic lives and fair values of the leased assets and the incremental borrowing rate in the calculation of the present value of minimum lease payments, and whether it is reasonably certain that the purchases option will be exercised. As at 31 December 2025, as set out in Notes 13 and 17.2 to the consolidated financial statements, the carrying amounts of vessels and construction in progress classified in property, plant and equipment and lease receivables are HK\$14,890,934,000 (2024: HK\$15,981,805,000), HK\$641,044,000 (2024: HK\$406,835,000) and HK\$12,678,426,000 (2024: HK\$14,331,654,000), respectively.

## 4 Significant accounting judgements and estimates *(Continued)*

### (ii) Impairment loss for loan and lease receivables

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

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using PD, EAD and LGD.

The Group measures the loss allowance for loan and lease receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognised lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

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

The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward-looking estimates at the end of each reporting period, primarily including the following:

- (1) Consideration on whether the loan and lease receivables to have experienced a significant increase in credit risk;
- (2) Identification of default and credit-impaired assets;
- (3) Inputs, assumptions and estimation techniques in measuring ECL; and
- (4) Forward-looking information incorporated in the ECL models.

Details of the inputs, assumptions and estimation techniques used in measuring ECL, and the carrying amounts of loan and lease receivables as at 31 December 2025 and 2024, are further disclosed in note 3.2(i) to the consolidated financial statements.

## 4 Significant accounting judgements and estimates *(Continued)*

### (iii) Useful lives and residual value of property, plant and equipment

The Group estimates residual values of its vessels by reference to the lightweight tonnes of the vessels and the average demolition steel price of similar vessels in the market.

The Group estimates the useful life of its vessels with reference to the average historical useful life of similar vessels, their expected usage, expected repair and maintenance programme, and technical or commercial obsolescence arising from changes or improvements in the shipping market.

The carrying amount of vessels is disclosed in note 13 to the consolidated financial statements.

### (iv) Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of property, plant and equipment is lower than its recoverable amounts which is the greater of its fair value less costs of disposal or its value-in-use. In determining the value-in-use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. The Group estimates the future cash flows based on certain assumptions, such as the future rental income and the expected growth in business. The carrying amount of property, plant and equipment is disclosed in note 13 to the consolidated financial statements.

### (v) Income taxes

Significant management judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

### (vi) Estimation of the fair values of financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets. The carrying amounts of financial assets measured at fair value are disclosed in notes 20 and 21 to the consolidated financial statements.

## 4 Significant accounting judgements and estimates *(Continued)*

### (vii) Lease term and discount rate determination

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the discount rate, the Group is required to exercise considerable judgement in relation to determining the discount rate taking into account the nature of the underlying asset and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

### (viii) Impairment of investments in associates and joint ventures

The Group assesses whether there are any indicators of impairment for investments in associates and joint ventures at the end of each reporting period. Investments in associates and joint ventures are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investment in associates or joint ventures exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. When value-in-use calculations are undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose a discount rate commensurate with the associated risk in order to calculate the present values of those cash flows. The carrying amounts of investments in associates and joint ventures are disclosed in notes 16 and 15 to the consolidated financial statements, respectively.

## 5 Segment information and revenue

The CODM has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports and analysed from a business perspective as follows:

### Integrated shipping services

Integrated shipping services include operating lease services to customers and shipbroking services to shipbuilders and charterers. Operating lease refers to a leasing model whereby the lessor grants the right to use an asset to the lessee for a specified period and in return for periodic lease payments without substantially transfer of all the risks and rewards incidental to ownership of the leased vessels to the customers. Shipbroking services to shipbuilders includes introducing shipbuilders to interested purchasers and advising interested purchasers on vessel types, specifications and capabilities. Shipbroking services to charterers includes advising interested charterers to lease the vessels in the form of finance lease or operating lease or advising interested charterers on vessel types, specifications and capabilities.

## 5 Segment information and revenue *(Continued)*

### Financing services

Financing services include finance lease services and loan borrowing services to customers. Finance lease refers to a leasing model whereby the lessor purchases an asset according to the lessee's specific requirements and choice of supplier or the lessor purchases an asset from the lessee, and then leases it to the lessee for periodic lease payments, at which substantially all the risks and rewards incidental to ownership of the leased assets were transferred to the lessee. Loan borrowings mainly include pre-delivery loans and secured loans. Pre-delivery loan services are offered as part of leasing services and to customers who require funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. Secured loan services are offered to customers to satisfy their funding needs and are generally secured by customers' vessels or assets.

The segment information provided to the executive directors for the years ended 31 December 2025 and 2024 are as follows:

The Group derives revenue from the following streams:

	2025 HK\$'000	2024 HK\$'000
<b>Integrated shipping services</b>		
– Operating lease services	2,516,915	2,235,972
– Shipbroking services	16,583	33,545
	<b>2,533,498</b>	2,269,517
<b>Financing services</b>		
– Finance lease services	1,049,871	1,219,700
– Loan borrowing services	460,822	545,152
	<b>1,510,693</b>	1,764,852
	<b>4,044,191</b>	4,034,369

Commission income received from charterer included in shipbroking services, is recognised over time and commission income received from shipbuilder, including in shipbroking services, is recognised at point in time.

For the year ended 31 December 2025, commission income included in shipbroking services are recognised at a point in time and over time amounting to HK\$6,481,000 and HK\$10,102,000 (2024: HK\$1,852,000 and HK\$31,693,000) respectively.

For the year ended 31 December 2025, revenue from non-lease component included in leasing services amounted to HK\$292,651,000 (2024: HK\$162,429,000).

## 5 Segment information and revenue *(Continued)*

For the year ended 31 December 2025, lease income relating to variable lease payments not included in the net investment in the lease amounted to HK\$54,532,000 (2024: HK\$165,086,000).

### (i) Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by CODM internally. Accordingly, no segment assets and liabilities are presented.

### (ii) Geographical information

The Group's revenue is substantially derived from the leasing services internationally and, accordingly, no analysis by geographical area is presented.

The Group's non-current assets, consisted of its property, plant and equipment, right-of-use assets, joint ventures and associates. The vessels (included in property, plant and equipment) are primarily utilised across geographical markets throughout the world. Accordingly, it is impractical to present the locations of the vessels by geographical areas and thus no analysis by geographical area is presented.

### (iii) Information about major customers

Details of revenue from external customers individually contributed over 10% of the Group's revenue during the year are as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Customer A in the loan borrowing services	(a)	N/A	414,589
Customer B in the finance lease services		497,453	454,274
Customer C in the operating lease services		473,202	446,978
Customer D in the operating lease services	(b)	481,649	N/A

Notes:

- (a) The corresponding revenue did not individually contribute over 10% of the Group's revenue for the year ended 31 December 2025.
- (b) The corresponding revenue did not individually contribute over 10% of the Group's revenue for the year ended 31 December 2024.

## 6 Other income

	2025 HK\$'000	2024 HK\$'000
Interest income from		
– financial assets at FVOCI	63,952	41,387
– bank deposits	38,507	32,784
– others	13	–
	<b>102,472</b>	74,171

## 7 Finance costs and bank charges

	2025 HK\$'000	2024 HK\$'000
Interest on bonds	294,662	343,642
Interest on bank borrowings	402,276	625,749
Interest on other borrowings	78,982	60,951
Interest on lease liabilities	18,906	20,975
Bank charges	1,074	5,741
	<b>795,900</b>	1,057,058
Less: Finance costs capitalised	–	(9,504)
	<b>795,900</b>	1,047,554

## 8 Profit from operations

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

	2025 HK\$'000	2024 HK\$'000
Depreciation on		
– property, plant and equipment	<b>660,720</b>	566,478
– right-of-use assets	<b>5,379</b>	12,238
Foreign exchange losses/(gains), net	<b>333,938</b>	(46,756)
Employee benefits expenses (note 10)	<b>107,285</b>	105,268
Gain on partial disposal of interests in an associate	–	(9,930)
Net unrealised gains on changes in fair value of financial assets at FVTPL	<b>(29,296)</b>	(28,895)
Net gain on disposal of debt instrument at fair value through other comprehensive income	<b>(34,936)</b>	–
Net gains on disposal of vessels and property, plant and equipment	<b>(103,563)</b>	(57,276)
Net gains on derecognition of finance lease receivables	<b>(33,670)</b>	(200,013)
Auditors' remuneration		
– audit services	<b>3,400</b>	4,875
– non-audit services	<b>780</b>	1,570

## 9 Income tax expense

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

Hong Kong China profits tax is provided at the rate of 16.5% (2024: 16.5%) based on the estimated assessable profits arising from Hong Kong China.

Mainland China corporate income tax is charged at the statutory rate of 25% (2024: 25%) based on the estimated assessable income as determined with the relevant tax rules and regulations in Mainland China.

Malta corporate income tax is charged at the statutory rate of 35% (2024: 35%) based on the estimated assessable income as determined with the relevant tax rules and regulations of Malta. Normally, six-sevenths of the tax paid would be deducted, taking the effective tax rate to be 5%.

Enterprises incorporated in other places are subject to income tax rates of 12.5% to 25% (2024: 12.5% to 25%) prevailing in the places in which these enterprises operated for the year ended 31 December 2025.

Income tax expense in the consolidated income statement represents:

	2025 HK\$'000	2024 HK\$'000
<b>Current taxation</b>		
– Hong Kong China profits tax	14,596	15,046
– Overseas taxation	17,618	21,197
– Top-up taxes under Pillar Two	186,427	–
<b>Under/(over) provision in respect of prior years</b>		
– Hong Kong China profits tax	6,486	(9,744)
– Overseas taxation	11,029	(70)
	<b>236,156</b>	26,429
<b>Deferred tax</b>		
– Origination and reversal of temporary differences (note 27)	2,336	(1,214)
Income tax expense	<b>238,492</b>	25,215

## 9 Income tax expense *(Continued)*

Reconciliation between income tax expense and profit before income tax at the applicable tax rate:

	2025 HK\$'000	2024 HK\$'000
Profit before income tax	2,219,175	2,180,358
Adjustments for:		
Share of results of joint ventures	(265,253)	(490,103)
Share of results of associates	29,293	12,056
	<b>1,983,215</b>	1,702,311
Calculated at tax rate of 16.5%	327,231	280,882
Effect of different tax rates in other countries	(24,927)	(18,832)
Tax effect of income not subject to tax	(596,068)	(719,396)
Tax effect of expenses not deductible for tax purpose	328,314	492,375
Under/(over) provision in prior years	17,515	(9,814)
Top-up tax under Pillar Two	186,427	–
Income tax expense	<b>238,492</b>	25,215

### OECD Pillar Two model rules

In December 2021, OECD released the Pillar Two model rules (also referred to as the “**Global Anti-Base Erosion Rules**” or “**GloBE Rules**”) to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million are subject to GloBE Rules. They are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be liable to pay a minimum effective tax rate of 15%.

The ultimate parent company of the Group, China State Shipbuilding Corporation Limited (中國船舶集團有限公司) (“**China Shipbuilding Group**”) and its subsidiaries (collectively referred to as “**CSSC Group**”), has consolidated revenues exceeding EUR750 million and thus fall within the scope of GloBE Rules. Under these rules, the Group’s profits derived from international shipping and certain related ancillary activities are exempted, while other non-qualifying profits will be subject to the minimum tax rate.

## 9 Income tax expense *(Continued)*

### OECD Pillar Two model rules *(Continued)*

The Group is subject to the global minimum top-up tax under the GloBE rules which became effective from 1 January 2025 onwards such as in Hong Kong China. Based on the Group's assessment, top-up taxes are expected to arise and therefore, a top-up tax is accrued in the current period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. As the Group is assessed to be not a minority-owned constituent entity, if there is any potential top-up tax for CSSC Group, it is possible that relevant tax may be further allocated or recharged to respective entities of the CSSC Group that contribute to the top-up tax.

Based on the Group's best estimate, the Group has recognised a current tax expense of HK\$186,427,000 related to the top-up tax for the year ended 31 December 2025 which is expected to be levied on the Company. The Group would continue to analyse and assess the impact brought by Pillar Two model rules.

The Group has applied the temporary mandatory exception from recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

## 10 Employee benefits expenses and five highest paid individuals

	2025 HK\$'000	2024 HK\$'000
Wages, salaries, other allowances and benefits in kind (including directors' emoluments)	102,485	93,227
Retirement benefit costs (note)	9,217	8,635
Share-based payment expenses	(4,417)	3,406
	<b>107,285</b>	105,268

Note:

At 31 December 2025 and 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

No director is included in the five highest paid individuals of the Group during the year ended 31 December 2025 (2024: nil).

## 10 Employee benefits expenses and five highest paid individuals *(Continued)*

The remuneration paid to the five (2024: five) highest individuals who are not the directors of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Wages, salaries, other allowances and benefits in kind	9,361	11,169
Retirement benefit costs	1,658	1,800
	<b>11,019</b>	12,969

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	2025 HK\$'000	2024 HK\$'000
Nil to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	5	2
HK\$2,500,001 to HK\$3,000,000	–	3

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2025 and 2024.

In addition to the above remuneration, certain highest paid individuals were granted share options under the share options schemes, details of which were disclosed in note 29.

## 11 Directors' emoluments

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:

	Year ended 31 December 2025				Total HK\$'000
	Fees HK\$'000	Salaries allowances and benefits in kind HK\$'000	Discretionary bonus (note ii) HK\$'000	Employer's contribution to retirement contribution plans HK\$'000	
<b>Executive directors</b>					
Li Hongtao (note i)	–	713	880	298	1,891
Liu Hui (notes i and vii)	–	163	219	84	466
<b>Non-executive directors</b>					
Zhang Yi (note vi)	–	–	–	–	–
Zhang Qipeng	–	–	–	–	–
Chi Benbin	–	–	–	–	–
<b>Independent non-executive directors</b>					
Shing Mo Han Yvonne	400	–	–	–	400
Li Hongji	400	–	–	–	400
Wang Dennis	400	–	–	–	400
<b>Total</b>	<b>1,200</b>	<b>876</b>	<b>1,099</b>	<b>382</b>	<b>3,557</b>

	Year ended 31 December 2024				Total HK\$'000
	Fees HK\$'000	Salaries allowances and benefits in kind HK\$'000	Discretionary bonus (note ii) HK\$'000	Employer's contribution to retirement contribution plans HK\$'000	
<b>Executive directors</b>					
Li Hongtao (notes i and ix)	–	498	737	173	1,408
Zhong Jian (notes i and viii)	–	227	776	96	1,099
<b>Non-executive directors</b>					
Zhang Yi	–	–	–	–	–
Zhang Qipeng	–	–	–	–	–
Chi Benbin	–	–	–	–	–
<b>Independent non-executive directors</b>					
Shing Mo Han Yvonne	400	–	–	–	400
Li Hongji	400	–	–	–	400
Wang Dennis	400	–	–	–	400
<b>Total</b>	<b>1,200</b>	<b>725</b>	<b>1,513</b>	<b>269</b>	<b>3,707</b>

## 11 Directors' emoluments *(Continued)*

Notes:

- i. The remuneration represents remuneration received from the Group by these directors in their capacity as employees to the Company and no directors waived any emolument during the year ended 31 December 2025 (2024: nil).
- ii. The bonus is determined with reference to the operating results, individual performance and comparable market statistics during both years.
- iii. During the year ended 31 December 2025, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2024: nil). No consideration was provided to or receivable by third parties for making available directors' services (2024: nil). There are no loans, quasi loans or other dealings in favour of the directors, their controlled body corporate and connected entities (2024: nil). No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the Directors during the year ended 31 December 2025 (2024: nil).
- iv. No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year. No director waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.
- v. In addition to the above emoluments, certain directors of the Company were granted share options under the share option scheme, details of which were disclosed in note 29.
- vi. Ms. Zhang Yi resigned as the non-executive director on 23 June 2025.
- vii. Mr. Liu Hui was appointed as an executive director on 25 September 2025.
- viii. Ms. Zhong Jian resigned as the chairman and executive director on 23 May 2024.
- ix. Mr. Li Hongtao was appointed as the chairman and executive director on 23 May 2024.

## 12 Earnings per share

The calculation of basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following:

	2025 HK\$'000	2024 HK\$'000
<b>Earnings</b>		
Profit attributable to equity shareholders of the Company for the purposes of basic and diluted earnings per share	1,845,236	2,105,663
	Number '000	Number '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	6,195,190	6,151,815
<b>Effect of dilutive potential ordinary shares</b>		
Share options issued by the Company	10,431	14,451
Weighted average number of ordinary shares for the purposes of diluted earnings per share	6,205,621	6,166,266
	HK\$	HK\$
<b>Earnings per share</b>		
– Basic	0.298	0.342
– Diluted	0.297	0.341

### 13 Property, plant and equipment

	Construction in progress HK\$'000	Vessels HK\$'000	Motor vehicles HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
<b>Cost</b>						
At 1 January 2024	1,069,152	17,216,778	1,838	13,245	19,268	18,320,281
Additions	1,039,919	–	465	1,108	–	1,041,492
Transfers	(1,702,236)	1,702,236	–	–	–	–
Disposals	–	(423,642)	(1,819)	(1,147)	(1,034)	(427,642)
Exchange differences	–	–	(25)	(207)	(214)	(446)
At 31 December 2024 and 1 January 2025	<b>406,835</b>	<b>18,495,372</b>	<b>459</b>	<b>12,999</b>	<b>18,020</b>	<b>18,933,685</b>
Additions	<b>234,209</b>	<b>1,093</b>	<b>–</b>	<b>786</b>	<b>–</b>	<b>236,088</b>
Disposals	<b>–</b>	<b>(601,188)</b>	<b>–</b>	<b>(212)</b>	<b>–</b>	<b>(601,400)</b>
Exchange differences	<b>–</b>	<b>–</b>	<b>19</b>	<b>440</b>	<b>343</b>	<b>802</b>
<b>At 31 December 2025</b>	<b>641,044</b>	<b>17,895,277</b>	<b>478</b>	<b>14,013</b>	<b>18,363</b>	<b>18,569,175</b>
<b>Accumulated depreciation</b>						
At 1 January 2024	–	2,068,236	1,443	8,155	15,112	2,092,946
Charge for the year	–	561,863	75	1,448	3,092	566,478
Written back on disposals	–	(116,532)	(1,468)	(775)	(1,034)	(119,809)
Exchange differences	–	–	(15)	(104)	(187)	(306)
At 31 December 2024 and 1 January 2025	<b>–</b>	<b>2,513,567</b>	<b>35</b>	<b>8,724</b>	<b>16,983</b>	<b>2,539,309</b>
Charge for the year	<b>–</b>	<b>658,142</b>	<b>90</b>	<b>1,875</b>	<b>613</b>	<b>660,720</b>
Written back on disposals	<b>–</b>	<b>(167,366)</b>	<b>–</b>	<b>(187)</b>	<b>–</b>	<b>(167,553)</b>
Exchange differences	<b>–</b>	<b>–</b>	<b>3</b>	<b>294</b>	<b>262</b>	<b>559</b>
<b>At 31 December 2025</b>	<b>–</b>	<b>3,004,343</b>	<b>128</b>	<b>10,706</b>	<b>17,858</b>	<b>3,033,035</b>
<b>Net carrying amount</b>						
<b>At 31 December 2025</b>	<b>641,044</b>	<b>14,890,934</b>	<b>350</b>	<b>3,307</b>	<b>505</b>	<b>15,536,140</b>
At 31 December 2024	406,835	15,981,805	424	4,275	1,037	16,394,376

### 13 Property, plant and equipment *(Continued)*

Note:

Changes in accounting estimates on useful lives of three vessels:

During the year ended 31 December 2025, the Group reassessed the useful lives of the three vessels and considered that useful lives of three vessels shall be shortened to 12 years from 30 years taking into account the exercise of the vessel purchase options by the charterer.

The effect of these changes on actual and expected depreciation expenses was as follows:

	<b>2025</b> HK\$'000	<b>2026</b> HK\$'000	<b>2027</b> HK\$'000	<b>Total</b> HK\$'000
Increase in depreciation expenses	72,864	193,762	140,045	406,671

## 14 Right-of-use assets

	HK\$'000
<b>Cost</b>	
At 1 January 2024	68,351
Additions	3,998
Termination	(42,705)
Exchange differences	(504)
At 31 December 2024 and 1 January 2025	<b>29,140</b>
Additions	<b>9,938</b>
Lease modification	<b>230</b>
Termination	<b>(25,983)</b>
Exchange differences	<b>366</b>
<b>At 31 December 2025</b>	<b>13,691</b>
<b>Accumulated depreciation</b>	
At 1 January 2024	45,463
Charge for the year	12,238
Written back on termination	(40,162)
Exchange differences	(294)
At 31 December 2024 and 1 January 2025	<b>17,245</b>
Charge for the year	<b>5,379</b>
Written back on termination	<b>(17,074)</b>
Exchange differences	<b>162</b>
<b>At 31 December 2025</b>	<b>5,712</b>
<b>Net carrying amount</b>	
<b>At 31 December 2025</b>	<b>7,979</b>
At 31 December 2024	11,895

The Group leases various offices and apartments. Rental contracts are typically entered into for fixed periods of 2 to 4 years (2024: 3 to 8 years) without any extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

## 15 Interests in joint ventures

	2025 HK\$'000	2024 HK\$'000
At 1 January	1,628,199	1,469,330
Capital injection to a joint venture	–	5
Distributions from a joint venture	–	(112,536)
Share of results of joint ventures	265,253	490,103
Share of other comprehensive expense of joint ventures	(19,737)	(4,479)
Dividends received	(240,792)	(214,224)
At 31 December	1,632,923	1,628,199

As at 31 December 2025 and 2024, details of the Group's interests in joint ventures which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Company at 31 December		Principal activities
		2025	2024	
Sino Singapore Maritime Pte. Ltd.	Singapore	50%	50%	Vessel owning and chartering
Ocean Classic Limited	BVI	50%	50%	Vessel owning and chartering
Vista Shipping Pte. Limited	Singapore	50%	50%	Vessel owning and chartering
Sea Jade Investment Limited	Marshall Islands	25%	25%	Vessel owning and chartering
Ocean Jade Investment Limited	Marshall Islands	25%	25%	Vessel owning and chartering
Golden Pegasus Shipping Company Limited	Hong Kong	50%	50%	Vessel owning and chartering

All joint ventures have a year ended date on 31 December, which is consistent with the Group's practice.

Commitments of joint ventures in respect of construction of vessels as at 31 December 2025 attributable to the Group were HK\$3,370,137,000 (2024: HK\$3,682,504,000).

## 15 Interests in joint ventures *(Continued)*

### Summarised financial information for material joint ventures

The tables below provide summarised financial information of the joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

	Sino Singapore Maritime Pte. Ltd.		Vista Shipping Pte. Limited	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Current assets	490,465	895,989	335,466	352,996
Non-current assets	1,512,241	1,553,346	3,217,084	3,342,052
Current liabilities	(100,442)	(94,564)	(224,845)	(301,929)
Non-current liabilities	(711,810)	(800,183)	(2,068,345)	(2,393,052)
Revenue	363,675	628,432	772,496	878,414
Profit for the year	156,282	608,537	259,933	323,483
Other comprehensive expense	(38,833)	(8,959)	(640)	–
Total comprehensive income	117,449	599,578	259,293	323,483
Cash and cash equivalents	337,328	758,836	121,070	219,405
Current financial liabilities (excluding trade and other payables and provisions)	(84,560)	(94,460)	(190,230)	(246,012)
Non-current financial liabilities (excluding trade and other payables and provisions)	(711,810)	(800,183)	(2,068,345)	(2,393,052)
Depreciation and amortisation	(65,135)	(79,883)	(151,290)	(145,809)
Gain on disposal of vessels	–	266,131	–	–
Interest income	148	503	9,883	10,451
Interest expense	(52,857)	(44,556)	(142,214)	(20,721)
Income tax expense	(841)	–	3,896	1,392

## 15 Interests in joint ventures *(Continued)*

### Summarised financial information for material joint ventures *(Continued)*

Reconciliation of summarised financial information:

	Sino Singapore Maritime Pte. Ltd.		Vista Shipping Pte. Limited	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Opening net assets as at 1 January	1,554,588	1,608,530	1,000,067	676,584
Distribution to shareholders	–	(225,073)	–	–
Profit for the year	156,282	608,537	259,933	323,483
Other comprehensive expense	(38,833)	(8,959)	(640)	–
Dividends paid	(481,583)	(428,447)	–	–
Closing net assets as at 31 December	1,190,454	1,554,588	1,259,360	1,000,067
Interest in joint venture	50%	50%	50%	50%
Share of net assets	595,227	777,294	629,680	500,034
Carrying value	595,227	777,294	629,680	500,034

## 15 Interests in joint ventures *(Continued)*

### Individually immaterial joint ventures

The aggregate financial information of the Group's joint ventures, which are individually immaterial, is as follows:

	2025 HK\$'000	2024 HK\$'000
Aggregate carrying amount of investments	408,016	350,871
	2025 HK\$'000	2024 HK\$'000
Share of profit for the year	57,146	24,093
Share of other comprehensive income for the year	–	–
Share of total comprehensive income for the year	57,146	24,093

## 16 Interests in associates

	2025 HK\$'000	2024 HK\$'000
At 1 January	190,238	97,372
Capital injection to an associate	–	111,284
Distributions from an associate	–	(8,060)
Share of results of associates	(29,293)	(12,056)
Share of other comprehensive income of associates	13,130	–
Partial disposal of interests in an associate	–	(858)
Dividends received	–	(645)
Exchange differences	7,331	3,201
At 31 December	181,406	190,238

## 16 Interests in associates *(Continued)*

As at 31 December 2025 and 2024, details of the Group's interests in associates which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Company at 31 December		Principal activities
		2025	2024	
Nor Solan I Pte. Ltd.	Singapore	<b>28%</b>	28%	Chartering services
Nor Solan II Pte. Ltd.	Singapore	<b>28%</b>	28%	Chartering services
Guoxin CSSC (Qing dao) Marine Technology Company Limited* 國信中船(青島)海洋科技 有限公司	The PRC	<b>26%</b>	26%	Marine technology
Glory Shipping Pte. Ltd.#	Singapore	<b>N/A</b>	35%	Not yet commence business
CSSC SDARI Energy Saving Technology (Shanghai) Company Limited* 中船斯達瑞節能科技(上海) 有限公司	The PRC	<b>20%</b>	20%	Energy saving technology
Zhendui Industrial Intelligent Technology Co., Ltd.* ("Zhendui") 震兌工業智能科技有限公司	The PRC	<b>14%</b>	14%	Marine technology

\* The English name of the associates represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

# The entity was deregistered in August 2025.

All associates have a year ended date on 31 December, which is consistent with the Group's practice.

Commitments of associates in respect of construction of vessels as at 31 December 2025 attributable to the Group were nil (2024: HK\$15,522,000).

## 16 Interests in associates *(Continued)*

### Individually immaterial associates

The aggregate financial information of the Group's associates, which are individually immaterial, is as follows:

	2025 HK\$'000	2024 HK\$'000
Aggregate carrying amount of investments	<b>181,406</b>	190,238
	2025 HK\$'000	2024 HK\$'000
Share of loss for the year	<b>(29,293)</b>	(12,056)
Share of other comprehensive income for the year	<b>13,130</b>	–
Share of total comprehensive expense for the year	<b>(16,163)</b>	(12,056)

## 17 Loan and lease receivables

	Note	As at 31 December 2025		
		Gross amount HK\$'000	Allowance for impairment losses HK\$'000	Net carrying amount HK\$'000
Loan receivables	17.1	5,939,497	(222,837)	5,716,660
Lease receivables	17.2	13,207,263	(528,837)	12,678,426
Loans to joint ventures	17.3	147,230	–	147,230
		<b>19,293,990</b>	<b>(751,674)</b>	<b>18,542,316</b>

**17 Loan and lease receivables** *(Continued)*

		As at 31 December 2024		
	Note	Gross amount HK\$'000	Allowance for impairment losses HK\$'000	Net carrying amount HK\$'000
Loan receivables	17.1	6,190,388	(72,067)	6,118,321
Lease receivables	17.2	14,949,482	(617,828)	14,331,654
Loans to joint ventures	17.3	264,858	–	264,858
		21,404,728	(689,895)	20,714,833

Movements in the Group's provision for impairment loss of loan and lease receivables are as follows:

	HK\$'000
At 1 January 2024	667,290
Transferred to other receivables	(424,363)
Provision for the year, net	446,968
At 31 December 2024 and 1 January 2025	<b>689,895</b>
Written off	<b>(17,537)</b>
Provision for the year, net	<b>79,316</b>
<b>At 31 December 2025</b>	<b>751,674</b>

## 17 Loan and lease receivables *(Continued)*

### 17.1 Loan receivables

At 31 December 2025, loan receivables were interest-bearing at rates ranging from 4.5% to 8.8% (2024: 6.0% to 8.6%) per annum, repayable from 2026 to 2033 (2024: 2025 to 2033) and secured by the respective vessels and certain shares of borrowers, which owned the vessels.

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

	2025 HK\$'000	2024 HK\$'000
Within 1 year	527,711	508,881
After 1 year but within 2 years	534,805	513,080
After 2 years but within 5 years	1,607,279	1,638,340
Over 5 years	3,046,865	3,458,020
	<b>5,716,660</b>	6,118,321

### 17.2 Lease receivables

As at 31 December 2025, the Group's lease receivables were secured, interest-bearing at rates ranging from 6.2% to 10.7% (2024: 5.0% to 10.5%) per annum. Details of lease receivables as at 31 December 2025 and 2024 are as follows:

	2025 HK\$'000	2024 HK\$'000
Gross investments in finance leases	19,266,409	21,740,247
Less: Unearned finance income	(6,059,146)	(6,790,765)
Net investments in finance leases	13,207,263	14,949,482
Less: Accumulated allowance for impairment	(528,837)	(617,828)
Net lease receivables	<b>12,678,426</b>	14,331,654

## 17 Loan and lease receivables *(Continued)*

### 17.2 Lease receivables *(Continued)*

Reconciliation between the gross investment in finance leases at the end of each reporting period and the present value of minimum lease payments receivable under such leases are set out below:

	2025 HK\$'000	2024 HK\$'000
Minimum lease payments receivable	19,266,409	21,740,247
Less: Unearned finance income related to minimum lease payments receivable	(6,059,146)	(6,790,765)
Present value of minimum lease payments receivable	13,207,263	14,949,482

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings as at 31 December 2025 and 2024.

	2025 HK\$'000	2024 HK\$'000
Gross investments in finance leases		
– Within 1 year	2,037,774	2,282,154
– After 1 year but within 2 years	1,626,475	1,911,284
– After 2 years but within 3 years	1,576,593	1,903,541
– After 3 years but within 4 years	1,486,990	1,672,337
– After 4 years but within 5 years	1,665,677	1,566,267
– Over 5 years	10,872,900	12,404,664
	19,266,409	21,740,247

### 17.3 Loans to joint ventures

As at 31 December 2025 and 2024, the amounts were unsecured, interest-bearing at 5.0% per annum and repayable on demand.

## 18 Derivative financial instruments

	2025 HK\$'000	2024 HK\$'000
<b>Assets</b>		
Interest rate swap – held for trading	49,760	73,034
Interest rate swap – cash flow hedges	210,576	331,831
	<b>260,336</b>	404,865
<b>Liabilities</b>		
Currency swap – held for trading	–	132,533
Cross currency swap – held for trading	25,563	63,268
	<b>25,563</b>	195,801

### Interest rate swap

As at 31 December 2025, the Group has outstanding interest rate swap contracts, which will expire between December 2028 and April 2032 (2024: between December 2028 and April 2032) with notional amount of US\$446,026,000, approximately equivalent to HK\$3,470,080,000 (2024: US\$451,925,000, approximately equivalent to HK\$3,515,978,000) to exchange floating interest rates into fixed interest rates in a range of 0.72% to 3% (2024: 0.72% to 3%) per annum.

### Currency swap

As at 31 December 2024, the Group had outstanding currency swap contracts with notional amount of US\$204,499,000, approximately equivalent to HK\$1,591,005,000 to mitigate exchange rate risks between RMB and USD. During the year ended 31 December 2025, all these currency swap contracts were expired. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in other (losses)/gains, net.

### Cross currency swap

As at 31 December 2025 and 2024, the Group has outstanding cross currency swap contracts, which will expire in March 2026 with notional amount of US\$125,000,000, approximately equivalent to HK\$972,500,000 to mitigate exchange rate risks between RMB and USD. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in other (losses)/gains, net.

## 18 Derivative financial instruments *(Continued)*

### Hedging reserve

The Group's hedging reserve disclosed in consolidated statement of changes in equity relate to the interest rate swaps that were designated as hedging instruments:

	<b>Hedging reserve</b> HK\$'000
At 1 January 2024	(348,817)
Less: Changes in fair value of hedging instruments recognised in other comprehensive income	(104,868)
Reclassified from hedging reserve to profit or loss	135,705
At 31 December 2024 and 1 January 2025	<b>(317,980)</b>
Less: Changes in fair value of hedging instruments recognised in other comprehensive income	<b>33,349</b>
Reclassified from hedging reserve to profit or loss	<b>91,608</b>
<b>At 31 December 2025</b>	<b>(193,023)</b>

### Amounts recognised in consolidated income statement

In addition to the amounts disclosed in the reconciliation of hedging reserve above, the following amounts were recognised in consolidated income statement and included in other (losses)/gains, net in relation to the derivatives:

	<b>2025</b> HK\$'000	2024 HK\$'000
Net loss/(gain) on interest rate swap not qualifying as hedges	<b>4,876</b>	(20,747)
Hedge ineffectiveness of interest rate swap	<b>5,503</b>	(590)
Net (gain)/loss on currency swap not qualifying as hedges	<b>(21,989)</b>	65,998
Net (gain)/loss on cross currency swap not qualifying as hedges	<b>(37,706)</b>	31,513
	<b>(49,316)</b>	76,174

## 18 Derivative financial instruments *(Continued)*

### Amounts recognised in consolidated income statement *(Continued)*

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed by using hypothetical derivative which has terms that mirror those of the hedged item. It may occur due to:

- (a) the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan; and
- (b) differences in critical terms between the interest rate swaps and loans.

### Fair value measurement

Details of the methods and assumptions used in determining the fair value of derivatives are as set out in note 3.4.

## 19 Prepayments, deposits and other receivables

	2025 HK\$'000	2024 HK\$'000
Prepayments (note a)	366,589	45,846
Interest receivables	28,045	34,312
Other receivables (note b)	202,574	133,899
	<b>597,208</b>	214,057

Notes:

- (a) As at 31 December 2025, the Group provided advance payments of HK\$338,376,000 (2024: nil) to the third parties pursuant to the sales and leaseback agreements.
- (b) As at 31 December 2025, included in other receivables is an amount of HK\$99,542,000 (2024: HK\$99,542,000) which was credit impaired as at the reporting date, with a gross amount of HK\$523,905,020 (2024: HK\$523,905,000) and provision for impairment loss of HK\$424,363,000 (2024: HK\$424,363,000).

The carrying amounts of these receivables approximate their fair values.

## 20 Financial assets at fair value through profit or loss

	2025 HK\$'000	2024 HK\$'000
Debt instruments – Investments in wealth management portfolio	<b>486,608</b>	457,312

The movements of financial assets at FVTPL are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	<b>457,312</b>	296,157
Additions	–	132,260
Net changes in fair value	<b>29,296</b>	28,895
At 31 December	<b>486,608</b>	457,312

## 21 Financial assets at fair value through other comprehensive income

	2025 HK\$'000	2024 HK\$'000
Debt instruments – listed debts	<b>1,756,107</b>	1,678,735

The movements in financial assets at FVOCI are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	<b>1,678,735</b>	427,768
Additions	<b>515,216</b>	1,204,463
Disposals	<b>(515,216)</b>	–
Net changes in fair value	<b>77,372</b>	46,504
At 31 December	<b>1,756,107</b>	1,678,735

## 22 Amounts due from/to associates, joint ventures and non-controlling interests

	2025 HK\$'000	2024 HK\$'000
Amount due from an associate	–	37,810
Amounts due from joint ventures	387,070	275,218
Amounts due from non-controlling interests	7,775	–
	2025 HK\$'000	2024 HK\$'000
Amounts due to non-controlling interests	127,965	131,884

The amounts due are non-trade in nature, unsecured, interest-free, recoverable/repayable on demand and denominated in US\$.

## 23 Cash and cash equivalents and time deposits with maturity over three months

	2025 HK\$'000	2024 HK\$'000
Time deposits with maturity over three months	88,692	135,450
Cash at banks and on hand	3,706,672	1,773,896
	3,795,364	1,909,346

The carrying amounts of the Group's cash and cash equivalents and time deposits with maturity over three months are denominated in following currencies:

	2025 HK\$'000	2024 HK\$'000
EUR	30,537	48,549
HK\$	33,961	16,164
RMB	3,063,585	1,104,911
SGD	2,290	3,375
US\$	664,991	736,347
	3,795,364	1,909,346

The time deposits with original maturity over three months carried interests at prevailing market interest rates. The effective interest rate on deposits with banks as at 31 December 2025 is 3.85% (2024: 4.40%) per annum.

As at 31 December 2025, the bank balances of the Group denominated in RMB amounted to HK\$3,063,585,000 (2024: HK\$1,104,911,000). These bank balances are not freely convertible into other currencies, however, subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

## 24 Borrowings

	Note	2025 HK\$'000	2024 HK\$'000
Bank borrowings	24.1	12,668,800	12,829,276
Bonds	24.2	11,548,088	13,432,257
Other borrowings	24.3	2,249,642	1,325,622
		<b>26,466,530</b>	27,587,155

### 24.1 Bank borrowings

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

	2025 HK\$'000	2024 HK\$'000
On demand or within 1 year	7,742,201	7,142,694
After 1 year but within 2 years	1,375,902	904,795
After 2 years but within 5 years	1,859,895	2,340,630
After 5 years	1,690,802	2,441,157
	<b>12,668,800</b>	12,829,276

The exposure of the Group's borrowings are as follows:

	2025 HK\$'000	2024 HK\$'000
Fixed-rate borrowings	2,149,080	5,166,318
Variable-rate borrowings	10,519,720	7,662,958
	<b>12,668,800</b>	12,829,276

## 24 Borrowings (Continued)

### 24.1 Bank borrowings (Continued)

The effective interest rates of the borrowings of the Group as at 31 December 2025 and 2024 were as follows:

	2025 HK\$'000	2024 HK\$'000
Fixed-rate borrowings	<b>1.56% to 3.15%</b> per annum	2.00% to 3.91% per annum
Variable-rate borrowings	<b>2.05% to 5.94%</b> per annum	3.40% to 6.34% per annum

As at 31 December 2025, the Group's secured bank borrowings of HK\$5,870,143,000 (2024: HK\$6,799,689,000) were secured by loan and lease receivables of approximately HK\$7,489,917,000 (2024: HK\$8,195,672,000), shares of certain subsidiaries, floating charge on deposits of approximately HK\$222,762,000 (2024: HK\$253,003,000), general assignments, bareboat charterer assignments, intra-group loan assignments and property, plant and equipment of approximately HK\$4,141,912,000 (2024: HK\$4,296,098,000).

As at 31 December 2025, the Group's bank borrowings of HK\$6,798,657,000 (2024: HK\$6,029,587,000) were unsecured and guaranteed by the Company.

### 24.2 Bonds

In February 2020, the Group issued two guaranteed bonds of US\$400,000,000 (equivalent to approximately HK\$3,112,000,000) due in February 2025 and US\$400,000,000 (equivalent to approximately HK\$3,112,000,000) due in February 2030 and bearing interest at 2.5% per annum and 3% per annum respectively.

In July 2021, the Group issued one guaranteed bonds of US\$500,000,000 (equivalent to approximately HK\$3,890,000,000) due in July 2026 and bearing interest at 2.1% per annum.

In November 2025, the Group issued one guaranteed bonds of RMB1,000,000,000 (equivalent to approximately HK\$1,108,941,000) due in November 2028 and bearing interest rate at 1.95% per annum.

The above guaranteed bonds were guaranteed by the Company and listed on the Stock Exchange.

## 24 Borrowings (Continued)

### 24.2 Bonds (Continued)

In March 2023, September 2023 and September 2024, the Company issued bonds of RMB1,000,000,000, RMB1,200,000,000 and RMB800,000,000 (equivalent to approximately HK\$1,108,941,000, HK\$1,330,730,000 and HK\$887,153,000 respectively) due in March 2026, September 2026 and September 2029 and bearing interest at 3.3% per annum, 3.1% per annum and 2.36% per annum respectively. These bonds were listed on the PRC inter-bank Bond Market.

As at 31 December 2025, the bonds were repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 year	6,439,994	3,235,011
After 1 year but within 2 years	–	6,233,180
After 2 years but within 5 years	5,108,094	852,066
After 5 years	–	3,112,000
	<b>11,548,088</b>	13,432,257

### 24.3 Other borrowings

As at 31 December 2025, loans from a fellow subsidiary of HK\$993,172,000 (2024: nil) were unsecured, interest-bearing at 2.11% per annum and repayable within 1 year.

As at 31 December 2025, loans from other third parties of HK\$1,256,470,000 (2024: HK\$1,325,622,000) were interest-bearing at 6.1% (2024: 6.39%) per annum, and secured by pre-delivery assignments, deed of charge over shares in certain subsidiaries, property, plant and equipment of HK\$1,527,484,000 (2024: HK\$1,586,801,000).

As at 31 December 2025 and 2024, the other borrowings were repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Within 1 year	1,074,568	85,749
After 1 year but within 2 years	64,801	64,801
After 2 years but within 5 years	194,404	194,404
After 5 years	915,869	980,668
	<b>2,249,642</b>	1,325,622

## 25 Other payables and accruals

	2025 HK\$'000	2024 HK\$'000
Accruals	28,461	91,610
Deposits received	542,889	527,251
Other payables (note)	311,524	702,474
	<b>882,874</b>	1,321,335

Note:

Included in other payables is an amount of nil (2024: HK\$657,551,000) which represented the portion of sale proceeds to be reimbursed to lessees of underlying vessels in certain leases that was early terminated during the year ended 31 December 2024.

The carrying amount of other payables and accruals are considered to be the same as their fair values, due to their short-term nature.

## 26 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2025 HK\$'000	2024 HK\$'000
Total minimum lease payments:		
Within one year	53,409	51,191
After 1 year but within 5 years	191,295	197,012
After five years	148,835	198,352
	<b>393,539</b>	446,555
Future finance charges	<b>(78,264)</b>	(98,244)
Present value of lease payments	<b>315,275</b>	348,311
	<b>2025</b>	2024
	<b>HK\$'000</b>	<b>HK\$'000</b>
Present value of minimum lease payments:		
Within one year	36,411	32,157
After 1 year but within 5 years	142,959	139,809
After five years	135,905	176,345
	<b>315,275</b>	348,311

During the year ended 31 December 2025, the total cash outflows for the leases amounted to HK\$58,856,000 (2024: HK\$66,093,000).

## 27 Deferred tax

The movement during the year in the deferred tax is as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	3,795	2,660
Recognised in profit or loss (note 9)	(2,336)	1,214
Exchange differences	100	(79)
At 31 December	1,559	3,795

The movements in deferred tax assets and liabilities during the years are as follows:

	ECL allowance HK\$'000	Tax losses HK\$'000	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	250	1,834	(1,008)	1,584	2,660
Recognised in profit or loss	3,558	(1,815)	678	(1,207)	1,214
Exchange differences	(53)	(19)	14	(21)	(79)
At 31 December 2024 and 1 January 2025	3,755	–	(316)	356	3,795
Recognised in profit or loss	(2,334)	–	(1,628)	1,626	(2,336)
Exchange differences	98	–	(51)	53	100
<b>At 31 December 2025</b>	<b>1,519</b>	<b>–</b>	<b>(1,995)</b>	<b>2,035</b>	<b>1,559</b>

At 31 December 2025, the Group did not recognise deferred tax assets in respect of tax losses of approximately HK\$51,395,000 (2024: HK\$89,512,000) due to the unpredictability of future profit streams. Subject to the agreement by Hong Kong tax authorities, such losses of HK\$311,484,000 (2024: HK\$542,495,000) do not expire under current tax legislation. The Group had no other material unrecognised deferred tax assets as at 31 December 2025. Deferred tax liabilities has not been recognised for withholding taxes that would be payable on the unremitted earnings of approximately HK\$18,568,000 (2024: HK\$25,454,000) that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such unremitted earnings in the unforeseeable future.

## 28 Share capital

	Numbers of shares (‘000)	Share capital HK\$‘000
<b>Ordinary shares, issued and fully paid:</b>		
At 1 January 2024	6,136,878	6,615,789
Issuance of shares under share option scheme (note)	50,012	79,901
At 31 December 2024 and 1 January 2025	<b>6,186,890</b>	<b>6,695,690</b>
Issuance of shares under share option scheme (note)	<b>12,334</b>	<b>19,435</b>
<b>At 31 December 2025</b>	<b>6,199,224</b>	<b>6,715,125</b>

Note:

During the year, the issued number of share capital of the Company has been increased by approximately 9,253,000 and 3,081,000 ordinary shares respectively upon the exercise of share options at the exercise price of HK\$1.32 per share and HK\$1.15 per share respectively (2024: the issued number of share capital of the Company has been increased by approximately 42,655,000 and 7,357,000 ordinary shares respectively upon the exercise of share options at the exercise price of HK\$1.32 per share and HK\$1.15 per share respectively). The total consideration received of HK\$15,758,000 (2024: HK\$64,766,000) was credited to the share capital with the amount of HK\$3,677,000 (2024: HK\$15,135,000) has been transferred from the share option reserve to the share capital in accordance with the policy set out in note 2.22.

## 29 Share-based employee compensation

The Company has adopted a share options scheme (the “**Scheme**”), which was approved by the shareholders in the extraordinary general meeting held on 30 April 2021.

Pursuant to the Scheme, the maximum number of shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of approval of the Scheme at the extraordinary general meeting.

Participants of the Scheme shall be employees of the Company and include executive directors and senior management members (the “**Grantees**”) of the Company, as well as core technical personnel and backbone management whom the board of directors considers will have a direct impact on the Company’s overall operating performance and sustainable development.

## 29 Share-based employee compensation *(Continued)*

On 30 April 2021 (the “**First Grant Date**”) and 4 April 2022 (the “**Second Grant Date**”), the Company granted 143,540,000 and 28,710,000 share options to certain of its directors and employees for nil consideration with an exercise price of HK\$1.32 and HK\$1.15 per share respectively. The exercise price represents the highest of (i) the closing price as stated in the daily quotations sheet issued by the Stock Exchange on the First and Second Grant Date; and (ii) the average closing price as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the First and Second Grant Date. The options shall be vested to the Grantees during the period and in the respective proportions as follows:

- (i) The first batch (being 33% of the share options granted) will be vested on the first trading day after 24 months from the Grant Date;
- (ii) The second batch (being 33% of the share options granted) will be vested on the first trading day after 36 months from the Grant Date; and
- (iii) The third batch (being 34% of the Share Options granted) will be vested on the first trading day after 48 months from the Grant Date.

The options are exercisable within a period of ten years from the grant date. Each option gives the holder the right to subscribe for one ordinary share in the Company. Details of the Scheme are as set out in the Company’s circular dated 13 April 2021.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company’s ordinary shares.

Details of movements in share options during the year were as follows:

	2025		2024	
	Number '000	Weighted average exercise price HK\$	Number '000	Weighted average exercise price HK\$
Outstanding at 1 January	58,941	1.26	115,368	1.28
Exercised	(12,334)	1.28	(50,012)	1.29
Forfeited	(20,657)	1.24	(6,415)	1.31
Outstanding at 31 December	25,950	1.26	58,941	1.26

The weighted average share price for share options exercised during the year at the date of exercise was HK\$1.87 (2024: HK\$1.62). None of the share options were expired during the years ended 31 December 2025 and 2024.

## 29 Share-based employee compensation *(Continued)*

As at 31 December 2025, the outstanding share options had a weighted average remaining contractual life of 5.7 years (2024: 6.6 years).

The fair values of options granted were determined by using the Binomial Option Pricing Model that takes into account of factors specific to Scheme. The following principal assumptions were used in the valuation at the respective grant date:

	The First Grant Date	The Second Grant Date
Share price at date of grant	HK\$1.32	HK\$1.15
Exercise price	HK\$1.32	HK\$1.15
Expected volatility	44.2%	43.93%
Expected option life	10 years	10 years
Dividend yield	8.58%	7.5%
Risk-free interest rate	1.15%	2.24%
Post-vesting forfeiture rate	14.16% to 25.44%	12.81%

In total, reversal of employee compensation expenses amounted to HK\$4,417,000 (2024: recognition of employee compensation expenses HK\$3,406,000) has been recognised in profit or loss for the year ended 31 December 2025 and the corresponding amount of which has been debited (2024: credited) to “share option reserve” in equity. No liabilities were recognised in connection with share-based payment transactions.

Certain directors and highest paid individuals held share options during the year. The corresponding employee compensation expenses recognised or reversed for such options for the years ended 31 December 2025 and 2024, in accordance with the Group’s accounting policy in note 2.22 was as follows:

- (1) Mr. Zhong Jian, reversal of nil (2024: HK\$717,000);
- (2) The five (2024: five) highest paid individuals, recognition of HK\$359,000 (2024: HK\$1,421,000).

## 30 Related party transactions

The directors of the Company regard CSSC International Holding Company Limited as the immediate holding company, which owns approximately 74.24% (2024: 74.38%) of the Company’s issued ordinary shares at 31 December 2025. The ultimate parent company of the Group is China Shipbuilding Group, a state-owned enterprise established in the PRC. China Shipbuilding Group itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

Related parties include China Shipbuilding Group and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China Shipbuilding Group as well as their close family members.

### 30 Related party transactions *(Continued)*

For the years ended 31 December 2025 and 2024, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include bank deposits, bank borrowings and the corresponding interest income and interest expenses and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities that are exempted from the disclosure requirement and the related party information shown elsewhere in these consolidated financial statements, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the years ended 31 December 2025 and 2024.

#### 30.1 Transactions with related parties

Other than as disclosed in elsewhere of these consolidated financial statements, the Group entered into the following related party transactions during the year:

Transactions with fellow subsidiaries:

	2025 HK\$'000	2024 HK\$'000
Interest income	3,873	741
Commission received	16,299	6,835
Rental and utilities expenses	18,794	19,341
Purchase of vessels and offshore equipment	234,208	2,970,086
Loan and accrued interests	993,172	–

Transactions with a joint venture:

	2025 HK\$'000	2024 HK\$'000
Interest income	3,815	27,938

Transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

### 30 Related party transactions *(Continued)*

#### 30.2 Balances with related parties

	2025 HK\$'000	2024 HK\$'000
Amounts due from		
– an associate	–	37,810
– joint ventures	<b>387,070</b>	275,218
	2025 HK\$'000	2024 HK\$'000
Loans to joint ventures	<b>147,230</b>	264,858
Borrowings from a fellow subsidiary	<b>993,172</b>	–

#### 30.3 Key management personnel compensations

Key management includes executive directors and senior management. The compensations paid or payable to key management for employee services are shown below:

	2025 HK\$'000	2024 HK\$'000
Wages, salaries, bonuses and benefits in kind	<b>5,690</b>	11,629
Retirement benefit costs	<b>932</b>	2,228
Share-based payment expenses	–	1,469
	<b>6,622</b>	15,326

## 31 Note to consolidated statement of cash flows

### 31.1 Cash generated from operations

	Note	2025 HK\$'000	2024 HK\$'000
<b>Profit before income tax</b>		<b>2,219,175</b>	2,180,358
Adjustments for:			
– Finance costs	7	<b>795,900</b>	1,041,813
– Interest income	6	<b>(102,472)</b>	(74,171)
– Depreciation	8	<b>666,099</b>	578,716
– Net impairment losses on loan and lease receivables		<b>79,316</b>	446,968
– Share-based payment expenses		<b>(4,417)</b>	3,406
– Net gain on disposal of vessels and property, plant and equipment	8	<b>(103,563)</b>	(57,276)
– Share of results of joint ventures	15	<b>(265,253)</b>	(490,103)
– Share of results of associates	16	<b>29,293</b>	12,056
– Net gain on derecognition of finance lease receivables	8	<b>(33,670)</b>	(200,013)
– Net gain on early termination of leases as lessee		<b>(392)</b>	(452)
– Net unrealised (gains)/losses on changes in fair value of derivative financial instruments	18	<b>(49,316)</b>	76,174
– Net unrealised gains on changes in fair value of financial assets at FVTPL	8	<b>(29,296)</b>	(28,895)
– Net unrealised foreign exchange losses/(gains)		<b>484,059</b>	(104,383)
– Gain on partial disposal of interests in an associate	8	–	(9,930)
– Net gain on disposal of debt instrument at fair value through other comprehensive income	8	<b>(34,936)</b>	–
<b>Operating profit before working capital</b>		<b>3,650,527</b>	3,374,268
Decrease/(increase) in loan and lease receivables		<b>561,604</b>	(3,192,845)
(Increase)/decrease in prepayments, deposits and other receivables		<b>(444,314)</b>	969,814
Increase in amount due from non-controlling interests		<b>(6,425)</b>	–
(Decrease)/increase in other payables and accruals		<b>(439,535)</b>	889,483
Proceeds on derecognition of finance lease receivables		<b>1,523,745</b>	5,740,729
<b>Net cash generated from operations</b>		<b>4,845,602</b>	7,781,449

#### **Material non-cash transactions:**

- (i) During the year ended 31 December 2024, the Group has entered into a head lease and sub-lease arrangement with third parties for two vessels, with amounts of HK\$374,090,000 and HK\$363,028,000 recognised as finance lease receivables and lease liabilities respectively at the initial recognition of the head lease and sub-lease arrangement.
- (ii) During the year ended 31 December 2024, the Group has entered into an arrangement with a joint venture for net-settlement of balances between loan to the joint venture and amount due to the joint venture amounting to HK\$207,794,000.

### 31 Note to consolidated statement of cash flows (Continued)

#### 31.2 Changes in liabilities arising from financing activities

The table below set out the reconciliation of liabilities arising from financing activities:

	Borrowings HK\$'000	Amount due to a joint venture HK\$'000	Amounts due to non-controlling interests HK\$'000	Lease liabilities HK\$'000
As at 1 January 2024	31,333,427	207,794	162,383	23,956
<b>Cash-flows:</b>				
– Proceeds from issuance of bonds	874,410	–	–	–
– Proceeds of borrowings	9,320,321	–	–	–
– Repayment of borrowings	(13,710,888)	–	–	–
– Interests paid	(1,022,698)	–	–	–
– Capital element of lease liabilities paid	–	–	–	(39,592)
– Interest element of lease liabilities paid	–	–	–	(20,975)
– Repayment to non-controlling interests	–	–	(30,499)	–
<b>Non-cash:</b>				
– Foreign exchange adjustments	(237,759)	–	–	(83)
– Finance costs incurred	1,030,342	–	–	–
– Increase in lease liabilities from entering into new leases during the year	–	–	–	367,026
– Decrease in lease liabilities from lease modifications as lessee during the year	–	–	–	(2,996)
– Interest on lease liabilities	–	–	–	20,975
– Net-settlement of balances against loan to a joint venture	–	(207,794)	–	–
<b>As at 31 December 2024 and 1 January 2025</b>	<b>27,587,155</b>	<b>–</b>	<b>131,884</b>	<b>348,311</b>
<b>Cash-flows:</b>				
– Proceeds from issuance of bonds	1,072,498	–	–	–
– Redemption of bonds	(3,112,000)	–	–	–
– Proceeds of borrowings	11,177,627	–	–	–
– Repayment of borrowings	(10,774,673)	–	–	–
– Interests paid	(726,243)	–	–	–
– Capital element of lease liabilities paid	–	–	–	(34,113)
– Interest element of lease liabilities paid	–	–	–	(18,906)
– Repayment to non-controlling interests	–	–	(3,919)	–
<b>Non-cash:</b>				
– Foreign exchange adjustments	466,246	–	–	210
– Finance costs incurred	775,920	–	–	–
– Increase in lease liabilities from entering into new leases during the year	–	–	–	9,938
– Increase in lease liabilities from lease modifications as lessee during the year	–	–	–	230
– Decrease in lease liabilities from early termination during the year	–	–	–	(9,301)
– Interest on lease liabilities	–	–	–	18,906
<b>As at 31 December 2025</b>	<b>26,466,530</b>	<b>–</b>	<b>127,965</b>	<b>315,275</b>

## 32 Operating lease arrangements

### As lessor

For the years ended 31 December 2025 and 2024, the Group leases its vessels under operating lease arrangements, which leases negotiated for terms of 3 to 14 years. None of the leases includes contingent rentals.

At 31 December 2025 and 2024, the Group had total future minimum lease receivables under non-cancellable operating leases with its leases falling due as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	2,217,698	1,750,164
After 1 year but within 2 years	1,776,220	1,795,505
After 2 years but within 3 years	1,327,245	2,538,340
After 3 years but within 4 years	1,174,744	1,260,942
After 4 years but within 5 years	1,178,040	1,259,393
After five years	3,716,475	5,134,998
	<b>11,390,422</b>	13,739,342

## 33 Capital commitments

As at 31 December 2025 and 2024, capital commitments outstanding contracted but not provided for are as follows:

	2025 HK\$'000	2024 HK\$'000
Contracted for in respect of construction of vessels	3,447,498	2,495,991

### 34 Provisions and contingencies

As at 31 December 2025, the aggregate amount of outstanding financial guarantees issued to banks and financial institutions in respect of facilities granted to joint ventures that the Group could be required to be paid amounted to HK\$2,336,972,000 and HK\$4,045,666,000 (2024: HK\$2,569,999,000 and HK\$2,114,460,000) respectively if the guarantees were called upon the entirety. The guarantees will be released upon the end of the charter period. The outstanding financial guarantees has been utilised as at 31 December 2025 and 2024 are analysed as below:

	2025 HK\$'000	2024 HK\$'000
Guarantees provided in respect of joint ventures' bank loans	1,371,173	2,007,224
Guarantees provided in respect of joint ventures' other borrowings	1,379,086	1,198,951
	<b>2,750,259</b>	3,206,175

As at 31 December 2025, among the guarantees provided in respect of the joint ventures' bank loans, the bank loans of HK\$863,580,000 (2024: HK\$863,580,000) were jointly and severally guaranteed by the joint venture partners.

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the consolidated statement of financial position.

### 35 Reserves

#### (i) Investment revaluation reserve

Investment revaluation reserve represents the reserve of the fair value change from financial assets at FVOCI.

#### (ii) Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 18 for details. The cash flow hedge reserve is used to recognise effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 2.13.

#### (iii) Exchange reserve

Exchange reserve represents the exchange difference on translation of the foreign operations.

#### (iv) Other reserves

Other reserves represent the statutory surplus reserve and other reserve.

#### (v) Share option reserve

Share option reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2.22.

## 36 Dividends

	2025 HK\$'000	2024 HK\$'000
<b>Dividends approved and paid:</b>		
Interim dividend of HK5 cents (2024: HK3 cents) per ordinary share	309,961	184,844
Final dividend in respect of the year ended 31 December 2024 of HK10.4 cents (2023: HK9 cents) per ordinary share	644,630	553,778
	<b>954,591</b>	738,622
<b>Dividend proposed:</b>		
Final dividend in respect of the year ended 31 December 2025 of HK5 cents (2024: HK10.4 cents) per ordinary Share	309,961	643,437

On 6 January 2026, the board of directors has declared a special dividend of HK6 cents per ordinary share, such special dividend amounting to HK\$371,953,000 has not been recognised as liability as at 31 December 2025.

### 37 Investments in subsidiaries

Particulars of the Company's material subsidiaries are as follows:

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
CP Chongqing Shipping S.A.	Marshall Islands	US\$500	75%	75%	Operating leasing
CP Nanjing Shipping S.A.	Marshall Islands	US\$500	75%	75%	Operating leasing
CP Shenzhen Shipping S.A.	Marshall Islands	US\$500	75%	75%	Operating leasing
CSSC Financial Leasing (Shanghai) Company Limited** (中船融資租賃(上海)有限公司)	The PRC	RMB300,000,000	100%	100%	Finance leasing
CSSC Financial Leasing (Guangzhou) Company Limited** (中船融資租賃(廣州)有限公司)	The PRC	RMB200,000,000	100%	100%	Finance leasing
CSSC Financial Leasing (Tianjin) Company Limited** (中船融資租賃(天津)有限公司)	The PRC	RMB500,000,000	100%	100%	Finance leasing
CHC First Shipping S.A.	Marshall Islands	US\$1	100%	100%	Operating leasing
CHC Second Shipping S.A.	Marshall Islands	US\$1	100%	100%	Operating leasing
CHC Third Shipping S.A.	Marshall Islands	US\$1	100%	100%	Operating leasing
Kylin Offshore Engineering Pte Ltd.	Singapore	SGD5,000,000	70%	70%	Marine engineering business
Fortune Lianjiang Shipping S.A.	Marshall Islands	US\$100	100%	100%	Loan borrowings
Shenjiamen Shipping S.A (note 1)	Marshall Islands	US\$100	N/A	100%	Finance leasing
Zhujajian Shipping S.A. (note 1)	Marshall Islands	US\$100	N/A	100%	Finance leasing
CP Jinan Shipping S.A.	Marshall Islands	–	100%	100%	Operating leasing
CP Xian Shipping S.A.	Marshall Islands	–	100%	100%	Operating leasing
CP Hangzhou Shipping S.A.	Marshall Islands	–	100%	100%	Operating leasing
CP Fuzhou Shipping S.A.	Marshall Islands	–	100%	100%	Operating leasing
Fortune Nansha Shipping Limited	Hong Kong	HK\$1	100%	100%	Loan borrowings
Fortune Xuanyuan Shipping Limited (note 1)	Marshall Islands	US\$100	N/A	100%	Finance leasing
Fortune East Sea Holding Company Limited	BVI	US\$100	100%	100%	Loan borrowings and investment holding

### 37 Investments in subsidiaries *(Continued)*

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune Bec V Shipping Limited	Cyprus	EUR\$1,000	100%	100%	Finance leasing
Fortune Bec VI Shipping Limited	Cyprus	EUR\$1,000	100%	100%	Finance leasing
CP Chartering Company Limited	BVI	US\$1	75%	75%	Operating leasing
Fortune Guangzhou Shipping Limited (note 1)	Marshall Islands	US\$100	N/A	100%	Finance leasing
Fortune Central Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Fortune CD Prometheus Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Gentle Shipping Limited	Hong Kong	HK\$100	100%	100%	Operating leasing
Fortune Grit Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Shanghai Shipping Limited (note 1)	Marshall Islands	US\$100	N/A	100%	Finance leasing
CSSC Capital 2015 Limited	BVI	US\$100	100%	100%	Bond issuing
Fortune Changchun Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Fortune Great Shipping Limited	Hong Kong	HK\$100	100%	100%	Operating leasing
Fortune Lantau Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Fortune Leopard Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Pingtan Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Power Shipping Limited	Hong Kong	HK\$100	100%	100%	Operating leasing
Fortune Shenyang Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Fortune Tsingyi Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Fortune VGAS Shipping I Pte Ltd.	Singapore	SGD100	100%	100%	Finance leasing
Fortune VGAS Shipping II Pte Ltd.	Singapore	SGD100	100%	100%	Finance leasing
Fortune VGAS Shipping III Pte Ltd.	Singapore	SGD100	100%	100%	Finance leasing

### 37 Investments in subsidiaries *(Continued)*

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune VGAS Shipping IV Pte Ltd.	Singapore	SGD100	100%	100%	Finance leasing
Fortune Wanchai Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Fortune Chem1 Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Chem2 Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Chem3 Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Chem4 Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Chem5 Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Chem6 Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune MGAS I Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune MGAS II Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune MC Hercules Shipping Limited	BVI	US\$100	100%	100%	Finance leasing
Fortune MC Titan Shipping Limited	BVI	US\$100	100%	100%	Finance leasing
Fortune Suqian Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Changle Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Teddy Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Civilization Carriers Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Equality Carriers Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Freedom Carriers Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Integrity Carriers Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Sealion I Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Sealion II Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Sealion III Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Sealion IV Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Matthew Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Fortune Grus Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing

### 37 Investments in subsidiaries *(Continued)*

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune Ephesians Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Dongming Maritime Limited	Malta	EUR1,200	100%	100%	Operating leasing
Elsa Shipping Limited	Malta	EUR1,200	100%	100%	Operating leasing
Faith HLMPP Shipping Limited	Malta	EUR1,200	100%	100%	Operating leasing
Falcon HLMPP Maritime Limited	Malta	EUR1,200	100%	100%	Operating leasing
Fame HLMPP Shipping Limited	Malta	EUR1,200	100%	100%	Operating leasing
Fighter HLMPP Maritime Limited	Malta	EUR1,200	100%	100%	Operating leasing
Focus HLMPP Shipping Limited	Malta	EUR1,200	100%	100%	Operating leasing
Force Shipping Limited	Malta	EUR1,200	100%	100%	Operating leasing
Fortune HLMPP Shipping Limited	Malta	EUR1,200	100%	100%	Operating leasing
Freedom HLMPP Shipping Limited	Malta	EUR1,200	100%	100%	Operating leasing
Frontier HLMPP Maritime Limited	Malta	EUR1,200	100%	100%	Operating leasing
Fusion HLMPP Shipping Limited	Malta	EUR1,200	100%	100%	Operating leasing
Future 13KMPPF900HL Maritime Limited	Malta	EUR1,200	100%	100%	Operating leasing
Fortune Capricorn Holding Limited	BVI	US\$100	100%	100%	Investment holding
Fortune Chengdu Shipping Limited	Hong Kong	HK\$100	100%	100%	Operating leasing
Fortune Chongqing Shipping Limited	Hong Kong	HK\$100	100%	100%	Operating leasing
Fortune Eris Holding Company Limited	BVI	US\$185,000,100	100%	100%	Investment holding
Fortune Geneva Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune HLC Shipping Limited	Liberia	US\$100	100%	100%	Finance leasing
Fortune Idea Shipping Limited	Marshall Islands	US\$100	100%	100%	Finance leasing
Fortune Image Shipping Limited	Marshall Islands	US\$100	100%	100%	Finance leasing

## 37 Investments in subsidiaries (Continued)

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune Leo Shipping Limited	Marshall Islands	US\$100	100%	100%	Operating leasing
Fortune Vision Shipping Limited	Marshall Islands	US\$100	100%	100%	Finance leasing
Fortune Xinhang Shipping Pte. Limited	Singapore	US\$50,000	100%	100%	Finance leasing
Fortune Xintian Shipping Pte. Limited	Singapore	US\$50,000	100%	100%	Finance leasing
CA Civilization Shipping Limited	Liberia	US\$100	60%	60%	Operating leasing
CA Equality Shipping Limited	Liberia	US\$100	60%	60%	Operating leasing
CA Freedom Shipping Limited	Liberia	US\$100	60%	60%	Operating leasing
CA Integrity Shipping Limited	Liberia	US\$100	60%	60%	Operating leasing
CA Harmony Shipping Limited	Liberia	US\$100	60%	60%	Operating leasing
CA Honor Shipping Limited	Liberia	US\$100	60%	60%	Operating leasing
CA Peace Shipping Limited	Liberia	US\$100	60%	60%	Operating leasing
CA Valor Shipping Limited	Liberia	US\$100	60%	60%	Operating leasing
Fortune Ropax I Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Ropax II Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Clean Energy 2023 Holding Limited	Marshall Islands	US\$50,000	100%	100%	Investment holding
Fortune Energetic I Shipping Co., Ltd.	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Energetic II Shipping Co., Ltd.	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Visionary Holding Company Limited	Hong Kong	HK\$100	100%	100%	Investment holding
Fortune Osmanthus Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Lily Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Ping Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune AN Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Coconut Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Citrus Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Pineapple Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing

### 37 Investments in subsidiaries (Continued)

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune Lychee Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune COLLIE Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Magnificent Shipping Limited	Hong Kong	HK\$100	100%	100%	Operating leasing
Fortune Nanjing Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Zurich Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Shanghai Jiahang Ship Leasing Co., Ltd.** (上海佳航船舶租賃有限公司)	The PRC	RMB100,000	100%	100%	Finance leasing
Fortune Pillar Shipping Limited	Hong Kong	HK\$100	100%	100%	Operating leasing
Fortune Vcontainer Carriers Limited	Hong Kong	HK\$100	100%	100%	Investment holding
Fortune Kunlun1 Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Kunlun2 Shipping Limited	Hong Kong	HK\$100	100%	100%	Finance leasing
Fortune Pandas I Pte Limited	Singapore	SGD50,000	100%	100%	Finance leasing
Fortune Pandas II Pte Limited	Singapore	SGD50,000	100%	100%	Finance leasing
Fortune Pandas III Pte Limited	Singapore	SGD50,000	100%	100%	Finance leasing
Fortune Propulsion shipping Limited	Hong Kong	HK\$100	100%	N/A	Operating leasing
Fortune Prosperity Shipping Limited	Hong Kong	HK\$100	100%	N/A	Operating leasing

#### Notes:

(1) The entities were deregistered during the year ended 31 December 2025.

(2) All companies now comprising the Group have adopted 31 December as their financial year end date.

\* The English name of these subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

# These subsidiaries were registered in the PRC as a wholly foreign owned enterprise.

### 38 Statement of financial position and reserve movements of the Company

#### Statement of financial position of the Company

	2025 HK\$'000	2024 HK\$'000
<b>Assets</b>		
Property, plant and equipment	174	1,352
Right-of-use asset	–	10,632
Interests in subsidiaries	2,653,540	2,652,589
Interests in associate	–	272
Loan receivables	–	385,888
Derivative financial assets	213,921	246,936
Prepayments, deposits and other receivables	6,736	8,926
Amounts due from subsidiaries	16,723,488	19,623,051
Amounts due from fellow subsidiaries	–	126
Amount due from a joint venture	59,555	–
Cash and bank balances	2,728,544	1,373,749
<b>Total assets</b>	<b>22,385,958</b>	24,303,521
<b>Liabilities</b>		
Income tax payables	186,427	–
Borrowings	10,173,358	9,268,234
Derivative financial liabilities	25,563	195,801
Amounts due to subsidiaries	1,145,243	4,090,623
Amount due to a joint venture	–	99,834
Lease liabilities	–	11,002
Other payables and accruals	46,733	4,570
<b>Total liabilities</b>	<b>11,577,324</b>	13,670,064
<b>Net assets</b>	<b>10,808,634</b>	10,633,457
<b>EQUITY</b>		
Share capital	6,715,125	6,695,690
Reserves	4,093,509	3,937,767
<b>Total equity</b>	<b>10,808,634</b>	10,633,457

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 26 March 2026 and was signed on its behalf.

**Li Hongtao**  
Director

**Liu Hui**  
Director

**38 Statement of financial position and reserve movements of the Company** *(Continued)***Reserve movement of the Company**

	Other reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	(4,296)	(31,741)	601,266	27,488	592,717
Profit for the year	–	–	4,095,401	–	4,095,401
Total comprehensive income for the year	–	–	4,095,401	–	4,095,401
Issues of shares under share option scheme	–	–	–	(15,135)	(15,135)
Equity settled share-based payments	–	–	–	3,406	3,406
Dividends (note 36)	–	–	(738,622)	–	(738,622)
<b>At 31 December 2024</b>	(4,296)	(31,741)	3,958,045	15,759	3,937,767
<b>At 1 January 2025</b>	<b>(4,296)</b>	<b>(31,741)</b>	<b>3,958,045</b>	<b>15,759</b>	<b>3,937,767</b>
Profit for the year	–	–	1,118,427	–	1,118,427
Total comprehensive income for the year	–	–	1,118,427	–	1,118,427
Issues of shares under share option scheme	–	–	–	(3,677)	(3,677)
Equity settled share-based payments	–	–	–	(4,417)	(4,417)
Dividends (note 36)	–	–	(954,591)	–	(954,591)
<b>At 31 December 2025</b>	<b>(4,296)</b>	<b>(31,741)</b>	<b>4,121,881</b>	<b>7,665</b>	<b>4,093,509</b>

## 39 Events after reporting period

### (a) Issuance of convertible bonds

On 28 January 2026, the Group issued guaranteed convertible bonds of HK\$2,338,000,000 due in January 2031 and bearing interest at 0.75% per annum. Details of the guaranteed convertible bonds are set out in the Company's announcement dated 29 January 2026.

### (b) Sale and leaseback transaction of four vessels

On 4 March 2026, the Group entered into agreements with independent third parties (the "Charterers") for acquisition of four vessels at a total consideration of US\$103,520,000 (equivalent to HK\$805,386,000). Pursuant to the agreements, the Group agreed to lease back those vessels to the Charterers at a total estimated charterhire of approximately US\$140,725,000 (equivalent to HK\$1,094,841,000) for a period of 10 years (the "Charter Period"). Upon expiration of the Charter Period, the Charterers are obliged to purchase the vessels. The vessels are expected to be delivered in July 2028, January 2029, March 2029 and May 2029 respectively. Details of the agreements are set out in the Company's announcement dated 4 March 2026.



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

