



中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 2866



SHIPPING INDUSTRY AND FINANCE OPERATOR

2025 ANNUAL REPORT

COMPANY PROFILE

COSCO SHIPPING Development Co., Ltd. (stock code: 601866.SH/02866.HK) is a shipping industry platform for industrial and financial operations under China COSCO SHIPPING Corporation Limited. The Company was founded in 1997 and is headquartered in Shanghai. Focusing on shipping logistics services, the Company develops its main business centered around its core expertise in container manufacturing, shipping leasing and container leasing to achieve integrated development of industry, finance and investment underpinned by investment management.

BUSINESS SEGMENTS

CONTAINER MANUFACTURING BUSINESS

The Company researches, develops, produces, and sells international-standard dry containers, reefer containers and special containers. The Company is ranked as the world's second-largest container manufacturer and serves customers from world-renowned liner companies and major container leasing companies. The Company continues to take customer demands as the orientation, optimize resource allocation and product mix, and enhance its "container+" customization capabilities. The Company continues to further advance its intelligent manufacturing, leverage technological innovation and green and low-carbon transformation to strengthen its product competitiveness to build a world-leading logistics equipment technology enterprise.

SHIPPING LEASING BUSINESS

The Company is mainly engaged in the operating lease and financial lease of various vessel types, including container ships, dry bulk vessels, special vessels and oil tankers, ranking among the domestic market leaders in the ship leasing sector. The Company seizes the opportunities presented by the green and low-carbon transformation of the shipping industry, optimizes the allocation of internal and external resources, gives full play to the collaborative advantages of the industrial chain, and strengthens industry-finance integration. The Company focuses on the service needs at various stages of the full lifecycle of various types of vessels and other shipping assets, innovates products and services, enhances customized service capabilities, and delivers high-quality solutions for fleet development in the shipping sector.

CONTAINER LEASING BUSINESS

The Company is mainly engaged in container leasing, management and sales, ranking third in the world in terms of scale with a global presence. The Company deeply explores customer needs, enhances full lifecycle asset operation capabilities for containers, and enhances professional service capabilities. The Company focuses on digital empowerment, continuously optimizes the global layout of the operating network, actively responds to customer needs, improves customer experience, and continuously deepens customer value creation.

INVESTMENT MANAGEMENT BUSINESS

Focusing on the core business of shipping logistics, the Company strengthens the integration of industry and finance, continuously optimizes the investment portfolio, and strives to achieve the coordinated development of capital and industry. Meanwhile, the Company seizes opportunities in the development of the shipping industry, concentrates on strategic emerging sectors, and, in line with its business development, continuously explores innovative investment and new models of logistics asset operation.

CORPORATE CULTURE

Guided by the philosophy of "Excellence" and the core values of "Integrity, Efficiency, Proactiveness and Mutual Benefit", the Company leverages the unique advantages of the shipping industry to increase the value of capital flows within the shipping logistics ecosystem, to establish itself as a world-class shipping industry financial services provider with COSCO SHIPPING characteristics.

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Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhang Mingwen (*Chairman of the Board*)
Mr. Wang Kunhui (*General Manager*)

NON-EXECUTIVE DIRECTORS

Mr. Ip Sing Chi
Ms. Zhang Xueyan
Mr. Zheng Xiaozhe

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shao Ruiqing
Mr. Chan Kwok Leung
Mr. Wu Daqi

EXECUTIVE COMMITTEE

Mr. Zhang Mingwen (*Chairman*)
Mr. Wang Kunhui

INVESTMENT STRATEGY COMMITTEE

Mr. Zhang Mingwen (*Chairman*)
Mr. Wang Kunhui
Mr. Ip Sing Chi
Ms. Zhang Xueyan
Mr. Zheng Xiaozhe
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

RISK AND COMPLIANCE MANAGEMENT COMMITTEE

Mr. Wu Daqi (*Chairman*)
Mr. Shao Ruiqing
Mr. Chan Kwok Leung

AUDIT COMMITTEE

Mr. Shao Ruiqing (*Chairman*)
Ms. Zhang Xueyan
Mr. Chan Kwok Leung

REMUNERATION COMMITTEE

Mr. Shao Ruiqing (*Chairman*)
Mr. Chan Kwok Leung
Mr. Wu Daqi

NOMINATION COMMITTEE

Mr. Chan Kwok Leung (*Chairman*)
Mr. Zhang Mingwen
Ms. Zhang Xueyan
Mr. Shao Ruiqing
Mr. Wu Daqi

CHIEF ACCOUNTANT

Mr. Hu Haibing

BOARD SECRETARY

Mr. Cai Lei

COMPANY SECRETARY

Mr. Cai Lei

AUTHORISED REPRESENTATIVES

Mr. Zhang Mingwen
Mr. Cai Lei

LEGAL ADDRESS IN THE PRC

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The PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Pudong New Area
Shanghai
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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183 Queen's Road Central
Hong Kong

Corporate Information

INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited

DOMESTIC AUDITOR

ShineWing Certified Public Accountants LLP

LEGAL ADVISERS

Paul Hastings (Hong Kong) LLP (As to Hong Kong law)
Grandall Law Firm (As to PRC law)

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKS

Bank of China
Industrial and Commerce Bank of China
China Construction Bank
Bank of Communications
The Export-Import Bank of China
China Development Bank
Agricultural Bank of China
Standard Chartered Bank

TELEPHONE NUMBER

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COMPANY WEBSITE

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H SHARE LISTING PLACE

Main Board of The Stock Exchange of Hong Kong Limited
(the "Hong Kong Stock Exchange")

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,445,672,000 H Shares^(Note)

BOARD LOT (H SHARES)

1,000 Shares

HONG KONG STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December 2007

NUMBER OF A SHARES IN ISSUE

9,751,983,820 A Shares^(Note)

BOARD LOT (A SHARES)

100 Shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

* The Company is a registered non-Hong Kong company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "COSCO SHIPPING Development Co., Ltd."

Note:

During the reporting period, the Company has cancelled a total of 378,282,792 shares, comprising 147,954,792 A shares and 230,328,000 repurchased H shares. As of the latest practicable date prior to the issue of this Annual Report (the "Latest Practicable Date") (namely, 17 April 2026), the number of issued H shares and A shares of the Company is 3,445,672,000 H shares and 9,751,983,820 A shares, respectively.

Financial Highlights

COMPARISON OF 2025 AND 2024 KEY FINANCIAL FIGURES BY CHART FORM

Consolidated Results

(Under HKFRS Accounting Standards)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	Change %
Revenue	24,984,736	27,411,245	(8.85)
Operating profit	4,083,912	4,064,531	0.48
Profit before income tax from continuing operations	2,067,090	1,547,572	33.57
Profit for the year from a discontinued operation	–	213,660	(100.00)
Profit for the year attributable to owners of the Company	1,609,401	1,685,947	(4.54)
Basic earnings per share for the year	RMB0.1214	RMB0.1246	(2.57)
Gross profit margin (continuing operations)	18%	17%	Increased by 1.01 percentage points
Profit margin before income tax (continuing operations)	8%	6%	Increased by 2.62 percentage points
Net gearing ratio ¹	264%	259%	Increased by 4.26 percentage points

1. Net gearing ratio is net debts over shareholders' equity.

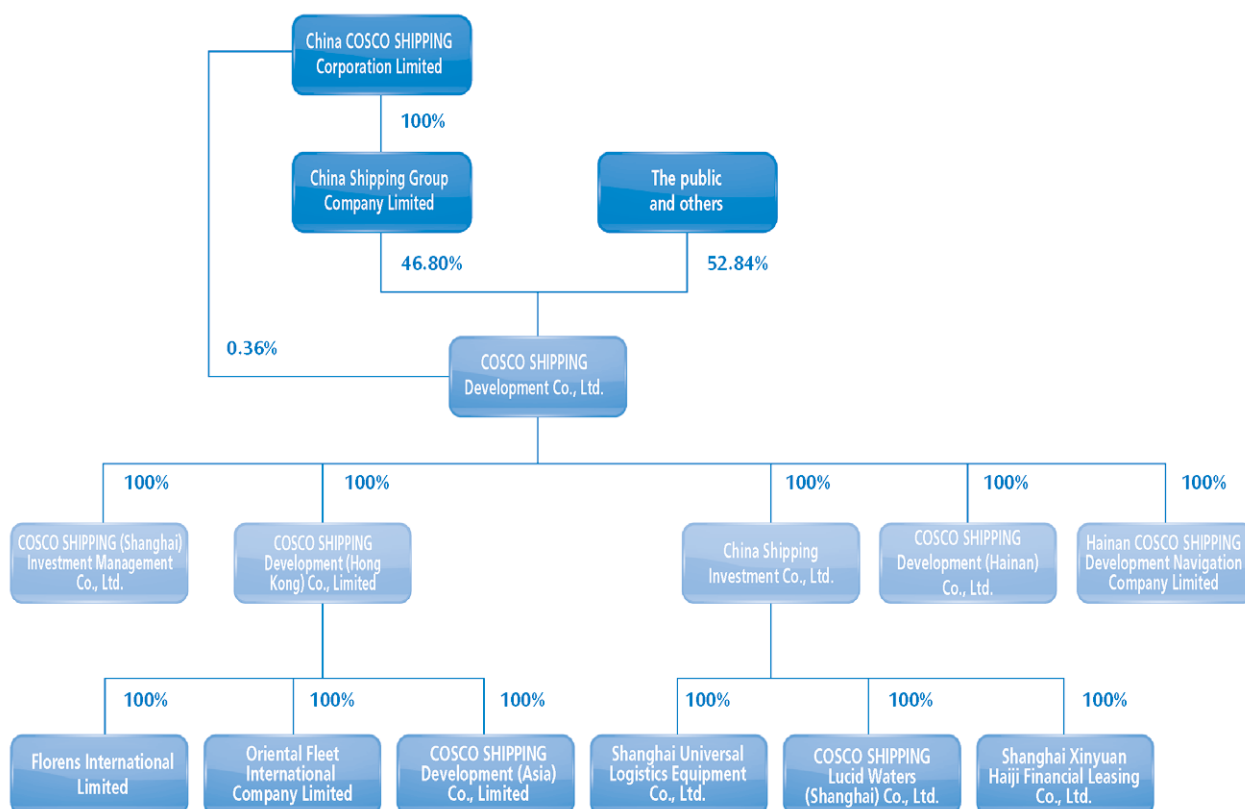
Consolidated Statement of Financial Position

(Under HKFRS Accounting Standards)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	Change %
Total assets	131,590,918	126,367,138	4.13
Non-current assets	111,087,673	108,238,698	2.63
Current assets	20,503,245	18,128,440	13.10
Total liabilities	100,363,399	95,761,459	4.81
Current liabilities	46,659,942	39,371,497	18.51
Net current liabilities	(26,156,697)	(21,243,057)	23.13
Net assets	31,227,519	30,605,679	2.03

Corporate Structure

The following chart shows the simplified corporate and shareholding structure of the Company and its principal subsidiaries as at 31 December 2025:



Particulars of the subsidiaries, associated companies and joint ventures of the Company are contained in note 1 to the consolidated financial statements.

Management Discussion and Analysis

I. CHAIRMAN'S STATEMENT

In 2025, the global economic and trade landscape was profoundly reshaped, with uncertainties becoming more pronounced. As a vital artery of global trade, the shipping industry continually tempered its resilience amidst supply chain volatility, while forging new pathways through the wave of green and intelligent transformation. Against a backdrop of complex challenges and evolving opportunities, COSCO SHIPPING Development anchored its future through strategic planning, harnessed momentum through reform and innovation, and delivered robust annual results for high-quality development with steady and solid steps.

In 2025, the Company achieved an operating revenue of RMB24.985 billion, and a profit before tax of RMB2.067 billion (representing a year-on-year increase of 33.57%). Profit from continuing operations attributable to owners of the Company amounted to RMB1.609 billion, representing a year-on-year increase of 9.31%. Basic earnings per share amounted to RMB0.1214.

The Company paid an interim dividend of RMB0.022 per share for 2025, and the Board proposed the payment of a final dividend of RMB0.015 per share for 2025, which represented an aggregate dividend of RMB0.037 per share for 2025.

REVIEW OF OPERATIONS

2025 was a pivotal year for COSCO SHIPPING Development to deeply cultivate its shipping heritage and realize innovative value, building momentum for the successful conclusion of the "14th Five-Year Plan" and the commencement of the "15th Five-Year Plan". The Company focused on enhancing the core functions of "industry, finance and investment", accelerated the cultivation and development of new quality productive forces in shipping industry-finance, delivered tangible returns to shareholders through value creation, and honored its firm commitments on the journey towards sustainable development.

1. SOLIDIFYING THE FOUNDATION, INDUSTRY-FINANCE INTEGRATION REACHED A NEW LEVEL OF DEVELOPMENT

In respect of the container manufacturing business: The Company deeply tapped into market potential, unleashed synergies across the industrial chain, and leveraged scientific and technological innovation as a driving force, refined production and operation management, and continuously built up the solid capabilities for high-quality development. In 2025, the Company sold approximately 1.80 million TEU. While continuously consolidating mainstream markets, the Company accelerated the enhancement of its "container+" customization capabilities. During the year, nearly 50 new products were developed, building a high value-added special container product matrix. In collaboration with industrial chain partners, the Company successfully pioneered the world's first new-material bio-based refrigerated containers, driving the diversification and green transformation of its product mix. The Company expanded the application of reinforced containers, contributing to the innovation of shipping equipment. Furthermore, the Company launched the innovative "all-scenario smart storage" intelligent integrated solution, strengthening its technological leadership in the storage equipment sector.

In respect of the shipping leasing business: The Company capitalized on era-defining opportunities for fleet upgrading and transformation, proactively integrated into the development ecosystem of Hainan Free Trade Port, and leveraged its full lifecycle management and operation capabilities of vessels along with multi-channel financing abilities to continuously explore in industry-finance integration. In 2025, the Company successfully implemented industry-finance projects of more than 40 vessels, bringing its managed fleet to exceed 200 vessels and solidifying its leading position in China's shipping leasing sector. Its outstanding performance in investment expansion across a diverse types of vessel – from dry bulk carriers, asphalt carriers, LNG carriers to VLCCs – has established a multi-dimensional and diversified shipping asset platform, pioneering new pathways for value creation.

Management Discussion and Analysis

In respect of the container leasing business: The Company proactively and strategically expanded its footprint in emerging markets, deepening network optimization in South America, Southeast Asia, South Africa and other regions, securing a competitive edge in new container bidding throughout the year. The Company remained focused on elevating its full lifecycle asset operation capabilities, enhancing the agility and efficiency of end-to-end collaboration. The synergy between container leasing and manufacturing yielded significant results, effectively unleashing the dividends of resource sharing and service interoperability. As at the end of 2025, its fleet exceeded 4.1 million TEU, further consolidating its global leadership underpinned by a diversified and globalized service foundation.

In respect of the investment management business: The Company continuously optimized resources allocation and promoted the enhancement of investment value. Meanwhile, the Company focused on strategic and emerging industries and, in conjunction with the Company's business development, explored new models for innovative investment and logistics asset operation.

2. INNOVATION-DRIVEN GROWTH, THE DIGITAL INTELLIGENCE ENGINE RESHAPED NEW GROWTH MOMENTUM

Technological innovation has always been the core driver of the Company's high-quality development. In 2025, the Company invested a total of nearly RMB320 million in scientific and technological research and development, and held over 810 valid patents as at the end of the year. The Company continued to deepen cooperation in industry-university-research integration and across the industrial chain, facilitating the practical application of cutting-edge technologies and contributing to the upgrading of the Company's technological capabilities.

In the field of intelligent manufacturing, the Company stood at the forefront and set industry benchmarks. As of now, four of its container factories obtained the Level 3 Assessment Certificate of China Manufacturing Maturity Model. DFIC Ningbo was among the first in the industry to receive the national "Excellence-Level" intelligent factory certification while DFIC Qingdao and DFIC Ningbo were recognized as the "National 5G Factories". The intelligent manufacturing achievements of several container factories were honored with awards from the National Equipment Management and Technological Innovation Achievement Exchange Conference and prizes from the China Equipment Repair and Transformation Innovation Achievement Competition (中國裝備維修與改造創新成果大賽), demonstrating the Company's strength in "intelligent manufacturing".

In the field of digital empowerment, the Company implemented multi-faceted initiatives to upgrade its smart operations. In the container leasing segment, the Company unlocked data silos across the leasing, manufacturing, and shipping value chain, providing customers with seamless end-to-end online services. Notably, its container trading platform project won the Pioneer Award Bronze Prize at the 2025 Global Digital Trade Expo and the Third Prize in the 4th Central Enterprises Star Innovation Competition. In the shipping leasing segment, the Company optimized its vessel digital operation management platform and established a digital-intelligence supervision platform to enhance digital efficiency. Concurrently, the Company actively explored the deep integration of AI into core scenarios, including intelligent manufacturing, market monitoring, and vessel management, driving quality improvement and expansion across all business lines.

Management Discussion and Analysis

3. PURSUING GREEN DEVELOPMENT, LOW-CARBON TRANSFORMATION UNLOCKED NEW RESULTS IN VALUE

Green and low-carbon development has become the cornerstone of the Company's sustainable growth strategy. The Company resolutely built a comprehensive green ecosystem for shipping industry-finance integration, achieving remarkable results through decisive actions.

Advancing Green Production: By prioritizing process upgrades and energy-saving optimizations, the Company refined its energy structure. All six of its container manufacturing facilities have been evaluated as "national green factories", making it the first in the container manufacturing industry to achieve full coverage of green factories.

Expanding Green Business: The Company forged long-term strategic partnerships with new-energy leaders and continuously broadened its customer base. The Company has been actively developing various types of marine power batteries and exploring a diversified portfolio of green solutions. Furthermore, the Company established the industry's first Container Carbon Footprint and Environmental Product Declaration (CFP & EPD) platform, which was featured in the 2025 ESG Blue Book of Listed Central State-Owned Enterprises. To date, CFP & EPD certified labels have been applied to over 500,000 containers.

Positioning in Green Assets: The Company accelerated the deployment of clean-energy logistics equipment and high-efficiency vessels. By investing in the construction of methanol- and ammonia-ready bulk cargo vessels and LNG carriers, the Company continued to increase the proportion of green assets in its portfolio. The Company strengthened the green attributes of container leasing assets to meet customers' demands for green data. In collaboration with industrial chain partners, the Company successfully obtained the country's first Hi-ECO E-vessel certificate for 700 TEU electric vessels, establishing a standardized, quantifiable, and traceable framework for green transportation services for electric vessels, and promoting the continuous release of green value in the shipping industry.

Optimizing Green Financing: The Company established a robust bridge for green shipping industry-finance services, with total financing scale for green and low-carbon transformation and sustainability-related projects of nearly RMB6.5 billion in the year. Furthermore, the Company issued the shipping industry's first technology innovation low-carbon transition corporate bond, providing strong capital support for green transformation.

4. VALUE SHARING, MULTI-DIMENSIONAL RETURNS DEMONSTRATED NEW COMMITMENT TO RESPONSIBILITY

Guided by value creation and aimed at value realization, the Company adopted a multi-pronged approach to drive new breakthroughs in quality and efficiency, implemented a combination of measures for value returns, and enhanced value communication across multiple channels, making every effort to safeguard the Company's value and shareholders' interests.

The Company adhered to rewarding investors with sustained and stable dividends, and an interim dividend of RMB0.022 per share for 2025 has been distributed. The Board proposed the payment of a final dividend of RMB0.015 per share for 2025, resulting in a total dividend of RMB0.037 per share for the Year, achieving eight consecutive years of annual dividend distribution. Furthermore, the Company efficiently completed two rounds of A+H share repurchases, repurchased and cancelled approximately 350 million shares with a total repurchase amount of RMB510 million. Subsequently, the Company initiated a new round of share repurchase, demonstrating its commitment to value through concrete actions and promoting the reasonable return of the Company's market value.

Management Discussion and Analysis

5. REFINING GOVERNANCE, ESG PRACTICES DREW A NEW PICTURE OF SUSTAINABILITY

The Company deeply integrated the concept of sustainable development into its development strategy and operational practices, strengthening the governance foundation, anchoring to digital intelligence and low-carbon development, and fulfilling social responsibilities, thereby painting a new picture of ESG governance. In 2025, the Company successively received more than ten honors in the ESG field: it was successfully selected for the lists of “China ESG Pioneers 100 Listed Companies” and “China ESG Pioneers 100 Central Enterprises Listed Companies”; it received the 2025 Social Responsibility Golden Bull Award for Listed Companies (HK Stocks) from China Securities Journal; it was selected for the S&P Global “Sustainability Yearbook (China Edition)” for the third consecutive year and once again honored with the “Industry’s Most Improved Company”; it maintained a stable A rating in the Hang Seng Index ESG rating. On the path of fulfilling social responsibilities, the Company remained true to its original aspiration, deeply participating in rural revitalization initiatives. Fully leveraging its container business advantages, the Company improved the working and learning environment for teachers and students at primary schools in Luolong County, Tibet, through constructing customized modular buildings, contributing to local economic and social development and the improvement of people’s livelihoods in Tibet.

6. STEADY PROGRESS, RISK CONTROL AND COMPLIANCE FORTIFIED A NEW FOUNDATION FOR OPERATIONS

The Company regarded risk control and compliance as the cornerstone for steady and long-term progress. The Company strengthened its capabilities of risk prediction and management and control, established and refined a triple-action risk response mechanism integrating “prevention, proactive control, and contingency planning”, systematically assessed the main risk types and changing trends, and formulated differentiated risk response measures, striving to ensure stable operation of the Company. The Company enhanced the internal control and compliance system, achieved full coverage of compliance management over business activities, optimized system management, and promoted mechanism innovation, ensuring the effective operation of internal control and compliance mechanisms. Concurrently, the Company consolidated the foundation of work safety by deeply advancing the campaign to address root causes, and focused on key areas for specialized governance, thus effectively elevating its level of intrinsic safety and maintaining a continuously stable situation in production safety.

Management Discussion and Analysis

OUTLOOK

In 2026, the global economic landscape will continue to evolve, with the supply chain restructuring process accelerating amidst multiple disruptive factors. The wave of digital intelligent and green transformation is reshaping the shipping industry ecosystem with unprecedented force, unlocking new horizons and injecting new momentum for the industry's resilient development.

Amidst industry transformation, COSCO SHIPPING Development will continue to maintain strategic focus, seek progress while maintaining stability to break new ground, pursue new equilibrium and achieve new breakthroughs amidst uncertainties and transformational opportunities. The Company will continue to forge the core competitiveness of "industry, finance and investment", accelerate the enhancement of value creation capabilities. The container manufacturing business will further advance towards "refined operations", upgrade manufacturing capabilities, optimize production capacity layout, and intensify efforts in the research, development and market expansion of high-end products such as special containers and green intelligent containers. The shipping leasing business will further deepen "momentum building", strengthen industry chain collaboration, expand the scale of high-quality assets, actively broaden the "relationship network" with customers, and consolidate and enhance its industry position. The container leasing business will further upgrade towards "innovation", create customized service solutions, enhance market responsiveness through process reengineering and dynamic optimization, and continuously create greater value for customers. The Company will continue to strengthen technology collaboration and empowerment, march towards "green and intelligent new manufacturing", build "smart and agile new operations", and incubate a "new paradigm of industry-finance synergy". The Company will build a "digital intelligence connector" for container manufacturing, leasing and shipping, deepen the calculation capabilities and credibility of the container CFP & EPD platform, expand application scenarios for "green containers matching green vessels", accelerate the deployment of clean energy logistics equipment and high-efficiency vessels, and cultivate and strengthen new growth drivers. The Company will comprehensively deepen reforms, further improve the modern corporate governance system, implement the concept of "investing in people", strengthen market value management, promote the deep integration of ESG governance with strategic businesses, aiming to forge intrinsic value and long-term value, and better reward investors.

The new voyage of the "15th Five-Year Plan" has set sail. Transcending boundaries across mountains and seas, the Company will advance with steady strides toward new horizons. The Company will take industry-finance integration as its oar to carve out a broad waterway for capability advancement; take technology as its sail to ride the tide of the era of new quality productivity; take digital intelligence and green development as its rudder to steer a steady course for sustainable development; and take value as its anchor to solidify the foundation for shareholder returns. Hoisting the sail and braving the waves, the Company will chart a brilliant blueprint!

Management Discussion and Analysis

II. DEVELOPMENT STRATEGY

The Company will revolve around the main line of the shipping and logistics industry and focus on an integrated development model with container manufacturing, shipping leasing, and container leasing as core businesses, supported by investment management. The Company will adhere to the principle of “integrating industry and finance to promote industrial development”, leverage technological innovation as a key driver, and concentrate on two major tracks – digital intelligence and green and low-carbon transformation in order to comprehensively enhance service quality and efficiency, strengthen risk prevention and control, deepen management innovation, continuously improve core functions of “industry, finance and investment”, boost its core competitiveness, and strive to build itself into a world-class shipping industry-finance operator with features of COSCO SHIPPING.

In terms of container manufacturing business, the Company will take customer demands as the orientation, optimize resource allocation and product mix, and enhance its “container+” customization capabilities. The Company will continue to upgrade its intelligent manufacturing, leverage technological innovation and green and low-carbon transformation to establish advantages in cost, product and technology, and strengthen its core competitiveness of the trinity of “standard containers + reefer containers + special containers” to build a world-leading logistics equipment technology enterprise.

In terms of shipping leasing business, the Company will actively seize the opportunities presented by the green and low-carbon transformation of the shipping industry, optimize the allocation of internal and external resources, actively seek collaborations of resources across the shipping industry chain, focus on the service needs at various stages of the full lifecycle of various shipping assets, strengthen the “purchase, lease, financing, and sale” capabilities in industrial and financial services, so as to provide high-quality solutions for the development of the shipping industry, deepen lean management, and continuously consolidate its leading position in the domestic ship leasing industry.

In terms of container leasing business, the Company will further enhance full lifecycle asset operation capabilities for containers, leverage synergies across the industry chain such as “leasing-manufacturing” and “leasing-transportation”. The Company will analyze the container market cycles, steadily expand business scale, continuously optimize product portfolios, accelerate digital transformation, further strengthen global service network layouts, improve customer service agility, and consolidate its leading position in the global container leasing industry.

In terms of investment management business, the Company will uphold the principle of “investment promoting industry and industry-finance integration” to promote the convergence of industrial resources, capital and financial resources. The Company will further optimize asset structures, continue to explore innovative investment models, improve the layout of strategic emerging industries, empower shipping industry chain synergy, and promote coordinated development between capital and industry.

Management Discussion and Analysis

III. INDUSTRIAL ENVIRONMENT AND BUSINESS PLAN

1. INDUSTRIAL ENVIRONMENT

In 2025, in terms of the container leasing and manufacturing markets, investment in new global container shipping capacity recorded a slower growth than in previous periods but remained steady. The demand for new containers to match new shipping capacity, old container renewal and the expansion of container application scenarios provided stable support to the demand in the container market in 2025. Meanwhile, affected by the cyclical nature of global merchandise trade volume, adjustments to the global trade pattern and other factors, the container market experienced certain volatility during the Period. In terms of the shipping leasing market, the shipping leasing market continued to be influenced by multiple factors, including the trend towards regionalization of global trade and interest rates in the capital market. At the same time, driven by the worldwide implementation of environmental protection policies and the market environment in related segments, the transformation and upgrading process of the shipping industry has been accelerating, thus the demand for the shipping leasing market has further increased.

In 2026, the global economic landscape will continue to evolve, with the supply chain restructuring process accelerating amidst multiple disruptive factors. The wave of digital-intelligent and green transformation is reshaping the shipping industry ecosystem with unprecedented force, unlocking new horizons and injecting new momentum for the industry's resilient development.

In terms of the container leasing and manufacturing market, overall market demand is expected to return to normal. Factors such as the global trade pattern and geopolitical conditions will continue to affect the industry and increase market uncertainty, while the demand for containers to match new shipping capacity and for old container renewal will provide sustained and stable support to the market. Meanwhile, the improvement in technological innovation, expansion of application scenarios and the trend of green and low-carbon transformation in the container sector are expected to bring new development opportunities to the industry.

In terms of the shipping leasing market, affected by a combination of factors including the regionalization of global trade, interest rates in the capital market, and the accelerated green and low-carbon transformation of the shipping industry, the industry faces uncertainties but also embraces numerous market opportunities. This drives shipping leasing companies to upgrade their capabilities in full lifecycle vessel management, financing, asset allocation and other areas.

Management Discussion and Analysis

2. BUSINESS PLAN

In 2026, the Company will adhere to the principles of pursuing progress while maintaining stability, and enhancing quality and efficiency. It will focus on its core businesses, strengthen its core functions, and prioritize value enhancement and innovation-driven upgrades to lay a solid foundation for the “15th Five-Year Plan” period.

(1) Deepen core businesses and comprehensively enhance the core industry-finance capabilities

In terms of the container manufacturing business, the Company will continue to intensify research and development and market expansion efforts in high-end products such as special containers and green intelligent containers, expanding its market influence in green products. At the same time, it will continue to promote digital and intelligent empowerment, effectively improve production efficiency, optimize cost control, and further elevate its overall competitiveness.

In terms of the shipping leasing business, the Company will comprehensively enhance operational and service efficiency, continue to deepen industry chain collaboration, expand the scale of high-quality assets, and actively consolidate and expand its “relationship network” with customers to solidify its leading position in the industry.

In terms of the container leasing business, the Company will further expand its global footprint, highly focus on diversified market demands, and create customized service solutions. Meanwhile, through process reengineering and dynamic optimization, it will enhance market responsiveness, drive business model innovation, and strengthen its value creation capabilities.

In terms of the investment management business, the Company will strengthen industry-finance collaboration and synergy, conduct in-depth research on strategic emerging industries and future-oriented industries, and actively explore and foster new business growth drivers.

(2) Advance scientific and technological innovation and foster and expand new momentum for industry-finance integration

Promote intelligent manufacturing and product innovation. The Company will advance the tiered development of intelligent factories, further conduct research and development on “container+” products, develop a series of patented special container products with independent intellectual property rights, and form a matrix of high-tech and high value-added special container products.

Promote the effective implementation of digital operations. The Company will promote the realization of full-process data connectivity, intelligent equipment management and control and online production optimization in container factories. The Company will continuously optimize the iFlorens digital operation platform, explore the integrated digital and intelligent development and innovative digital operation models for the industry. The Company will optimize the digital platform for shipping leasing, advance the construction of a digital intelligent supervision platform for vessels, and explore digital intelligence-enabled practices in ship leasing business management and ship management.

Management Discussion and Analysis

(3) Practice sustainable development and comprehensively build a green ecosystem

The Company will deepen container carbon reduction technologies, further enhance the calculation capability and credibility of the container CFP&EPD platform, and expand application scenarios for “green containers matching green vessels”. The Company will focus on low-carbon container manufacturing and leasing, as well as green ship leasing, strengthen collaboration in standard innovation, and further solidify the foundation for green technology reserves and industrialization.

(4) Commit to value creation and strive to enhance shareholder returns

The Company will always adhere to value creation as the core, strengthen market value management, enhance corporate governance efficiency, actively explore diversified ways to reward shareholders, so as to achieve further advancement in value realization.

IV. MAJOR RISKS AND COUNTERMEASURES

1. RISK OF CHANGES IN THE INTERNATIONAL TRADE LANDSCAPE

The international trade landscape is characterized by complex characteristics such as divergent economic growth and the restructuring of trade flows. Differences in economic growth momentum among developed economies, emerging markets, and developing economies, coupled with factors like industrial chain relocation and geopolitical situation, may lead to further restructuring of the industrial chain, posing risks and challenges to the Company’s business operations.

The Company will closely monitor policy developments related to international trade, conduct relevant business planning and risk warnings, and enhance its responsiveness to international policy changes and market demand adjustments. Meanwhile, the Company will strengthen its diversified market layout, explore emerging markets, and expand supply and demand channels. For major risk changes, the Company will promptly make strategic adjustments and implement process management and control to ensure the orderly operation of core businesses and effectively prevent various adverse consequences such as economic losses, reputational damage, and business disruptions caused by uncontrolled risks.

2. RISK OF FLUCTUATIONS IN THE SHIPPING MARKET

The shipping market may face a series of challenges including insufficient momentum for demand growth, restructuring of the global supply chain and uncertainty in trade policies. Uncertainties such as the global economic growth rate and the growth rate of container shipping trade volume may have an impact on the container prices and rental levels. Furthermore, the uncertainty over the recovery of the Middle East and Red Sea shipping routes will impact the shipping capacity supply and container demand in the container shipping market, which will subsequently be transmitted to vessel rentals and container prices.

The Company will continuously enhance its capabilities in information collection, analysis and judgment, and risk resilience concerning shipping market changes, keep monitoring market supply and demand dynamics, price trends, and market landscape, and make responsive adjustments in a timely manner after evaluation. Meanwhile, the Company will adopt measures such as developing leasing business in emerging markets and optimizing delivery plans for new containers to ensure the profitability of its relevant business segments and avoid substantial fluctuations in the Company’s performance resulting from volatility in the shipping market.

Management Discussion and Analysis

3. RISK OF EXCHANGE RATE AND INTEREST RATE FLUCTUATIONS

Fluctuations in exchange rates and interest rates may have a certain impact on the Company's financial expenses. For RMB interest rates, the Central Economic Work Conference proposed to continue implementing a moderately accommodative monetary policy. For USD interest rates, the target range for the federal funds rate was lowered to 3.5%–3.75% at the end of 2025, and may be further adjusted in 2026. For exchange rates, factors such as the Federal Reserve's monetary policy and domestic policies to stabilize growth will affect the RMB exchange rate against the USD.

The Company will consistently adhere to the principle of "natural hedging and neutral management" in response to the risks. First, it will fully leverage the policies of the Hainan Free Trade Port, continue to promote RMB pricing and settlement in the container leasing and manufacturing segment, and strengthen cross-border RMB settlement in the shipping leasing segment. Second, it will closely monitor fluctuations in USD and RMB exchange rates, strengthen the management of USD accounts receivable, coordinate forward and spot foreign exchange settlements, and to a certain extent, manage major foreign exchange risks by employing relevant hedging instruments. Third, it will exercise scientific control over the Company's foreign currency assets and liabilities, employ monetary financial instruments to mitigate the impact of exchange rate fluctuations on the Company's financial expenses.

4. CUSTOMER NON-PERFORMANCE RISK

Customer non-performance risk arises from the combined effect of three factors: the global economic and trade conditions, the industry cycle, and the customers' own situations. At the global economic and trade conditions level, moderate global economic growth and mild terminal demand make customers' operational decisions more cautious. At the industry cycle level, the supply-demand relationship in the container shipping market faces adjustments in 2026, which may impact the profit margins of customers in the container leasing and manufacturing business. At the customers' own situations level, some small and medium-sized export enterprises have weaker capacity to cope with exchange rate fluctuations and raw material price changes, while transit trade customers need to adapt to new regulatory requirements in the ASEAN region. All the above factors may affect the stability of customer performance.

The Company will further optimize its customer credit rating and evaluation mechanism, blacklist management mechanism, risk early warning mechanism, and coordinated response mechanism for risk disposal, comprehensively enhance its capabilities in dynamic monitoring and risk early warning of customers' performance capabilities, effectively prevent non-performance risks caused by declining customer financial stability and deteriorating solvency, and ensure the asset quality and profitability of the leasing business, as well as the operational stability of industrial investment projects.

5. RISK RELATED TO ENVIRONMENTAL PROTECTION, ENERGY CONSERVATION AND EMISSION REDUCTION

International and domestic environmental protection and emission reduction policies may have an impact on the Company's ship leasing and container manufacturing businesses.

The Company will keep abreast of policy developments and technical standard updates related to low carbon and emission reduction in the shipping industry, actively apply new technologies, processes, equipment and products for energy conservation and emission reduction, promote green development of the industry, and conduct research and assessment before the application of new technologies as well as formulate emergency response plans for contingencies, thus ensuring that all relevant businesses comply with domestic and foreign environmental protection and emission reduction policies, prevent major work safety accidents and environmental pollution incidents, and actively demonstrate corporate social responsibility.

Management Discussion and Analysis

V. FINANCIAL REVIEW OF THE GROUP

The Group recorded revenue of RMB24,984,736,000 during the Period; profit before income tax from continuing operations amounted to RMB2,067,090,000, representing an increase of 33.57% as compared with the profit of RMB1,547,572,000 for the same period of last year; profit from continuing operations attributable to owners of the Company amounted to RMB1,609,401,000, representing an increase of 9.31% as compared with the profit of RMB1,472,287,000 for the same period of last year.

Analysis of segment results is as follows:

Unit: RMB'000

Continuing operation segment	Revenue			Cost		
	2025	2024	Change (%)	2025	2024	Change (%)
Container manufacturing business	21,915,292	23,444,541	(6.52)	21,013,751	22,334,955	(5.92)
Shipping leasing business	2,062,997	2,297,140	(10.19)	693,091	817,938	(15.26)
Container leasing business	5,531,397	5,217,353	6.02	3,359,080	3,233,101	3.90
Investment management business	36,543	24,895	46.79	3,313	3,500	(5.34)
Offset amount	(4,561,493)	(3,572,684)	27.68	(4,570,494)	(3,622,493)	26.17
Total	24,984,736	27,411,245	(8.85)	20,498,741	22,767,001	(9.96)

1. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS

1) Operating Revenue

The operating revenue from the container manufacturing business amounted to RMB21,915,292,000, representing a decrease of 6.52% as compared with the revenue of RMB23,444,541,000 for the same period of last year. This was mainly attributable to the reduction in revenue scale resulting from the slowdown in container market demand as compared to previous periods and the decline in sales price of new containers, as affected by the global macroeconomic and trade patterns. Container sales volume for the Period amounted to 1,780,700 TEU, remaining relatively stable.

2) Operating Costs

Operating costs of the container manufacturing business mainly consist of raw material costs, transportation costs, employee compensation and depreciation expenses. The operating costs amounted to RMB21,013,751,000 for 2025, representing a decrease of 5.92% as compared with the costs of RMB22,334,955,000 for the same period of last year. This was mainly attributable to the corresponding decline in production costs such as raw material costs resulting from the decrease in container production volume.

Management Discussion and Analysis

2. ANALYSIS OF SHIPPING LEASING BUSINESS

1) Operating Revenue

The Group recorded operating revenue from the shipping leasing business of RMB2,062,997,000, representing a decrease of 10.19% as compared with the revenue of RMB2,297,140,000 for the same period of last year, which was mainly due to the year-on-year decrease in the size of the fleet under finance leases. As of 31 December 2025, the Company's ship operating lease assets remained stable.

2) Operating Costs

The costs of the shipping leasing business mainly comprised depreciation of ships and interest expenses. Operating costs of the shipping leasing business in 2025 amounted to RMB693,091,000, representing a decrease of 15.26% as compared with the costs of RMB817,938,000 for the same period of last year, which was mainly due to the year-on-year decrease in the size of the fleet under finance leases.

3. ANALYSIS OF CONTAINER LEASING BUSINESS

1) Operating Revenue

The Group recorded revenue from the container leasing, management and sales business of RMB5,531,397,000, representing an increase of 6.02% as compared with the revenue of RMB5,217,353,000 for the same period of last year, which was mainly due to the Company's close monitoring of the market environment, tapping into market potential, and steady expanding of its container management scale, resulting in a year-on-year increase in container leasing volume.

2) Operating Costs

Operating costs of the container leasing business mainly include the depreciation and maintenance costs of containers, net carrying value of sale of containers returned upon expiry and interest costs of finance lease business. The costs related to container leasing, management, and sales in 2025 amounted to RMB3,359,080,000, representing an increase of 3.90% as compared with the costs of RMB3,233,101,000 for the same period of last year, which was mainly due to the year-on-year increase in container depreciation costs as a result of the growth in the size of container assets during the Period.

Management Discussion and Analysis

3) Details of the Group's Finance Lease Business

The Group entered into finance lease arrangements with leased assets for certain vessels, machinery, equipment and facilities used in shipping, transportation and logistics industries, etc. The term of finance leases entered into mainly ranges from one to ten years. The interest rate of finance leases mainly ranges from 4.00% to 13.92%. Finance lease receivables of the Group are secured over the leased assets. As of 31 December 2024 and 31 December 2025, the total present value of minimum finance lease receivables of the Group amounted to RMB30,839,310,000 and RMB27,063,577,000, respectively. As of 31 December 2025, the number of clients for the Group's finance lease business was approximately 54.

As of 31 December 2024 and 31 December 2025, the balance of finance lease transactions for the largest single client of the Group accounted for approximately 11.55% and 10.28% of the total assets of the Group, respectively, while the balance of finance lease transactions for the largest single group client accounted for approximately 17.86% and 15.65% of the total assets of the Group, respectively.

The following table sets forth the degree of concentration of single client and single group client of the Group as at 31 December 2025:

Concentration indicator	Balance of finance lease transactions (RMB'000)	Balance of finance lease transactions as a percentage of the total assets of the Group
Degree of concentration of single client financing	13,524,018	10.28%
Degree of concentration of single group client financing	20,596,242	15.65%

Management Discussion and Analysis

The following table sets forth details of the balance of finance lease transactions with the top ten single clients of the Group as at 31 December 2025:

Name of the client	Business segment	Balance of finance lease transactions (RMB'000)	Percentage of finance lease related assets
Client A	Vessel leasing	13,524,018	49.97%
Client B	Container leasing	3,905,470	14.43%
Client C	Vessel leasing	3,758,783	13.89%
Client D	Vessel leasing	3,288,891	12.15%
Client E	Vessel leasing	380,074	1.40%
Client F	Container leasing	323,022	1.19%
Client G	Container leasing	311,618	1.15%
Client H	Vessel leasing	282,414	1.04%
Client I	Vessel leasing	116,398	0.43%
Client J	Vessel leasing	113,191	0.42%
Total	–	26,003,879	96.08%

Note:

- (1) Client A, Client C and Client D are subsidiaries of the same holding company, as such, they are companies of the same group.

The following table sets forth the industrial distribution of net amount of finance lease receivables of the Group as at 31 December 2025:

Business segment	Balance of finance lease transactions (RMB in 100 millions)	Percentage of finance lease related assets
Vessel leasing	223.73	82.67%
Transportation and logistics	0.34	0.13%
Container leasing	46.57	17.21%
Total	270.64	100%

Management Discussion and Analysis

The Group strictly complies with the regulatory requirements for finance leasing business and achieves a dynamic balance of risk and return through front-end risk screening, enhanced asset control and optimized industry layout. The objective of risk management in finance leasing business is to control business risks within the Company's business risk appetite, avoid risk losses to the maximum extent possible and, on this premise, to obtain reasonable returns by assuming reasonable credit risks. In respect of ship finance and leasing, the core risk management policy of the business segment emphasizes risk control in the whole process, and through strict admission standards and the implementation of differentiated rental coverage ratios, the leading shipping companies in the industry, region and industry chain are preferentially selected; in respect of container finance and leasing, the quality of the customers is strictly controlled through multi-dimensional risk assessment, and the layered approval mechanism and the dynamic monitoring system with blacklist linkage are implemented. We also set credit limits for tail customers (non-head liner enterprises, small and medium-sized forwarders, etc.).

The Group has implemented the following internal control measures in terms of loan collection:

- (1) the Group has implemented an asset management policy to proactively manage potential risks in connection with the Group's leased assets;
- (2) the Group has conducted regular inspections of the leased assets to identify any potential risks in the lessees' operations and to ensure that the leased assets are in satisfactory condition. On-site inspections shall be carried out immediately in the event of emergency (including but not limited to serious accidents, seizure of the leased assets by authorities, or bankruptcy of the lessees);
- (3) in the event of non-payment of rent, the relevant department will attempt to collect the unpaid amount and any interests thereof from the lessee by making phone calls or written demand, or carry out on-site collection from the lessees, depending on the number of day(s) such payment is overdue and the circumstances of the lessees;
- (4) depending on factors such as the value of the leased assets, business operations and creditworthiness of the lessees and how the Group monitors the assets, the Group categorizes the leased assets into five classes and takes appropriate monitoring/collection actions from time to time according to the classes assigned to specific assets; and
- (5) for leased assets the rental payment of which is overdue for more than 30 days, the Group may further attempt to collect the unpaid amount from the lessees, bring legal or arbitral proceedings against the lessees, or apply for seizure of property or specific performance from the court, depending on the circumstances.

Details of the future lease payments, aging analysis, qualitative and quantitative information regarding credit risks and ECLs of finance lease receivables are disclosed in notes 23 and 49 to the consolidated financial statements.

4. ANALYSIS OF INVESTMENT MANAGEMENT BUSINESS

For details of analysis of the Company's equity investment business as of 31 December 2025, please refer to the section headed "Significant Investment in Equity".

Management Discussion and Analysis

GROSS PROFIT

Due to the above reasons, the Group recorded a gross profit of RMB4,485,995,000 for the year ended 31 December 2025 (gross profit for the same period of last year: RMB4,644,244,000).

SIGNIFICANT INVESTMENT IN EQUITY

As at 31 December 2025, the carrying value of the Company's external equity investments amounted to RMB27,862,615,000, representing an increase of RMB828,423,000 or 3.06% as compared with that as at the beginning of the Period, which was mainly attributable to recognition of investment income from associates during the Period.

As at 31 December 2025, the carrying value of the Company's financial assets measured at fair value amounted to RMB2,242,567,000, representing an increase of RMB114,578,000 or 5.38% as compared with that as at the beginning of the Period, which was mainly due to recognition of changes in fair value of financial assets during the Period.

In 2025, the Company realized investment income of RMB1,575,444,000, representing an increase of RMB57,021,000 or 3.76% as compared with that of the same period last year, which was mainly attributable to the year-on-year increase in the operating results of associates.

In 2025, the gain on changes in fair value amounted to RMB366,935,000, representing an increase of RMB537,176,000 as compared with that for the same period last year, mainly due to the increase in the valuation of the Company's financial asset investments resulted from fluctuations in the capital market.

Among them, as of 31 December 2025, the Group's significant equity investments included 1,975,315,000 shares, representing an 11.12% equity interest in China Bohai Bank Co., Ltd., with the carrying amount of such investment being RMB11,579,768,000, representing approximately 8.8% of the Group's total assets.

Management Discussion and Analysis

1. Shareholdings in Other Listed Companies

Stock code	Company name	Investment cost (RMB'000)	Shareholding at the beginning of the Period (%)	Shareholding at the end of the Period (%)	Book value at the end of the Period (RMB'000)	Gain during the Period (RMB'000)	Changes in other reserve during the Period (RMB'000)	Gain from disposal (RMB'000)	Dividends received during the Period (RMB'000)	Accounting ledger	Sources of the shareholding
09668	China Bohai Bank Co., Ltd.	5,749,379	11.12	11.12	11,579,768	580,177	(14,933)	-	-	Investment in associates	Purchase
601818/06818	China Everbright Bank Co., Ltd.	3,398,255	1.23	1.23	6,089,180	427,494	(72,601)	-	136,836	Investment in associates	Purchase
600179	Antong Holdings Co., Ltd.	49,023	0.27	-	-	16,660	-	207	-	Financial assets at fair value through profit or loss	Purchase
Total		9,196,657	/	/	17,668,948	1,024,331	(87,534)	207	136,836		

2. Shareholdings in Financial Enterprises

Name of investee	Investment cost (RMB'000)	Shareholding at the beginning of the Period (%)	Shareholding at the end of the Period (%)	Book value at the end of the Period (RMB'000)	Gain during the Period (RMB'000)	Changes in other reserve during the Period (RMB'000)	Gain from disposal (RMB'000)	Dividends received during the Period (RMB'000)	Accounting ledger	Sources of the shareholding
Bank of Kunlun Co., Ltd.	1,077,153	3.74	3.74	1,640,314	68,669	(21,982)	-	25,384	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000	10.00	10.00	551,983	51,219	(343)	-	5,000	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	134,236	25.00	25.00	59,196	(6,269)	-	-	-	Investment in associates	Purchase
COSCO SHIPPING Finance Company Limited	2,914,166	13.38	13.38	3,358,461	115,422	(4,527)	-	101,791	Investment in associates	Purchase
Powchan Financial Group Co., Ltd.	3,575,320	40.81	40.81	4,068,288	341,664	-	-	367,551	Investment in associates	Purchase
Total	7,800,875	/	/	9,678,242	570,705	(26,852)	-	499,726		

Management Discussion and Analysis

(a) Summary of principal business of the investees in the investments

Name of Investee	Exchange	Principal business
China Bohai Bank Co., Ltd.	The Stock Exchange of Hong Kong Limited (“ Hong Kong Stock Exchange ”)	Banking business
Bank of Kunlun Co., Ltd.	/	Banking business
Powchan Financial Group Co., LTD.	/	Leasing business
CIB Fund Management Co., Ltd.	/	Fund management business
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	/	Leasing business
COSCO SHIPPING Finance Company Limited	/	Banking business
China Everbright Bank Company Limited	Shanghai Stock Exchange/ Hong Kong Stock Exchange	Banking business
Antong Holdings Co., Ltd.	Shanghai Stock Exchange	Logistic business

The capital market was volatile in 2025. The Company expects that the investment portfolio of the Group (including the above major investments) will be subject to, among other things, the movement of interest rates, market factors and overall economic performance. Moreover, the market value of individual shares will be affected by relevant companies’ financial results and development plan as well as the prospects of the industry where they operate. To mitigate relevant risks, the Group will take appropriate measures as and when necessary and adjust its investment strategies in a timely manner in response to the changes in market conditions.

INCOME TAX

According to the Corporate Income Tax (“CIT”) Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the years ended 31 December 2025 and 2024, except for the subsidiaries which are eligible for preferential income tax policies and subject to CIT rate of 15% for the years ended 31 December 2025 and 2024.

Profits tax was provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits of the Group’s subsidiaries operating in Hong Kong, China during the Year.

Taxes or profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the year ended 31 December 2025, the Group’s selling, administrative and general expenses were RMB1,217,613,000, representing an increase of 2.97% as compared with the expenses for the same period of last year.

OTHER GAINS, NET

For the year ended 31 December 2025, other gains of the Group were RMB310,343,000, representing a decrease of RMB75,846,000 as compared with other gains of RMB386,189,000 for the same period of last year, which was mainly due to the net foreign exchange loss resulting from exchange rate fluctuations.

Management Discussion and Analysis

PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the year ended 31 December 2025, the profit for the year attributable to owners of the Company was RMB1,609,401,000, representing a decrease of 4.54% as compared with the profit of RMB1,685,947,000 for the same period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Analysis of Liquidity and Borrowings

The Group's principal sources of liquidity are cash flow from operating business and short-term bank borrowings. The Group's cash is mainly used for expenses of operating cost, repayment of borrowings, acquisition and construction of vessels, procurement of containers and support of the Group's financial leasing business. During the Period, the Group's net operating cash inflow was RMB5,188,417,000. As at 31 December 2025, the Group's cash and cash equivalents were RMB10,247,773,000.

As at 31 December 2025, the Group's total bank and other borrowings amounted to RMB76,012,523,000, with RMB35,734,151,000 repayable within the first year, RMB17,412,361,000 repayable within the second year, RMB19,558,560,000 repayable within the third to fifth year and RMB3,307,451,000 repayable after the fifth year. The Group's long-term bank and other borrowings were mainly used for acquisition and construction of vessels, purchase of containers, and carrying out finance leasing business. As at 31 December 2025, the Group's long-term bank and other borrowings were secured by certain containers and vessels with an aggregate value of RMB22,038,555,000 and guaranteed by finance lease receivables with an aggregate value of RMB1,784,331,000.

As at 31 December 2025, the Group held corporate bonds and super & short-term commercial papers totalling RMB16,900,000,000 and the proceeds raised from the bonds were used for repayment of debts and replacing self-owned funds previously used for vessel acquisitions.

The Group's RMB-denominated borrowings at fixed interest rates amounted to RMB4,167,723,000. USD-denominated borrowings at fixed interest rates amounted to USD1,370,927,000 (equivalent to approximately RMB9,635,969,000), RMB-denominated borrowings at floating interest rates amounted to RMB13,116,900,000, and USD-denominated borrowings at floating interest rates amounted to USD6,984,397,000 (equivalent to approximately RMB49,091,931,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are primarily denominated in RMB and USD.

The Group expects that its capital needs for regular liquidity and capital expenditures can be funded by the internal cash flow of the Group or external financing. The Board will review the operating cash flow of the Group from time to time. It is the intention of the Group to maintain an appropriate composition of equity and debt to ensure an effective capital structure.

Net Current Liabilities

As at 31 December 2025, the Group's net current liabilities amounted to RMB26,156,697,000. The Group's current assets mainly included inventories of RMB2,853,916,000; trade and notes receivables of RMB2,068,565,000; contract assets of RMB21,648,000; prepayments and other receivables of RMB2,884,012,000; financial assets at fair value through profit or loss of RMB2,191,000; the current portion of finance lease receivables of RMB2,387,424,000; cash and cash equivalents of RMB10,247,773,000; derivative financial instruments of RMB8,412,000; and restricted deposits of RMB29,304,000. The Group's current liabilities mainly included trade and notes payables of RMB3,733,700,000; other payables and accruals of RMB2,649,381,000; contract liabilities of RMB70,280,000; tax payable of RMB85,767,000; the current portion of bank and other borrowings of RMB35,734,151,000; the current portion of lease liabilities of RMB86,663,000; and the current portion of corporate bonds of RMB4,300,000,000.

Management Discussion and Analysis

Cash Flows

The following table provides the information regarding the Group's cash flows for the years ended 31 December 2025 and 31 December 2024:

Unit: RMB'000

	2025	2024
Net cash generated from operating activities	5,188,417	6,704,059
Net cash used in investing activities	(5,407,783)	(3,113,127)
Net cash generated from/(used in) financing activities	1,724,117	(8,293,151)
Impact of changes in exchange rate on cash	65,806	355,879
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	1,570,557	(4,346,340)

Net Cash Generated from Operating Activities

For the year ended 31 December 2025, the net cash inflows generated from operating activities was RMB5,188,417,000, representing a decrease of RMB1,515,642,000 as compared with the net cash inflows generated from operating activities of RMB6,704,059,000 for the same period of last year. This was mainly attributable to fluctuations in market demand for the container leasing and manufacturing segment, resulting in a year-on-year decrease in net cash inflows from operating activities during the Period.

Net Cash Used in Investing Activities

For the year ended 31 December 2025, the net cash outflows used in investing activities was RMB5,407,783,000, representing an increase of RMB2,294,656,000 as compared with the net cash outflows used in investing activities of RMB3,113,127,000 for the same period of last year. This was mainly due to a year-on-year decrease in cash inflows from the recovery of finance lease investment projects during the Period.

Net Cash Generated from/(Used in) Financing Activities

For the year ended 31 December 2025, the net cash inflows generated from financing activities was RMB1,724,117,000, representing an increase of RMB10,017,268,000 as compared with the net cash outflows of RMB8,293,151,000 for the same period of last year. This was mainly due to the Company's further optimization of its capital structure and expansion of its financing scale to meet its operational needs. For the year ended 31 December 2025, the Group borrowed bank and other borrowings amounting to RMB54,588,609,000, repaid bank and other borrowings amounting to RMB53,061,177,000, issued bonds amounting to RMB5,900,000,000, and repaid bonds amounting to RMB1,000,000,000.

Trade and Notes Receivables

As at 31 December 2025, the Group's net trade and notes receivables were RMB2,068,565,000, representing a decrease of RMB488,679,000 as compared with the same period last year, of which notes receivables decreased by RMB4,873,000, and trade receivables decreased by RMB483,806,000. This was mainly attributable to the reduction in revenue scale resulting from the slowdown in container market demand as compared to previous periods and the decline in sales price of new containers, as affected by the global macroeconomic and trade patterns.

Management Discussion and Analysis

Gearing Ratio Analysis

As of 31 December 2025, the Company's net gearing ratio (i.e. net debts over shareholders' equity) was 263.52%, representing an increase of 4.26 percentage points compared with the beginning of the Period. This was mainly due to the increase in the scale of liabilities during the Period.

Foreign Exchange Risk Analysis

The revenues and costs of the Group's container manufacturing, shipping leasing and container leasing operations are settled or denominated in USD. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be mutually offset to a certain extent. During the Period, the Group recorded an exchange loss of RMB52,340,000, which was mainly due to fluctuations of the USD exchange rate during the Period; the decrease in exchange difference which was charged to equity attributable to owners of the Company amounted to RMB142,958,000. The Group will continue to closely monitor the exchange rate fluctuation of RMB and major international settlement currencies in the future to reduce exchange rate exposure and thus minimize the impact of exchange rate fluctuation.

Capital Expenditures

For the year ended 31 December 2025, the Group's expenditures on the acquisition of containers, machinery and equipment, ships and other expenditures amounted to RMB9,108,025,000, and expenditures on the acquisition of finance lease assets amounted to RMB526,554,000.

Capital Commitments

As at 31 December 2025, the Group's capital commitments in respect of property, plant and equipment contracted for but not provided for amounted to RMB24,874,184,000. The unpaid subscribed capital contributions in respect of investment agreements entered into by the Group amounted to RMB62,140,000. The unpaid finance lease payables contracted for by the Group amounted to RMB284,666,000.

Pledge

As at 31 December 2025, certain container vessels and containers with net carrying value of approximately RMB22,038,555,000 (31 December 2024: RMB20,734,424,000), finance lease receivables of RMB1,784,331,000 (31 December 2024: RMB4,343,206,000) and restricted deposits of RMB1,100,000 (31 December 2024: RMB934,000) of the Group were pledged as security for the grant of bank borrowings and issuance of corporate bonds.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the Period, there were no relevant matters for the Group.

SUBSEQUENT EVENTS

Other than Note 13 "Dividends" to the consolidated financial statements, since the end of the reporting Period, there have been no significant events that may have an impact on the Group.

CONTINGENT LIABILITIES

As at 31 December 2025, there were no significant contingent liabilities for the Group.

Management Discussion and Analysis

EMPLOYEES, TRAINING AND BENEFITS

As at 31 December 2025, the Group had a total of 16,581 employees, and the total staff costs for the Period (including staff remuneration, welfare cost and social insurance fees etc.) amounted to approximately RMB3,173,062,000 (including outsourced labor costs).

Remuneration management, as one of the most effective incentives and a form of enterprise value distribution, is carried out on the basis of total budget control, value creation, internal fairness, market competition and sustainable development. The Company strengthened the incentive and restraint mechanism based on performance management. The Company's comprehensive remuneration system applicable to the employees mainly consists of two aspects of salaries and benefits: (1) salaries, including position/title salary, performance salary, special incentives and allowances; and (2) benefits, including mandatory social insurance, provident housing fund as stipulated by the state and the corporate's own benefits.

In response to the its production and operation needs as well as its reform and development requirements, and to support talent development and cultivation, the Company has established an employee training system to make it based on identification of demand, with the support of clearly defined responsibilities and list-based management. The Company has enhanced the training content and implementation system, organized and conducted various types of training and improved the effectiveness of training resource allocation, staff training participation and satisfaction. Based on the training system, various training programs were designed and implemented to address different types of business and positions, covering topics such as technological innovation, green and low-carbon development, industry expansion, management capabilities, risk management, safety, and personal competency.

DIVIDEND

The Company had paid an interim dividend of RMB0.022 per share for 2025 (inclusive of applicable taxes) (2024: RMB0.019 per share). The Board proposed to distribute a final dividend of RMB0.015 per share (inclusive of applicable taxes) for the year ended 31 December 2025 (2024: RMB0.019 per share), subject to the approval of shareholders of the Company at the forthcoming annual general meeting. As of 30 March 2026, the total share capital of the Company was 13,197,655,820 shares, including 16,516,300 A shares and 18,642,000 H shares deposited in the Company's dedicated accounts for repurchase, and the total share capital was calculated as 13,162,497,520 shares after deducting the number of shares that have been repurchased but not yet cancelled, the final cash dividend for 2025 was approximately RMB197,437,000 (including applicable taxes). The proposed dividend has not been recognised as a liability in the consolidated financial statements for the year ended 31 December 2025, but will be reflected as an appropriation of retained profits for the year ending 31 December 2026.

The Company will disclose further details regarding the proposed final dividend in due course, including the expected timetable and arrangements in respect of the closure of the register of members of H shares by the Company.

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

MR. ZHANG MINGWEN (張銘文), AGED 47

is currently the chairman of the Board and the secretary of the Party Committee of the Company, and a non-executive director of China Merchants Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600999); and the Hong Kong Stock Exchange (stock code: 06099)), and a non-executive director of China Everbright Bank Company Limited (a company listed on the Shanghai Stock Exchange (stock code: 601818); and the Hong Kong Stock Exchange (stock code: 06818)). He has more than 20 years of experience in shipping industry and extensive experience in areas including finance and capital management, shipping finance and capital operation. Mr. Zhang successively served as the assistant to the general manager of the planning and finance department, and the assistant to the general manager of the financial capital department of China Shipping (Group) Company, the deputy chief accountant (副總會計師) and the chief accountant (總會計師) of China Shipping Container Lines Co., Ltd., the chief accountant (總會計師) of COSCO SHIPPING Development Co., Ltd., the chief accountant (總會計師) of COSCO SHIPPING Holdings Co., Ltd., the chief financial officer of Orient Overseas (International) Limited, a director, the chief financial officer and a member of the executive committee of Orient Overseas Container Line Ltd., and a director and the general manager of COSCO SHIPPING DEVELOPMENT Co., Ltd.*. Mr. Zhang graduated from the Faculty of Finance of Shanghai University of Finance and Economics majoring in investment economics and from the Antai College of Economics & Management of Shanghai Jiao Tong University majoring in business administration, and obtained a bachelor's degree in economics and a master's degree in business administration. Mr. Zhang is a Chartered Financial Analyst (CFA) and a professorate senior accountant.

MR. WANG KUNHUI (王坤輝), AGED 50

is currently an executive Director, the general manager and the deputy secretary of the Party Committee of the Company. Mr. Wang joined the workforce in July 1998 and has over 20 years of experience in global container shipping operations and overseas management. Mr. Wang has served as Deputy General Manager of the Asia-Pacific Trade Division of COSCO Container Lines Co., Ltd., Deputy General Manager and General Manager of the Latin America/Africa Trade Division of COSCO SHIPPING Lines Co., Ltd., Deputy General Manager and Party Committee Member of COSCO SHIPPING (South America) Co., Ltd., Acting Deputy General Manager and Party Committee Member (in charge of daily operations) of COSCO SHIPPING (South America) Co., Ltd., and Chairman and Party Secretary of COSCO SHIPPING (South America) Co., Ltd.. Mr. Wang graduated from Shanghai Maritime College (now known as Shanghai Maritime University) with a bachelor's degree in engineering in transportation management engineering.

NON-EXECUTIVE DIRECTORS

MR. IP SING CHI (葉承智), AGED 72

is currently a non-executive Director of the Company, the group managing director of Hutchison Port Holdings Limited and the chairman of Yantian International Container Terminals Limited. Mr. Ip Sing Chi is also an executive director of Hutchison Port Holdings Management Pte. Limited (a company listed in Singapore (stock code: NS8U)); a non-executive director of Orient Overseas (International) Limited (a company listed on the Hong Kong Stock Exchange (stock code: 00316)); and a non-independent non-executive director of Westports Holdings Berhad (a company listed in Malaysia (stock code: 5246)). He was the founding chairman (2000-2001) of the Hong Kong Container Terminal Operators Association Limited, and served as a non-executive director of Tradelink Electronic Commerce Limited (a company listed on the Hong Kong Stock Exchange (stock code: 00536)); an external director of HMM Company Limited (formerly known as Hyundai Merchant Marine Co., Ltd.) (a company listed in Korea (stock code: 011200)); an independent non-executive director of Piraeus Port Authority S.A. (a company listed in Greece (stock code: PPA)); an independent non-executive director of COSCO SHIPPING Ports Limited (a company listed on the Hong Kong Stock Exchange (stock code: 01199)) from November 2012 to October 2016; and an independent non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 01138)) from June 2014 to June 2020. Besides, Mr. Ip was a member of the Hong Kong Port Development Council from 2009 to the end of December 2014, with over 45 years of experience in the shipping industry. Mr. Ip holds a bachelor of arts degree.

Biographies of Directors and Senior Management

MS. ZHANG XUEYAN (張雪雁), AGED 51

is currently a non-executive Director of the Company. Ms. Zhang has served in roles including a deputy general manager of Capital Management & Operation Division of China COSCO SHIPPING Corporation Limited since December 2017 and has extensive experience in capital operation. She has served as a non-executive director of Shanghai Rural Commercial Bank Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 601825)) since June 2023; a non-executive director of COSCO SHIPPING International (Hong Kong) Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 00517)) since January 2025; a non-executive director of Piraeus Port Authority S.A. (a company listed in Greece (stock code: PPA)) since July 2025, and a non-executive director of COSCO SHIPPING Investment Holdings Co., Limited since September 2025. Ms. Zhang started her career in 1999 and since 2013, she has successively served as a deputy manager of the capital operation office of the Strategic Development Division of China Ocean Shipping Co., Ltd. and COSCO SHIPPING Holdings Co., Ltd., a manager of capital operation office of the Capital Management & Operation Division and a deputy general manager of the Capital Management & Operation Division of China COSCO SHIPPING Corporation Limited. Ms. Zhang graduated from Beijing Normal University with a master's degree in economics, majoring in international investment and international trade. She holds a professional title of senior economist and is a certified public accountant (CPA).

MR. ZHENG XIAOZHE (鄭曉哲), AGED 54

is currently a non-executive Director of the Company. Mr. Zheng joined the workforce in July 1995 and has served as Deputy Director (in charge) of the Supervision Division of the Insurance Funds Utilization Supervision Department of the China Insurance Regulatory Commission, Director of the Insurance Protection Fund Division of the Finance and Accounting Department of the China Insurance Regulatory Commission, Party Committee Member, Assistant General Manager and Board Secretary of China United Insurance Holdings Co., Ltd., Party Committee Member, Board Secretary and Deputy General Manager of China United Property Insurance Co., Ltd. (during which he concurrently served as Party Secretary and General Manager of the Beijing Branch of China United Property Insurance Co., Ltd.), and General Manager, Chairman, and Party Secretary of COSCO SHIPPING Captive Insurance Co., Ltd.. Mr. Zheng graduated from Renmin University of China with a major in economic law and holds a master of laws degree.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MR. SHAO RUIQING (邵瑞慶), AGED 68

is currently an independent non-executive Director of the Company. Mr. Shao currently serves as an accounting professor (level-2 professor) in Shanghai Lixin University of Accounting and Finance, and a doctoral tutor in Shanghai Maritime University, and concurrently as an independent director of Shanghai International Port (Group) Co., Ltd. (stock code: SH600018) (ceased to hold the position in December 2025 as the tenure expired). He served as an independent non-executive director of China Everbright Bank Company Limited (stock code: SH601818/HK6818) from August 2019 to March 2026. He served as an independent director of China Enterprise Co., Ltd.* (中華企業股份有限公司) and an independent director of Arcplus Group PLC. He has been a professor in Shanghai Lixin University of Accounting and Finance since June 2016. He served as a professor in Shanghai Lixin University of Accounting from February 2015 to May 2016, a vice president and professor of Shanghai Lixin University of Accounting from February 2004 to January 2015, the dean, a professor and doctoral tutor of School of Economics and Management of Shanghai Maritime University from January 2002 to January 2014, the vice dean and a professor of School of Management of Shanghai Maritime University from October 1999 to December 2001, the head, an assistant professor and a professor of the Finance and Accounting Department of Shanghai Maritime University from May 1994 to September 1999, and a teaching assistant, a lecturer and an assistant professor of the Management Department and the Economics Department of Shanghai Maritime University from August 1982 to April 1994. Mr. Shao Ruiqing has been engaged in professional teaching and scientific research on accounting since 1982. He graduated from the Accounting Department of Shanghai Maritime University as an undergraduate (with a bachelor's degree in economics), the Accounting Department of Shanghai University of Finance and Economics as a master (with a master's degree in management) and the Technological Economics and Management Department of Tongji University as a doctor (with a doctoral degree in management). Mr. Shao has been appointed as a member of the Accounting & Finance Expert Advisory Committee by the Ministry of Transport, and concurrently serves as the vice president of the China Communications Accounting Society, an executive director of the Accounting Society of China, the vice president and chairman of the Academic Committee of Shanghai Accounting Association, and an executive director of the Auditing Society of Shanghai. Mr. Shao serves as a deputy to the 13th Shanghai Municipal People's Congress, and is entitled to a special government allowance provided by the State Council.

Biographies of Directors and Senior Management

MR. CHAN KWOK LEUNG (陳國樑), AGED 68

is currently an independent non-executive Director of the Company. Mr. Chan was appointed as the chief operating officer and an executive director of Singamas Container Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 00716)) and a director of various subsidiaries of this company. Mr. Chan previously served as the chief technical officer of XTRA Corporation, Genstar Container Corporation and Unicon International Ltd. Mr. Chan Kwok Leung has over 40 years of experience in factory management, marketing, container leasing, container depot management and container quality management. Mr. Chan studied in Hong Kong Baptist University with a major in production management and received professional training in container inspection from the Institute of International Container Lessors.

MR. WU DAQI (吳大器), AGED 71

is currently an independent non-executive Director of the Company. Mr. Wu is a national second-level professor and a non-practicing certified public accountant. He was graduated from Shanghai University of Finance and Economics, majoring in accounting. From 2005 to 2014, he served as associate dean and a professor of Shanghai Institute of Finance, and served as a second-level professor of Shanghai Institute of Finance in 2010. He served as deputy director (unattending) of the People's Congress of Pudong District, Shanghai from 2007 to 2017. He served as a counselor of the Shanghai Municipal People's Government from 2014 to 2022, providing decision-making consultation and retired in June 2022. From 2003, he had successively served as an independent director and chairman of the audit committee of listed companies including Shanshan (a company listed on the Shanghai Stock Exchange (stock code: 600884)), Shanghai Industrial Development (a company listed on the Shanghai Stock Exchange (stock code: 600748)), Oriental Enterprise (a company listed on the Shanghai Stock Exchange (stock code: 600278)), Lianhe Chemical Technology (a company listed on the Shanghai Stock Exchange (stock code: 002250)), Shanghai Electric Power (a company listed on the Shanghai Stock Exchange (stock code: 600021)) and SHRCB (a company listed on the Shanghai Stock Exchange (stock code: 601825)). After his retirement in 2022, Mr. Wu has been an independent director of the listed company J-Yuan Trust (formerly known as Anxin Trust, a company listed on the Shanghai Stock Exchange (stock code: 600816)), an independent director of Chaint Haint (ceased to hold the position in August 2025 as the tenure expired) and an external supervisor of Xishang Bank (ceased to hold the position in February 2026 as the tenure expired), and is currently a chief professor of the Shanghai Financial Industry Regional Economic Application Innovation Hub. He has served in academic roles including a member of the Financial Expert Committee of Accounting Society of China, vice president of the Finance Law Committee under the Shanghai Law Society, and honorary president of the Accounting Institute of Pudong New Area, Shanghai. His accounting and financial books include "Accounting Theory and Practice (《會計理論與實務》)", "Accounting Law and Auditing Law (《會計法與審計法》)", "Theory and Practice of Financial Accounting (《金融會計的理論與實務》)" and "Exploration and Practice on the Construction of Shanghai International Financial Centre (2020–2024) (《上海國際金融中心建設探索與實踐(2020-2024)》)". He was the editor-in-chief of the "Blue Book on the Construction of Shanghai International Financial Centre (《上海國際金融中心建設藍皮書》)" from 2009 to 2020. Mr. Wu was also a deputy to the Shanghai Municipal People's Congress and a member of the Shanghai Municipal Committee of the Chinese People's Political Consultative Conference. In 1995, he was awarded a special allowance by the State Council, and the title of National Prominent Teacher. He was awarded the title of Shanghai Outstanding Professional and Technical Talent in 2004.

Biographies of Directors and Senior Management

COMPANY SECRETARY

MR. CAI LEI (蔡磊), AGED 46

is currently the Secretary to the Board, the Company Secretary of the Company, Mr. Cai successively served as an officer and an assistant director of the commercial office of the shipping department of Oil Tanker Company of China Shipping Development Company Limited from 2004 to 2011, as the senior chief of the general office of China Shipping (Group) Company and the secretary to the Group's Party leadership group from 2011 to 2016, as the secretary to the Party leadership group of China COSCO SHIPPING Corporation Limited from January 2016 to June 2019, and as the secretary to the Board of COSCO SHIPPING Development Co., Ltd. from August 2019. Mr. Cai graduated from the Graduate School of Shanghai Maritime University majoring in civil and commercial law with a master of laws. He is qualified as a national judicial professional and an insurance assessor, and holds the title of senior economist. He is a fellow of the Hong Kong Chartered Governance Institute. He has also been a member of the Review Committee of the Shanghai Stock Exchange since December 2022.

SENIOR MANAGEMENT

MR. HU HAIBING (胡海兵), AGED 54

is currently the Chief Accountant of the Company. Mr. Hu started his career in 1994. Since 2005, Mr. Hu has held various positions including the deputy manager of the Assets Supervision Office of the Finance Department of China Ocean Shipping (Group) Company* (中國遠洋運輸(集團)總公司) (currently known as China Ocean Shipping Company Limited); the deputy manager (in charge of the work) and manager of the Assets Supervision Office of the Finance Department of China Ocean Shipping (Group) Company; manager of the Assets Supervision Office of the Finance Department of China Ocean Shipping (Group) Company and China COSCO Holdings Company Limited* (中國遠洋控股股份有限公司) (currently known as COSCO SHIPPING Holdings Co., Ltd.); the chief accountant and a member of the Party Committee of Hainan COSCO Bo'ao Co., Ltd.* (海南中遠博鰲有限公司); the chief accountant and a member of the Party Committee of COSCO Shipbuilding Industry Company* (中遠造船工業公司); the chief accountant and a member of the Party Committee of China Ocean Shipping Tally Company* (中國外輪理貨總公司); the chief accountant and a member of the Party Committee of COSCO SHIPPING Bulk Co., Ltd.* (中遠海運散貨運輸有限公司). Mr. Hu graduated from Central University of Finance and Economics, majoring in accounting, with a bachelor's degree in economics and is a senior accountant.

MS. DU HAIYING (杜海英), AGED 50

is currently deputy general manager of the Company. Ms. Du started working in 1998 and served as the director of the development department of China Shipping (Hainan) Haisheng Shipping Co., Ltd. from March 2009 to September 2015, and the vice principal of the Party School of the China Shipping (Group) Company. She has concurrently served as the deputy dean of the Management Cadre College of China Shipping (Group) Company from September 2013. From September 2015 to December 2019, she served as the deputy general manager and a member of CCP Committee of China Shipping Investment Co., Ltd., an assistant to the general manager of COSCO SHIPPING Development Co., Ltd. and the deputy general manager of China Shipping Investment Co., Ltd. and an assistant to the general manager and the general manager of the financial business department of COSCO SHIPPING Development Co., Ltd. and the deputy general manager of China Shipping Investment Co., Ltd. Since January 2020, she serves as the deputy general manager of COSCO SHIPPING Development Co., Ltd. Ms. Du graduated from the Antai College of Economics and Management, Shanghai Jiao Tong University, majoring in business administration with a master of business administration. She holds the title of economist.

Biographies of Directors and Senior Management

MS. YU TAO (于濤), AGED 52

is currently the deputy general manager of the Company. Ms. Yu started her career in 1993 and served successively as the deputy general manager of the Engineering Logistics Division of COSCO Logistics Co., Ltd. (中國遠洋物流有限公司), the assistant to general manager and the deputy general manager of COSCO Container Lines Co., Ltd., the deputy general manager of COSCO SHIPPING Holdings Co., Ltd., the deputy general manager of COSCO SHIPPING Lines Co., Ltd., the director and a member of the executive committee of Orient Overseas Container Line Limited (東方海外貨櫃航運有限公司) and a director of COSCO SHIPPING (Piraeus) Port Co., Ltd. (中遠海運(比雷埃夫斯)港口有限公司). Ms. Yu holds a Master's degree in business administration from Guanghua School of Management of Peking University, and is a senior economist.

MR. YU ZHEN (俞震), AGED 48

is currently deputy general manager of the Company. Mr. Yu started his career in 1999, and had successively served as a section clerk and section chief of the finance department of China Shipping International Trading Co., Ltd., manager of the finance department of China Shipping (Romania) Agency Co., Ltd., the general manager of the finance department of China Shipping (Europe) Holding GmbH, deputy general manager of the board secretary office of China Shipping Container Lines Company Limited (former name of the Company), deputy general manager of general management department/director secretary office of the Company, the board secretary, joint company secretary and company secretary of the Company, secretary of the Party Committee, director, secretary of the discipline inspection committee and deputy general manager of Shanghai Universal Logistics Equipment Co., Ltd.. Mr. Yu Zhen graduated from the finance and accounting faculty of Shanghai Maritime College with a bachelor's degree in economics. He is a certified public accountant (CPA) of the PRC and holds the title of intermediate accountant.

MS. HU YANFANG (胡彥芳), AGED 50

is currently the deputy general manager of the Company. Ms. Hu began her career in 1998. Since 2008, she had successively served as an assistant to the general management and the manager of overseas department and the manager of marketing department, an assistant to the general manager and the deputy general manager of Shanghai Puhai Shipping Co., Ltd. (上海浦海航運有限公司), the deputy general manager of Golden Sea Shipping Pte. Co., Ltd. (鑫海航運有限公司), the deputy general manager of New Golden Sea Shipping Pte. Co., Ltd. (新鑫海航運有限公司) and the general manager of strategic development department of COSCO SHIPPING Holdings and COSCO SHIPPING Lines. Ms. Hu graduated from Shanghai Maritime College majoring in maritime law and from the joint MBA program by Shanghai Maritime University and Maastricht School of Management in the Netherlands, and obtained a bachelor's degree in laws and a MBA degree. She is an intermediate economist.

MR. ZHANG MINGMING (張明明), AGED 49

is currently the deputy general manager of the Company. Mr. Zhang began his career in July 1999. He had successively served as deputy general manager and general manager of the finance department of China Shipping (Hong Kong) Holdings Co., Limited, general manager of the finance department of COSCO Shipping Financial Holdings Co., Limited, deputy general manager of the finance department, general manager of the financial management department, general manager of the fund management department, assistant to the general manager of COSCO SHIPPING Development Co., Ltd., as well as general manager and a member of the Party Committee of Powchan Financial Group Co., Ltd.. Mr. Zhang graduated from Shanghai Maritime University majoring in foreign accounting with a bachelor's degree in economics. He is a senior accountant.

* For identification purpose only

Report of the Board of Directors

The Board submits its annual report together with the audited consolidated financial statements for the year ended 31 December 2025 (the “Year” or “Period”).

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Group and its subsidiaries are set out in Note 1 to the consolidated financial statements.

An analysis of the Group’s operation results for the Year by business and geographical segments is set out in Note 4 to the consolidated financial statements.

RESULTS

The operation results of the Group for the Year are set out in the consolidated statement of profit or loss on page 98 of this annual report.

BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2025, an analysis of the Group’s performance for the Year using key financial metrics, recent development, a discussion on the future business development of the Group, subsequent events after the period and a description of the potential major risks and uncertainties facing the Group are set out in “Management Discussion and Analysis” on pages 6 to 27 of this annual report. The Company’s environmental policy and performance, its compliance with relevant laws and regulations that have significant effects on the Group and the relationship between the Group and its employees, customers and suppliers are set out in “Report of the Board of Directors” and “Corporate Governance Report” on pages 33 to 92 of this annual report.

DIVIDENDS

	31 December 2025	31 December 2024
	<i>RMB’000</i>	<i>RMB’000</i>
Interim dividend paid – RMB0.022 per ordinary share (2024: RMB0.019)	290,348	257,397
Proposed final dividend – RMB0.015 per ordinary share (2024: RMB0.019)	197,437	253,382
Total	487,785	510,779

The proposed final dividend for the Year is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

The Company had paid an interim dividend of RMB0.022 per share for 2025 (inclusive of applicable taxes) (2024: RMB0.019 per share). The Board proposed to distribute a final dividend of RMB0.015 per share (inclusive of applicable taxes) for the year ended 31 December 2025 (2024: RMB0.019 per share), subject to the approval of shareholders of the Company at the forthcoming annual general meeting. The final dividend will be denominated and declared in RMB, payable to the holders of A shares and H shares of the Company in RMB and Hong Kong dollars, respectively within two months after the approval at the annual general meeting (other than those who are holders of H shares of the Company through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, the final dividend will be paid to them in RMB). Such proposed dividend has not been recognized as a liability in the consolidated financial statements for the year ended 31 December 2025, but will be reflected as an appropriation of retained profits for the year ending 31 December 2026.

Report of the Board of Directors

RESERVES

Movement of the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on pages 103 to 104 of this annual report, Note 41 and Note 50 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 39 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In accordance with the PRC Company Law, the Company may only distribute dividends out of its distributable annual profits (i.e. the Company's profit after income tax after deducting: (i) the accumulated losses brought forward from the previous years; and (ii) the allocations to the statutory surplus reserve and, if any, the balance after discretionary surplus reserve (allocated into various funds in such order of priorities)). In determining the appropriate amount of dividends, the Board takes into account, among other things, the distributable profits realized by the Company, the liquidity of the Company, the capital needs and cash flow requirements satisfying the normal operation of the Company, the profitability and stage of development of the Company.

According to the Company's articles of association (the "**Articles of Association**"), for the purpose of determining profit available for distribution, the distributable profit of the Company is the lesser of its profit after income tax calculated in accordance with: (i) the PRC accounting standards and regulations; and (ii) Hong Kong Financial Reporting Standards.

As at 31 December 2025, the retained earnings of the Company, calculated based on the above principles, amounted to approximately RMB972 million, which was prepared in accordance with the PRC accounting standards and regulations.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, no pre-emptive rights exist which require the Company to submit proposal of new shares offering to its existing shareholders in proportion to their shareholdings.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 229 to 230 of this annual report.

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

On 28 June 2024, the 2023 annual general meeting, the 2024 first A share class meeting and the 2024 first H share class meeting of the Company considered and approved the grant of a general mandate to the Board to repurchase A shares of the Company (the "**A Shares**") and H shares of the Company (the "**H Shares**"), so as to repurchase A Shares and H Shares not exceeding 10% of the number of A Shares (the "**2024 General Mandate to Repurchase A Shares**") and H Shares (the "**2024 General Mandate to Repurchase H Shares**") in issue as at the date of the 2023 annual general meeting, the 2024 first A Share class meeting and the 2024 first H Share class meeting of the Company, respectively. On 18 October 2024, the Board considered and approved the "Resolution on the Shares Repurchase Plan of COSCO SHIPPING Development with Special Bank Loan and Own Funds (《關於中遠海運發展以銀行專項貸款及自有資金回購股份方案的議案》)", pursuant to which it is proposed to repurchase A Shares through centralized price bidding pursuant to the 2024 General Mandate to Repurchase A Shares (the "**2024 A Share Repurchase Plan**") and to repurchase H Shares pursuant to the 2024 General Mandate to Repurchase H Shares. On 13 November 2024, the extraordinary general meeting of the Company considered and approved the implementation of the 2024 A Share Repurchase Plan. On 8 April 2025, the Board considered and approved the "Resolution on the Shares Repurchase of COSCO SHIPPING Development (《關於中遠海運發展回購股份的議案》)", pursuant to which it further proposed to repurchase A Shares by way of centralized price bidding under the 2024 General Mandate to Repurchase A Shares and to repurchase H Shares under the 2024 General Mandate to Repurchase H Shares. All purchased Shares shall be cancelled and the registered share capital shall be reduced accordingly.

Report of the Board of Directors

On 26 June 2025, the 2024 annual general meeting, the 2025 first A Share class meeting and the 2025 first H Share class meeting of the Company considered and approved the grant of a general mandate to the Board to repurchase A Shares and H Shares, respectively, so as to repurchase A Shares and H Shares not exceeding 10% of the number of A Shares (the “**2025 General Mandate to Repurchase A Shares**”) and H Shares (the “**2025 General Mandate to Repurchase H Shares**”) in issue as at the date of the 2024 annual general meeting, the 2025 first A Share class meeting and the 2025 first H Share class meeting of the Company, respectively. On 29 August 2025, the Board considered and approved the “Resolution on the Shares Repurchase of COSCO SHIPPING Development (《關於中遠海運發展回購股份的議案》)”, pursuant to which it proposed to repurchase A Shares by way of centralized price bidding under the 2025 General Mandate to Repurchase A Shares (the “**2025 A Share Repurchase Plan**”) and to repurchase H Shares under the 2025 General Mandate to Repurchase H Shares. On 23 September 2025, the extraordinary general meeting of the Company considered and approved the implementation of the 2025 A Share Repurchase Plan.

Monthly reports on the repurchase of A Shares and H Shares during the Period are as follows:

REPURCHASE OF A SHARES

Month of repurchase	Number of shares repurchased	Price per share		Total price (excluding transaction costs) (RMB)
		Highest (RMB/Share)	Lowest (RMB/Share)	
January 2025	3,000,000	2.51	2.40	7,341,970
February 2025	13,214,700	2.41	2.33	31,237,333
March 2025	9,505,300	2.39	2.29	22,148,714
April 2025	29,500,500	2.34	2.12	66,223,391
May 2025	8,500,000	2.73	2.28	20,767,412
June 2025	15,010,000	2.52	2.45	37,359,544
July 2025	Nil	–	–	Nil
August 2025	Nil	–	–	Nil
September 2025	Nil	–	–	Nil
October 2025	Nil	–	–	Nil
November 2025	6,000,000	2.71	2.53	15,777,420
December 2025	10,516,300	2.55	2.43	26,389,691
Total	95,246,800			227,245,475

Report of the Board of Directors

REPURCHASE OF H SHARES

Month of repurchase	Number of shares repurchased	Price per share		Total price (excluding transaction costs) (HKD)
		Highest (HKD/Share)	Lowest (HKD/Share)	
January 2025	38,012,000	1.05	0.98	38,561,480
February 2025	840,000	0.99	0.99	831,600
March 2025	Nil	–	–	Nil
April 2025	2,639,000	0.88	0.87	2,309,010
May 2025	45,373,000	1.04	0.89	43,648,240
June 2025	35,215,000	1.06	0.95	36,022,810
July 2025	Nil	–	–	Nil
August 2025	Nil	–	–	Nil
September 2025	Nil	–	–	Nil
October 2025	Nil	–	–	Nil
November 2025	5,221,000	1.20	1.10	6,101,550
December 2025	13,421,000	1.16	1.05	14,449,230
Total	140,721,000			141,923,920

As at the date of this annual report, (i) the 78,730,500 A Shares and 122,079,000 H Shares repurchased during the period of January 2025 and June 2025 have been cancelled; and (ii) the 16,516,300 A Shares and 18,642,000 H Shares repurchased in November 2025 and December 2025 were repurchased for cancellation but had not yet been cancelled. During the year ended 31 December 2025, the Company also cancelled an aggregate of 28,724,292 treasury A Shares originally held for the purpose of A share option incentive scheme. As of the date of this annual report, the Company did not hold any treasury shares (as defined under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including the sale of treasury shares).

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the non-executive Directors and independent non-executive Directors mainly consists of fees. The executive Directors and the employee Supervisors (the Company no longer establishes a supervisory committee with effect from 23 September 2025), who are employed as management or non-management personnel of the Company, shall receive remuneration after the remuneration proposal of their positions has been approved, and shall receive no additional remuneration as a Director or an employee Supervisor. The Remuneration Committee formulates specific remuneration plans or programs based on the scope of work, responsibilities and importance of the Directors and the remuneration levels of relevant positions in other relevant enterprises. The remuneration plans for Directors are considered and approved at a general meeting after being proposed by the Remuneration Committee.

Report of the Board of Directors

The remuneration of the Company's senior management mainly consists of salary for position/duty, performance – based bonus, special incentives and allowances, and the remuneration plan of the senior management is proposed by the Remuneration Committee and approved by the Board. In the appraisal of performance of senior management, the Company organically integrated the basic business objectives, key strategic tasks, risks and management constraints of the Company through the structure of “basic indicators, classification indicators and constraint indicators” according to the basic principle of “integration of unification and division”, and the specific assessment index system is refined for each senior management position's division of responsibilities.

Details of the remuneration of the Directors, chief executive and the five highest paid individuals of the Group are set out in Notes 10 and 11 of the consolidated financial statements. There were no arrangements under which a Director or chief executive had waived or agreed to waive any remuneration for the year ended 31 December 2025.

DIRECTORS AND SUPERVISORS

The Directors who held office as at the date of this annual report are:

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhang Mingwen (*Chairman of the Board*)
Mr. Wang Kunhui (*General Manager*)

NON-EXECUTIVE DIRECTORS

Mr. Ip Sing Chi
Ms. Zhang Xueyan
Mr. Zheng Xiaozhe

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shao Ruiqing
Mr. Chan Kwok Leung
Mr. Wu Daqi

SUPERVISORS

Mr. Ye Hongjun (*Chairman*)
Mr. Zuo Zhenyong
Mr. Zhao Xiaobo

(The Company dissolved the Supervisory Committee and all of the supervisors resigned as supervisors of the Company accordingly with effect from 23 September 2025.)

According to the Articles of Association, the term of service of the Directors of the Company shall be three years.

Notes:

1. Mr. Liang Yanfeng retired and resigned as a non-executive Director on 29 July 2025 as having reached the retirement age.
2. The Company held the thirty-first meeting of the seventh session of the Board on 16 September 2025 to consider and approve the appointment of Mr. Wang Kunhui as the general manager of the Company. At the same time, Mr. Zhang Mingwen no longer served as the general manager of the Company concurrently.
3. The Company held the second extraordinary general meeting for 2025 on 13 October 2025 to elect Mr. Wang Kunhui as an executive Director.
4. The Company held the third extraordinary general meeting for 2025 on 15 December 2025 to elect Mr. Zheng Xiaozhe as a non-executive Director.

Report of the Board of Directors

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors of the Board for this term has a service contract with the Company until the conclusion of the seventh session of the Board of the Company. In addition, each Supervisor had entered into a service contract with the Company respectively. As the Company dissolved the Supervisory Committee on 23 September 2025, the Company terminated the service contracts entered into with each Supervisor on the same date.

The Company did not enter into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) with any Director.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no transactions, arrangements or contracts of significance (as defined in Appendix D2 to the Listing Rules), in which a Director or his/her connected entities are or were materially interested, directly or indirectly, subsisted during the Year or at the end of the Year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in which the Company or any of its subsidiary and its controlling shareholders (as defined in Appendix D2 to the Listing Rules) or their subsidiaries was a party, subsisted during the Year or at the end of the Year.

Save as disclosed in this Report of the Board of Directors (including but not limited to the connected transactions and continuing connected transactions stated below), no contracts of significance in relation to the service provided by controlling shareholders or their subsidiaries to the Company or its subsidiaries, subsisted during the Year or at the end of the Year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has arranged appropriate insurance cover for its Directors and senior management in respect of legal action that may be brought against them in connection with company activities.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 28 to 32 of this annual report. As at 31 December 2025, Ms. Zhang Xueyan was the deputy general manager of the Capital Operations Department China COSCO SHIPPING. As at 31 December 2025, China COSCO SHIPPING had interests or short positions in the Company's shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO").

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangements to which the Company or its subsidiary is or was a party to enable the Directors or chief executives of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate subsisted at any time during the Year.

Report of the Board of Directors

INTERESTS OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE(S) IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests or short positions of the Directors or chief executive(s) of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or chief executive(s) of the Company was taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

INTERESTS IN THE SHARES OF THE COMPANY

Name	Position	Class of shares	Capacity	Number of shares interested (Note 1)	Approximate percentage of the total number of the relevant class of shares of the Company (%)	Approximate percentage of the issued share capital of the Company (%)
Chan Kwok Leung	Director	H Shares	Beneficial owner	235,000 (L)	0.01	0.00
		H Shares	Interest of spouse	60,000 (L) (Note 2)	0.00	0.00

Notes:

- "L" means long position in the shares.
- The spouse of Mr. Chan Kwok Leung is the beneficial owner of 60,000 H Shares. Mr. Chan Kwok Leung is deemed to be interested in the 60,000 H Shares within the meaning of Part XV of the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or chief executive(s) of the Company was taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Report of the Board of Directors

INTERESTS OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES OR UNDERLYING SHARES

As at 31 December 2025, to the knowledge of the Directors and chief executive(s) of the Company, the interests or short positions of the shareholders who were entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares interested (Note 1)	Approximate percentage of the total number of the relevant class of shares of the Company (%)	Approximate percentage of the issued share capital of the Company (%)
China Shipping Group Company Limited ("China Shipping")	A Shares	Beneficial owner	4,628,015,690 (L)	47.46	35.07
	A Shares	Interest of controlled corporation	1,447,917,519 (L) (Note 2)	14.85	10.97
	H Shares	Interest of controlled corporation	100,944,000 (L) (Note 3)	2.93	0.76
China COSCO SHIPPING Corporation Limited	A Shares	Interest of controlled corporation	6,075,933,209 (L)	62.30	46.04
	A Shares	Beneficial owner	47,570,789 (L)	0.49	0.36
	H Shares	Interest of controlled corporation	100,944,000 (L) (Note 3)	2.93	0.76
COSCO SHIPPING Investment Holdings Co., Limited	A Shares	Beneficial owner	1,447,917,519 (L) (Note 2)	14.85	10.97
	H Shares	Interest of controlled corporation	100,944,000 (L) (Note 3)	2.93	0.76

Notes:

- "L" means long position in the shares.
- Such 1,447,917,519 A Shares represent the same block of shares.
- Such 100,944,000 H Shares represent the same block of shares held by Ocean Fortune Investment Limited, an indirectly wholly-owned subsidiary of China Shipping.

Save as disclosed above, as at 31 December 2025, no other person (other than Directors or chief executive(s) of the Company) had any interest or short position in any shares or underlying shares of the Company which was required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which was required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange.

Report of the Board of Directors

CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

As of the date of this report, the changes in Directors or senior management that are required to be disclosed by the Company pursuant to Rule 13.51B(1) of the Listing Rules are set out as follows:

Name	Position	Change	Reason for changes
Wang Kunhui	Executive Director	Election	Election
Zheng Xiaozhe	Non-executive Director	Election	Election
Wang Kunhui	General Manager	Appointment	Appointment
Yu Tao	Deputy General Manager	Appointment	Appointment
Zhang Mingming	Deputy General Manager	Appointment	Appointment
Zhang Mingwen	General Manager	Resignation	No longer serving as the general manager concurrently
Liang Yanfeng	Non-executive Director	Resignation	Retirement

Notes:

1. The Company held the twenty-fourth meeting of the seventh session of the Board on 7 April 2025 to consider and approve the appointment of Ms. Yu Tao as the deputy general manager of the Company.
2. The Company held the twenty-sixth meeting of the seventh session of the Board on 17 April 2025 to consider and approve the appointment of Mr. Zhang Mingming as the deputy general manager of the Company.
3. Mr. Liang Yanfeng retired and resigned as a non-executive Director on 29 July 2025 as having reached the retirement age.
4. The Company held the thirty-first meeting of the seventh session of the Board on 16 September 2025 to consider and approve the appointment of Mr. Wang Kunhui as the general manager of the Company. At the same time, Mr. Zhang Mingwen no longer served as the general manager of the Company concurrently.
5. The Company held the second extraordinary general meeting for 2025 on 13 October 2025 to elect Mr. Wang Kunhui as an executive Director.
6. The Company held the third extraordinary general meeting for 2025 on 15 December 2025 to elect Mr. Zheng Xiaozhe as a non-executive Director.

A SHARE OPTION INCENTIVE SCHEME

1. PURPOSE AND PARTICIPANTS OF THE A SHARE OPTION INCENTIVE SCHEME

The purpose of the A Share Option Incentive Scheme is to, among other things, facilitate the establishment and improvement of the incentive systems of the Company and incentivize the senior management and core management and business personnel of the Group, thereby tying the interests of the Company, the shareholders and the management together and facilitating the achievement of the development targets of the Company.

The scope of participants under the A Share Option Incentive Scheme includes, in principle, Directors, senior management and core management, technical and business cadres who have a direct impact on the overall performance and sustainable development of the Group.

Report of the Board of Directors

2. TOTAL NUMBER OF SHARE OPTIONS GRANTED UNDER THE A SHARE OPTION INCENTIVE SCHEME AND ITS PERCENTAGE

On 16 December 2019, the Board approved the Company's proposed adoption of the share option incentive scheme (the "**Share Option Incentive Scheme**"). In order to further optimize the Share Option Incentive Scheme, the Board approved the proposed adoption of the revised share option incentive scheme (the "**Revised Share Option Incentive Scheme**", together with Share Option Incentive Scheme, the "**A Share Option Incentive Scheme**") on 22 January 2020. On 5 March 2020, the Revised Share Option Incentive Scheme was approved by the shareholders of the Company at the extraordinary general meeting and the class meetings of the Company. The total number of the share options to be granted under the A Share Option Incentive Scheme is 88,474,448 (inclusive of 8,847,445 reserved share options) and the number of underlying A Shares in relation thereto was 88,474,448 A Shares, representing approximately 0.7622% of the then total issued share capital of the Company and 1.1154% of the then A share capital of the Company. The A Share Option Incentive Scheme shall be effective for 10 years from 5 March 2020. For details, please refer to the Company's announcements dated 16 December 2019 and 22 January 2020 and circular dated 17 February 2020.

On 30 March 2020 (the "**Date of Grant for the First Batch of the Share Options**"), an aggregate of 78,220,711 share options were granted to 124 participants, which comprise 9 Directors and senior management of the Company and 115 core management and business personnel of the Group. The exercise price was RMB2.52 per A share, which shall be adjusted upon the occurrence of ex-right or ex-dividend events before the exercise of the share options (the "**First Batch of the Share Options Granted**"). The closing price of A Shares on the trading day immediately before 30 March 2020 was RMB2.00 per A share. For details, please refer to the Company's announcement dated 30 March 2020.

On 6 May 2021 (the "**Date of Grant for Reserved Share Options**"), 8,847,445 reserved share options were granted to 19 participants, who are core management and business personnel of the Group. The exercise price was RMB2.52 per A share, which shall be adjusted upon the occurrence of ex-right or ex-dividend events before the exercise of the share options (the "**Reserved Share Options Granted**"). The closing price of A Shares on the trading day immediately before 6 May 2021 was RMB2.94 per A share. For details, please refer to the Company's announcement dated 6 May 2021.

On 29 April 2022, the Company convened the fifty-third meeting of the sixth session of the Board and the twenty-first meeting of the sixth session of the Supervisory Committee, at which (i) the Resolution on the Adjustment to the Exercise Price, the List of Participants of the First Grant and Number of Share Options and the Cancellation of Partial Granted but Outstanding Share Options was considered and approved, and since the Company implemented the 2019 and 2020 profit distribution plans, the exercise price under the A Share Option Incentive Scheme has been adjusted from RMB2.52 per share to RMB2.419 per share. Due to reasons such as the resignation of participants, the list of participants of the first grant and number of share options were adjusted accordingly, and the number of participants changed from 124 to 110, the number of share options under the first grant changed from 78,220,711 to 68,833,794, and 9,386,917 share options were cancelled, and on 1 February 2023, 9,386,917 shares in respect of these options were cancelled. For details, please refer to the Company's overseas regulatory announcement dated 31 January 2023, and the next day disclosure return dated 1 February 2023; (ii) the Resolution on the First Exercise Period of the First Grant of Share Options under the A Share Option Incentive Scheme Fulfilling Exercise Conditions was considered and approved to agree with the adjustment to the benchmark companies under the A Share Option Incentive Scheme and the compliance with the first exercise period of the first grant of share options under the A Share Option Incentive Scheme with exercise conditions, and approve the exercise of share options by the participants who meet the conditions (the "**Exercise of the First Batch of the Share Options Granted in the First Exercise Period**"). The actual number of exercised shares upon Exercise of the First Batch of the Share Options Granted in the First Exercise Period was 20,560,412 shares, which 2,384,186 shares underlying the unexercised 2,384,186 share options were cancelled on 1 February 2023. For details, please refer to the Company's overseas regulatory announcements dated 29 April 2022 and 24 May 2022 and the next day disclosure return dated 1 February 2023.

Report of the Board of Directors

On 22 May 2023, the Company convened the fifth meeting of the seventh session of the Board and the fourth meeting of the seventh session of the Supervisory Committee and at each of which the Resolution on the Exercise of Options under the Share Option Incentive Scheme of the Company and Related Matters was considered and passed to (i) approve the cancellation of a total of 7,867,835 lapsed share options, including those which had been granted but not yet exercised due to the retirement and termination of employment of the participants, as well as those which had been granted but not yet exercised upon expiration of the first exercise period of the First Batch of the Share Options Granted. After such adjustment, the number of participants for the First Batch of the Share Options Granted of the Company changed from 110 to 100, and the number of the First Batch of the Share Options Granted changed from 48,273,382 to 40,871,202, and the number of participants for the Reserved Share Options Granted changed from 19 to 18, and the number of the Reserved Share Options Granted changed from 8,847,445 to 8,381,790; (ii) approve the fulfillment of the exercise conditions for the second exercise period of the First Batch of the Share Options Granted under the A Share Option Incentive Scheme, and approve the exercise of share options by a total of 100 eligible participants to exercise an aggregate of 20,435,601 share options (the “**Exercise of the First Batch of the Share Options Granted in the Second Exercise Period**”); (iii) approve the fulfillment of the exercise conditions for the first exercise period of the reserved share options under the A Share Option Incentive Scheme, and approve the exercise of share options by a total of 18 eligible participants to exercise an aggregate of 2,793,924 share options (the “**Exercise of Reserved Share Options Granted in the First Exercise Period**”); (iv) pursuant to the Share Option Incentive Scheme of COSCO SHIPPING Development Co., Ltd. (Revised Draft), the Company should make corresponding adjustments to the exercise price in the event of dividend distribution, the Company was approved to adjust the exercise price under the A Share Option Incentive Scheme by adjusting the exercise price under the A Share Option Incentive Scheme from RMB2.419 per share to RMB2.193 per share. The actual number of issued shares upon Exercise of the First Batch of the Share Options Granted in the Second Exercise Period was 17,164,904 shares; the actual number of issued shares upon Exercise of Reserved Share Options Granted in the First Exercise Period was 2,638,706 shares. On 9 June 2023, the Company completed the transfer and registration procedures for the second exercise period for the First Batch of the Share Options Granted and the first exercise period for the reserved share options. On 15 June 2023, the shares issued in connection with the exercise of the Reserved Share Options Granted were listed and circulated. For details, please refer to the Company’s overseas regulatory announcements dated 22 May 2023 and 12 June 2023.

As at 31 December 2024, the Company had 26,023,467 share options outstanding under the A Share Option Incentive Scheme. Pursuant to the terms of the A Share Option Incentive Scheme, the exercise in full of the outstanding share options would result in the transfer of a total of 20,435,601 A Shares held as treasury shares or repurchased from the secondary market to the share option grantees, and the transfer of 5,587,866 A Shares of the Company directionally issued to the share option grantees. The 26,023,467 A Shares which would be transferred to the share option grantees upon the full exercise of the outstanding share options represented approximately 0.26% of the total issued A Shares (excluding treasury shares) of the Company and approximately 0.19% of the total issued shares (excluding treasury shares) of the Company as at 31 December 2024.

Details of the participants and changes in share options during the Year were as follows:

A. Share options granted previously to the Directors and chief executive of the Company

As at 1 January 2025, none of the Directors and chief executive of the Company held outstanding share options granted. During the Year, no share options were granted to any Director or chief executive of the Company, and as no Director or chief executive of the Company held any share options under the A Share Option Incentive Scheme, there was no movement in share options held by Directors and chief executive of the Company (including exercise, cancellation and lapse).

Report of the Board of Directors

B. Share options granted previously to all of other participants

	Number of participants	Granted and outstanding as at 1 January 2025 ⁽¹⁾⁽²⁾	Granted during the Year	Exercised during the Year ⁽³⁾⁽⁴⁾	Cancelled during the Year	Lapsed during the Year	Granted and outstanding as at 31 December 2025 ⁽¹⁾⁽³⁾	Percentage of total issued A share capital of the Company	Percentage of total issued share capital of the Company	Date of grant
Senior management of the Company ⁽⁸⁾	7	2,152,470	-	-	2,152,470	-	-	-	-	Note (6)
Other key business and management personnel of the Company	101	17,786,431	-	-	17,786,431	-	-	-	-	Note (6)
	19	5,587,866	-	-	5,587,866	-	-	-	-	Note (7)
Resigned Director	1 ⁽⁵⁾	496,700	-	-	496,700	-	-	-	-	Note (6)
Total	128	26,023,467	-	-	26,023,467	-	-	-	-	

Notes:

- (1) The validity period, vesting period, exercisable date and exercise period of the share options were set out below.
- (2) The exercise price was RMB2.193 per share.
- (3) On 22 May 2023, relevant resolutions were considered and approved at the Company's fifth meeting of the seventh session of the Board and the fourth meeting of the seventh session of the Supervisory Committee, the exercise price under the A Share Option Incentive Scheme had been adjusted from RMB2.419 per share to RMB2.193 per share. The second exercise period for the First Batch of the Share Options Granted and the first exercise period of the Reserved Share Options Granted under the A Share Option Incentive Scheme had met the exercise conditions, and the exercise of share options by eligible incentive recipients was approved. The actual number of shares in respect of the share options to be exercised in the second exercise period for the First Batch of the Share Options Granted was 17,164,904 shares; the actual number of shares in respect of the share options to be exercised in the first exercise period for the Reserved Share Options Granted was 2,638,706 shares, with the exercise price of RMB2.193 per share. On 9 June 2023, the Company completed the transfer and registration procedures for the second exercise period for the First Batch of the Share Options Granted and the first exercise period for the Reserved Share Options Granted. On 15 June 2023, the shares issued in connection with the exercise of the Reserved Share Options Granted were listed and circulated.
- (4) The weighted average closing price of the relevant shares immediately before the share options exercise date was RMB2.54 per share.
- (5) The above share options are held by a resigned Director.
- (6) Such A share options were granted on 30 March 2020 (i.e., the Date of Grant for the First Batch of the Share Options).
- (7) Such A share options were granted on 6 May 2021 (i.e., the Date of Grant for Reserved Share Options).
- (8) Such senior management include the Company's chief accountant, deputy general managers, secretary of the disciplinary committee, safety director and secretary of the Board.
- (9) During the Period, the outstanding share options as at the beginning of the Period (i.e., 26,023,467 share options), together with 3,425,915 share options lapsed during the year 2024, were cancelled pursuant to the resolutions passed at the twenty-eighth meeting of the seventh session of the Board and the fourteenth meeting of the seventh session of the Supervisory Committee held on 29 May 2025, which was completed on 10 June 2025. For details, please refer to the Company's overseas regulatory announcements dated 29 May 2025 and 10 June 2025.

Report of the Board of Directors

No share options of the Company were granted or exercised during the Period. At the beginning of the Period, 26,023,467 A Shares may be issued or transferred under the A Share Option Incentive Scheme of the Company, representing approximately 0.27% of the weighted average number of A Shares in the issued share capital of the Company (excluding treasury shares) during the Period. During the Period, there were 29,449,382 share options (including 26,023,467 share options outstanding at the beginning of the Period and 3,425,915 share options lapsed during 2024) cancelled and there were nil share options granted and outstanding at the end of the Period, therefore as at the end of the Period, nil A Shares may be issued or transferred under the A Share Option Incentive Scheme of the Company, representing nil of the weighted average number of A Shares in the issued share capital of the Company (excluding treasury shares) during the Period.

During the Period, there were no participants with share options granted and to be granted in excess of the individual limit of 1%, or related entity participants or service providers with share options granted or to be granted during any 12-month period in excess of 0.1% of the relevant class of shares (excluding treasury shares) of the Company in issue.

3. THE CAP OF SHARE OPTIONS THAT MAY BE GRANTED TO PARTICIPANTS

The total number of A Shares issued and to be issued after the exercise of the share options (including exercised and unexercised share options) granted to each participant during any 12-month period shall not exceed 1% of the total issued A share capital of the Company.

4. VALIDITY PERIOD, VESTING PERIOD, EXERCISABLE DATE AND EXERCISE PERIOD AND THE EFFECTIVE CONDITIONS

The A Share Option Incentive Scheme shall be effective for 10 years from 5 March 2020 (as at the date of this annual report, there are approximately 3 years and 10 months remaining for the term). The vesting period of the share options is two years from the date of grant and the exercise period of the share options is seven years commencing from the date of grant. Subject to the satisfaction of the conditions of exercise, each share option entitles the participant to acquire one A share at the exercise price.

Subject to the satisfaction of the conditions of exercise, the share options granted under the A Share Option Incentive Scheme will be exercisable in three tranches after the expiration of the vesting period in accordance with the following arrangement:

Exercise period	Duration	Proportion of share options exercisable to the total number of share options granted
First exercise period	Commencing on the first trading day after the expiration of the 24-month period from the date of grant and ending on the last trading day of the 36-month period from the date of grant.	1/3
Second exercise period	Commencing on the first trading day after the expiration of the 36-month period from the date of grant and ending on the last trading day of the 48-month period from the date of grant.	1/3
Third exercise period	Commencing on the first trading day after the expiration of the 48-month period from the date of grant and ending on the last trading day of the 84-month period from the date of grant.	1/3

The A share options will only become effective and exercisable by the participants (including the participants for whom share options are reserved) in accordance with the terms of the A Share Option Incentive Scheme when certain conditions are satisfied. For details of these conditions, please refer to the circular of the Company dated 17 February 2020.

Report of the Board of Directors

5. BASIS FOR DETERMINATION OF EXERCISE PRICE OF GRANTED SHARE OPTIONS

According to the A Share Option Incentive Scheme approved at the extraordinary general meeting and the class meetings on 5 March 2020, the basis for determination of exercise price of the share options to be granted shall be revised to the highest of the followings:

- (i) the average trading price of A Shares on the last trading day immediately before the announcement date of the A Share Option Incentive Scheme (i.e., approximately RMB2.52 per A share);
- (ii) the average trading price of A Shares on the 20 trading days immediately before the announcement date of the A Share Option Incentive Scheme (i.e., approximately RMB2.50 per A share); and
- (iii) par value of A share (i.e., RMB1.00 per A share).

Pursuant to the A Share Option Incentive Scheme, from the date of grant of the share options and prior to the exercise of the share options, in the event of any dividend payment and other ex-rights and ex-dividend matters of the Company, the corresponding exercise price shall be adjusted accordingly with reference to the relevant provisions of A Share Option Incentive Scheme. The adjustment method is as follows: $P = P_0 - V$ (where: P_0 represents the exercise price before adjustment; V represents the dividend per share; and P represents the exercise price after adjustment). On 29 April 2022, since the Company had implemented the 2019 and 2020 profit distribution plans, the exercise price under the A Share Option Incentive Scheme was adjusted from RMB2.52 per share to RMB2.419 per share in accordance with the aforesaid rules. On 22 May 2023, as a result of the implementation of the 2021 profit distribution plan of the Company, the exercise price under the A Share Option Incentive Scheme was adjusted from RMB2.419 per share to RMB2.193 per share in accordance with the aforesaid rules.

For details of the basis for determining the exercise price and the method and procedure of adjustment, please refer to the Company's circular dated 17 February 2020.

Participants are not required to make any payment for the application or acceptance of the share option(s) under the A Share Option Incentive Scheme; and there are no period within which payments or calls that must be made or loans for such purposes must be repaid.

No further new share option(s) will be granted pursuant to the A Share Option Incentive Scheme.

Further details of the A Share Option Incentive Scheme were set out in Note 40 to the consolidated financial statements of this annual report.

DIRECTORS AND EMPLOYEES OF THE SUBSTANTIAL SHAREHOLDERS

Certain Directors of the Company are the directors or employees of China COSCO SHIPPING and/or China Shipping (details of which are set out on pages 28 to 32 of this annual report), and China COSCO SHIPPING and China Shipping have interests in the shares and underlying shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information that is within the knowledge of the Company and also known to the Directors, as at the latest practicable date (being 17 April 2026), there was sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Report of the Board of Directors

MANAGEMENT CONTRACTS

No contracts were entered into and subsisted (other than the service contracts with any Directors or any of the full-time staff of the Company), and pursuant to which, the management and administration of the whole or any substantial part of the business of the Company were undertaken by any individuals, firms or body corporates.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group sold in aggregate 63.57% of its goods and services to its five largest customers during the Year, including 35.04% to its largest customer.

During the Year, the Group purchased in aggregate 45.29% of its goods and services from its five largest suppliers, including 12.38% from its largest supplier.

Save as disclosed above, none of the Directors, their close associates or any shareholders (who to the knowledge of the Board owns more than 5% of the issued shares of the Company) has interest in the five largest customers or the five largest suppliers of the Group.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Group or subsisted during the Year.

BOND ISSUES

During the year, the Company issued new bonds amounting to RMB5,900,000,000, comprising: (1) on 9 January 2025, 10,000,000 bonds with a nominal value of RMB100 were issued for a total amount of RMB1,000,000,000. The bonds have a term of fifteen years from the date of issue and bear interest at 2.18% per annum and are repayable on maturity; (2) on 27 May 2025, 9,000,000 bonds with a nominal value of RMB100 were issued for a total amount of RMB900,000,000. The bonds have a term of fifteen years from the date of issue and bear interest at 2.25% per annum and are repayable on maturity; (3) on 19 June 2025, 20,000,000 bonds with a nominal value of RMB100 were issued for a total amount of RMB2,000,000,000. The bonds have a term of three years from the date of issue and bear interest at 1.73% per annum and are repayable on maturity; (4) on 23 October 2025, 10,000,000 bonds with a nominal value of RMB100 were issued for a total amount of RMB1,000,000,000. The bonds have a term of 60 days from the date of issue and bear interest at 1.50% per annum and are repayable on maturity. The bond has been settled as at 31 December 2025; and (5) on 20 November 2025, 10,000,000 bonds with a nominal value of RMB100 were issued for a total amount of RMB1,000,000,000. The bonds have a term of 180 days from the date of issue and bear interest at 1.58% per annum and are repayable on maturity. The proceeds from the issuance of the corporate bonds will be used to supplement the Company's daily capital requirements, adjust the debt structure of the Company, repay debts as and when they fall due, pay for the progress of the acquisition of vessels by the Company and its subsidiaries, and for purposes permitted by the relevant applicable laws and regulations and/or regulatory authorities.

CHARITABLE DONATIONS

There was a charitable donation with a total amount of approximately RMB25,000,000 made by the Group during the Year.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Company maintains continuous communication with employees, suppliers and customers through various channels, fosters mutually beneficial and win-win relationships and promotes sustainable development. Details of the relationship with key stakeholders are set out in the COSCO SHIPPING Development 2025 Sustainable Development Report published by the Company on 24 April 2026.

Report of the Board of Directors

ENVIRONMENTAL POLICY AND PERFORMANCE

COSCO SHIPPING Development actively pursues the concept of green, low-carbon, and intelligent shipping industry development, taking green and low-carbon transformation as a key lever to enhance core competitiveness. The Company makes coordinated efforts across four dimensions – green production, green business, green assets, and green finance – and works with upstream and downstream partners to contribute to global climate governance through concrete actions.

OPTIMIZATION OF ENVIRONMENT MANAGEMENT SYSTEM

COSCO SHIPPING Development strictly complies with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), the Atmospheric Pollution Prevention Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other laws and regulations. Guided by the national environmental management policies and the requirements of ecological civilisation construction, the Company has formulated special internal environmental protection regulations in the light of its own actual situation and continued to revise them. In 2025, the Company did not experience any incident of environmental non-compliance.

PROMOTING CLIMATE GOVERNANCE

COSCO SHIPPING Development regards climate change as a double materiality issue in its sustainable development management. The Company has established a leading group and a working group for carbon peaking, responsible for top-level design, coordination, and overall implementation. The Strategic Development Department, Industrial Investment Department, Shanghai Universal, and the Shipping Leasing Business Division, among other departments and units, collaborate to ensure the integration of strategies into business operations. Working groups and personnel at all levels possess professional competence in climate-related matters and are capable of effectively implementing and supervising the execution of relevant strategies and policies.

COSCO SHIPPING Development has systematically promoted various green development initiatives in the fields of green container manufacturing, green shipping, green financing and green office.

In terms of green container manufacturing, COSCO SHIPPING Development launched the "Industry-Finance Platform Carbon Emission Management System(產融平台碳排放管理系統)", enabling systematic management of carbon emission monitoring, reporting, verification, and analysis, improving data collection and integration efficiency, and enhancing the standardization and transparency of carbon emission management. Shanghai Universal integrates environmental management objectives into the overall development strategy of the enterprise to ensure that the management fully considers environmental factors in the decision-making process and to promote business activities in line with the concept of sustainable development, and has formulated a feasible environmental management plan, and formulated specific measures around the areas of resource conservation, wastes treatment and pollution control. At the same time, Shanghai Universal has advanced green retrofitting projects to continuously reduce production energy consumption and carbon emission intensity.

In terms of green shipping, COSCO SHIPPING Development focuses on clean energy vessels, prioritizing investment in green vessel assets characterized by new and high energy efficiency, and investing to construct two green, zero-carbon, intelligent electric vessels, and actively participates in the development of industry standards, providing professional input during the revision of the Regulations on the Application of Power Batteries in Vessels (《船舶應用動力電池規範》) to promote low-carbon and standardized development in the industry.

Report of the Board of Directors

In terms of green financing, COSCO SHIPPING Development fully leverages industry-finance synergy to promote green finance initiatives. Under the Green and Low-Carbon Transition Development Plan, the Company has expanded diversified financing channels and facilitated multiple financing collaborations that meet domestic and international sustainability standards, with total green, low-carbon transition, and sustainability-related financing reaching nearly RMB6.5 billion for the year.

In terms of green office, COSCO SHIPPING Development actively promotes the concept of green office, continuously conducting environmental training and public education activities to enhance employees' environmental awareness and guide them to integrate green and low-carbon principles into daily office practices, thereby supporting ecological and environmental protection through concrete actions. The Company organizes the "Green Team" initiative, promoting measures such as packaging reduction, waste recycling, and lighting energy conservation at the production frontline.

SOCIAL RESPONSIBILITIES

The Company has prepared the 2025 Sustainability Report of COSCO SHIPPING Development Co., Ltd. in accordance with the requirements of the Guidelines on Environmental, Social and Governance Reporting in Appendix C2 to the Listing Rules. For details, please see the Company's website at <http://development.coscoshipping.com/> and the HKExnews's website at www.hkexnews.hk. During the Period, the Company complied with the "Comply or Explain" provisions set out in the Guidelines on Environmental, Social and Governance Reporting.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS WHICH HAVE A SIGNIFICANT IMPACT ON THE GROUP

The Group is principally engaged in container manufacturing, container leasing, shipping leasing and investment management businesses. The businesses of the Company and its subsidiaries are subject to a number of laws and regulations such as the Company Laws of the People's Republic of China, the Securities Law of the People's Republic of China, the Civil Code of the People's Republic of China, Notice of the Ministry of Commerce and the State Administration of Taxation on Relevant Issues Concerning Undertaking Financing Lease Business 《(商務部、國家稅務總局關於從事融資租賃業務有關問題的通知)》, the Interim Measures for the Supervision and Administration of Financial Leasing Companies 《(融資租賃公司監督管理暫行辦法)》 and other applicable rules, polices and normative legal documents based on these laws and regulations. The Group has the procedure of compliance in place to ensure compliance with applicable laws, regulations and normative legal documents, and in particular those would have material effects on its principal businesses such as leasing, investment and integrated financial services. The Group will notify the relevant employees and operating teams of any change in applicable laws, rules and normative legal documents relating to its principal businesses from time to time.

In addition, certain requirements under other applicable laws and regulations also apply to the Group (e.g. the Labour Law of the People's Republic of China, the Stock Listing Rules of the Shanghai Stock Exchange 《(上海證券交易所股票上市規則)》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Companies Ordinance (Cap 622 of the Laws of Hong Kong) and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong)). The Group has strived to allocate its resources to different aspects in accordance with processes of internal control and approval, and ensures its compliance with these requirements by training and supervising over different business units. Implementation of these measures requires substantial internal resources and will incur additional operating costs. Nevertheless, the Group has put particular emphasis on compliance with applicable laws and regulations.

Report of the Board of Directors

CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Company entered into the following connected transactions:

FIRST HEAVY INDUSTRY SHIPBUILDING CONTRACTS AND FIRST VESSEL LEASING AGREEMENT

Unless the context otherwise requires, the terms in the following contents will be as defined in the Company's announcement dated 29 July 2025 and the circular dated 5 September 2025.

First Heavy Industry Shipbuilding Contracts

- Date, parties and their nature of the interests, and details of the transaction:

On 29 July 2025, Heavy Industry (Zhoushan) (as the seller) agreed to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) (as the buyer) agreed to purchase and take delivery of, six 210,000 DWT bulk cargo vessels, which are expected to be delivered in 2027 to 2028.

- Total consideration and terms:

The aggregate contract price for six 210,000 DWT bulk cargo vessels to be built shall be RMB3,168,000,000; subject to adjustments in accordance with the terms of the Heavy Industry Shipbuilding Contracts. The six vessels under the Heavy Industry Shipbuilding Contracts are methanol- and ammonia-ready Newcastlemax bulk cargo vessels. The abovementioned contract price was determined after arm's length negotiation between (i) COSCO SHIPPING Development (Hainan); and (ii) Heavy Industry (Zhoushan) with reference to the market price of the same type of vessel.

- Connected relationship of the parties to the transaction:

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed (as the case may be) within a 12-month period or were otherwise related. The counterparties to the 2024 Heavy Industry Shipbuilding Contracts and the 2025 Heavy Industry Shipbuilding Contracts are COSCO SHIPPING's subsidiaries and such transactions are similar in nature. Accordingly, such transactions may require aggregation.

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the 2025 Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder, aggregated with the 2024 Heavy Industry Shipbuilding Contracts, exceed 25% but are all less than 100%, the 2025 Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at 29 July 2025, COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 47.16% of the total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. Heavy Industry (Zhoushan) is an indirect wholly-owned subsidiary of COSCO SHIPPING and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the 2025 Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

Report of the Board of Directors

First Vessel Leasing Agreement

- Date, parties and their nature of the interests, and details of the transaction:

On 29 July 2025, the COSCO SHIPPING Development (Hainan) (as lessor) has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group (as lessee) in relation to the ten vessels to be built under the Shipbuilding Contracts. The vessels to be chartered under the Vessel Leasing Agreement are the ten 210,000 DWT bulk cargo vessels, which are the vessels to be built under the Shipbuilding Contracts.

- Total consideration and terms:

For details on the specific annual caps, pricing terms and policies, please refer to the Company's announcement dated 29 July 2025. The pricing and transaction terms of continuing connected transactions actually conducted by the Company are in accordance with the relevant annual caps, pricing terms and policies.

No transaction amount is expected to be incurred for the two years ending 31 December 2026 as the relevant vessels are expected to be delivered in 2027 and 2028, respectively. The expected annual rent incurred for each vessel after delivery will be approximately RMB63.8 million (exclusive of tax), taking into account the potential rent adjustments as detailed below.

Accordingly, save for the two years ending 31 December 2026, the proposed Annual Cap for the vessel leasing services under the 2025 Vessel Leasing Agreement for each of the years ending 31 December 2045 shall be approximately RMB638 million.

In arriving at the proposed Annual Cap, the Company has considered:

- (i) the expected aggregated annual rent of vessels under lease under the 2025 Vessel Leasing Agreement calculated based on the formula below, subject to rent adjustment in the following paragraphs:

daily rent of such type of the vessels × number of days under lease during each year × number of such vessels under lease during each year

- (ii) expected rent adjustment due to expected vessel price adjustment during the course of shipbuilding as a result of equipment upgrades or adjustment and optimization of design of vessels; and
- (iii) expected rent adjustment after delivery of vessels in light of equipment upgrades, modifications and structural optimization of vessels, as requested by the lessee to meet international conventions and environmental requirements upgrades.

- Connected relationship of the parties to the transaction and Listing Rules implications:

COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the proposed Annual Cap in respect of the transactions contemplated under the 2025 Vessel Leasing Agreement exceed 0.1% but are all less than 5%, the transactions under the 2025 Vessel Leasing Agreement constitute continuing connected transactions of the Company which are subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Report of the Board of Directors

Since the term under the 2025 Vessel Leasing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, an independent financial adviser is required to explain why the 2025 Vessel Leasing Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration. The Independent Financial Adviser has expressed its opinion in this regard in the section headed “2025 Vessel Leasing Agreement – IFA’s opinion on the term” above in the announcement dated 29 July 2025.

With a focus on shipping and logistics industry, the Company will concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core businesses and underpinned by investment management, focus on COSCO SHIPPING Group’s vision of “accelerating the building of a world-class shipping technology enterprise”, and continuously accelerate “integrating industry and finance and facilitating industry development”, so as to strive to grow into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING’s characteristics.

The construction of vessels under the 2025 Shipbuilding Contracts and the subsequent leasing of such vessels by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and the COSCO SHIPPING Bulk Group. The material proportion of profit and assets contribution by ship leasing business of the Group demonstrates the increasing importance of the ship leasing business segment to the operation and finance of the Group. The Group is also of the view that ship leasing business has been and will continue to significantly contribute to the development of the Group.

The Company actively responds to the green and low-carbon development trend of the shipping industry, continues to implement its strategic development plan for a shipping industry-finance operator, and enhances its value discovery and value creation capabilities. Through the transactions under the 2025 Shipbuilding Contracts and the 2025 Vessel Leasing Agreement, the Company will further leverage the synergy between industry and finance, expand the scale and improve the quality of the Company’s ship assets, strengthen the foundation of the development of its vessel leasing business, contribute to the stable long-term income and cash flow, enhance its overall financial soundness and reinforce its long-term development momentum. At the same time, by investing in high-quality shipping capacity featuring newer vessels with green, environmentally friendly, well-configured and highly versatile specifications, the Company demonstrates its support for global energy conservation, emission reduction and sustainable development strategies, and contributes to the transformation and upgrade of traditional industries. In addition, building on its accumulated experience, the Company will deepen collaboration with upstream and downstream enterprises along the shipping industry chain to explore use cases for RMB in “manufacturing, leasing and shipping”, further advancing the implementation of the use of RMB in the international shipping sector and enhancing its market competitiveness.

The Directors (including the independent non-executive Directors) considered that the 2025 Heavy Industry Shipbuilding Contracts and the 2025 Vessel Leasing Agreement were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the 2025 Heavy Industry Shipbuilding Contracts and the 2025 Vessel Leasing Agreement, and the proposed annual caps under the 2025 Vessel Leasing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The transactions contemplated under the 2025 Heavy Industry Shipbuilding Contracts were considered and approved by the independent Shareholders at the extraordinary general meeting of the Company convened on 23 September 2025.

For further details of the above transactions, please refer to the Company’s announcement dated 29 July 2025 and the circular dated 5 September 2025.

Report of the Board of Directors

SECOND HEAVY INDUSTRY SHIPBUILDING CONTRACTS AND SECOND VESSEL LEASING AGREEMENT

Unless the context otherwise requires, the terms in the following contents will be as defined in the Company's announcement dated 30 October 2025 and the circular dated 28 November 2025.

Second Heavy Industry Shipbuilding Contracts

- Date, parties and their nature of the interests, and details of the transaction:

On 30 October 2025, Heavy Industry (Dalian) (as the seller) agreed to build, launch, equip and complete at its shipyard and to sell and deliver to COSCO SHIPPING Development (Hainan), and COSCO SHIPPING Development (Hainan) (as the buyer) agreed to purchase and take delivery of, twenty-three 87,000 DWT bulk cargo vessels, which are expected to be delivered in 2027 to 2028.

- Total consideration and terms:

The aggregate contract price for twenty-three 87,000 DWT bulk cargo vessels to be built shall be RMB7,337,000,000, subject to adjustments in accordance with the terms of the Heavy Industry Shipbuilding Contracts. The twenty-three vessels under the Heavy Industry Shipbuilding Contracts are methanol-ready eco-friendly bulk cargo vessels. The abovementioned contract price was determined after arm's length negotiation between (i) COSCO SHIPPING Development (Hainan); and (ii) Heavy Industry (Dalian) with reference to the market price of the same type of vessel.

- Connected relationship of the parties to the transaction and Listing Rules implications:

As one or more of the applicable percentages ratios calculated in accordance with the Listing Rules in respect of the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder exceed 25% but are all less than 100%, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute major transactions of the Company which are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

COSCO SHIPPING and its associates control or are entitled to exercise control over the voting rights in respect of 6,123,503,998 A Shares and 100,944,000 H Shares, representing approximately 47.16% of the total issued share capital of the Company. Therefore, COSCO SHIPPING is a controlling Shareholder and therefore a connected person of the Company. Heavy Industry (Dalian) is an indirect wholly-owned subsidiary of COSCO SHIPPING and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the 2025 Second Heavy Industry Shipbuilding Contracts and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules, subject to the reporting, announcement and Independent Shareholders' approval requirements thereunder.

Second Vessel Leasing Agreement

- Date, parties and their nature of the interests, and details of the transaction:

On 30 October 2025, the COSCO SHIPPING Development (Hainan) (as lessor) has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group (as lessee) in relation to the twenty-three vessels to be built under the Shipbuilding Contracts. The vessels to be chartered under the Vessel Leasing Agreement are the twenty-three 87,000 DWT bulk cargo vessels, which are the vessels to be built under the Shipbuilding Contracts.

Report of the Board of Directors

- Total consideration and terms:

For details on the specific annual caps, pricing terms and policies, please refer to the Company's announcement dated 30 October 2025. The pricing and transaction terms of continuing connected transactions actually conducted by the Company are in accordance with the relevant annual caps, pricing terms and policies.

No transaction amount is expected to be incurred for the two years ending 31 December 2026 as the relevant vessels are expected to be delivered in 2027 and 2028, respectively. The expected annual rent incurred for each vessel after delivery will be approximately RMB23.9117 million (exclusive of tax), taking into account the potential rent adjustments as detailed below.

Accordingly, save for the two years ending 31 December 2026, the proposed Annual Cap for the vessel leasing services under the 2025 Second Vessel Leasing Agreement for each of the years ending 31 December 2048 shall be approximately RMB549.9691 million. In arriving at the proposed Annual Cap, the Company has considered:

- (i) the expected aggregated annual rent of vessels under lease under the 2025 Second Vessel Leasing Agreement, which shall be payable by COSCO SHIPPING Bulk Group monthly in advance, calculated based on the formula below:

daily rent of such type of the vessels × number of days under lease during each year × number of such vessels under lease during each year

- (ii) expected rent adjustment due to expected vessel price adjustment during the course of shipbuilding as a result of equipment upgrades or adjustment and optimization of design of vessels; and
- (iii) expected rent adjustment after delivery of vessels in light of equipment upgrades, modifications and structural optimization of vessels, as requested by the lessee to meet international conventions and environmental requirements upgrades.

The aforementioned expected rent adjustments mainly considered the investment amount involved in additional equipment and upgrades, the estimated additional value created for lessee due to vessel upgrades, and the expected return on investment of equipment. The Board is of the view that it is reasonable and also in line with the industry practice for the COSCO SHIPPING Development (Hainan), as lessor, to transfer to the lessee, the aforementioned additional investment costs incurred due to equipment upgrades during the course of shipbuilding or after delivery of the vessels for the compliance with the relevant environmental regulations in order to maintain the Company's investment return. The Board is of the view that the aforesaid rent adjustments are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

- Connected relationship of the parties to the transaction and Listing Rules implications:

As at 30 October 2025, COSCO SHIPPING Bulk is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the proposed Annual Cap in respect of the transactions contemplated under the 2025 Second Vessel Leasing Agreement exceed 0.1% but are all less than 5%, the transactions under the 2025 Second Vessel Leasing Agreement constitute continuing connected transactions of the Company which are subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Report of the Board of Directors

Since the initial term under the 2025 Second Vessel Leasing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, an independent financial adviser is required to explain why the 2025 Second Vessel Leasing Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration. The Independent Financial Adviser has expressed its opinion in this regard in the section headed “2025 Second Vessel Leasing Agreement – IFA’s opinion on the term” above in the announcement dated 30 October 2025.

With a focus on shipping and logistics industry, the Company will concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core businesses and underpinned by investment management, focus on COSCO SHIPPING Group’s vision of “accelerating the building of a world-class shipping technology enterprise”, and continuously accelerate “integrating industry and finance and facilitating industry development”, so as to strive to grow into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING’s characteristics.

The construction of vessels under the 2025 Second Heavy Industry Shipbuilding Contracts and the subsequent leasing of such vessels by the Group to the COSCO SHIPPING Bulk Group, are part and parcel of the overall operating lease arrangements between the Group and the COSCO SHIPPING Bulk Group. The material proportion of profit and assets contribution by ship leasing business of the Group demonstrates the increasing importance of the ship leasing business segment to the operation and finance of the Group. The Group is also of the view that ship leasing business has been and will continue to significantly contribute to the development of the Group.

The Company actively responds to the green and low-carbon development trend of the shipping industry, continues to implement its strategic development plan for a shipping industry-finance operator, and enhances its value discovery and value creation capabilities. Through the transactions under the 2025 Second Heavy Industry Shipbuilding Contracts and the 2025 Second Vessel Leasing Agreement, the Company will further leverage the synergy between industry and finance, expand the scale and improve the quality of the Company’s ship assets, strengthen the foundation of the development of its vessel leasing business, contribute to the stable long-term income and cash flow, enhance its overall financial soundness and reinforce its long-term development momentum. At the same time, by investing in high-quality shipping capacity featuring newer vessels with green, environmentally friendly, well-configured and highly versatile specifications, the Company demonstrates its support for global energy conservation, emission reduction and sustainable development strategies, and contributes to the transformation and upgrade of traditional industries. In addition, building on its accumulated experience, the Company will deepen collaboration with upstream and downstream enterprises along the shipping industry chain to explore use cases for RMB in “manufacturing, leasing and shipping”, further advancing the implementation of the use of RMB in the international shipping sector and enhancing its market competitiveness.

The Directors (including the independent non-executive Directors) considered that the 2025 Heavy Industry Shipbuilding Contracts and the 2025 Second Vessel Leasing Agreement were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the 2025 Second Heavy Industry Shipbuilding Contracts and the 2025 Second Vessel Leasing Agreement, and the proposed annual caps under the 2025 Second Vessel Leasing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The transactions contemplated under the 2025 Second Heavy Industry Shipbuilding Contracts were considered and approved by the independent Shareholders at the extraordinary general meeting of the Company convened on 15 December 2025.

For further details of the above transactions, please refer to the Company’s announcement dated 30 October 2025 and the circular dated 28 November 2025.

Unless the context otherwise requires, terms used below shall have the meanings ascribed to them in the Company’s announcement dated 30 October 2025.

Report of the Board of Directors

2025 Vessel Leasing Agreement (Pan Cosmos)

- Transaction date, parties and the nature of their interests in the transaction and details:

On 30 October 2025, Hainan COSCO SHIPPING Development (as the lessor) agreed to provide vessel leasing services to Pan Cosmos (as charterer/lessee) in relation to six vessels to be built under the shipbuilding contracts. Pursuant to the Vessel Leasing Agreement, the vessels to be chartered are six 307,000 DWT VLCCs, which are being built under the shipbuilding contracts.

- Total consideration and terms:

For details of the relevant annual caps, pricing terms and policies, please refer to the Company's announcement dated 30 October 2025. The Company complies with the details regarding such annual caps, pricing terms and policies.

No transaction amount is expected to be incurred for the two years ending 31 December 2026 as the relevant vessels are expected to be delivered in 2027 and 2028, respectively.

Accordingly, taking into account the potential rent adjustments as detailed below, save for the two years ending 31 December 2026, the proposed Annual Cap for the vessel leasing services under the 2025 Vessel Leasing Agreement for each of the years ending 31 December 2048 shall be approximately RMB427 million. In arriving at the proposed Annual Cap, the Company has considered:

- (i) Fixed/guaranteed rent portion – the expected aggregated fixed/guaranteed portion of annual rent of the relevant six vessels under lease pursuant to the 2025 Vessel Leasing Agreement, which shall be payable by Pan Cosmos monthly in advance, calculated based on the formula below:

fixed/guaranteed daily rent of such type of the relevant vessels (the average daily rent rate of which is approximately RMB134,871 (excluding tax)) × number of relevant days under lease during each year × number of such relevant vessels under lease during each year

- (ii) Variable rent portion – in addition to the guaranteed portion above, the expected aggregated variable portion of annual rent of three particular vessels under lease pursuant to the 2025 Vessel Leasing Agreement, which shall be payable by Pan Cosmos quarterly in arrears, calculated based on the formula below:

(variable daily rent linked to the Time Charter Equivalent ("TD3C-TCE") for the Middle East to China freight route (TD3C Route) as published by the Baltic Exchange) × number of relevant days under lease during each year × number of such relevant vessels under lease during each year

Only if the TD3C-TCE exceeds the benchmark agreed upon by both parties, the variable daily rental shall apply and be calculated according to the following formula:

variable daily rent = (TD3C-TCE × 3.5325-92,198.25)

Based on the actual performance of TD3C-TCE since 2017 and expectations for the future market, the total variable portion of annual rent of those three vessels is estimated not to exceed RMB131 million.

The variable rent shall be calculated on a daily basis. In the event of a public holiday, the TD3C-TCE from the preceding business day shall apply.

Report of the Board of Directors

- The connected relationships among the parties to the transaction and the implications of the Listing Rules

COSCO SHIPPING Energy is a wholly-owned subsidiary of COSCO SHIPPING, a controlling Shareholder, and COSCO SHIPPING Energy Group (including Pan Cosmos) therefore is a connected person of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the proposed Annual Cap in respect of the transactions contemplated under the 2025 Vessel Leasing Agreement exceed 0.1% but are all less than 5%, the transactions under the 2025 Vessel Leasing Agreement constitute continuing connected transactions of the Company which are subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since the initial term under the 2025 Vessel Leasing Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, an independent financial adviser is required to explain why the 2025 Vessel Leasing Agreement requires a period longer than three years and confirm that it is normal business practice for agreements of this type to be of such duration. The Independent Financial Adviser has expressed its opinion in this regard in the section headed "2025 Vessel Leasing Agreement – Independent Financial Adviser's opinion on the term" in the announcement dated 30 October 2025.

With a focus on shipping and logistics industry, the Company will concentrate on the integrated development with container manufacturing, container leasing and shipping leasing business as the core businesses and underpinned by investment management, focus on COSCO SHIPPING Group's vision of "accelerating the building of a world-class shipping technology enterprise", and continuously accelerate "integrating industry and finance and facilitating industry development", so as to strive to grow into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING's characteristics.

The Company actively serves the national energy transportation security strategy, responds to the green and low-carbon development trend of the shipping industry, further implements its strategic development plan for a shipping industry-finance operator, and enhances its value discovery and value creation capabilities. Through the transactions under the 2025 Vessel Leasing Agreement, the Company will further leverage the synergy between industry and finance, expand the scale and improve the quality of the Company's ship assets, diversify vessel asset types, strengthen the foundation of the development of its vessel leasing business, contribute to the stable long-term income and cash flow, enhance its overall financial soundness and reinforce its long-term development momentum. The post-construction operational lease under the 2025 Vessel Leasing Agreement will adopt a rent structure combining "fixed rent and guaranteed-sharing" models, allowing to capture upside during market up-cycles while securing base income during down-cycles, thereby mitigating operational risks from cyclical fluctuations and enhancing the project's overall stability and income predictability. In addition, leveraging the policy benefits of the Hainan Free Trade Port, the Company will deepen collaboration with upstream and downstream enterprises along the shipping industry chain to explore use cases for RMB in "manufacturing, leasing and shipping", further advancing the implementation of the use of RMB in the international shipping sector and enhancing its market competitiveness.

The Directors (including the independent non-executive Directors) consider that the 2025 Vessel Leasing Agreement were entered into in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of the 2025 Vessel Leasing Agreement (and the proposed annual caps thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For further details of the above transaction, please refer to the Company's announcement dated 30 October 2025.

Report of the Board of Directors

OTHER CONTINUING CONNECTED TRANSACTIONS

As of 31 December 2025, the Company had the following non-exempt continuing connected transactions and partially exempt continuing connected transactions, and relevant annual caps which were announced and subsequently revised and approved at the Company's general meeting. The actual annual figures as of 31 December 2025 in relation to those continuing connected transactions are also set out below. Unless otherwise defined, terms used in the following table shall have the same meanings as defined in the Company's announcements dated 16 September 2022 and 30 November 2022.

No.	Continuing connected transactions	Signing date of the transaction	Term	Parties and connected relationship	Nature of transaction	Pricing terms ³	Transaction amount	Annual cap
							Year ended 31 December 2025	Year ended 31 December 2025
							RMB'000	RMB'000
A	Revenue from China COSCO SHIPPING							
1	Services provided by the Group under the Master Operating Lease Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Operating lease services	Market prices	2,646,511	6,000,000
2	Service provided by the Group under the Master Finance Lease Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Finance lease services	Market prices	-	550,000
3	Products and services provided by the Group under the Master Containers Services Purchase Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Purchase of container and ancillary services	Market prices	5,351,787	9,000,000
4	Services provided by the Group under the Master Insurance Brokerage Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Insurance brokerage services	Market prices	-	50,000
B	Expenditure to China COSCO SHIPPING							
5	Services provided to the Group under the Master Vessel Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Vessel and ancillary services	Market prices	338,579	850,000
6	Products and services provided to the Group under the Master Containers Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Purchase of container and other ancillary services	Market prices	1,444,316	1,450,000

Report of the Board of Directors

No.	Continuing connected transactions	Signing date of the transaction	Term	Parties and connected relationship	Nature of transaction	Pricing terms ³	Transaction amount	Annual cap	
							Year ended 31 December 2025	Year ended 31 December 2025	
							RMB'000	RMB'000	
7	Lease of properties to the Group under the Master Tenancy Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	Property leasing and other ancillary services	Market prices	153,288	350,000	
8	Services provided to the Group under the Master General Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and China COSCO SHIPPING ¹	General services	Market prices	230,915	300,000	
C	Financial Transactions with COSCO SHIPPING Finance								
9	The maximum daily outstanding balance of deposits (including accrued interest and handling fee) to be placed by the Group at COSCO SHIPPING Finance under the Master COSCO SHIPPING Finance Financial Services Agreement	31 December 2022	1 January 2023 to 31 December 2025	The Company and COSCO SHIPPING Finance ²	Deposit services	The interest rate for the deposit services shall be no less than (a) the benchmark interest rate prescribed by the PBOC for the same type of deposits; and (b) the interest rate offered in the ordinary course of business by a major independent commercial bank in the PRC in the place where the services are provided or in its vicinity for such type of deposits.	9,997,534	18,000,000	

Notes:

- China COSCO SHIPPING, its subsidiaries and/or its associates are indirect controlling shareholders (as defined in the Listing Rules) of the Company, which are connected persons of the Company.
- Such companies are associates (as defined in the Listing Rules) of China COSCO SHIPPING, which are connected persons of the Company.
- For details of the specific pricing terms and pricing policy, please refer to the announcements dated 16 September 2022 and 30 November 2022 and the circular dated 1 December 2022 of the Company. The pricing and transaction terms of continuing connected transactions actually conducted by the Company are in accordance with the relevant pricing policy.

Report of the Board of Directors

The reasons for the above continuing connected transactions (excluding the financial services provided by COSCO SHIPPING Finance to the Group), and the nature and extent of the interests of the connected persons in the relevant continuing connected transactions are as follows:

Due to the long-established and close business relationship between the members of the Group and China COSCO SHIPPING, a number of transactions have been and will continue to be entered into between the Group and China COSCO SHIPPING, which are individually significant and collectively essential to the core business of the Group, and will continue to be beneficial to the Group. In addition, the renewal of the continuing connected transactions under the Agreements is in line with the business strategy of the Company and will facilitate the Company to achieve its strategic target of building a financial services platform for the logistic industry.

In addition, as China Shipping and China COSCO SHIPPING are key state-owned enterprises and large shipping conglomerates that operate across different regions, sectors and countries, and the relevant connected persons (most of them are associates of China Shipping and/or China COSCO SHIPPING) are well-known marine transportation corporations with outstanding competency in shipping industry and have developed good experience and service systems in respect of the products and services under the continuing connected transactions set out above. The cooperation with China Shipping, China COSCO SHIPPING and other connected persons enables the Group to fully leverage on their advantages to achieve better operating performance.

Finally, the terms and conditions provided by the relevant connected persons in relation to the continuing connected transactions set out above are generally more favourable to the Group than those provided by independent third parties to the Group, or those provided by the relevant connected persons to independent third parties.

The reasons for the transactions under which COSCO SHIPPING Finance provides financial services to the Group, and the nature and extent of the interests of the connected party in the relevant continuing connected transactions are as follows:

The terms and conditions of deposit services, loan services, settlement services and other financial services provided by COSCO SHIPPING Finance under the Master Financial Services Agreement are generally more favourable to the Group than those provided by independent third parties, or those provided by COSCO SHIPPING Finance to independent third parties. Furthermore, the Group is not restricted under the Master Financial Services Agreement to approach, and in fact may choose, any bank or financial institution to satisfy its financial service needs. Its criteria in making the choice could be made on costs and quality of services. Therefore, the Group may, but is not obliged to, continue to use COSCO SHIPPING Finance's deposit services, loan services, settlement services and other financial services if the service quality provided is competitive. Having such flexibility afforded under the Master Financial Services Agreement, the Group is able to better manage its current capital and cash flow position.

In addition, it is also expected that COSCO SHIPPING Finance will mainly provide more efficient deposit services, loan services and settlement services to the Group, as compared to independent third-party banks. As COSCO SHIPPING Finance is familiar with the Group's business, it is able to provide funds required by the Group in a more efficient and timely way as compared to independent third-party banks. In view of the Group's business development and its strong demand for funds, the Group hopes to obtain financial assistance from COSCO SHIPPING Finance, which may help broaden the Group's financing channels and lower its financing costs.

Report of the Board of Directors

For further details regarding the above connected transactions and continuing connected transactions, and material transactions between the Group and related parties, please refer to note 46 to the consolidated financial statements. In respect of the significant related party transactions set out in note 46 to the consolidated financial statements, the transactions that constituted connected transactions or continuing connected transactions (as the case may be) of the Company during the year are disclosed above. Save as disclosed above, the related party transactions referred to in the foregoing note do not fall within the definition of “connected transaction” or “continuing connected transaction” under Chapter 14A of the Listing Rules, as the case may be, and were subject to reporting requirements during the Year. The Company confirmed that it has disclosed the connected transactions and continuing connected transactions pursuant to the definitions of “connected transaction” and “continuing connected transaction” (as the case may be) of Chapter 14A of the Listing Rules and pursuant to the disclosure requirements of Chapter 14A of the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 30 October 2025, and considering the term of the above Continuing Connected Transaction Agreements had previously expired on 31 December 2025, in view of the Company’s intention to continue to enter into transactions of similar nature from time to time after the relevant expiry date, on 30 October 2025, the Company entered into the following agreements with China COSCO SHIPPING:

- (1) Master Operating Lease Services Agreement, pursuant to which the Group agreed to provide to China COSCO SHIPPING, and China COSCO SHIPPING agreed to purchase from the Group, the operating lease services;
- (2) Master Finance Lease Services Agreement, pursuant to which the Group agreed to provide to China COSCO SHIPPING, and China COSCO SHIPPING agreed to purchase from the Group, the finance lease services;
- (3) Master Vessel Services Agreement, pursuant to which China COSCO SHIPPING agreed to provide to the Group, and the Group agreed to purchase from China COSCO SHIPPING, the vessel and other ancillary services;
- (4) Master Containers Services Agreement, pursuant to which the Group and China COSCO SHIPPING agreed to mutually provide/purchase container and other ancillary services;
- (5) Master General Services Agreement, pursuant to which China COSCO SHIPPING agreed to provide to the Group, and the Group agreed to purchase from China COSCO SHIPPING, the general services;
- (6) Master Tenancy Agreement, pursuant to which China COSCO SHIPPING agreed to provide to the Group, and the Group agreed to purchase from China COSCO SHIPPING, the property leasing services and other ancillary services; and
- (7) Trademark License Agreement, pursuant to which China COSCO SHIPPING agreed to grant a non-exclusive license to the Group with the right to use certain trademarks owned by China COSCO SHIPPING.

Report of the Board of Directors

On 30 October 2025, the Company further entered into the Management Services Agreement, pursuant to which China Shipping agreed to appoint the Company, and the Company agreed to accept such appointment, to provide management services in respect of COSCO SHIPPING Investment and the target equities.

On 30 October 2025, the Company and COSCO SHIPPING Finance entered into the Financial Services Agreement, pursuant to which COSCO SHIPPING Finance agreed to provide to the Group, and the Group agreed to purchase the financial services from COSCO SHIPPING Finance.

The term of the aforesaid Agreement shall be three years from 1 January 2026 to 31 December 2028. For more details, please refer to the announcement and circular of the Company dated 30 October 2025. The non-exempt continuing connected transactions under the above agreement together with their respective proposed annual caps were considered and approved at the extraordinary general meeting held on 15 December 2025. For details, please refer to the announcement of the Company dated 15 December 2025.

INTERNAL CONTROL PROCEDURES

Pursuant to the terms of the continuing connected transaction framework agreements of the Group, the Group may, from time to time and as necessary, enter into separate implementation agreements for each of the specific transactions contemplated under the continuing connected transaction framework agreements of the Group.

Each implementation agreement shall set out the specific terms and other relevant conditions for the particular transaction, including but not limited to rights and benefits of the parties, coordination of the parties, fees and expenses, payments, use of information, breach of agreement and exclusion of liabilities. Any execution and amendments of such implementation agreements shall not contravene the relevant continuing connected transaction framework agreements.

In addition to the annual review by the auditors and independent non-executive Directors pursuant to the requirements of Chapter 14A of the Listing Rules, the Company has implemented the following internal control procedures to ensure that the terms offered by the relevant connected parties are no less favourable than those available to or from independent third parties (as the case may be) and the continuing connected transactions of the Group are conducted in accordance with the pricing policy under the respective continuing connected transaction framework agreements:

- (i) the Company has prepared and implemented the Methods for Management of Connected Transactions which sets out, among other things, the relevant requirements for and identification of connected transactions, the responsibilities of relevant departments in the conduct and management of connected transactions, reporting procedures and ongoing monitoring, with a view to ensuring compliance of the Group with applicable laws and regulations (including the Listing Rules) in relation to connected transactions;
- (ii) before entering into any implementation agreements pursuant to the continuing connected transaction framework agreements, the relevant executives of the relevant departments of the Company will review contemporaneous prices and other relevant terms offered by at least two independent third parties operating at the same or nearby area before the commencement of the relevant transaction, and ensure that the terms offered by the relevant connected persons are fair and reasonable and comparable to those offered by independent third parties. In case where the offers made by independent third parties are more favourable to the Company, the Company would take up those offers of the independent third parties;

Report of the Board of Directors

- (iii) following the entering into of the implementation agreements pursuant to the continuing connected transaction framework agreements, the Company will regularly examine the pricing of the transactions under the continuing connected transaction framework agreements to ensure that they are conducted in accordance with the pricing terms thereof, including reviewing the transaction records of the Company for the purchase or provision of similar goods or services to or from independent third parties, as the case may be;
- (iv) the Company will regularly convene meetings to discuss any issues in the transactions under the continuing connected transaction framework agreements and recommendations for improvement;
- (v) the Company will regularly summarise the transaction amounts incurred under the respective continuing connected transaction framework agreements and submit periodic reports which sets out, among other things, the historical transaction amounts, the estimated future transaction amounts and the applicable annual caps, to the management of the Company. If the aforementioned transaction amount incurred reach 80% of the respective applicable annual cap, immediate reporting will be made to the management of the Company. In doing so, the management and the relevant departments of the Company can be informed of the status of the continuing connected transactions in a timely manner such that the transactions can be conducted within the applicable annual caps;
- (vi) if it is anticipated that the existing annual caps may be exceeded in the event that the Company continues to conduct the continuing connected transactions, the relevant business departments shall report to the management of the Company at least two months in advance, the Company will then take all appropriate steps in advance to revise the relevant annual caps in accordance with the relevant requirements of the Listing Rules and if necessary, the Company will refrain from further conducting the relevant continuing connected transactions until the revised annual caps are approved; and
- (vii) the supervision department of the Company will periodically review and inspect the process of the relevant continuing connected transactions.

By implementing the above procedures, the Directors consider that the Company has established sufficient internal control measures to ensure the pricing basis of each of the continuing connected transaction agreements will be on normal commercial terms (or better to the Group), fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and its Shareholders as a whole.

The relevant departments (such as finance department and securities department) of the Company will also collect statistics of each of the continuing connected transaction agreements on a quarterly basis to ensure the annual caps approved by the independent Shareholders or as announced are not exceeded.

Report of the Board of Directors

The independent non-executive Directors, Mr. Shao Ruiqing, Mr. Chan Kwok Leung and Mr. Wu Daqi had reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether the above continuing connected transactions are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as the case may be) independent third parties; and
- (3) in accordance with the relevant agreement terms of the above continuing connected transactions and these transaction terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, SHINEWING (HK) CPA Limited, the international auditor of the Company, has confirmed to the Company regarding the continuing connected transactions disclosed above that nothing has come to the auditor's attention that causes them to believe that:

1. the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;
2. the transactions were not conducted, in all material respects, in accordance with the pricing policies of the Company;
3. the transactions were not conducted, in all material respects, in accordance with the relevant agreements governing such transactions; and
4. the continuing connected transactions have exceeded the relevant maximum aggregate annual cap amount disclosed in the previous announcements of the Company in respect of each of the disclosed continuing connected transactions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has made an annual confirmation of his/her independence as required by the Listing Rules. The Company is of the view that all the independent non-executive Directors have been in compliance with the independence guidelines requirements as set out in the Listing Rules and are independent in accordance with the provisions of the guidelines.

PENSION SCHEME

Details of the Group's pension scheme for the year ended 31 December 2025 are set out in Note 2.4 to the consolidated financial statements.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2025, the Group had not placed any designated deposits with any financial institution in the PRC, nor had it failed to collect any time deposits upon maturity during the Year.

TAX RELIEF AND EXEMPTION

The Company is not aware that holders of securities of the Company are entitled to any tax relief or exemption by reason of their holding of such securities.

Report of the Board of Directors

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the “Corporate Governance Report” on pages 66 to 92.

AUDIT COMMITTEE

The audit committee of the Company is comprised of two independent non-executive Directors, namely Mr. Shao Ruiqing and Mr. Chan Kwok Leung, and one non-executive Director, namely Ms. Zhang Xueyan. The Group’s final results for the year ended 31 December 2025 and interim results for the six months ended 30 June 2025 have been reviewed by the audit committee.

AUDITOR

Auditor appointed by the Company in the past three years is as follows:

2023, 2024 and 2025: SHINEWING (HK) CPA Limited

The financial statements set out in this Annual Report have been audited by SHINEWING (HK) CPA Limited.

Zhang Mingwen

Chairman

Shanghai, the People’s Republic of China

30 March 2026

Corporate Governance Report

The Group always strives to enhance corporate governance standards and views corporate governance as a part of value creation and a reflection of the commitment of all Directors and senior management to comply with corporate governance. Transparency is maintained for shareholders and we aim to maximize the interests of all shareholders.

Save as disclosed in this Corporate Governance Report, the Board confirms that the Company has complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the year ended 31 December 2025.

The Company will continue to consistently review the corporate governance practices of the Group to ensure that they are thoroughly implemented. Improvements will also be made continuously to comply with the latest trends of corporate governance, including any new amendments to the Corporate Governance Code in the future.

A. BOARD OF DIRECTORS

1. COMPOSITION OF THE SEVENTH SESSION OF THE BOARD

The current members of the seventh session of the Board include:

DIRECTORS

Executive Directors

Mr. Zhang Mingwen (*Chairman*)

Mr. Wang Kunhui (*General Manager*)

Non-executive Directors

Mr. Ip Sing Chi

Ms. Zhang Xueyan

Mr. Zheng Xiaozhe

Independent non-executive Directors

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

Mr. Wu Daqi

Notes:

1. Mr. Liang Yanfeng retired and resigned as a non-executive Director on 29 July 2025 as having reached the retirement age.
2. Mr. Wang Kunhui was formally appointed as an executive Director of the seventh session of the Board on 13 October 2025.
3. Mr. Zheng Xiaozhe was formally appointed as a non-executive Director of the seventh session of the Board on 15 December 2025.

Corporate Governance Report

The list of current Directors (including names, duties and brief biographies) is shown on the Company's website: <http://development.coscoshipping.com>. There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members.

In 2025, the Board had at least three independent non-executive Directors (and representing at least one-third of the Board members) in accordance with the requirement of the Listing Rules, of whom one had appropriate professional qualifications or accounting or related financial management expertise. Each independent non-executive Director has re-confirmed his/her independence to the Company in accordance with the requirement of the Listing Rules. Based on their confirmation, the Company considers that they are independent.

2. RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for managing the businesses and affairs of the Group with the aim of enhancing shareholder value; presenting a balanced, clear and comprehensible assessment of the Group's performance, position and prospects as set out in the annual and interim reports, other price sensitive announcements and other financial information disclosed pursuant to the requirement of the Listing Rules; and reporting to regulators any information which is required to be disclosed as per statutory requirements.

The Board owes fiduciary and statutory duties to the Company and the Group. Other duties include: formulating the general strategy and policies of the Group, and establishing corporate and management goals, major operational measures and risk management policies in accordance with the strategic objectives of the Group; supervising and monitoring the operational and financial performance; and approving expenditure budget and key capital spending, key investments, major acquisitions and disposals of assets, corporate or financial reorganization, major finance consent and management matters.

The Board also delegates authority and obligation to the management to manage and decide matters relating to the day-to-day business of the Group, and to report to the Board on the day-to-day business management of the Group.

The Board has set up the Audit Committee, the Remuneration Committee, the Investment Strategy Committee, the Nomination Committee, the Risk and Compliance Management Committee and the Executive Committee successively. Please refer to the following paragraphs for the composition and duties of the Audit Committee, the Remuneration Committee, the Investment Strategy Committee, the Nomination Committee, the Risk and Compliance Management Committee and the Executive Committee. Each committee should make recommendations to the Board in accordance with its own duties; such recommendations should be ultimately determined by the Board, unless prescribed clearly in each committee's terms of reference.

The Company Secretary provides information regarding the latest developments in relation to the Listing Rules and other applicable regulatory requirements for all Directors. The Company confirms that the Company Secretary had attended over 15 hours of professional training during the Year. Any Director may require the Company Secretary to arrange independent professional advice at the expense of the Company to assist the Director(s) in performing his/her/their duties to the Company effectively. The Company has reviewed the mechanism and confirmed its effective implementation.

Corporate Governance Report

3. CORPORATE GOVERNANCE FUNCTION

The Board is responsible for the formulation of corporate governance policies of the Group and the performance of the following corporate governance duties:

- (1) to formulate and review the Group's policies and practices on corporate governance;
- (2) to review and monitor the training and continuing professional development of the Directors and senior management;
- (3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (4) to formulate, review and monitor the code of conduct of Directors and employees; and
- (5) to review the Group's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report.

In 2025, the Board performed its corporate governance duties through the Board Diversity Policy (and regularly reviews its implementation and effectiveness on an annual basis), reviewed and monitored the training and continuing professional development of the Directors and senior management and compliance with relevant laws and regulations, and other practices. It also put great effort in improving the Group's corporate governance practices.

4. CHAIRMAN AND GENERAL MANAGER

Mr. Zhang Mingwen has been appointed as the Chairman of the Company for the seventh session of the Board of the Directors as elected by the Board of the Directors of the Company on 29 April 2024. Mr. Wang Kunhui was elected by the Board to serve as the General Manager of the Company on 16 September 2025, and Mr. Zhang Mingwen ceased to act concurrently as the General Manager of the Company on the same day.

As required by the Articles of Association, the Chairman and the General Manager perform their duties separately. The Chairman exercises the duties to preside over the general meetings, convene and preside over the meetings of the Board to supervise and inspect the implementation of the resolutions of the Board, to sign the securities certificates issued by the Company, to listen to the work report on the rule of law construction of the Company and such other authorities as may be delegated by the Board. The Chairman takes primary responsibility for the Company and ensures that sound corporate governance practices and procedures are in place. The Chairman also attends the annual general meeting and invites the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and other committees of the Company to attend. The General Manager is responsible for organizing the implementation of the decisions, resolutions, approaches, policies and development plans of the Board, and reporting to the Board; organizing the implementation of the Company's annual business plans, budgets and investment plans; coordinating the Company's internal and external relations; formulating the Company's internal management department establishment plans; devising the Company's basic management systems; drawing up the Company's basic rules and regulations; submitting annual work reports and other reports to the Board; employing or dismissing management personnel whose employment or dismissal is not subject to the approval of the Board and determining their assessment and remuneration; proposing the convening of extraordinary meetings of the Board; and other duties as authorized by the Articles of Association and the Board.

5. TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

(1) Newly appointed Directors

Each newly appointed Director will receive a set of training materials which cover the legal responsibilities of Directors, specific legal responsibilities, rules governing the dealings in securities of a listed company, disclosure of sensitive share price information, disclosable transactions, connected transactions, other continuing responsibilities, Corporate Governance Code and disclosure of interests under the SFO to ensure each newly appointed Director fully understands his/her duties under the Listing Rules and other regulatory requirements. Mr. Wang Kunhui, the newly appointed executive Director appointed on 13 October 2025, and Mr. Zheng Xiaozhe, the newly appointed non-executive Director appointed on 15 December 2025, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 12 September 2025 and 26 November 2025, respectively, and such Directors confirmed that they understood their obligations as a director of the Company, and any consequences which may arise from the making of any false statement or the giving of any false information to the Hong Kong Stock Exchange.

(2) The Company provides relevant laws and regulations or their amended or updated versions for its Directors on an irregular basis for learning purposes. In order to comply with the continuing professional development requirement under the Corporate Governance Code, the Directors attended the trainings regarding the functions and duties of Directors during the Year.

Corporate Governance Report

According to the Company's records, in order to comply with the continuing professional development requirement under the Corporate Governance Code, the Directors received the following trainings in 2025:

Director	Reading written materials regarding updates on the Board practices and development, corporate governance and regulations	Attending related risk management, strategy, business and industry specific briefings, seminars or training
<i>Chairman, executive Director</i> Zhang Mingwen	✓	✓
<i>Executive Director, General Manager</i> Wang Kunhui	✓	✓
<i>Non-executive Directors</i>		
Ip Sing Chi	✓	✓
Zhang Xueyan	✓	✓
Zheng Xiaozhe	✓	✓
<i>Independent non-executive Directors</i>		
Shao Ruiqing	✓	✓
Chan Kwok Leung	✓	✓
Wu Daqi	✓	✓
<i>Resigned Directors</i>		
Liang Yanfeng	✓	✓

Notes:

1. Mr. Liang Yanfeng retired and resigned as a non-executive Director on 29 July 2025 as having reached the retirement age.
2. Mr. Wang Kunhui was formally appointed as an executive Director of the seventh session of the Board on 13 October 2025.
3. Mr. Zheng Xiaozhe was formally appointed as a non-executive Director of the seventh session of the Board on 15 December 2025.

- (3) The Company provides latest information about the production and operation of the Company for the Directors through monthly operation reports, physical Board meetings and replies to the questions raised by the Directors, so that the Directors can perform their duties.

6. BOARD MEETINGS

The Board meets at least four times a year, and Directors entitled to attend regular meetings shall attend in person or actively participate by means of electronic communication. In addition, the Chairman had meetings with the independent non-executive Directors, without the presence of the other Directors, to consider issues. During 2025, the Chairman held 2 meetings with the independent non-executive Directors, without the presence of the other directors. The Securities and Public Relations Department of the Company would provide an official agenda of items to be considered and determined by the Board before any Board meeting. Notice would be given 10 working days before each regular Board meeting. Directors may include related matters in the agenda for discussion at the Board meeting. The Company Secretary assists the Chairman in preparing an agenda for each Board meeting and ensures it is prepared in accordance with applicable statutory requirements and regulations in relation to the meeting. The ultimate agenda and Board papers would be sent to all Directors at least 3 days before the Board meeting. Any Director with a conflicting interest in any resolution to be considered by the Board should abstain from voting on such resolution, and independent non-executive Directors who do not have a material interest in the transaction themselves and their close associates should attend the relevant board meetings.

The Company has established an effective mechanism to ensure independent views and opinions are available to the Board, which include the Company's procedures for the nomination and appointment of Directors (including independent non-executive Directors), the mechanism for directors to abstain from voting on relevant resolutions to be considered by the Board, and functions of the independent non-executive Directors to independently engage external auditing and consulting firms. The Board reviews the implementation and effectiveness of the above mechanism annually.

The Board held 12 Board meetings during 2025. Attendance record of each Director is set out as follows:

Corporate Governance Report

Attendance of Directors at Board Meetings and General Meetings

Name of Director	Attendance at Board Meetings					Unable to attend in person for two consecutive Board meetings	Attendance at general meetings ⁽¹⁾	
	Board meetings to attend this year	Meetings attended in person	Meetings attended through proxy	Meetings attended by way of telecommunication	Attendance rate %		Annual general meeting attended	Extraordinary general meetings attended
<i>Chairman, executive Director</i>								
Zhang Mingwen	12	12	0	6	100	No	1/1	3/3
<i>Executive Director, General Manager</i>								
Wang Kunhui	2	2	0	1	100	No	0/0	1/1
<i>Non-executive Directors</i>								
Ip Sing Chi	12	12	0	6	100	No	1/1	3/3
Zhang Xueyan	12	12	0	6	100	No	1/1	3/3
Zheng Xiaozhe	0	0	0	0	N/A	No	0/0	0/0
<i>Independent non-executive Directors</i>								
Shao Ruiqing	12	12	0	6	100	No	1/1	3/3
Chan Kwok Leung	12	12	0	6	100	No	1/1	3/3
Wu Daqi	12	11	1	6	100	No	1/1	3/3
<i>Resigned Directors</i>								
Liang Yanfeng	8	8	0	4	100	No	1/1	0/0

Notes:

1. Mr. Liang Yanfeng retired and resigned as a non-executive Director on 29 July 2025 as having reached the retirement age.
2. Mr. Wang Kunhui was formally appointed as an executive Director of the seventh session of the Board on 13 October 2025.
3. Mr. Zheng Xiaozhe was formally appointed as a non-executive Director of the seventh session of the Board on 15 December 2025.

Corporate Governance Report

7. SUPPLY OF AND ACCESS TO INFORMATION

All Directors of the Company are entitled to have access to the relevant documents and other information of the Board from the Company Secretary in order to make informed decisions.

8. APPOINTMENT AND RESIGNATION OF DIRECTORS

The Board reviews its structure, size and composition regularly. The Company appoints new Directors to the Board in accordance with formal, well thought-out and transparent procedures.

The Board held two meetings in 2025 to review the appointment and resignation of the Directors and make recommendations thereon, and the attendance rate of the Directors was 100%. Attendance record of each Director is set out as follows:

Chairman, executive Director

Director	Number of meetings attended	Attendance rate
Zhang Mingwen	2	100%

Executive Director, General Manager

Director	Number of meetings attended	Attendance rate
Wang Kunhui	1	100%

Non-executive Directors

Director	Number of meetings attended	Attendance rate
Ip Sing Chi	2	100%
Zhang Xueyan	2	100%
Zheng Xiaozhe	N/A	N/A

Notes:

1. Mr. Wang Kunhui was formally appointed as an executive Director of the seventh session of the Board on 13 October 2025.
2. Mr. Zheng Xiaozhe was formally appointed as a non-executive Director of the seventh session of the Board on 15 December 2025.

Corporate Governance Report

Independent non-executive Directors

Director	Number of meetings attended	Attendance rate
Shao Ruiqing	2	100%
Chan Kwok Leung	2	100%
Wu Daqi	2	100%

Resigned Directors

	Number of meetings attended	Attendance rate
Liang Yanfeng	N/A	N/A

Note:

Mr. Liang Yanfeng retired and resigned as a non-executive Director on 29 July 2025 as having reached the retirement age.

9. BOARD COMMITTEES

(1) Audit Committee

The seventh session of the Audit Committee of the Board currently consists of Mr. Shao Ruiqing and Mr. Chan Kwok Leung, who are independent non-executive Directors, and Ms. Zhang Xueyan, who is a non-executive Director. Mr. Shao Ruiqing is the Chairman of the Audit Committee.

Its primary duties are to supervise and evaluate internal and external audit work; to supervise and evaluate internal control work; to review the financial information of the Company and the disclosure thereof; to coordinate communication between the management, internal audit department, relevant departments and the external audit institution; to exercise the functions and powers of the supervisory committee (the Company no longer establishes a supervisory committee with effect from 23 September 2025) as prescribed by the Company Law; to handle other matters authorized by the Board of the Company and other matters stipulated in applicable laws, regulations and relevant rules of the stock exchange.

The Audit Committee shall report and make recommendations to the Board on the measures it deems necessary to adopt or matters requiring improvement.

During the reporting period, the Audit Committee of the Board convened five meetings with the attendance rate of 100%.

Corporate Governance Report

- (i) Four regular meetings were held as follows:
1. The thirteenth meeting of the seventh session of the Audit Committee of the Board was convened with physical presence on 26 March 2025, at which the following proposals were considered and passed by a unanimous vote:
 - (1) Proposal Regarding 2024 Annual Financial Report of the Company;
 - (2) Proposal Regarding the Re-appointment of Auditors for A Share and H Share Financial Reports and Internal Control Auditor of the Company for 2025;
 - (3) Proposal Regarding the Company's Annual Report and Annual Results Announcement for 2024;
 - (4) Proposal Regarding the Company's Internal Audit for 2024-2025;
 - (5) Proposal Regarding the Company's Report on Work of Internal Control System for 2024;
 - (6) Proposal Regarding the Company's Internal Control Evaluation Report for 2024;
 - (7) Proposal Regarding the Report on the Discharge of Duties by the Audit Committee of the Board in 2024.

The follow reports were heard and approved at the meeting:

- (1) Report Regarding the Company's 2024 Annual Financial Report Audit of ShineWing Certified Public Accountants;
 - (2) Report Regarding the Company's 2024 Internal Control Audit of ShineWing Certified Public Accountants;
 - (3) Report Regarding the Company's Internal Audit Findings on Relevant Material Matters for 2024.
2. The fourteenth meeting of the seventh session of the Audit Committee of the Board was convened through voting by written resolutions on 28 April 2025, at which the Proposal Regarding the Company's Report for the First Quarter of 2025 was considered and passed by a unanimous vote.
3. The fifteenth meeting of the seventh session of the Audit Committee of the Board was convened with physical presence on 28 August 2025, at which the following proposals were considered and passed by a unanimous vote:
 - (1) Proposal Regarding the Company's Financial Report for the First Half of 2025;
 - (2) Proposal Regarding the Company's Financial Report and Interim Results Announcement for the First Half of 2025;
 - (3) Proposal Regarding the Company's Interim Report on Internal Control Management for 2025.

Corporate Governance Report

The follow reports were heard and approved at the meeting:

- (1) Report Regarding ShineWing's Review on the Company for the First Half of 2025 (both Domestic and Overseas);
 - (2) Report Regarding Implementation of the Company's Internal Audit for the First Half of 2025;
 - (3) Report Regarding the Company's Internal Audit Findings on Material Matters for the First Half of 2025.
4. The sixteenth meeting of the seventh session of the Audit Committee of the Board was convened through voting by written resolutions on 29 October 2025, at which the Proposal Regarding the Company's Report for the Third Quarter of 2025 was considered and passed by a unanimous vote.
- (ii) One extraordinary meeting was held as follows:
1. The seventeenth meeting of the seventh session of the Audit Committee of the Board was convened via a combination of physical presence and video conferences on 23 December 2025, at which ShineWing's Report Regarding the Company's A Share and H Share Audit Plan of 2025 was heard and approved.

Attendance record of each member of the Audit Committee is set out as follows:

Director	Number of Meetings attended/number of meetings held	Attendance rate
The seventh session of the Audit Committee of the Board		
Shao Ruiqing <i>(independent non-executive Director) (chairman)</i>	5/5	100%
Zhang Xueyan <i>(non-executive Director)</i>	5/5	100%
Chan Kwok Leung <i>(independent non-executive Director)</i>	5/5	100%

(2) Remuneration Committee

The seventh session of the Remuneration Committee of the Board of the Company currently consists of Mr. Shao Ruiqing, Mr. Chan Kwok Leung and Mr. Wu Daqi, who are independent non-executive Directors. Mr. Shao Ruiqing is the Chairman of the Remuneration Committee.

The Remuneration Committee shall be responsible for formulating the performance criteria for Directors and senior management and assessing their performance, formulating and reviewing remuneration policies and schemes for Directors and senior management (including remuneration determination mechanisms, decision-making processes, payment, withholding and clawback arrangements), and exercising such other authorities as delegated by the Board. It shall make recommendations to the Board in respect of the following matters: (i) the remuneration of Directors and senior management; (ii) the formulation or amendment of equity incentive plans and employee share ownership plans, and the satisfaction of conditions for the grant and exercise of rights by incentive participants; (iii) the share ownership plans of Directors and senior management in respect of proposed spin-offs of subsidiaries of the Company; and (iv) such other matters as stipulated by laws, administrative regulations, the securities regulatory authorities of the stock exchange where the Company's shares are listed, and these Articles of Association.

Corporate Governance Report

The Remuneration Committee is accountable to the Board. In accordance with relevant laws, regulations and the Articles of Association, and based on the actual circumstances of the Company, the Remuneration Committee shall formulate proposals and submit them to the Board for adoption or consideration. Remuneration plans for Directors shall be submitted to the general meeting of shareholders for approval before implementation.

Two meetings of the Remuneration Committee of the Board were held in 2025, with an attendance rate of 100%. The Proposal Regarding the Annual Remuneration of the Directors and Supervisors of the Company for 2025 and the Proposal Regarding the Payment of Remuneration to Senior Management of the Company were considered at the fifth meeting of the seventh session of the Remuneration Committee of the Board; the Proposal Regarding the Cancellation of Share Options and Treasury Shares under the Share Option Incentive Plan was considered at the sixth meeting of the seventh session of the Remuneration Committee of the Board.

Attendance record of each member of the Remuneration Committee is set out as follows:

Director	Number of meeting attended/number of meetings held	Attendance rate
The seventh session of the Remuneration Committee of the Board		
Shao Ruiqing <i>(independent non-executive Director) (chairman)</i>	2/2	100%
Chan Kwok Leung <i>(independent non-executive Director)</i>	2/2	100%
Wu Daqi <i>(independent non-executive Director)</i>	2/2	100%

(3) Investment Strategy Committee

The seventh session of the Investment Strategy Committee of the Board of the Company currently consists of Mr. Zhang Mingwen, who is the chairman of the Board and an executive Director, Mr. Wang Kunhui, who is an executive Director and the General Manager, Mr. Ip Sing Chi, Ms. Zhang Xueyan and Mr. Zheng Xiaozhe, who are non-executive Directors, and Mr. Shao Ruiqing and Mr. Chan Kwok Leung, who are independent non-executive Directors. Mr. Zhang Mingwen is the chairman of the Investment Strategy Committee.

The primary duties of the Investment Strategy Committee are to consider and make recommendations on the strategic plan for the Group's long-term development and on material investment and financing proposals and material capital operation and asset operation projects which are subject to the Board's approval as required by the Articles of Association; to consider global political, social and environmental risks and opportunities that may affect the Company, to supervise and administer the systems and strategies related to the Company's sustainable development as well as the performance of the Company in respect of environmental, social and governance (ESG) aspects (including but not limited thereto), and to consider and make recommendations on major matters concerning the sustainable development of the Company; to consider and make recommendations on other major matters affecting the development of the Company; to inspect the implementation of the above matters; to handle other matters authorized by the Board.

The Investment Strategy Committee is accountable to the Board, and the proposals of the Investment Strategy Committee shall be submitted to the Board for consideration and decision.

Corporate Governance Report

During the reporting period, the Investment Strategy Committee of the Board convened three meetings with the attendance rate of 100%. On 24 February 2025, the Proposal Regarding the Consideration on the Company's 2025 Investment and Assets Disposal Plan was considered and passed at the seventh meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval. On 27 March 2025, the Proposal Regarding on the Company's 2024 Sustainability Report was considered and passed at the eighth meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval. On 28 August 2025, the Proposal Regarding on the Company's 2025 Investment and Disposal and Adjustment Plan was considered and passed at the ninth meeting of the seventh session of the Investment Strategy Committee of the Board, and was recommended to the Board for approval.

Director	Number of meeting attended/number of meeting held	Attendance rate
The seventh session of the Investment Strategy Committee of the Board		
Zhang Mingwen <i>(Chairman of the Board and executive Director) (chairman)</i>	3/3	100%
Wang kunhui <i>(executive Director and General Manager)</i>	N/A	N/A
Ip Sing Chi <i>(non-executive Director)</i>	3/3	100%
Zhang Xueyan <i>(non-executive Director)</i>	3/3	100%
Zheng Xiaozhe <i>(non-executive Director)</i>	N/A	N/A
Shao Ruiqing <i>(independent non-executive Director)</i>	3/3	100%
Chan Kwok Leung <i>(independent non-executive Director)</i>	3/3	100%
Liang Yanfeng <i>(non-executive Director) (former committee member)</i>	2/2	100%

Notes:

1. Mr. Liang Yanfeng retired and resigned as a non-executive Director and a member of the Investment Strategy Committee on 29 July 2025 as having reached the retirement age.
2. Mr. Wang Kunhui was formally appointed as an executive Director of the seventh session of the Board on 13 October 2025, and was formally appointed as a member of the Investment Strategy Committee and the Executive Committee on 30 October 2025.
3. Mr. Zheng Xiaozhe was formally appointed as a non-executive Director of the seventh session of the Board on 15 December 2025, and was formally appointed as a member of the Investment Strategy Committee on 13 February 2026.

(4) Nomination Committee

The seventh session of the Nomination Committee of the Board currently consists of Mr. Chan Kwok Leung, who is an independent non-executive Director, Mr. Zhang Mingwen, who is the Chairman of the Board and an executive Director, Ms. Zhang Xueyan, who is a non-executive Director, and Mr. Shao Ruiqing and Mr. Wu Daqi, who are independent non-executive Directors. Mr. Chan Kwok Leung is the chairman of the Nomination Committee.

Corporate Governance Report

The Nomination Committee shall be responsible for formulating the selection criteria and procedures for Directors and senior management, selecting and reviewing candidates for Directors and senior management as well as their qualifications, and exercising such other authorities as delegated by the Board. It shall make recommendations to the Board in respect of the following matters: (i) the nomination, appointment or removal of Directors; (ii) the appointment or dismissal of senior management; (iii) such other matters as stipulated by laws, administrative regulations, the securities regulatory authorities of the stock exchange where the Company's shares are listed, and these Articles of Association.

The Nomination Committee is accountable to the Board. In accordance with relevant laws, regulations and the Articles of Association, and based on the actual circumstances of the Company, the Nomination Committee shall formulate proposals and submit them to the Board for adoption and implementation.

The Board passed the Board Diversity Policy. The Nomination Committee has formulated the Board Diversity Policy, which is set out in the Working Rules for the Nomination Committee of the Board of the Company. The main contents include: when determining the composition of the Board, the Company will consider the Board diversity in terms of, among other things, gender, age, cultural and educational background, professional experience, skills, knowledge and term of service. The taking into account of these factors in determining the Board diversity contributes to the enhanced management standard of the Company, and results in a more comprehensive and balanced Board composition and decision-making process. All appointments of the Directors are based on meritocracy, and candidates will be considered against objective criteria, taking into account the benefits of board diversity. The final selection of candidates will be determined based on their merits and contribution to the Board. The composition of the Board is basically in line with the diversity (including gender diversity) principle, details of which are set out under the section headed "Composition of the Seventh Session of the Board" in the "Corporate Governance Report". The biographies of Directors set out on pages 28 to 32 also set out the diverse skills, professional knowledge, experience and qualifications of the Directors. Currently, the Board has not set any measurable objectives for implementing the Board Diversity Policy (including gender diversity).

Corporate Governance Report

The Board of Directors currently has one female Director out of eight Directors and is committed to maintaining gender diversity when identifying suitable candidates. In order to maintain gender diversity, similar considerations will be taken into account in the recruitment and selection process of key management and other personnel for our business. As of 31 December 2025, the senior management of the Company (who were appointed by the Board) consisted of 5 male employees and 3 female employees.

There are no factors or circumstances that would make achieving gender diversity more challenging or less relevant for all employees (including senior management). During the year, the Company had reviewed the implementation and effectiveness of the gender diversity policy for its employees, including senior management. As a result of these measures, the gender diversity policy for employees (including senior management) was considered to have been effectively implemented.

During the reporting period, the Nomination Committee of the Board convened four meetings with the attendance rate of 100%. The Proposal Regarding the Appointment of the Company's Senior Executives was considered at the fifth and sixth meetings of the seventh session of the Nomination Committee of the Board; the Proposal Regarding the Election of Mr. Wang Kunhui as an Executive Director of the Company and the Proposal Regarding the Adjustment of the Company's Senior Executives were considered at the seventh meeting of the seventh session of the Nomination Committee of the Board; and the Proposal Regarding the Election of Mr. Zheng Xiaozhe as a Non-executive Director of the Company was considered at the eighth meeting of the seventh session of the Nomination Committee of the Board. All proposals mentioned above were agreed to be submitted to the Board for further review.

Attendance record of each member of the Nomination Committee is set out as follows:

Director	Number of meetings attended/number of meetings held	Attendance rate
The seventh session of the Nomination Committee of the Board		
Chan Kwok Leung <i>(independent non-executive Director) (chairman)</i>	4/4	100%
Zhang Mingwen <i>(Chairman of the Board, executive Director)</i>	4/4	100%
Zhang Xueyan <i>(non-executive Director)</i>	2/2	100%
Shao Ruiqing <i>(independent non-executive Director)</i>	4/4	100%
Wu Daqi <i>(independent non-executive Director)</i>	2/2	100%

Note:

1. On 29 July 2025, upon the consideration and approval at the 29th meeting of the seventh session of the Board, Ms. Zhang Xueyan and Mr. Wu Daqi were appointed as members of the Nomination Committee.

Corporate Governance Report

(5) Risk and Compliance Management Committee

The seventh session of the Risk and Compliance Management Committee of the Board currently consists of Mr. Wu Daqi, Mr. Shao Ruiqing and Mr. Chan Kwok Leung, who are independent non-executive Directors. Mr. Wu Daqi is the Chairman of the Risk and Compliance Management Committee.

The primary duties of the Risk and Compliance Management Committee are to consider the Company's risk and compliance management work plans, organizational structure and its duty proposals, and to review the duties of the Company's risk and compliance management systems; to consider the Company's basic risk and compliance management systems, to discuss the risk and compliance management systems with the management, and to ensure that the management has fulfilled its duties to establish effective systems; to consider the Company's risk and compliance management reports; to provide decision-making support to the Board in respect of compliance management, and to conduct guidance and supervision on the Company's compliance management work; to consider the major investigation findings concerning risk and compliance management matters and the management's responses to such findings on its own initiative or as appointed by the Board; to promote law-based governance of the Company and to supervise the management's law-based corporate governance; to perform other duties as stipulated by laws and regulations and the Listing Rules and as authorized by the Board.

The Risk and Compliance Committee is accountable to the Board of the Company. Proposals of the Risk and Compliance Committee shall be submitted to the Board for deliberation and decision.

During the reporting period, the Risk and Compliance Management Committee convened two meetings with the attendance rate of 100%.

No.	Date of meeting	Name of meeting	Voting method	Proposal
1.	26 March 2025	The fifth meeting of the seventh session of the Risk and Compliance Management Committee of the Board	Physical presence	<ol style="list-style-type: none">1. Proposal Regarding the Company's 2024 Legal and Compliance Work Report2. Proposal Regarding the Company's 2024 Risk Management Report3. Proposal Regarding the Risk Continuity Assessment Report of COSCO SHIPPING Finance Company Limited

Corporate Governance Report

No.	Date of meeting	Name of meeting	Voting method	Proposal
2.	28 August 2025	The sixth meeting of the seventh session of the Risk and Compliance Management Committee of the Board	Physical presence	<ol style="list-style-type: none"> 1. Proposal Regarding the Company's 2025 Interim Legal and Risk Control Work Report 2. Proposal Regarding the Risk Continuity Assessment Report of COSCO SHIPPING Finance Company Limited

All proposals mentioned above were approved and some of them were submitted to the Board for further review. Attendance rate of each member of the Risk and Compliance Management Committee is set out as follows:

Director	Number of meetings attended/number of meetings held	Attendance rate
The seventh session of the Risk and Compliance Management Committee of the Board		
Wu Daqi (<i>independent non-executive Director</i>) (<i>chairman</i>)	2/2	100%
Shao Ruiqing (<i>independent non-executive Director</i>)	2/2	100%
Chan Kwok Leung (<i>independent non-executive Director</i>)	2/2	100%

(6) Executive Committee

The seventh session of the Executive Committee of the Board currently consists of Mr. Zhang Mingwen, the Chairman of the Board and an executive Director, and Mr. Wang Kunhui, an executive Director and the General Manager. Mr. Zhang Mingwen is the chairman of the Executive Committee.

The primary duties of the Executive Committee are to consider and decide matters relating to operations management of the Company which involve a certain amount of expenses on behalf of the Board during the adjournments of the Board meetings; to coordinate and implement the decisions approved by the Board; to exercise the special disposal power over the affairs of the Company in the event of force majeure and report to the Board and the general meeting thereafter; and to perform other duties as provided by the Articles of Association or delegated by the Board.

During the reporting period, the Executive Committee convened one meeting with the attendance rate of 100%.

10. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules as the standards for securities transactions by Directors and relevant employees. The Company confirms, having made specific enquiries with all Directors, that during the year ended 31 December 2025, its Directors have complied with the requirements relating to securities transactions by Directors as set out in the Model Code. The Company is not aware of any non-compliance with these guidelines by relevant employees.

11. ANNUAL REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Remuneration of the Directors and key management personnel of the Company is determined according to the remuneration policy and structure of the Company.

For the year ended 31 December 2025, the remuneration of the Directors and key management personnel is divided into the following grades:

Basic annual salary grade	No. of people
HKD1,000,000 and below (equivalent to 903,000 and below)	6
HKD1,000,001 to HKD1,500,000 (equivalent to RMB903,001 to RMB1,355,000)	–
HKD1,500,001 to HKD2,000,000 (equivalent to RMB1,355,001 to RMB1,806,000)	2
HKD2,000,001 to HKD2,500,000 (equivalent to RMB1,806,001 to RMB2,258,000)	1
HKD2,500,001 to HKD3,000,000 (equivalent to RMB2,258,001 to RMB2,710,000)	3
HKD3,000,001 to HKD3,500,000 (equivalent to RMB2,710,001 to RMB3,161,000)	2

Details of the annual remuneration of Directors for the year ended 31 December 2025 are set out in notes 10 and 11 to the consolidated financial statements.

12. THE TERM OF OFFICE FOR NON-EXECUTIVE DIRECTORS FOR THE YEAR AND UP TO THE DATE OF THIS ANNUAL REPORT

Non-executive Director	Term
Ip Sing Chi	The seventh session of the Board: from 27 February 2023 to the end of the term of the seventh session of the Board
Zhang Xueyan	The seventh session of the Board: from 24 October 2024 to the end of the term of the seventh session of the Board
Zheng Xiaozhe	The seventh session of the Board: from 15 December 2025 to the end of the term of the seventh session of the Board
Liang Yanfeng	The seventh session of the Board: from 27 February 2023 to 29 July 2025

Corporate Governance Report

B. ACCOUNTABILITY AND AUDITING

1. EXTERNAL AUDITORS

ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited were appointed as the external domestic and overseas auditors of the Company at the 2024 annual general meeting by the shareholders, respectively, until the conclusion of the next annual general meeting.

The Company has paid ShineWing Certified Public Accountants LLP RMB4,960,000 as remuneration for its foreign auditing service and related service provided for the year 2025, RMB5,280,000 as remuneration for its domestic auditing service and related service provided for the year 2025, and RMB920,000 as remuneration for its internal control and auditing service provided for the year 2025.

2. ACKNOWLEDGEMENT OF THE DIRECTORS AND AUDITORS

All Directors have confirmed their responsibility for preparing the annual accounts for the year ended 31 December 2025. SHINEWING (HK) CPA Limited, the auditor of the Company, has confirmed its reporting responsibilities as set out in the auditor's report in the financial statements for the year ended 31 December 2025.

C. INTERNAL CONTROL AND RISK CONTROL

PROCESS OF IDENTIFYING, ASSESSING AND MANAGING SIGNIFICANT RISKS

The Group has established the risk identification system, process or guidelines to ascertain the types, identification accountability and frequency of risks and the path of reporting. Based on this principle, the Group has adopted qualitative and quantitative approaches for risk assessment. The Group ascertained the focus of risk management according to its development strategies and conditions. It also selected risk management tools to formulate risk management solutions. The Group continued to monitor significant risks by establishing a risk management mechanism and contingency plans.

PROCESS OF REVIEWING THE EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND RESOLVING MATERIAL INTERNAL CONTROL DEFECTS

The Group has strengthened the three-layer risk management system by establishing a vertical top-down delegation and bottom-up approval system. The Group has established a three-line defense system, which includes risk identification, assessment, response and self-appraisal among different departments horizontally. The risk management department shall be responsible for the entire organization, coordination, guidance and supervision, while the audit department shall be responsible for regular audit and supervision. Meanwhile, the Group shall carry out an assessment of the effectiveness of internal control on a regular basis and prepare an annual internal control assessment report so that it can identify and address the deficiencies in a timely manner.

PROCEDURES FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION AND INTERNAL CONTROL MEASURES

The Group has established a stringent process to handle and disseminate inside information in accordance with relevant requirements under the Listing Rules and the SFO. To step up the Group's efforts for confidentiality of inside information, the Company has formulated the Registration and Filing System for Persons Who Possess Inside Information, which specifies the definition and scope of inside information and ascertains the process of registration and filing. The Group has also entered into confidentiality agreements with the persons who possess inside information.

PROCEDURES FOR MONITORING ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE RISKS

The Company has established a sustainability management organization and the Board is the highest decision-making body of the sustainability management organization. The Company's Investment Strategy Committee, as the coordinating and guiding body of the sustainability management organization, is responsible for guiding, analyzing and studying global political, social and environmental risks and opportunities that may affect the Company, overseeing and managing the Company's sustainable development strategy, related systems and ESG performance, and making decisions on major sustainable development issues. The above duties have been incorporated into the Working Rules for Investment Strategy Committee under the Board of the Company.

REVIEW OF THE INTERNAL CONTROL AND RISK CONTROL SYSTEMS

The Board is responsible for reviewing the effectiveness of the Group's internal control and risk control systems. The internal control and risk control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against any material misstatement or loss. The Board has assessed and reviewed the effectiveness of the internal control system through discussion with the Risk and Compliance Management Committee, the Audit Committee, the senior management, the internal audit team, the legal compliance and risk management department and external auditors and based on the reports from the internal audit team. The internal audit team and legal compliance and risk management department review all key controls in accordance with their audit plans on a regular basis, including financial, operational and compliance controls as well as risk management functions. They also report the findings to the Board and provide recommendations for improving the internal control of the Company. During 2025, there were two aforementioned reports. The Audit Committee and the Risk and Compliance Management Committee of the Board has considered the recommendations given by the external auditors at the meetings of the Risk and Compliance Management Committee of the Board.

The Board reviews the effectiveness of the Group's internal control system for the period semi-annually. The Board assesses the effectiveness of the internal control and risk control systems with reference to the evaluation by the Risk and Compliance Management Committee, the Audit Committee, the management as well as the internal audit team, the legal compliance and risk management department and external auditors. An annual review will also be made by considering the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For the year ended 31 December 2025, the Board has reviewed the effectiveness of the Group's internal control and risk control systems with reference to the evaluation by the Audit Committee of the Board, the Risk and Compliance Management Committee, the senior management and the internal audit team. The Board is of the opinion that the internal control and risk control systems of the Group for financial reporting and non-financial reporting (including operational and compliance controls) are effective and adequate.

WHISTLEBLOWING POLICY AND SYSTEM

The employees of the Company may unanimously raise concerns about any impropriety that might arise in financial reporting or otherwise. The Audit Committee shall ensure that there are appropriate arrangements so that the Company can carry out fair and independent investigation and take proper actions against such matters.

Corporate Governance Report

POLICIES AND SYSTEMS THAT PROMOTE AND SUPPORT ANTI-CORRUPTION LAWS AND REGULATIONS

The Company strictly abide by the Interim Provisions on Banning Commercial Bribery, the Rules on Integrity of Executives of State-owned Enterprises, the Regulations of the Communist Party of China on Punishment for Party Discipline Violations, the Supervision Law of the People's Republic of China and the Implementation Rules for the Oversight Law of the People's Republic of China as well as other regulations. By establishing the sound anti-corruption mechanism, carrying out anti-corruption audit and cultivating an anti-corruption culture, we incorporated anti-corruption into our corporate governance and business process to strengthen the atmosphere of integrity, eliminate any form of corrupt behavior, and thus protect the sustainable development of the Company.

The Company has established an anti-corruption management mechanism coordinated by the leadership, with the Supervision and Audit Department as the lead department, and it has incorporated "major disciplinary matters" as an operational risk monitoring indicator into the overall risk monitoring indicator system of the Company, and conducted daily monitoring of the risk of corruption in the Company's operation with occasional risk checks. In 2025, we continued to promote the implementation of integrity responsibilities, carried out integrity inspections and special governance, and carried out systematic management of integrity issues to promote sound operation of the Company.

The Company has established a comprehensive and closed-loop internal audit and rectification mechanism to prevent corruption risks, and supervise the rectification of any problem identified; made a strict accordance with the State-owned Assets Supervision and Administration Commission of the State Council's regulations on the engagement of final-accounts auditing institutions by central SOEs and relevant requirements of the Group, we replace the annual final-accounts auditors through competitive negotiations regularly, and follow the approval procedures for listed companies. The Company has established the Audit Committee and the Company's internal audit department and external auditors report to the Audit Committee on a regular basis each year. The Audit Committee is composed of directors with strong audit and financial backgrounds to provide assurance for scientific decisions at the corresponding decision-making level of the Board.

In addition, the Company strengthens the integrity management of its employees through the development of a wide variety of anti-corruption culture activities, and continues to strengthen and enhance the awareness and behavior of its employees in terms of integrity and self-discipline, thus creating a comprehensive anti-corruption culture of the Company.

D. SHAREHOLDER RIGHTS

1. PROCEDURES FOR EXTRAORDINARY GENERAL MEETINGS CONVENED BY SHAREHOLDERS

Shareholders shall demand the convening of an extraordinary general meeting according to the following procedures:

- (1) Shareholders individually or collectively holding more than 10% of the Company's shares shall be entitled to propose to the Board the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within 10 days after receiving such proposal. The aforementioned number of shares held is calculated based on the number shares held by the shareholder on the date of submission of the written proposal.
- (2) If the Board of Directors does not agree to convene the shareholders' extraordinary general meeting, shareholders shall make a written proposal to the Audit Committee for convening such meeting.
- (3) If the Board of Directors does not agree to the proposal made by the Audit Committee to convene the general meeting, or fails to give a relevant notice within 10 days upon receipt of the request, it shall be deemed that the Board of Directors is unable to fulfill or fails to fulfill its responsibilities to convene the general meeting. The Audit Committee can hereby convene and preside the meeting by itself. The procedures of convening of the meeting should be similar to those of convening a general meeting by the Board of Directors as far as possible.
- (4) Failure of the Audit Committee to issue the notice of the general meeting within the specified period shall be deemed failure of the Audit Committee to convene and preside over a general meeting, and shareholders individually or collectively holding more than 10% of the Company's shares for 90 consecutive days or more may convene and preside over the meeting on a unilateral basis. The procedures for convening the meeting should be similar to those for convening a general meeting by the Board as far as possible.
- (5) Where the shareholder(s) decide(s) to convene the general meeting by himself/herself/themselves, he/she/they shall send out a written notice to the Board, and shall report to the stock exchange at the place where the Company is located. The convening shareholder(s) shall submit relevant evidence to the stock exchange at the place where the Company is located upon the issuance of the notice of general meeting and the announcement of the resolutions of the general meeting.
- (6) The Board and the Secretary to the Board shall cooperate with respect to matters relating to a general meeting convened by the shareholder(s) at his/her/their own discretion. The Board shall provide the register of members as of the share registration date.
- (7) Necessary expenses on a general meeting convened by shareholders at their own discretion shall be borne by the Company and deducted from the monies payable by the Company to the defaulting Directors.

Corporate Governance Report

2. PROCEDURES FOR PROPOSING MOTIONS AT GENERAL MEETINGS

At general meetings of the Company, shareholders severally or jointly holding more than 1% of the Company's shares may propose motions to the Company. Shareholders severally or jointly holding 1% or more of the Company's shares may submit extraordinary motions in writing to the convener 10 days before the general meeting is convened. The convener shall issue a supplementary notice of general meeting within two days upon receipt of such extraordinary motions to announce the particulars of the extraordinary motions.

3. PROCEDURES FOR SHAREHOLDERS TO RECOMMEND AN INDIVIDUAL FOR ELECTION FOR A DIRECTOR

Shareholder nominees who fulfill requirements can participate in elections for the position of Director at the Company's annual general meeting and extraordinary general meeting. According to the Articles of Association:

- (1) The list of candidates for Directors shall be submitted as a resolution to be resolved at general meetings. Candidates for Directors other than independent Directors shall be nominated by the Board, or shareholder(s) severally or jointly holding more than 1% of the total number of shares with voting rights of the Company, and shall be elected at a general meeting of the Company. Candidates for independent Directors shall be nominated by the Board, or shareholder(s) severally or jointly holding more than 1% of the total number of shares with voting rights of the Company, and shall be elected at a general meeting of the Company.
- (2) Resolutions in respect of the election for Directors shall be resolved by cumulative voting at the general meeting.
- (3) The Company shall announce the general meeting voting results in a timely manner. Appointed Directors shall enter into appointment contracts with the Company.

4. PROCEDURES FOR SHAREHOLDERS TO MAKE INQUIRIES TO THE BOARD OF DIRECTORS

Shareholders can submit their inquiries and questions in writing to the Board of Directors through the Company Secretary at any time. The Company Secretary can be contacted through the following methods:

No. 1 Building, Lane 1318, Shangcheng Road, Pudong New Area, Shanghai, the PRC

Postal code: 200127

Email: ir@coscoshipping.com

Shareholders can also make inquiries to the Board at the Company's general meetings.

E. COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company puts particular emphasis on communication with shareholders, and the implementation of measures related to the Company's communication with its shareholders is adequate and effective. All information related to the business, business strategies, and development of the Group is provided in the Company's annual report and interim report. The Company encourages shareholders to attend the annual general meeting and each extraordinary general meeting, which should serve as valuable communication forums with the management and for each other.

The Company actively promotes and enhances investor relations and communication with investors, and formulates the Investor Relations Management Measures of COSCO SHIPPING Development Co., Ltd. In accordance with the Hong Kong Listing Rules and other applicable laws, regulations and relevant provisions, which enhanced communication with investors and potential investors through information disclosure and communication, increases investors' understanding and recognition of the Company, and improves the level of corporate governance and overall value in order to maximize the overall interests of the Company and protect the legal interests of investors. The Company has set up a dedicated management post for investor relations responsible for issues related to investor relations. The Company utilizes results promotions, road shows, telephone conferences, the Company's website and investor visits to strengthen the ties and communication with investors and securities analysts as well as to constantly raise awareness of the Company among investors.

Shareholders, investors and the public can obtain the latest information about the Group on the Company's website.

In order to standardize and enhance the transparency of cash dividends distribution of the Company, the Resolution Regarding Amendments to the Articles of Association of the Company and Related Corporate Governance Systems was considered and approved at the twelfth meeting of the seventh session of the Board of the Company and the 2023 annual general meeting in accordance with the Company Law, Securities Law and other relevant laws, regulations and normative documents and based on the actual situation of the Company. Pursuant to the revised Articles of Association, the profit distribution policy of the Company is as follows:

1. The Company may distribute the dividends in the following forms:
 - (1) cash;
 - (2) shares.
2. The basic principles of the profit distribution policy of the Company:
 - (1) the Company shall take full account of return to investors and distribute dividend to its shareholders each year in proportion to the distributable profit realized in the year concerned (being the lower of the amounts as stated in the financial statements and the consolidated financial statements of the parent company);
 - (2) the Company shall place an emphasis in creating reasonable return to its shareholders, maintain the continuity and stability of its profit distribution policy, and operate its businesses for the long-term interest of the Company, the entire interest of all its shareholders and the sustainable development of the Company; the Company's profit distribution shall neither exceed the amount of accumulated distributable profit nor undermine its ongoing operation;
 - (3) the Company shall give priority to dividend distribution in cash.

Corporate Governance Report

3. The profit distribution policy of the Company is specified as follows:

(1) Profit distribution

The Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The Company shall give priority to dividend distribution in cash.

(2) Intervals of profit distribution

Subject to the adherence of the profit distribution principles and pre-conditions, the Company shall in principle distribute profit each year. The Board of the Company may propose interim profit distribution with reference to the Company's profitability and capital requirements where available. When the Company convenes an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, maximum proportion and maximum amount of cash dividends for the interim period of the next year. The maximum amount of interim dividend for the next year shall not exceed the net profit attributable to shareholders of the Company for the corresponding period. The Board shall formulate a specific interim dividend plan in accordance with the resolutions of the shareholders' general meeting, subject to the conditions of profit distribution.

(3) Specific conditions and proportions of cash dividend

The following conditions shall be met at the same time in distributing annual cash dividends by the Company:

- i. If the Company makes profit and the distributable profit realized in the year concerned (i.e. profits after tax after the Company covers the losses and withdraws the reserve) are positive (according to the financial statements of the parent company) with adequate liquidity, the Company may distribute dividend in cash provided that it shall not undermine the subsequent ongoing operation of the Company.
- ii. Auditors had issued a standard unqualified audit report for the financial statements of the Company for the year concerned.
- iii. The capital needs for the Company's normal operation are satisfied and there is no such event as significant cash expenditure, excluding projects funded by raised proceeds.

Such significant cash expenditure refers to the proposed external investment, asset acquisition, repayment of net debts or acquisition of equipment by the Company with accumulated expenditure within the next 12 months amounting to or exceeding 30% of the latest audited net assets of the Company.

The Company shall comply with the policy objectives set out as follows when distributing cash dividends:

Corporate Governance Report

Pursuant to the provisions of the Company Laws of the People's Republic of China and relevant laws and regulations, as well as the Articles of Association, provided that the conditions for cash dividend distribution are satisfied and are consistent with the normal operation and sustainable development of the Company, dividends distributed in the form of cash to be made shall not be less than 10% of the distributable profit realized for the year concerned, on the condition that no significant cash expenditure are expected. In addition, the accumulated profits to be distributed in cash for any three consecutive years concerned shall not be less than 30% of the average annual distributable profit for that three years. The specific distribution proportion for each year shall be determined by the Board of the Company based on the Company's operating conditions and relevant rules of the CSRC and submitted to the general meeting for consideration and approval.

The Board of the Company shall take various factors into consideration, including its industry features, development stages, business model and profitability, debt servicing capability as well as whether it has any substantial capital expenditure arrangements and investor returns, and differentiate the following circumstances to propose a differentiated policy for cash dividend distribution pursuant to the procedures stipulated in the Articles of Association:

- i. Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the profit distribution;
- ii. Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the profit distribution;
- iii. Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the profit distribution.

In the case that it is difficult to distinguish the Company's development stage but the Company has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to item iii of the preceding paragraph.

(4) Specific conditions of distributing dividends

The Company may make profit distribution in form of shares when its operation performance is satisfactory and the Board believes that the price of the Company's shares does not match the size of the Company's share capital and that the distribution of dividends is in the interest of all shareholders of the Company as whole, provided that the above conditions for cash dividends are met. When the Company makes profit distribution in form of shares, it shall be based on the premise of giving shareholders reasonable cash dividend and returns and maintaining the appropriate size of the share capital, as well as taking into account the growth of the Company and the dilution of net assets per share.

The profit distribution plan for the Year is as follows:

The Company distributed 2025 interim cash dividend of RMB0.022 per share (including tax) and intended to distribute 2025 final cash dividend of RMB0.015 per share (including tax) to all shareholders.

Corporate Governance Report

According to the relevant regulations of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, the A shares and H shares that have been repurchased but not yet deregistered by the Company are not entitled to the right of profit distribution. As of 30 March 2026, the total share capital of the Company was 13,197,655,820 shares, 16,516,300 A shares and 18,642,000 H shares were deposited in the Company's repurchase account, and calculating based on 13,162,497,520 shares, being the number of shares after deducting the number of repurchased but not yet cancelled shares from the total share capital of the Company, the total planned cash dividend was about RMB197 million (including tax). The total amount of cash dividends (including the cash dividends distributed in the interim period) of the Company for the Year was approximately RMB488 million.

If there is a change in the total share capital of the Company that can participate in the distribution of rights and interests from 30 March 2026 to the date of registration of the implementation of the distribution of rights and interests due to share repurchases by the Company, the Company will adjust the total amount of distribution accordingly in accordance with the principle that the amount of distribution per share remains unchanged. If there is any subsequent change in the total share capital, a separate announcement will be made to adjust the situation.

The profit distribution plan has yet to be submitted to the general meeting for review.

F. MATERIAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 23 September 2025, the amended version of the Company's Articles of Association became effective and published, which was considered and approved at the 29th meeting of the seventh session of the Board and the 2025 first extraordinary general meeting of the Company. For details, please refer to the announcement of the Company dated 23 September 2025.

Note:

The procedures for amending the Articles of Association are as follows:

1. The Board of Directors shall, in accordance with the Articles of Association, pass a resolution proposing amendments to the Articles of Association to the general meeting and formulate the amendment plan;
2. Notify shareholders of the amendment plan and convene a general meeting for voting;
3. Subject to compliance with the relevant provisions of the Articles of Association, amendments submitted for voting at the general meeting shall be adopted by a special resolution;
4. Amendments to the Articles of Association approved by a resolution of the general meeting that require approval from the competent authority shall be submitted to the competent authority for approval; if the amendments involve matters related to the Company's registration, the changes shall be registered in accordance with the law.

G. COMPANY SECRETARY

Mr. Cai Lei is the company secretary of the Company and one of the Company's main contact persons with the Hong Kong Stock Exchange. Pursuant to Rule 3.29 of the Listing Rules, during the year ended 31 December 2025, Mr. Cai Lei attended more than 15 hours of relevant professional training.

Independent Auditor's Report



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COSCO SHIPPING DEVELOPMENT CO., LTD.

(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of COSCO SHIPPING Development Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 98 to 228, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, 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 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of 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 consolidated 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.

Independent Auditor's Report (continued)

REVENUE RECOGNITION

Refer to note 5 to the consolidated financial statements and the accounting policies on pages 140 to 141.

The key audit matter

How the matter was addressed in our audit

The Group's revenue is mainly generated from shipping leasing and container leasing, and container manufacturing. Revenue from shipping leasing and container leasing, container manufacturing and investment management business amounted to RMB7,594,394,000, RMB17,353,799,000 and RMB36,543,000 representing 30.4%, 69.5% and 0.1% respectively of total revenue of the Group.

We identified the revenue recognition as a key audit matter because of its significance to the consolidated statement of profit or loss. Revenue is one of the key performance indicators of the Group and accuracy in recognition of revenue has material impact on the Group's profit for the year. Moreover, significant management judgments are involved in determination of revenue recognition. Therefore, revenue recognition was considered as a key audit matter.

Our procedures in relation to the revenue recognition are as follows:

We obtained an understanding of processes and internal controls of revenue recognition and performed testing on the design and execution effectiveness of key internal controls.

For the shipping leasing and container leasing, we reviewed the key terms of the selected leasing contracts, evaluated management's judgments applied when determining the classification of the leases and examined the accounting treatment of lease transactions based on the classification of the leases.

For the container manufacturing business, we inspected the sales contract on a sampling basis to identify the sales business contract and each individual performance obligation, and evaluated whether the point of time when the customer obtains control of the service as judged by the management meets the requirements of the accounting policies adopted.

We also performed analytical procedures and detailed tests to review the completeness, accuracy, cut-off of revenue recognition and the adequacy of disclosure in the consolidated financial statements.

Independent Auditor's Report (continued)

EXPECTED CREDIT LOSSES ("ECLS") ON FINANCE LEASE RECEIVABLES

Refer to note 23 to the consolidated financial statements and the accounting policies on pages 127 to 132.

The key audit matter

How the matter was addressed in our audit

The carrying amount of finance lease receivables as at 31 December 2025 was RMB25,908,702,000 which was material to the consolidated financial statements.

Impairment was provided for ECLs on finance lease receivables. The Group measures ECLs on finance lease receivables by assessing if any significant increase in credit risk since its initial recognition as well as applying estimation on the key inputs. Since the estimation for ECLs involves significant management judgements, estimates and assumptions, including industry index, macroeconomic indicators, customers' credit risks and historic payment records, etc., the estimation of ECLs for finance lease receivables is considered as a key audit matter.

Our procedures to assess the ECLs included:

- (i) evaluating the design and test the operating effectiveness of internal controls over the Group's processes of credit assessment;
- (ii) reviewing the credit grading of the selected samples and assessing management's judgements applied when determining the significant increase in credit risk;
- (iii) evaluating management's assumptions and estimates used in the calculation, mainly including probability of default and loss given default, by checking them against internal historical credit loss experience and external information; and
- (iv) recalculating the ECL provision of finance lease receivables.

We also assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than 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.

Independent Auditor's Report (continued)

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY 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 issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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 of the Company.

Independent Auditor's Report (continued)

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

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Wing Kit.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

30 March 2026

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Continuing operations			
Revenue	5	24,984,736	27,411,245
Cost of sales		(20,498,741)	(22,767,001)
Gross profit		4,485,995	4,644,244
Other income	6	301,046	301,065
Other gains, net	7	310,343	386,189
Selling, administrative and general expenses		(1,217,613)	(1,182,444)
Reversal of (provision for) expected credit losses, net		204,141	(84,523)
Finance costs	9	(3,592,266)	(4,035,382)
Share of profits of associates		1,578,992	1,511,515
Share of (losses)/profits of joint ventures		(3,548)	6,908
Profit before tax	8	2,067,090	1,547,572
Income tax expenses	12	(328,984)	(125,066)
Profit for the year from continuing operations		1,738,106	1,422,506
Discontinued operation			
Profit for the year from a discontinued operation	14	–	213,660
Profit for the year		1,738,106	1,636,166
Profit attributable to owners of the Company:			
– From continuing operations		1,609,401	1,472,287
– From a discontinued operation		–	213,660
Profit for the year attributable to owners of the Company		1,609,401	1,685,947
Profit/(loss) for the year attributable to non-controlling interests:			
– From continuing operations		128,705	(49,781)
		1,738,106	1,636,166
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)			
	15		
Basic			
– For profit for the year		0.1214	0.1246
– For profit from continuing operations		0.1214	0.1088
Diluted			
– For profit for the year		0.1214	0.1246
– For profit from continuing operations		0.1214	0.1088

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year	1,738,106	1,636,166
Other comprehensive (expense)/income		
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive (expense)/income of associates	(288,267)	313,018
Share of other comprehensive expense of joint ventures	(20)	(295)
Cash flow hedges		
Effective portion of changes in fair value of hedging instruments arising during the year	37,194	(75,673)
Reclassification adjustments for (losses)/gains included in the consolidated statement of profit or loss	(389)	1,024
	36,805	(74,649)
Exchange differences on translation of foreign operations	(142,958)	115,740
Net other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods	(394,440)	353,814
Other comprehensive income/(expense) that may not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(expense) of associates	173,964	(115,373)
Net other comprehensive income/(expense) that may not be reclassified to profit or loss in subsequent periods	173,964	(115,373)
Other comprehensive (expense)/income for the year, net of tax	(220,476)	238,441
Total comprehensive income for the year	1,517,630	1,874,607
Attributable to:		
Owners of the Company	1,388,925	1,924,388
Non-controlling interests	128,705	(49,781)

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2025

	Notes	31/12/2025 RMB'000	31/12/2024 RMB'000
Non-current assets			
Property, plant and equipment	16	55,591,791	50,787,669
Investment properties	17	103,096	105,829
Right-of-use assets	18	669,244	763,005
Intangible assets	19	151,364	135,630
Investments in joint ventures	20	124,459	128,694
Investments in associates	21	27,738,156	26,905,498
Financial assets at fair value through profit or loss	22	2,240,376	2,093,635
Finance lease receivables	23	23,521,278	26,916,607
Derivative financial instruments	25	21,080	33,954
Deferred tax assets	26	262,625	282,680
Other non-current assets		664,204	85,497
Total non-current assets		111,087,673	108,238,698
Current assets			
Inventories	27	2,853,916	2,267,719
Trade and notes receivables	28	2,068,565	2,557,244
Contract assets	34	21,648	6,718
Prepayments and other receivables	29	2,884,012	2,035,663
Financial assets at fair value through profit or loss	22	2,191	34,354
Finance lease receivables	23	2,387,424	2,524,940
Factoring receivables	24	–	–
Derivative financial instruments	25	8,412	–
Restricted and pledged deposits	30	29,304	24,586
Cash and cash equivalents	31	10,247,773	8,677,216
Total current assets		20,503,245	18,128,440

Consolidated Statement of Financial Position (continued)

AS AT 31 DECEMBER 2025

	Notes	31/12/2025 RMB'000	31/12/2024 RMB'000
Current liabilities			
Trade and notes payables	32	3,733,700	3,870,652
Other payables and accruals	33	2,649,381	2,642,846
Contract liabilities	34	70,280	83,607
Derivative financial instruments	25	–	41,996
Bank and other borrowings	35	35,734,151	32,493,803
Corporate bonds	36	4,300,000	–
Lease liabilities	37	86,663	87,209
Tax payable		85,767	151,384
Total current liabilities		46,659,942	39,371,497
Net current liabilities		(26,156,697)	(21,243,057)
Total assets less current liabilities		84,930,976	86,995,641
Non-current liabilities			
Bank and other borrowings	35	40,278,372	43,312,253
Corporate bonds	36	12,600,000	12,000,000
Lease liabilities	37	76,179	155,936
Derivative financial instruments	25	730	–
Deferred tax liabilities	26	73,796	65,197
Deferred income	38	104,094	87,632
Other long-term payables		570,286	768,944
Total non-current liabilities		53,703,457	56,389,962
Net assets		31,227,519	30,605,679

Consolidated Statement of Financial Position (continued)

AS AT 31 DECEMBER 2025

	Notes	31/12/2025 RMB'000	31/12/2024 RMB'000
Equity			
Share capital	39	13,197,656	13,575,939
Treasury shares	39	(60,976)	(296,465)
Other reserves	41	17,652,229	17,016,300
Equity attributable to owners of the Company		30,788,909	30,295,774
Non-controlling interests		438,610	309,905
Total equity		31,227,519	30,605,679

The consolidated financial statements on pages 98 to 228 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Zhang Mingwen

Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share of other comprehensive income arising				Total equity attributable to owners of the Company				Total equity RMB'000				
	Share capital RMB'000	Share premium (Note a) RMB'000	Treasury shares RMB'000	Share option reserve (Note a) RMB'000	Other capital reserves (Note a) RMB'000	Income arising the equity method (Note a) RMB'000	Hedging reserve (Note a) RMB'000	Exchange fluctuation reserve (Note a) RMB'000		Special reserves (Note a) RMB'000	Surplus reserve (Note a) RMB'000	Retained profits (Note a) RMB'000	Non-controlling interests RMB'000
At 1 January 2025	13,575,939	20,024,569	(296,465)	6,964	(21,791,666)	426,699	(10,043)	(1,823,263)	-	2,257,058	17,930,982	309,905	30,605,679
Profit for the year	-	-	-	-	-	-	-	-	-	-	1,609,401	128,705	1,738,106
Other comprehensive (expense)/income for the year:													
Share of other comprehensive expense of associates	-	-	-	-	-	(114,303)	-	-	-	-	-	-	(114,303)
Share of other comprehensive expense of joint ventures	-	-	-	-	-	(20)	-	-	-	-	-	-	(20)
Effective portion of changes in fair value of hedging instruments, net of tax	-	-	-	-	-	-	36,805	-	-	-	-	-	36,805
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(142,958)	-	-	-	-	(142,958)
Total comprehensive (expense)/income for the year	-	-	-	-	-	(114,323)	36,805	(142,958)	-	-	1,609,401	128,705	1,517,630
Repurchase of shares	-	-	(358,656)	-	-	-	-	-	-	-	-	-	(358,656)
Cancellation of treasury shares	(378,283)	(215,862)	594,145	-	-	-	-	-	-	-	-	-	-
Equity-settled share option arrangements	-	4,316	-	(6,964)	-	-	-	-	-	-	-	-	(2,648)
Share of other capital reserves using the equity method	-	-	-	-	249	-	-	-	-	-	-	249	249
Dilution effect using the equity method	-	-	-	-	6,369	-	-	-	-	-	-	-	6,369
Dividends paid	-	-	-	-	-	-	-	-	-	-	(541,104)	-	(541,104)
Transfer from retained profits	-	-	-	-	-	-	-	-	106,894	13,686	(120,580)	-	-
Utilisation of reserve fund	-	-	-	-	-	-	-	-	(106,894)	-	106,894	-	-
At 31 December 2025	13,197,656	19,813,023	(60,976)	-	(21,785,046)	312,376	26,762	(1,966,221)	-	2,265,744	18,985,593	438,610	31,227,519

Consolidated Statement of Changes in Equity (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital RMB'000 (Note 39)	Share premium (Note a) RMB'000	Treasury shares RMB'000	Share option reserve (Note a) RMB'000 (Note 40)	Other capital reserves (Note a) RMB'000	Share of other comprehensive income arising from the equity method (Note a) RMB'000	Hedging reserve (Note a) RMB'000	Exchange fluctuation reserve (Note a) RMB'000	Special reserves (Note a) RMB'000	Surplus reserve (Note a) (Note b) RMB'000	Retained profits (Note a) RMB'000	Total equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	13,575,939	20,023,352	(84,206)	12,482	(21,786,842)	(218,788)	64,606	(1,939,003)	-	2,222,632	17,413,506	29,283,678	-	29,283,678
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	1,685,947	1,685,947	(49,781)	1,636,166
Other comprehensive income/(expense) for the year:														
Share of other comprehensive income of associates	-	-	-	-	-	197,645	-	-	-	-	-	197,645	-	197,645
Share of other comprehensive expense of joint ventures	-	-	-	-	-	(295)	-	-	-	-	-	(295)	-	(295)
Effective portion of changes in fair value of hedging instruments, net of tax	-	-	-	-	-	-	(74,649)	-	-	-	-	(74,649)	-	(74,649)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	115,740	-	-	-	115,740	-	115,740
Total comprehensive income/(expense) for the year	-	-	-	-	-	197,350	(74,649)	115,740	-	-	1,685,947	1,924,388	(49,781)	1,874,607
Business combination due to contractual arrangements	-	-	-	-	-	-	-	-	-	-	-	-	359,686	359,686
Repurchase of shares	-	-	(212,259)	-	-	-	-	-	-	-	-	(212,259)	-	(212,259)
Equity-settled share option arrangements	-	1,217	-	(5,518)	-	-	-	-	-	-	-	(4,301)	-	(4,301)
Share of other capital reserves using the equity method	-	-	-	-	(4,824)	-	-	-	-	-	-	(4,824)	-	(4,824)
Share of other comprehensive expense using the equity method reclassified to retained profits	-	-	-	-	-	448,137	-	-	-	-	(448,137)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(690,908)	(690,908)	-	(690,908)
Transfer from retained profits	-	-	-	-	-	-	-	-	73,375	29,426	(102,801)	-	-	-
Utilisation of reserve fund	-	-	-	-	-	-	-	-	(73,375)	-	73,375	-	-	-
At 31 December 2024	13,575,939	20,024,569	(296,465)	6,964	(21,791,666)	426,699	(10,043)	(1,823,263)	-	2,252,058	17,930,982	30,295,774	309,905	30,605,679

Note:

(a) These accounts comprise the consolidated other reserves of RMB17,652,229,000 (2024: RMB17,016,300,000) in the consolidated statement of financial position.

(b) In accordance with the PRC regulations and the articles of association of the companies of the Group, before distributing the net profit of each year, companies of the Group registered in the PRC are required to set aside 10% of their statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of this reserve reaches 50% of each PRC entity's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		5,734,921	6,718,197
Income tax paid		(546,504)	(14,138)
Net cash flows generated from operating activities	<i>43(b)</i>	5,188,417	6,704,059
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates		637,062	446,936
Dividends received from a joint venture		668	589
Dividends received from financial assets at fair value through profit or loss		1,226	145,742
Purchase of property, plant and equipment		(9,047,135)	(7,645,110)
Proceeds from disposal of property, plant and equipment		101,027	242,833
Purchase of intangible assets		(60,890)	(50,962)
Purchase of investments in associates	<i>21</i>	–	(3,557)
Proceeds from disposal of investments in associates	<i>21</i>	6	22,878
Proceeds from disposal of investment in a joint venture	<i>20</i>	–	3,124
Purchase of financial assets at fair value through profit or loss		(11,000)	(7,000)
Proceeds from disposal of financial assets at fair value through profit or loss		263,535	1,036,851
Net cash flow from disposal of a subsidiary and disposal group held for sale	<i>14,42</i>	–	262,041
Decrease in finance lease receivables		3,206,382	2,428,949
Decrease in factoring receivables		713	582
Increase in restricted and pledged deposits		(7,743)	(817)
(Decrease)/increase in other cash movements related to investing activities		(491,634)	3,794
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(5,407,783)	(3,113,127)

Consolidated Statement of Cash Flows (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment on repurchase of shares		(358,656)	(212,259)
New bank and other borrowings		54,588,609	41,268,909
Repayment of bank and other borrowings		(53,061,177)	(48,196,899)
Issue of corporate bonds		5,900,000	4,000,000
Repayment of corporate bonds		(1,000,000)	–
Payment of principal portion of lease liabilities		(95,833)	(119,073)
Interest paid		(3,711,293)	(4,322,302)
Dividends paid to owners of the Company		(541,104)	(690,908)
Decrease/(increase) in restricted and pledged deposits		3,571	(20,619)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES		1,724,117	(8,293,151)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,504,751	(4,702,219)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,677,216	13,023,556
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET		65,806	355,879
CASH AND CASH EQUIVALENTS AT END OF YEAR	<i>31</i>	10,247,773	8,677,216

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION

COSCO SHIPPING Development Co., Ltd. (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (the “PRC”). The address of the Company’s registered office is Room A-538, International Trade Center, Lin-gang special Area of the Shanghai Pilot Free Trade Zone, Shanghai, the PRC.

During the year, the principal activities of the Group were as follows:

- (a) Manufacture and sales of containers;
- (b) Operating leasing and financial leasing; and
- (c) Investment management.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company are China Shipping Group Company Limited and China COSCO Shipping Corporation Limited, respectively, both established in the PRC.

On 10 November 2023, the Group entered into a transfer equity agreement with a fellow subsidiary, pursuant to which the Group agreed to dispose of 100% equity interests of a subsidiary of the Group, Helen Insurance Brokers Limited (“Helen Insurance”). The transaction was completed in 2024. Helen Insurance was accounted as discontinued operation under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued)

INFORMATION ABOUT SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
COSCO SHIPPING Development (Hong Kong) Co., Ltd.	Hong Kong	HKD1,000,000, USD2,070,037,500 and RMB4,900,000,000	100%	–	Vessel chartering and container leasing
CSC Star Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Venus Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Jupiter Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Mercury Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Mars Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Saturn Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Uranus Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Neptune Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Bohai Sea Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Yellow Sea Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC East China Sea Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC South China Sea Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Spring Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Summer Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSC Autumn Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued) INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CSCL Winter Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSCL Globe Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSCL Pacific Ocean Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSCL Indian Ocean Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSCL Atlantic Ocean Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
CSCL Arctic Ocean Shipping Co., Ltd.	Hong Kong	HKD10,000	–	100%	Vessel chartering
COSCO SHIPPING Development (Asia) Co., Ltd.	British Virgin Islands (“BVI”)	USD514,465,000	–	100%	Vessel chartering and container leasing
Arisa Navigation Company Limited	Cyprus	CYP1,000	–	100%	Vessel chartering
Yangshan A Shipping Company Limited	BVI	USD50,000	–	100%	Vessel chartering
Yangshan B Shipping Company Limited	BVI	USD50,000	–	100%	Vessel chartering
Yangshan C Shipping Company Limited	BVI	USD50,000	–	100%	Vessel chartering
Yangshan D Shipping Company Limited	BVI	USD50,000	–	100%	Vessel chartering
Oriental Fleet International Co., Ltd.	Hong Kong	HKD140,000,000 and USD292,478,700	–	100%	Investment holding
Oriental Fleet Asset Management Limited	Hong Kong	HKD10,000	–	100%	Provision of management service
Oriental Fleet LNG01 Limited (note i)	BVI	USD1	–	– (2024: 100%)	Finance leasing
Oriental Fleet LNG02 Limited (note c)	Marshall Islands (“Marshall”)	USD1	–	–	Finance leasing
Oriental Fleet LNG03 Limited	Hong Kong	USD1	–	100%	Finance leasing

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued) INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet HLCV01 Limited (note i)	BVI	USD1	–	– (2024: 100%)	Finance leasing
Oriental Fleet HLCV02 Limited (note i)	BVI	USD1	–	– (2024: 100%)	Finance leasing
Oriental Fleet HLCV03 Limited (note i)	BVI	USD1	–	– (2024: 100%)	Finance leasing
Oriental Fleet HLCV04 Limited (note i)	BVI	USD1	–	– (2024: 100%)	Finance leasing
Oriental Fleet HLCV05 Limited	Marshall	USD1	–	100%	Finance leasing
Oriental Fleet HLCV06 Limited (note i)	Marshall	USD1	–	– (2024: 100%)	Finance leasing
Oriental Fleet Bulk01 Limited (note c)	Marshall	USD1	–	–	Finance leasing
Oriental Fleet Bulk02 Limited (note c)	Marshall	USD1	–	–	Finance leasing
Oriental Fleet Bulk03 Limited (note c)	Marshall	USD1	–	–	Finance leasing
Oriental Fleet Bulk04 Limited (note c)	Marshall	USD1	–	–	Finance leasing
Oriental Fleet Bulk05 Limited	Liberia	USD1	–	100%	Finance leasing
Oriental Fleet Bulk06 Limited	Liberia	USD1	–	100%	Finance leasing
Oriental Fleet Bulk07 Limited	Liberia	USD1	–	100%	Finance leasing
Oriental Fleet Bulk08 Limited	Liberia	USD1	–	100%	Finance leasing
Oriental Fleet Bulk09 Limited	Liberia	USD1	–	100%	Finance leasing
Oriental Fleet Bulk10 Limited	Liberia	USD1	–	100%	Finance leasing

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued) INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Bulk11 Limited	Liberia	USD1	–	100%	Finance leasing
Oriental Fleet Bulk12 Limited	Liberia	USD1	–	100%	Finance leasing
Oriental Fleet Bulk18 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Bulk19 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Bulk20 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Bulk21 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Bulk22 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Bulk23 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Chemical01 Limited (note i)	BVI	USD1	–	– (2024: 100%)	Finance leasing
Oriental Fleet Cruise01 Limited	Marshall	USD1	–	100%	Finance leasing
Oriental Fleet Tanker03 Limited	Marshall	USD1	–	100%	Finance leasing
Oriental Fleet Tanker04 Limited	Marshall	USD1	–	100%	Finance leasing
Oriental Fleet Tanker05 Limited	Marshall	USD1	–	100%	Finance leasing
Oriental Fleet Tanker06 Limited	Marshall	USD1	–	100%	Finance leasing
Oriental Fleet Tanker07 Limited (note c)	Marshall	USD1	–	–	Finance leasing
Oriental Fleet Tanker08 Limited (note c)	Marshall	USD1	–	–	Finance leasing
Oriental Fleet Tanker09 Limited (note c)	Marshall	USD1	–	–	Finance leasing
Oriental Fleet Tanker10 Limited (note c)	Marshall	USD1	–	–	Finance leasing

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued) INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Tanker11 Limited (note c)	Marshall	USD1	-	-	Finance leasing
Oriental Fleet Tanker12 Limited (note c)	Marshall	USD1	-	-	Finance leasing
Oriental Fleet Tanker13 Limited (note c)	Marshall	USD1	-	-	Finance leasing
Oriental Fleet Tanker14 Limited (note c)	Liberia	USD1	-	-	Finance leasing
Oriental Fleet Tanker15 Limited (note c)	Liberia	USD1	-	-	Finance leasing
Oriental Fleet Tanker16 Limited	Liberia	USD1	-	100%	Finance leasing
Oriental Fleet Tanker17 Limited	Marshall	USD1	-	100%	Finance leasing
Oriental Fleet Tanker18 Limited	Marshall	USD1	-	100%	Finance leasing
Oriental Fleet Tanker19 Limited (note c)	Liberia	USD1	-	-	Finance leasing
Oriental Fleet Tanker22 Limited	Hong Kong	USD1	-	100%	Finance leasing
Oriental Fleet Tanker23 Limited	Hong Kong	USD1	-	100%	Finance leasing
Oriental Fleet Tanker24 Limited	Hong Kong	USD1	-	100%	Finance leasing
Oriental Fleet Tanker25 Limited	Hong Kong	USD1	-	100%	Finance leasing
Oriental Fleet Tanker26 Limited	Hong Kong	USD1	-	100%	Finance leasing
Oriental Fleet GC01 Limited	Liberia	USD1	-	100%	Finance leasing
Oriental Fleet GC02 Limited	Liberia	USD1	-	100%	Finance leasing
Oriental Fleet GC03 Limited (note i)	Liberia	USD1	-	-	Finance leasing (2024: 100%)
Oriental Fleet GC04 Limited (note i)	Liberia	USD1	-	-	Finance leasing (2024: 100%)

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued) INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet Container01 Limited (note c)	Liberia	USD1	–	–	Finance leasing
Oriental Fleet Container02 Limited (note c)	Liberia	USD1	–	–	Finance leasing
Oriental Fleet Container08 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Container09 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Container10 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Container11 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Container12 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Pulp01 Limited	Hong Kong	USD1	–	100%	Vessel chartering
Oriental Fleet Tanker27 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Tanker28 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet RORO 01 Limited	Hong Kong	USD1	–	100%	Finance leasing
Bulk Fleet Flourish Company Limited	Hong Kong	USD1	–	100%	Vessel chartering
Bulk Fleet Prosperity Company Limited	Hong Kong	USD1	–	100%	Vessel chartering
Florens Container Industry Limited	BVI	USD435,000,001	–	100%	Container leasing
Florens Asset Management (Singapore) PTE. Limited	Singapore	SGD\$10,000	–	100%	Provision of container management services
Dong Fang International Asset Management Limited	Hong Kong	HKD3	–	100%	Provision of management service
Dong Fang International Container Limited	BVI	USD50,000	–	100%	Investment holding

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued) INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Florens International Limited	BVI	USD1,833,966,965	–	100%	Investment holding
Florens (China) Company Limited	PRC	USD12,800,000	–	100%	Container leasing
Florens Maritime Limited	Bermuda	USD12,000	–	100%	Container leasing
Florens Container Corporation S.A.	Panama	USD578,726,783	–	100%	Container leasing
Florens Asset Management Company Limited	Hong Kong	HKD100	–	100%	Provision of container management services
Florens Asset Management (Deutschland) GmbH	Deutschland	EUR25,565	–	100%	Provision of container management services
Florens Asset Management (Italy) S.R.L.	Italy	EUR10,400	–	100%	Provision of container management services
Florens Asset Management (USA), Ltd.	United States	USD1	–	100%	Provision of container management services
Florens Container, Inc. (2002)	United States	USD1	–	100%	Sales of containers
Fairbreeze Shipping Company Limited	Hong Kong	HKD500,000	–	100%	Property investment
Helen Insurance Brokers Limited (note a)	Hong Kong	HKD3,000,000	–	–	Provision of insurance brokerage services
China Shipping Investment Co., Ltd. ("CS Investment")	PRC	RMB21,383,000,000	100%	–	Investment holding
China COSCO SHIPPING Development (Tianjin) Leasing Company Limited	PRC	RMB1,000,000,000	–	100%	Finance leasing
Haihui Commercial Factoring (Tianjin) Co., Ltd. (note b)	PRC	RMB397,939,194	–	–	Commercial factoring

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued)

INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Universal Logistics Equipment Co., Ltd.	PRC	RMB4,020,000,000	–	100%	Investment holding
Dong Fang International Container (Lianyungang) Co., Ltd.	PRC	USD44,133,900	–	100%	Container manufacturing
Dong Fang International Container (Jinzhou) Co., Ltd.	PRC	USD20,000,000	–	100%	Container manufacturing
Dong Fang International Container (Guangzhou) Co., Ltd.	PRC	USD21,417,780	–	100%	Container manufacturing
Dong Fang International Container (Hong Kong) Co., Ltd.	Hong Kong	USD10,000	–	100%	Trading
Suzhou Yuanhai Doukui Investment LLP	PRC	RMB600,000,000	–	100%	Investment holding
Suzhou Yuanhai Tianji Investment LLP	PRC	RMB256,200,000	–	100%	Investment holding
COSCO SHIPPING (Shanghai) Investment Management Co., Ltd.	PRC	RMB3,021,033,540	100%	–	Investment holding
Tianjin COSCO SHIPPING Guanghua Investment Management Limited (“Tianjin Guanghua”)	PRC	RMB200,000,000	100%	–	Investment holding
DONG FANG International Container (Qidong) Co., Ltd.	PRC	RMB1,409,599,098	–	100%	Container manufacturing
DONG FANG International Container (Qingdao) Co., Ltd.	PRC	RMB864,398,500	–	100%	Container manufacturing
DONG FANG International Port (Qidong) Co., Ltd.	PRC	RMB154,000,000	–	100%	Provision of management service
DONG FANG International Container (Ningbo) Co., Ltd.	PRC	RMB161,633,400	–	100%	Container manufacturing

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued)

INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Universal Logistics Technology Co., Ltd.	PRC	RMB34,266,200	–	100%	Provision of container management services
Shanghai Xinyuanhaiji Finance Leasing Co., Ltd.	PRC	RMB3,400,000,000	–	100%	Finance leasing
COSCO SHIPPING Development (Hainan) Co., Ltd.	PRC	RMB1,000,000,000	100%	–	Vessel chartering
Oriental Fleet Tanker 29 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Tanker 30 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Tanker 31 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Tanker 32 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Tanker 33 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Tanker 34 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Tanker 35 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet Tanker 36 Limited	Hong Kong	USD1	–	100%	Finance leasing
Shanghai Huanyu Haicheng Supply Chain Management Co., Ltd.	PRC	RMB300,000,000	–	100%	Trading
Shanghai COSCO Green Water Shipping Co., Ltd.	PRC	RMB120,000,000	–	100%	Vessel chartering
Oriental Fleet SHIPPING 01 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 02 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 03 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 04 Limited	Hong Kong	USD1	–	100%	Finance leasing

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued) INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Oriental Fleet SHIPPING 05 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 06 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 07 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 08 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 09 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 10 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 11 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 12 Limited	Hong Kong	USD1	–	100%	Finance leasing
Oriental Fleet SHIPPING 13 Limited	Hong Kong	USD1	–	100%	Finance leasing
Hainan COSCO SHIPPING Development Navigation Company Limited (note d)	PRC	RMB4,812,500,000	100%	–	Water transport
COSCO SHIPPING Water Transport (Hainan) Co., Ltd. (note e)	PRC	RMB474,500,000	–	100%	Water transport
COSCO SHIPPING (Hainan) Co., Ltd. (note e)	PRC	RMB1,200,000,000	–	100%	Water transport
Cosco Shipping Private Equity Fund Management (Tianjin) Co.,Ltd (“Yuan Hai Ji Guan”) (note f)	PRC	RMB17,000,000	–	52.94%	Investment holding
Shanghai Yuanju Technology Co., Ltd (“Shanghai Yuanju”) (note f)	PRC	RMB1,000,000	–	100%	Investment holding
Xinda Far Sea Shipping Investment (Tianjin) Partnership Enterprise (Limited Partnership) (“Xinda Far Sea”) (note f)	PRC	RMB1,001,000,000	49.95%	0.10%	Investment holding

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. CORPORATE AND GROUP INFORMATION (Continued)

INFORMATION ABOUT SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Henan Yuanhai Zhongyuan Logistics Industry Development Fund Co., Ltd. ("Henan Yuanhai") (note g)	PRC	RMB10,000,000	-	45%	Investment holding
Shanghai Yongzhi Yingjiu Enterprise Management Co., Ltd. ("Yongzhi Enterprise") (note g)	PRC	RMB10,000,000	-	60%	Investment holding
Floren Container (Hainan) Co., Ltd (note h)	PRC	RMB150,000,000	-	100%	Container leasing

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (a) The subsidiary was disposed of on 15 January 2024.
- (b) The subsidiary was disposed of on 15 October 2024.
- (c) The subsidiaries were deregistered in November and December 2024.
- (d) The subsidiary was established on 30 August 2024.
- (e) The subsidiaries were established on 15 October 2024.
- (f) Tianjin Guanghua, the Company's wholly-owned subsidiary, entered into a series of contractual arrangements with shareholders of Yuan Hai Ji Guan, which enable Tianjin Guanghua to nominate the Chief executive officer ("CEO") and CEO has the right to make decision on major matters relating to operation. As a result of the contractual arrangements, the Group has rights to variable returns from its involvement with Yuan Hai Ji Guan, has the ability to affect those returns through its power over Yuan Hai Ji Guan, and is considered to have control over Yuan Hai Ji Guan. Shanghai Yuanju and Xinda Far Sea are subsidiaries of Yuan Hai Ji Guan. Consequently, Yuan Hai Ji Guan and its subsidiaries are considered to be subsidiaries of the Group and the financial statements of Yuan Hai Ji Guan and its subsidiaries are included in the Group's consolidated financial statements starting from 11 June 2024, the effective date of the Contractual Arrangements with shareholders of Yuan Hai Ji Guan. Before that, Yuan Hai Ji Guan and its subsidiaries are accounted for financial assets at fair value through profit or loss in the Group's consolidated financial statements.
- (g) Tianjin Guanghua, the Company's wholly-owned subsidiary, entered into a series of contractual arrangements with shareholders of Henan Yuanhai, which enable Tianjin Guanghua to nominate the Chief executive officer ("CEO") and CEO has the right to make decision on major matters relating to operation. As a result of the contractual arrangements, the Group has rights to variable returns from its involvement with Henan Yuanhai, has the ability to affect those returns through its power over Henan Yuanhai, and is considered to have control over Henan Yuanhai. Yongzhi Enterprise is a subsidiary of Henan Yuanhai. Consequently, Henan Yuanhai and its subsidiary are considered to be subsidiaries of the Group and the financial statements of Henan Yuanhai and its subsidiary are included in the Group's consolidated financial statements starting from 15 December 2024, the effective date of the Contractual Arrangements with shareholders of Henan Yuanhai. Before that, Henan Yuanhai and its subsidiaries are accounted for financial assets at fair value through profit or loss in the Group's consolidated financial statements.
- (h) The subsidiary was established on 23 December 2024.
- (i) The subsidiaries were deregistered in May, August and November 2025 respectively.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on the going concern basis notwithstanding that the Group had net current liabilities of RMB26,156,697,000 as at 31 December 2025. The directors of the Company are of opinion that based on the available unutilised banking facilities and unutilised quota for the issuance of corporate bonds as at 31 December 2025, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill) and liabilities of the subsidiary, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.2 APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKAS 21 in the current year has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2.3 NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11¹</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

HKFRS 18 – PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

FAIR VALUE MEASUREMENT

The Group measures its certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

FAIR VALUE MEASUREMENT (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | |
|---------|---|
| Level 1 | Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2 | Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). |
| Level 3 | Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, deferred tax assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Vessels	3.2% to 3.6%
Leasehold improvements	Over the shorter of the lease terms and 5 years
Buildings	2.4% to 5.0%
Containers	3.3% to 5.0%
Machinery, motor vehicles and office equipment	3.3% to 33.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Vessels under construction and construction in progress are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis to write off the cost of each item of investment properties. The principal annual rates used for this purpose range from 1.0% to 3.33%.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the year of the retirement or disposal.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line based on its estimated useful life of 3 to 10 years.

Patent

Patent is stated at cost less any impairment losses and is amortised on the straight-line based on its estimated useful life of 4 to 17 years.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

LEASES (Continued)

The Group as a lessee (Continued)

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid land lease payments	50 years
Buildings	2 to 12 years
Machinery, motor vehicles and office equipment	2 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

LEASES (Continued)

The Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the consolidated statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 Revenue from contracts with customers in accordance with the policies set out for "Revenue recognition" below.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECLs"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Subsequent measurement (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

Amortised cost and effective interest method (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative financial instruments and equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on the equity investments are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The calculation of ECLs is based on the probability of default ("PD") approach with key elements as follows:

- PD: an estimate of the likelihood of default over a given time horizon;
- Loss Given Default ("LGD"): an estimate of the loss arising in the case where a default occurs at a given time; and
- Exposure at Default ("EAD"): an estimate of the exposure at a future default date.

Forward-looking information has been incorporated into the determination of expected credit losses, including the use of macroeconomic information, such as Gross Domestic Product ("GDP") growth.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

For lease receivables and factoring receivables, the Group chooses as its accounting policy to adopt the general approach. Therefore, all financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- | | |
|---------|--|
| Stage 1 | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

ECLs in Stage 1 and Stage 2 are measured on a collective basis. Meanwhile, in Stage 3, ECLs are measured on an individual basis.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For trade receivables and contract assets related to customers that are in financial difficulties or in default, ECLs are measured on an individual basis. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, financial liabilities included in other payables and accruals, derivative financial instruments, bank and other borrowings, corporate bonds and other long term payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, borrowings and corporate bonds)

After initial recognition, trade and other payables, interest-bearing borrowings and corporate bonds are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

FINANCIAL LIABILITIES (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, currency swaps and foreign exchange forward contracts, to hedge its interest rate risk and foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

Initial recognition and subsequent measurement (Continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in hedging reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The hedging reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING (Continued)

Initial recognition and subsequent measurement (Continued)

Cash flow hedges (Continued)

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the consolidated statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the consolidated statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

TREASURY SHARES

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

INCOME TAX (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

DEFERRED INCOME

Deferred income are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the consolidated statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a deferred income and released to the consolidated statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

REVENUE RECOGNITION (Continued)

Revenue from contracts with customers (Continued)

Sales of containers

The performance obligation is satisfied upon the test and acceptance by the customers. Payment in advance is normally required and the normal credit term for the residual consideration is 45 to 60 days upon satisfaction of the performance obligation.

In some sales transactions, the Group bills a customer for containers but the Group retains physical possessions of the containers until it is transferred to the customer at a point in time in the future (bill-and-hold arrangement). The Group has satisfied the performance obligation when all of the following criteria are met:

- Upon completion of manufacturing, the Group demonstrates that the container meets the agreed-upon specifications in the contract to the customer;
- The customer has requested the bill-and-hold arrangement;
- The container has been identified separately as belonging to the customer;
- The container is ready for physical transfer to the customer; and
- The Group cannot have the ability to use the container or to direct it to another customer.

Sales of shipping related spare parts

The performance obligation is satisfied at the point in time when control of the asset is transferred to the customer, generally on delivery, and revenue is recognised accordingly. Payment is generally due within 45 to 60 days from delivery.

Rendering of services

The Group provides shipping related services and insurance brokerage services. The performance obligation is satisfied at a point when services are rendered. Payment is generally due within 30 to 45 days upon completion of service and acceptance by the customer.

Revenue from other sources

Operating lease income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of a finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

CONTRACT ASSETS

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

CONTRACT COSTS

Other than the costs which are capitalised as inventories, property, plant and equipment, investment properties, right-of-use assets and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the consolidated statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

SHARE-BASED PAYMENTS

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the fair value of equity-settled transactions on the grant date, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within fair value on the grant date. Any other conditions attached to the share option granted, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of the share option granted and lead to an immediate expensing of the share option granted unless there are also service and/or performance conditions.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to treasury shares and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to share premium.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

OTHER EMPLOYEE BENEFITS

The Group has participated in central pension schemes for its employees in the PRC pursuant to the relevant laws and regulations of the PRC. The Group makes monthly contributions and the contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

BORROWING COSTS

Borrowing costs directly attributable to certain vessels under construction are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 13.

Interim dividends are simultaneously proposed and declared, because the Company’s memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the weighted average exchange rates for the year that the consolidated statement of cash flows are presented.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest groups of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's 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.

JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

JUDGEMENTS *(Continued)*

Classification between finance leases and operating leases

When the Group acts as a lessor, leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to a receivable by the lessor) or operating leases (which result in the asset remaining recognised by the lessor). Management has to exercise judgement in determining the classification.

Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable and, at the inception of the lease, it is reasonably certain that the option will be exercised;
- the lease term is for the major part of the economic life of the asset, even if title is not transferred;
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

JUDGEMENTS (Continued)

Determination of significant increases in credit risk

The calculation of ECLs under the general approach is required to be categorised into different stages according to the changes in credit risk to apply the respective calculation mechanics.

The Group considers whether the credit risk of a financial asset has increased significantly since initial recognition with the following non-exhaustive factors:

- past due over 30 days;
- an actual or expected significant change in the operating results of the borrower; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations.

Control obtained through contractual arrangements

As disclosed in the note 1(f) and 1(g), Yuan Hai Ji Guan and Henan Yuanhai are considered indirectly wholly owned subsidiaries of the Company. Though the contractual arrangements, the Group has the control over Yuan Hai Ji Guan and Henan Yuanhai since the Group has the power to nominate the CEO to make decision on major matters relating to operation to affect the amount of the Group's return. Therefore, in the opinions of the directors of the Company, the Group has the practical ability to direct the relevant activities of Yuan Hai Ji Guan and Henan Yuanhai unilaterally and hence the Group has the control over Yuan Hai Ji Guan and Henan Yuanhai.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of ECLs

The Group uses the PD approach under the general approach and a provision matrix under the simplified approach, respectively, in the calculation of ECLs. The Group estimates the PD, LGD and provision rate, respectively, by reference to the internal historical credit loss experience and external information. As at 31 December 2025, the carrying amounts of trade and notes receivables, contract assets, finance lease receivables and factoring receivables of the Group are RMB2,068,565,000, RMB21,648,000, RMB25,908,702,000 and nil respectively (2024: RMB2,557,244,000, RMB6,718,000, RMB29,441,547,000 and nil respectively), net of allowance for ECLs on trade and notes receivables, contract assets, finance lease receivables and factoring receivables of RMB110,783,000, RMB712,000, RMB1,154,875,000 and RMB21,896,000 respectively (2024: RMB102,092,000, RMB208,000, RMB1,397,763,000 and RMB22,609,000 respectively).

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Fair value of unlisted equity investments

The Group assesses certain of its unlisted equity investments using the market approach with reference to a price multiple of comparable public companies (peers). The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity. As at 31 December 2025, the carrying amounts of unlisted equity investments were RMB2,239,787,000 (2024: RMB2,093,055,000). Further details are contained in note 22.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

As at 31 December 2025, the carrying amounts of property, plant and equipment, right-of-use assets and investment properties of the Group are RMB55,591,791,000, RMB669,244,000 and RMB103,096,000 respectively (2024: RMB50,787,669,000, RMB763,005,000 and RMB105,829,000 respectively). During the year, impairment loss of RMB149,516,000 (2024: Nil) in respect of property, plant and equipment has been recognised while no impairment losses in respect of right-of-use assets and investment properties have been recognised (2024: Nil) in profit or loss.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

ESTIMATION UNCERTAINTY *(Continued)*

Useful lives and residual values of property, plant and equipment

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment by reference to the Group's business model, its asset management policy, the industry practice, expected usage of the asset, and the current scrap values of steel in an active market at each measurement date. The depreciation expense will change where the useful lives or residual values of property, plant and equipment are different from the previous estimates.

Impairment on inventories

Management reviews an ageing analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The directors of the Company estimate the net realisable value for such raw materials and finished goods based primarily on the latest invoice prices and current market conditions. As at 31 December 2025, the carrying amount of inventories was RMB2,853,916,000 (2024: RMB2,267,719,000), net of impairment provision of RMB6,871,000 (2024: RMB7,751,000).

Impairment on interests in associates

Management reviews investments in associates for impairment based on both quantitative and qualitative criteria. Such analysis typically includes various estimates and assumptions, the financial health, cash flow projections and future prospects of the associate. As at 31 December 2025, the carrying amount of interests in associates was RMB27,738,156,000 (2024: RMB26,905,498,000). No impairment loss was recognised during the year ended 31 December 2025 (2024: Nil).

4. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) The container manufacturing business segment, which manufactures and sells containers;
- (b) The shipping leasing and container leasing business segment, which renders vessel chartering, container leasing and finance lease business; and
- (c) The investment management business segment, which focuses on equity or debt investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measured consistently with the Group's profit/loss before tax, excluding unallocated selling and administrative expenses and non-lease-related finance costs and including intersegment transactions.

Segment assets are measured consistently with the Group's assets.

Segment liabilities exclude certain bank and other borrowings and corporate bonds as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2025			
	Shipping leasing and container leasing RMB'000	Container manufacturing RMB'000	Investment management RMB'000	Total RMB'000
Continuing operations				
Segment revenue				
Sales of containers	–	17,353,799	–	17,353,799
Other revenue from external customers	7,594,394	–	36,543	7,630,937
Subtotal segment revenue from external customers	7,594,394	17,353,799	36,543	24,984,736
Intersegment revenue from contracts with customers	–	4,561,493	–	4,561,493
Total segment revenue	7,594,394	21,915,292	36,543	29,546,229
Segment results	1,058,024	644,747	1,090,683	2,793,454
Elimination of intersegment results				9,001
Unallocated selling, administrative and general expenses				(231,398)
Unallocated finance costs				(503,967)
Profit before tax from continuing operations				2,067,090
Supplementary segment information:				
Depreciation and amortisation	(2,598,238)	(374,252)	(38,951)	(3,011,441)
Impairment of property, plant and equipment	–	(149,516)	–	(149,516)
Reversal of impairment of finance lease receivables	212,946	–	–	212,946
Reversal of impairment of factoring receivables	–	–	713	713
Provision for write-down of inventories to net realisable value	–	(3,126)	–	(3,126)
(Provision for)/reversal of impairment of trade receivables	(23,277)	14,027	(620)	(9,870)
(Provision for)/reversal of impairment of other receivables	(1,714)	16	2,050	352
Provision for impairment of contract assets	–	(504)	–	(504)
Share of losses of joint ventures	–	–	(3,548)	(3,548)
Share of profits of associates	–	–	1,578,992	1,578,992
Capital expenditure*	9,352,338	308,498	6,862	9,667,698

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2024			
	Shipping leasing and container leasing RMB'000	Container manufacturing RMB'000	Investment management RMB'000	Total RMB'000
Continuing operations				
Segment revenue				
Sales of containers	–	19,871,857	–	19,871,857
Other revenue from external customers	7,514,493	–	24,895	7,539,388
Subtotal segment revenue from external customers	7,514,493	19,871,857	24,895	27,411,245
Intersegment revenue from contracts with customers	–	3,572,684	–	3,572,684
Total segment revenue	7,514,493	23,444,541	24,895	30,983,929
Segment results	1,002,971	852,639	643,459	2,499,069
Elimination of intersegment results				49,809
Unallocated selling, administrative and general expenses				(228,605)
Unallocated finance costs				(772,701)
Profit before tax from continuing operations				1,547,572
Supplementary segment information:				
Depreciation and amortisation	(2,377,086)	(361,690)	(40,678)	(2,779,454)
Provision for impairment of finance lease receivables	(14,462)	–	–	(14,462)
Provision of impairment of factoring receivables			(15,467)	(15,467)
Provision for write-down of inventories to net realisable value	–	(3,808)	–	(3,808)
Reversal of/(provision for) impairment of trade receivables	3,637	(25,697)	(635)	(22,695)
Reversal of/(provision for) impairment of other receivables	9	(31,406)	(502)	(31,899)
Provision for impairment of contract assets		(208)		(208)
Share of profits of joint ventures	–	–	6,908	6,908
Share of profits of associates	–	–	1,511,515	1,511,515
Capital expenditure*	9,662,099	320,876	6,455	9,989,430

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2025			
	Shipping leasing and container leasing <i>RMB'000</i>	Container manufacturing <i>RMB'000</i>	Investment management <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	85,365,487	12,956,017	36,658,267	134,979,771
Elimination of intersegment assets				(3,388,853)
Total assets				131,590,918
Segment liabilities	65,513,871	6,542,147	21,665,096	93,721,114
Unallocated liabilities				7,775,207
Elimination of intersegment liabilities				(1,132,922)
Total liabilities				100,363,399
Supplementary segment information:				
Investments in joint ventures	-	-	124,459	124,459
Investments in associates	-	-	27,738,156	27,738,156

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2024			
	Shipping leasing and container leasing <i>RMB'000</i>	Container manufacturing <i>RMB'000</i>	Investment management <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	79,420,151	15,563,422	35,118,489	130,102,062
Elimination of intersegment assets				(3,734,924)
Total assets				126,367,138
Segment liabilities	55,358,693	9,472,583	24,532,609	89,363,885
Unallocated liabilities				7,807,574
Elimination of intersegment liabilities				(1,410,000)
Total liabilities				95,761,459
Supplementary segment information:				
Investments in joint ventures	–	–	128,694	128,694
Investments in associates	–	–	26,905,498	26,905,498

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. OPERATING SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Continuing operations		
United States	2,837,889	4,561,058
Asia (excluding Hong Kong, China and Chinese Mainland)	7,172,831	6,504,930
Hong Kong, China	5,679,860	6,277,995
Chinese Mainland	5,866,650	4,385,211
Europe	3,260,054	5,397,535
Others	167,452	284,516
Total revenue	24,984,736	27,411,245

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Hong Kong, China	45,268,624	44,480,707
Chinese Mainland	39,773,690	34,431,115
Total non-current assets	85,042,314	78,911,822

The non-current asset information above is based on the locations of the Company or its subsidiaries which own the assets and excludes financial instruments and deferred tax assets.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

4. OPERATING SEGMENT INFORMATION (Continued)

INFORMATION ABOUT MAJOR CUSTOMERS

The revenue generated from sales to customers which individually amounted to more than 10% to the Group's total revenue is set out below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A ¹	8,830,528	5,272,720
Customer B ¹	N/A*	3,242,439

¹ Revenue from shipping and container leasing segment and container manufacturing segment

* Less than 10% to the Group's total revenue

5. REVENUE

An analysis of revenue and other revenue from continuing operations is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers:		
Sales of containers	17,353,799	19,871,857
Other revenue:		
Shipping leasing	2,062,997	2,297,140
Container leasing	5,531,397	5,217,353
Investment management	36,543	24,895
Subtotal	7,630,937	7,539,388
Total revenue	24,984,736	27,411,245

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

5. REVENUE (Continued)

The disaggregation of the Group's revenue from contracts with customers from continuing operations, including sales of goods and rendering of services, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Geographical markets		
Hong Kong, China	2,469,296	3,045,064
Chinese Mainland	4,731,765	3,210,493
Asia (excluding Hong Kong, China and Chinese Mainland)	5,720,533	5,180,181
United States	2,609,296	4,391,388
Europe	1,806,202	3,913,910
Others	16,707	130,821
Total revenue from contracts with customers	17,353,799	19,871,857
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition		
Goods transferred at a point in time	17,353,799	19,871,857

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

6. OTHER INCOME

	2025	2024
Continuing operations	RMB'000	RMB'000
Interest income	118,523	138,974
Subsidies	97,097	111,817
Sales of scrap materials	68,795	23,743
Others	16,631	26,531
	<hr/>	<hr/>
Total other income	301,046	301,065

7. OTHER GAINS, NET

		2025	2024
Continuing operations	<i>Note</i>	RMB'000	RMB'000
Gain on disposal of property, plant and equipment		19,759	23,670
Gain on disposal of investments in associates		6	–
Gain on disposal of investments in joint ventures		–	172
Gain on disposal of financial assets at fair value through profit or loss		306	135,875
Dividend income from financial assets at fair value through profit or loss		1,284	9,867
Changes in fair value of financial assets at fair value through profit or loss		366,935	(170,241)
Donation expenditures for public interest		(26,105)	(25,192)
Net foreign exchange (losses)/gains		(52,340)	406,910
Gain on disposal of a subsidiary	42	–	4,269
Others		498	859
		<hr/>	<hr/>
Total other gains, net		310,343	386,189

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		2025	2024
	Notes	RMB'000	RMB'000
Continuing operations			
Cost of goods sold		14,676,721	16,795,076
Cost of service provided		405,423	640,290
Depreciation of property, plant and equipment	16	2,874,252	2,646,446
Depreciation of investment properties	17	389	389
Depreciation of right-of-use assets	18	103,877	102,366
Amortisation of intangible assets	19	32,923	30,253
Auditor's remuneration		11,179	9,650
Employee benefit expense:			
Wages and salaries		3,069,964	3,329,517
Equity-settled share option income		(2,648)	(4,301)
Pension scheme contributions (defined contribution scheme) (note)		105,746	94,833
		3,173,062	3,420,049
Short-term leases		11,237	23,592
Foreign exchange losses/(gains), net		52,340	(406,910)
Impairment of property, plant and equipment	16	149,516	–
(Reversal of)/impairment of finance lease receivables		(212,946)	14,462
Impairment of contract assets		504	208
(Reversal of)/provision for impairment of factoring receivables		(713)	15,467
Provision for write-down of inventories to net realisable value		3,126	3,808
Provision for impairment of trade receivables		9,870	22,695
(Reversal of)/provision for impairment of other receivables		(352)	31,899
Research and development expenses		39,036	61,056

Note: There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
Interest on debts and borrowings	3,616,760	4,046,803
Interest on lease liabilities	7,508	6,627
Others	(32,002)	(18,048)
Total	3,592,266	4,035,382

10. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS

Directors and key management personnel's emoluments for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Fees	1,034	1,001
Other emoluments:		
Salaries, allowances and benefits in kind	3,259	2,236
Pension scheme contributions	415	293
Subtotal	3,674	2,529
Total fees and other emoluments	4,708	3,530

Note: Key management personnel represents the key management personnel who also acts as the director of the Company.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

10. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (Continued)

The directors' and key management personnel's emoluments are set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2025				
Executive director:				
Mr. Zhang Mingwen	–	2,529	294	2,823
Mr. Wang Kunhui (appointed as Executive Director on 13 October 2025, appointed as General Manager on 16 September 2025)	–	730	72	802
Subtotal	–	3,259	366	3,625
Non-executive directors:				
Mr. Ip Sing Chi	300	–	–	300
Ms. Zhang Xueyan	–	–	–	–
Mr. Zheng Xiaozhe (appointed on 15 December 2025)	134	–	49	183
Mr. Liang Yanfeng (resigned on 29 July 2025)	–	–	–	–
Subtotal	434	–	49	483
Independent non-executive directors:				
Mr. Chan Kwok Leung	300	–	–	300
Mr. Shao Ruiqing	150	–	–	150
Mr. Wu Daqi	150	–	–	150
Subtotal	600	–	–	600
Total	1,034	3,259	415	4,708

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

10. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS (Continued)

The directors' and key management personnel's emoluments are set out below: (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024				
Executive director:				
Mr. Zhang Mingwen	–	2,236	293	2,529
Non-executive directors:				
Mr. Ip Sing Chi	300	–	–	300
Ms. Zhang Xueyan (appointed on 24 October 2024)	–	–	–	–
Mr. Huang Jian (resigned on 29 September 2024)	–	–	–	–
Mr. Liang Yanfeng	–	–	–	–
Subtotal	300	–	–	300
Independent non-executive directors:				
Mr. Chan Kwok Leung	300	–	–	300
Mr. Lu Jianzhong (resigned on 16 July 2024)	100	–	–	100
Ms. Zhang Weihua (resigned on 24 October 2024)	135	–	–	135
Mr. Shao Ruiqing	150	–	–	150
Mr. Wu Daqi (appointed on 24 October 2024)	16	–	–	16
Mr. Cai Hongping (resigned on 29 September 2024)	–	–	–	–
Subtotal	701	–	–	701
Total	1,001	2,236	293	3,530

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

10. DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S EMOLUMENTS *(Continued)*

There was no arrangement under which a director or the key management personnel waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to any of the directors or key management personnel as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

None of the directors or key management personnel received or will receive any termination benefits during the year ended 31 December 2025 (2024: Nil).

No payment was made to the third parties for making available directors' or key management personnel's services during the year ended 31 December 2025 (2024: Nil).

No loans, quasi-loans and other dealings were made available in favour of directors or key management personnel, bodies corporate controlled by and entities connected with directors or key management personnel subsisted at the end of the year or at any time during the year (2024: Nil).

Other than those disclosed in Note 46, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director or key management personnel of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025 (2024: Nil).

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2024: one director), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the remaining four (2024: four) highest paid employees who are not directors of the Company are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowances and benefits in kind	8,840	6,224
Equity-settled share option expense	–	9
Pension scheme contributions	1,165	1,136
Total	10,005	7,369

The number of non-director, non-supervisor highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2025	2024
HKD1,000,001 to HKD1,500,000 (equivalent to RMB903,001 to RMB1,355,000)	–	1
HKD1,500,001 to HKD2,000,000 (equivalent to RMB1,355,001 to RMB1,806,000)	–	–
HKD2,000,001 to HKD2,500,000 (equivalent to RMB1,806,001 to RMB2,258,000)	–	3
HKD2,500,001 to HKD3,000,000 (equivalent to RMB2,258,001 to RMB2,710,000)	3	–
HKD3,000,001 to HKD3,500,000 (equivalent to RMB2,710,001 to RMB3,161,000)	1	–

During the year, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INCOME TAX EXPENSES

According to the Corporate Income Tax (“CIT”) Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the years ended 31 December 2025 and 2024, except for the subsidiaries which are eligible for preferential income tax policies and subject to CIT rate of 15% for the years ended 31 December 2025 and 2024.

Profits tax was provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits of the Group’s subsidiaries operating in Hong Kong, China during the year.

Taxes or profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdictions in which the Group operates.

		2025	2024
Continuing operations	Note	RMB’000	RMB’000
Current income tax:			
Chinese Mainland		272,257	194,805
Hong Kong, China		13,642	62,465
Elsewhere		13,076	(156,982)
Subtotal		298,975	100,288
Deferred income tax	26	30,009	24,778
Total		328,984	125,066

The Group is subject to the global minimum top-up tax under the Global Anti-base Erosion Rules (the “Pillar Two Rules”). The Group has applied the temporary exception from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Pillar Two Rules has become effective in certain jurisdictions in which some of the group entities are incorporated. The top-up tax relates to the Group’s operation in certain countries, where the effective income tax rate is estimated to be below 15 per cent. After taking into account the adjustments under the Pillar Two Rules, the directors of the Company consider that the tax exposure to the top-up tax is insignificant to the Group.

The Group is continuing to assess the impact of the Pillar Two Rules on its future financial performance.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

12. INCOME TAX EXPENSES (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the country or jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before tax from continuing operations	2,067,090	1,547,572
Tax at the statutory tax rate	516,773	387,142
Effect of different tax rates for specific provinces or enacted by local authority	(80,448)	37,724
Effect of withholding tax	3,955	2,933
Under-provision in respect of prior year	53,712	20,589
Profits attributable to associates and joint ventures	(385,221)	(373,680)
Income not subject to tax	(1,386,356)	(1,515,248)
Expenses not deductible for tax	1,370,681	1,441,728
Tax losses not recognised	292,749	105,053
Temporary differences not recognised	(56,861)	18,825
Income tax expenses related to continuing operations	328,984	125,066

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

13. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Paid interim dividend – RMB0.022 (2024: RMB0.019) per ordinary share	290,348	257,397
Proposed final dividend – RMB0.015 (2024: RMB0.019) per ordinary share	197,437	253,382

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company.

On 29 August 2025, the board of directors announced the payment of an interim dividend of RMB0.022 per share (inclusive of applicable taxes) for the six months ended 30 June 2025 (six months ended 30 June 2024: RMB0.019). Based on 13,197,655,820 shares (being the number of issued shares of the Company as at 29 August 2025), the aggregate interim dividend amounted to RMB290,348,000 (inclusive of applicable taxes) (for the six months ended 30 June 2024: RMB257,397,000). Such interim dividend has been paid during the year ended 31 December 2025.

On 30 March 2026, the board of directors proposed the payment of a final dividend of RMB0.015 per share (inclusive of applicable tax) for the year ended 31 December 2025 (2024: RMB0.019). As at 30 March 2026, the total share capital of the Company is 13,197,655,820 shares, including 16,516,300 A shares and 18,642,000 H shares held in the Company's dedicated accounts for share repurchase. Based on 13,162,497,520 shares (being the total share capital less such repurchased but not yet cancelled shares) the final cash dividend for 2025 is approximately RMB197,437,000 (inclusive of applicable taxes) (2024: RMB253,382,000). The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company. The proposed dividend has not been recognized as a liability in the consolidated financial statements for the year ended 31 December 2025, but will be reflected as an appropriation of retained profits for the year ending 31 December 2026.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

14. DISCONTINUED OPERATION

On 10 November 2023, the Group entered into a transfer equity agreement with a fellow subsidiary, in which the Group agreed to dispose of 100% equity interest of a subsidiary of the Group, Helen Insurance Brokers Limited (“Helen Insurance”), at a cash consideration of HKD270,981,000 (equivalent to approximately RMB246,458,000). While Helen Insurance was being classified as a discontinued operation, the insurance brokerage service is no longer presented in the segment information. The disposal of Helen Insurance was completed on 15 January 2024 with total consideration of HKD270,981,000 (equivalent to approximately RMB246,458,000), resulting in a gain of RMB213,660,000.

The results of the insurance brokerage service operation for the year ended 31 December 2024 was as below.

	2024 RMB'000
Revenue	–
Cost of sales	–
<hr/>	
Gross profit	–
Other income	–
Other gains, net	–
Selling, administrative and general expenses	–
Finance costs	–
<hr/>	
Profit before tax	–
Income tax expenses	–
<hr/>	
Gain on disposal of a discontinued operation	213,660
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Profit for the year	213,660
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Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

14. DISCONTINUED OPERATION (Continued)

The net cash flows generated from the disposal of Helen Insurance

	Inflow (outflow) RMB'000
Cash received from the disposal of the discontinued operation	246,458
Cash sold as a part of the discontinued operation	(139)
Net cash inflow from the disposal of Helen Insurance	246,319

During the year ended 31 December 2024, the insurance brokerage service operation contributed Nil (2025: Nil) to the Group's net operating cash flows, cash inflows of RMB246,319,000 (2025: Nil) in respect of investing activities and cash outflows of Nil (2025: Nil) in respect of financing activities.

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

FOR CONTINUING AND DISCONTINUED OPERATIONS

Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company are based on the following data:

	2025 RMB'000	2024 RMB'000
Earnings		
Profit for the year attributable to the owners of the Company:		
– From continuing operations	1,609,401	1,472,287
– From a discontinued operation	–	213,660
Earnings for the purpose of basic and diluted earnings per share	1,609,401	1,685,947

	Number of shares	
	2025 '000	2024 '000
Shares		
Weighted average number of ordinary shares in issue during the year for the purpose of basic earnings per share	13,252,549	13,535,857
Effect of dilutive potential ordinary shares:		
Share options	131	151
Weighted average number of ordinary shares for the purpose of diluted earnings per share	13,252,680	13,536,008

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

FROM CONTINUING OPERATIONS

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit for the year attributed to the owners of the Company	1,609,401	1,685,947
Less:		
Profit for the year from a discontinued operation	–	213,660
Profit for the year from continuing operations and earnings for the purpose of basic and diluted earnings per share from continuing operations	1,609,401	1,472,287

The denominators used for basic and diluted earnings per share are detailed above.

FROM DISCONTINUED OPERATION

Basic earnings per share for the discontinued operation was RMB0.0158 per share (2025: nil) and diluted earnings per share for the discontinued operation was RMB0.0158 per share for the year ended 31 December 2024 (2025: nil), based on the profit for the period from a discontinued operation of RMB213,660,000 for the year ended 31 December 2024 (2025: nil) and the denominators detailed above for both basic and diluted earnings per share.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Vessels RMB'000	Containers RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025							
Cost	9,382,680	51,317,349	2,118,879	3,679,389	17,406	2,436,544	68,952,247
Accumulated depreciation and impairment	(1,205,545)	(14,399,141)	(793,203)	(1,766,689)	-	-	(18,164,578)
Net carrying amount	8,177,135	36,918,208	1,325,676	1,912,700	17,406	2,436,544	50,787,669
At 1 January 2025, net of accumulated depreciation and impairment							
At 1 January 2025, net of accumulated depreciation and impairment	8,177,135	36,918,208	1,325,676	1,912,700	17,406	2,436,544	50,787,669
Additions	1,660	5,118,330	3,815	37,521	293	4,460,464	9,622,083
Disposals	-	(79,527)	(235)	(6,998)	-	-	(86,760)
Depreciation provided during the year	(322,957)	(2,220,995)	(66,967)	(258,847)	(4,486)	-	(2,874,252)
Impairment recognised during the year	-	(149,516)	-	-	-	-	(149,516)
Transfer from construction in progress	-	-	18,391	202,639	-	(221,030)	-
Transfer from inventories	-	-	-	71,618	-	-	71,618
Transfer to inventories	-	(761,529)	-	-	-	-	(761,529)
Transfer to intangible assets	-	-	-	-	-	(17,491)	(17,491)
Exchange realignment	(149,991)	(844,965)	(4,815)	(260)	-	-	(1,000,031)
At 31 December 2025, net of accumulated depreciation and impairment	7,705,847	37,980,006	1,275,865	1,958,373	13,213	6,658,487	55,591,791
At 31 December 2025:							
Cost	9,205,457	53,346,733	2,135,818	3,942,782	13,213	6,658,487	75,302,490
Accumulated depreciation and impairment	(1,499,610)	(15,366,727)	(859,953)	(1,984,409)	-	-	(19,710,699)
Net carrying amount	7,705,847	37,980,006	1,275,865	1,958,373	13,213	6,658,487	55,591,791

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Vessels RMB'000	Containers RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024							
Cost	9,152,958	46,645,658	2,055,470	3,497,336	22,154	228,573	61,602,149
Accumulated depreciation and impairment	(871,241)	(13,191,027)	(729,115)	(1,553,992)	-	-	(16,345,375)
Net carrying amount	8,281,717	33,454,631	1,326,355	1,943,344	22,154	228,573	45,256,774
At 1 January 2024, net of accumulated depreciation and impairment							
8,281,717	33,454,631	1,326,355	1,943,344	22,154	228,573	45,256,774	
Additions	-	7,197,006	306	43,350	106	2,601,937	9,842,705
Addition due to business combination	-	-	-	90	9	-	99
Disposals	-	(1,491,629)	(505)	(17,231)	-	-	(1,509,365)
Depreciation provided during the year	(320,351)	(2,003,520)	(64,760)	(252,952)	(4,863)	-	(2,646,446)
Decrease due to disposal a subsidiary	-	-	-	(1,018)	-	-	(1,018)
Transfer from construction in progress	105,748	-	64,280	196,463	-	(366,491)	-
Transfer to inventories	-	(796,283)	-	-	-	-	(796,283)
Transfer to intangible assets	-	-	-	-	-	(27,475)	(27,475)
Exchange realignment	110,021	558,003	-	654	-	-	668,678
At 31 December 2024, net of accumulated depreciation and impairment							
8,177,135	36,918,208	1,325,676	1,912,700	17,406	2,436,544	50,787,669	
At 31 December 2024:							
Cost	9,382,680	51,317,349	2,118,879	3,679,389	17,406	2,436,544	68,952,247
Accumulated depreciation and impairment	(1,205,545)	(14,399,141)	(793,203)	(1,766,689)	-	-	(18,164,578)
Net carrying amount	8,177,135	36,918,208	1,325,676	1,912,700	17,406	2,436,544	50,787,669

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2025, certain of the Group's vessels and containers with a net carrying amount of RMB22,038,555,000 (2024: RMB20,734,424,000) were pledged to secure general banking facilities granted to the Group (note 35).

The following table illustrates the movements of the assets held under operating leases:

	Vessels <i>RMB'000</i>	Containers <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025:			
Cost	9,382,680	51,316,721	60,699,401
Accumulated depreciation and impairment	(1,205,545)	(14,398,700)	(15,604,245)
Net carrying amount	8,177,135	36,918,021	45,095,156
At 1 January 2025, net of accumulated depreciation and impairment	8,177,135	36,918,021	45,095,156
Additions	1,660	5,118,330	5,119,990
Disposals and transfer to inventories	–	(841,056)	(841,056)
Depreciation provided during the year	(322,957)	(2,220,973)	(2,543,930)
Impairment recognised during the year	–	(149,516)	(149,516)
Exchange realignment	(149,991)	(844,965)	(994,956)
At 31 December 2025, net of accumulated depreciation and impairment	7,705,847	37,979,841	45,685,688
At 31 December 2025:			
Cost	9,205,457	53,346,105	62,551,562
Accumulated depreciation and impairment	(1,499,610)	(15,366,264)	(16,865,874)
Net carrying amount	7,705,847	37,979,841	45,685,688

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The following table illustrates the movements of the assets held under operating leases: (Continued)

	Vessels RMB'000	Containers RMB'000	Total RMB'000
At 1 January 2024:			
Cost	9,152,958	46,645,077	55,798,035
Accumulated depreciation and impairment	(871,241)	(13,190,616)	(14,061,857)
Net carrying amount	8,281,717	33,454,461	41,736,178
At 1 January 2024, net of accumulated depreciation and impairment			
	8,281,717	33,454,461	41,736,178
Additions	–	7,196,959	7,196,959
Disposals and transfer to inventories	–	(2,287,912)	(2,287,912)
Depreciation provided during the year	(320,351)	(2,003,490)	(2,323,841)
Transfers from construction in progress	105,748	–	105,748
Exchange realignment	110,021	558,003	668,024
At 31 December 2024, net of accumulated depreciation and impairment			
	8,177,135	36,918,021	45,095,156
At 31 December 2024:			
Cost	9,382,680	51,316,721	60,699,401
Accumulated depreciation and impairment	(1,205,545)	(14,398,700)	(15,604,245)
Net carrying amount	8,177,135	36,918,021	45,095,156

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

17. INVESTMENT PROPERTIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year:		
Cost	165,385	162,953
Accumulated depreciation and impairment	(59,556)	(58,292)
Net carrying amount	105,829	104,661
At beginning of year, net of accumulated depreciation and impairment	105,829	104,661
Depreciation	(389)	(389)
Exchange realignment	(2,344)	1,557
At end of year, net of accumulated depreciation and impairment	103,096	105,829
At end of year:		
Cost	161,713	165,385
Accumulated depreciation and impairment	(58,617)	(59,556)
Net carrying amount	103,096	105,829

The Group's investment properties consist of 19 (2024: 19) office properties in Hong Kong.

The investment properties are leased under operating leases, further summary details of which are included in note 44.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE HIERARCHY

The investment properties were valued based on a valuation performed by an independent professionally qualified valuer at RMB269,341,000 (2024: RMB279,775,000). The fair value of the investment properties is estimated by an independent professional property valuer. The valuations are derived using direct comparison method. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted.

The following tables illustrate the fair value measurement hierarchy of the Group's investment properties:

31 December 2025

	Fair value measurement categorised into Level 2 RMB'000
Office units	269,341

31 December 2024

	Fair value measurement categorised into Level 2 RMB'000
Office units	279,775

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

18. RIGHT-OF-USE ASSETS

	Prepaid land lease payments <i>RMB'000</i>	Buildings <i>RMB'000</i>	Machinery, motor vehicles and office equipment <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025:				
Cost	685,182	353,378	448	1,039,008
Accumulated depreciation	(161,949)	(113,828)	(226)	(276,003)
Net carrying amount	523,233	239,550	222	763,005
At 1 January 2025, net of accumulated depreciation				
	523,233	239,550	222	763,005
Additions	–	12,357	407	12,764
Depreciation	(15,044)	(88,762)	(71)	(103,877)
Termination of leases	–	(1,646)	–	(1,646)
Exchange realignment	–	(1,002)	–	(1,002)
At 31 December 2025, net of accumulated depreciation	508,189	160,497	558	669,244
At 31 December 2025:				
Cost	685,182	357,220	856	1,043,258
Accumulated depreciation	(176,993)	(196,723)	(298)	(374,014)
Net carrying amount	508,189	160,497	558	669,244

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

18. RIGHT-OF-USE ASSETS (Continued)

	Prepaid land lease payments RMB'000	Buildings RMB'000	Machinery, motor vehicles and office equipment RMB'000	Total RMB'000
At 1 January 2024:				
Cost	667,799	343,584	448	1,011,831
Accumulated depreciation	(147,253)	(96,009)	(182)	(243,444)
Net carrying amount	520,546	247,575	266	768,387
At 1 January 2024, net of accumulated depreciation				
Additions	17,383	81,868	–	99,251
Depreciation	(14,696)	(87,626)	(44)	(102,366)
Termination of leases	–	(4,591)	–	(4,591)
Addition due to business combination	–	2,229	–	2,229
Exchange realignment	–	95	–	95
At 31 December 2024, net of accumulated depreciation	523,233	239,550	222	763,005
At 31 December 2024:				
Cost	685,182	353,378	448	1,039,008
Accumulated depreciation	(161,949)	(113,828)	(226)	(276,003)
Net carrying amount	523,233	239,550	222	763,005

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. INTANGIBLE ASSETS

	Computer software <i>RMB'000</i>	Patent <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025:			
Cost	379,259	2,358	381,617
Accumulated amortisation	(245,595)	(392)	(245,987)
Net carrying amount	133,664	1,966	135,630
At 1 January 2025, net of accumulated amortisation	133,664	1,966	135,630
Additions	32,851	–	32,851
Transfer from property, plant and equipment	17,491	–	17,491
Amortisation	(32,629)	(294)	(32,923)
Exchange realignment	(1,685)	–	(1,685)
At 31 December 2025, net of accumulated amortisation	149,692	1,672	151,364
At 31 December 2025:			
Cost	423,861	2,358	426,219
Accumulated amortisation	(274,169)	(686)	(274,855)
Net carrying amount	149,692	1,672	151,364

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. INTANGIBLE ASSETS (Continued)

	Computer software RMB'000	Patent RMB'000	Total RMB'000
At 1 January 2024:			
Cost	332,898	2,358	335,256
Accumulated amortisation	(216,911)	(98)	(217,009)
Net carrying amount	115,987	2,260	118,247
At 1 January 2024, net of accumulated amortisation	115,987	2,260	118,247
Additions	47,474	–	47,474
Addition due to business combination	20	–	20
Disposals	(4)	–	(4)
Disposal of a subsidiary	(800)	–	(800)
Amortisation	(29,959)	(294)	(30,253)
Exchange realignment	946	–	946
At 31 December 2024, net of accumulated amortisation	133,664	1,966	135,630
At 31 December 2024:			
Cost	379,259	2,358	381,617
Accumulated amortisation	(245,595)	(392)	(245,987)
Net carrying amount	133,664	1,966	135,630

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

20. INVESTMENTS IN JOINT VENTURES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Share of net assets	124,459	128,694

No joint venture of the Group is individually material to the Group.

21. INVESTMENTS IN ASSOCIATES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Share of net assets	27,585,528	26,752,870
Goodwill on acquisition	214,393	214,393
Impairment	(61,765)	(61,765)
Total	27,738,156	26,905,498

As of 31 December 2025 and 2024, particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of registration	Percentage of ownership	Principal activities
China Bohai Bank Co., Ltd. ("CBB")	Ordinary shares RMB1 each	PRC	11.12%	Banking
China Everbright Bank Co., Ltd. ("CEB")	Ordinary shares RMB1 each	PRC	1.23%	Banking
Bank of Kunlun Co., Ltd. ("BOK")	Ordinary shares RMB1 each	PRC	3.74%	Banking
COSCO Shipping Finance Co., Ltd ("COSCO SHIPPING Finance")	Registered capital RMB1 each	PRC	13.38%	Banking
Powchan Financial Group Co., Ltd. ("Powchan Financial")	Registered capital RMB1 each	PRC	40.81%	Leasing

As at 31 December 2025, the Group has less than 20% of equity interests in CBB, CEB, BOK and COSCO Shipping Finance, (2024: CBB, CEB, BOK and COSCO Shipping Finance), and with the Group's holding seats in the boards of these companies and participation in the financial and operating activities of these companies, the Group could exercise significant influence over these companies. Accordingly, these companies are accounted for as associates of the Group.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

21. INVESTMENTS IN ASSOCIATES (Continued)

The following tables illustrate the summarised financial information in respect of each of the Group's material associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	CBB		CEB		BOK		COSCO SHIPPING Finance		Powchan Financial	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	437,951,340	391,720,155	1,109,753,000	1,112,591,000	231,049,029	248,734,275	174,587,228	133,418,893	45,304,889	38,769,868
Non-current assets	1,496,458,192	1,452,121,973	6,055,561,000	5,846,430,000	236,902,477	206,825,954	34,450,386	83,039,301	12,510,178	22,042,982
Total liabilities	(1,809,182,579)	(1,733,717,300)	(6,557,878,000)	(6,368,790,000)	(426,687,534)	(414,865,403)	(184,263,769)	(191,752,365)	(47,846,338)	(50,780,690)
Net assets	125,226,953	110,124,828	607,436,000	590,231,000	41,263,972	40,694,826	24,773,845	24,705,829	9,968,729	10,032,160
Other equity instruments – perpetual debts	(21,000,000)	(11,000,000)	(40,000,000)	(39,993,000)	-	-	-	-	-	-
Other equity instruments – preference shares	-	-	(64,906,000)	(64,906,000)	-	-	-	-	-	-
Non-controlling interests	-	-	(2,642,000)	(2,531,000)	(10,151)	(10,601)	-	-	-	-
Net assets attributable to the owners of the Company	104,226,953	99,124,828	499,888,000	482,801,000	41,253,821	40,684,225	24,773,845	24,705,829	9,968,729	10,032,160
Proportion of the ownership	11.12%	11.12%	1.23%	1.23%	3.74%	3.74%	13.38%	13.38%	40.81%	40.81%
Share of net assets	11,579,768	11,014,525	6,089,180	5,871,123	1,542,893	1,521,590	3,315,732	3,306,629	4,068,288	4,094,174
Goodwill on acquisition	-	-	-	-	159,186	159,186	42,729	42,729	-	-
Impairment	-	-	-	-	(61,765)	(61,765)	-	-	-	-
Carrying amounts of the investments	11,579,768	11,014,525	6,089,180	5,871,123	1,640,314	1,619,011	3,358,461	3,349,358	4,068,288	4,094,174
Revenue	54,598,344	58,928,704	236,210,000	257,636,000	15,081,409	16,779,257	4,976,797	5,264,619	4,012,761	3,999,033
Attributable to the owners of the Company:										
Profit for the year	5,498,206	5,255,815	39,141,000	41,911,000	1,835,905	1,704,904	862,387	1,044,545	837,197	765,915
Other comprehensive income/(expense) for the year	(133,668)	420,152	(5,921,000)	8,649,000	(587,760)	1,036,312	(33,827)	37,379	-	-
Total comprehensive income for the year	5,364,538	5,675,967	33,220,000	50,560,000	1,248,145	2,741,216	828,560	1,081,924	837,197	765,915
Dividends received from associates during the year	-	-	136,836	125,252	25,384	30,768	101,791	53,910	367,551	232,006

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

21. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Aggregate carrying amount of investments	1,002,145	957,307
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Share of profit	45,566	42,507
Share of other comprehensive income	(51)	1,216
Share of total comprehensive income	45,515	43,723

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Listed equity investments (a)	1,678	33,867
Unlisted equity investments (b)	2,239,787	2,093,055
Unlisted debt investments (c)	1,102	1,067
	2,242,567	2,127,989
Current portion	(2,191)	(34,354)
Non-current portion	2,240,376	2,093,635

(a) The listed equity securities represent stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange.

(b) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. The Group did not have significant influence on these invested entities.

(c) The unlisted debt investments represent the Group's investment in the large-denomination negotiable certificates of a three-year time deposit issued by a bank.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

23. FINANCE LEASE RECEIVABLES

The total future lease payment receivables under finance leases and their present values were as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	3,566,179	4,069,183
After one year but within two years	3,268,369	3,921,491
After two years but within three years	3,156,497	3,389,890
After three years but within four years	2,822,701	3,302,797
After four years but within five years	3,124,633	2,950,179
After five years	17,996,054	21,339,860
Total minimum finance lease receivables	33,934,433	38,973,400
Unearned finance income	(6,870,856)	(8,134,090)
Total present value of minimum finance lease receivables	27,063,577	30,839,310
Impairment	(1,154,875)	(1,397,763)
Current portion	25,908,702	29,441,547
	(2,387,424)	(2,524,940)
Non-current portion	23,521,278	26,916,607
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	2,487,510	2,784,506
After one year but within two years	2,303,209	3,235,415
After two years but within three years	2,297,518	1,932,229
After three years but within four years	2,088,875	2,404,473
After four years but within five years	2,529,634	2,201,808
After five years	15,356,831	18,280,879
Total present value of minimum finance lease receivables	27,063,577	30,839,310

At 31 December 2025, certain of the Group's finance lease receivables with a net carrying amount of RMB1,784,331,000 (2024: RMB4,343,206,000) were pledged to secure general banking facilities granted to the Group (note 35).

Further qualitative and quantitative information regarding credit risk and ECLs of finance lease receivables is disclosed in note 49.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. FACTORING RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current portion		
Factoring receivables	21,896	22,609
Impairment	(21,896)	(22,609)
Net carrying amount	–	–

Further qualitative and quantitative information regarding credit risk and ECLs of factoring receivables is disclosed in note 49.

25. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments represent interest rate swap agreements, foreign exchange forward contracts and currency swap agreements designated as hedging instruments as follows:

ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest rate swaps	21,196	33,954
Foreign exchange forward contracts	8,296	–
Current portion	29,492	33,954
	8,412	–
Non-current portion	21,080	33,954

LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest rate swaps	730	–
Foreign exchange forward contracts	–	35,258
Currency swaps	–	6,738
Current portion	730	41,996
	–	41,996
Non-current portion	730	–

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

CASH FLOW HEDGE – INTEREST RATE RISK

At 31 December 2025, the Group had interest rate swap agreements in place with a total notional amount of USD37,084,000 (2024: USD46,945,000) whereby they receive interest at variable rates equal to the 3-month Secured Overnight Financing Rate (“SOFR”) (2024: SOFR) on the notional amounts and pay interest at fixed rates of 1.21% to 2.93% (2024: 1.21% to 2.93%). The swaps are used to hedge the exposure to changes in the cash flows of its secured loans with variable rates.

At 31 December 2025, the Group had interest rate swap agreements in place with a total notional amount of RMB680,000,000 (2024: nil) whereby they receive interest at variable rates equal to the 5-year Loan Prime Rate (“LPR”) (2024: nil) on the notional amounts and pay interest at fixed rates of 2.20% (2024: nil). The swaps are used to hedge the exposure to changes in the cash flows of its credit loans with variable rates.

CASH FLOW HEDGE – FOREIGN CURRENCY RISK

Foreign exchange forward contracts

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in US dollars (“USD”) and forecast purchases in RMB. At 31 December 2025, the Group had foreign exchange forward contracts in place with a notional amount of USD210,000,000 (2024: USD240,000,000) whereby the Group receives a fixed exchange rate (expressed as the amount of RMB per one USD) of 6.9655 to 7.0900 (2024: 7.0635 to 7.2900). The foreign exchange forward contracts are used to hedge the exposure to changes in the cash flows of its trade receivables with floating exchange rates.

Currency swap

Currency swap refers to a transaction in which a specified amount of principal in two currencies is exchanged within a specified period and interest in both currencies is periodically exchanged. At 31 December 2024, the Group had currency swap agreements in place with a total notional amount of USD68,454,000 (2025: Nil) whereby the Group receives a fixed exchange rate (expressed as the amount of RMB per one USD) of 7.2750. The Group receive interest at fixed rate of 2.27% on the notional amounts and pay interest at fixed rates of 4.67%. The swaps are used to hedge the exposure to changes in the cash flows of bank borrowings denominated in RMB with fixed interest rates under exchange rate fluctuations.

CASH FLOW HEDGE – INTEREST RATE RISK AND FOREIGN CURRENCY RISK

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward and swap contracts match the terms of the expected highly probable forecast transactions and the secured bank loan (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the foreign exchange forward and swap contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

CASH FLOW HEDGE – INTEREST RATE RISK AND FOREIGN CURRENCY RISK (Continued)

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The Group holds the following hedging instruments (notional amount):

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2025					
Interest rate swaps	111,114	93,559	290,677	449,399	944,749
Foreign exchange forward contracts	1,479,355	–	–	–	1,479,355

	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2024					
Interest rate swaps	70,879	46,434	71,164	148,980	337,457
Foreign exchange forward contracts	1,721,733	–	–	–	1,721,733
Currency swaps	498,000	–	–	–	498,000

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

25. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

CASH FLOW HEDGE – INTEREST RATE RISK AND FOREIGN CURRENCY RISK (Continued)

The movements of cash flow hedge reserve are as follows:

	Interest rate swaps <i>RMB'000</i>	Foreign exchange forward contracts <i>RMB'000</i>	Currency swaps <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	33,608	30,998	–	64,606
Hedging loss recognised in other comprehensive income	(2,164)	(66,063)	(7,446)	(75,673)
Reclassified adjustments for gains/(losses) included in the consolidated statement of profit or loss	509	(193)	708	1,024
As at 31 December 2024 and 1 January 2025	31,953	(35,258)	(6,738)	(10,043)
Hedging (loss)/gain recognised in other comprehensive income	(12,922)	43,424	6,692	37,194
Reclassified adjustments for (losses)/gains included in the consolidated statement of profit or loss	(566)	131	46	(389)
As at 31 December 2025	18,465	8,297	–	26,762

There is no hedge ineffectiveness recognised in profit or loss. Consequently, the change in fair value used for measuring ineffectiveness of the hedging instruments for the year ended 31 December 2025 is the same with that of the hedged items, equalling the amount of the hedging gain or loss recognised in other comprehensive income above.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

26. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

DEFERRED TAX ASSETS

	Impairment <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Depreciation <i>RMB'000</i>	Accruals <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	181,961	38,829	851	107,274	480,311	809,226
(Charged)/credited to profit or loss	(52,833)	(12,456)	(101)	52,467	(20,030)	(32,953)
Exchange realignment	(39)	–	(16)	(90)	–	(145)
Gross deferred tax assets at 31 December 2025	129,089	26,373	734	159,651	460,281	776,128
	Impairment <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Depreciation <i>RMB'000</i>	Accruals <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	169,368	55,110	1,345	88,988	443,304	758,115
Credited/(charged) to profit or loss	12,574	(16,281)	(510)	18,215	38,591	52,589
Disposal of a subsidiary	–	–	–	–	(1,584)	(1,584)
Exchange realignment	19	–	16	71	–	106
Gross deferred tax assets at 31 December 2024	181,961	38,829	851	107,274	480,311	809,226

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

26. DEFERRED TAX (Continued)

The movements in deferred tax liabilities and assets during the year are as follows: (Continued)

DEFERRED TAX LIABILITIES

	Withholding tax RMB'000	Changes in fair value of financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2025	481,250	8,355	39,118	63,020	591,743
(Credited)/charged to profit or loss	(16,076)	18,291	(12,173)	7,014	(2,944)
Exchange realignment	–	–	–	(1,500)	(1,500)
Gross deferred tax liabilities at 31 December 2025	465,174	26,646	26,945	68,534	587,299

	Withholding tax RMB'000	Changes in fair value of financial assets at fair value through profit or loss RMB'000	Right-of-use assets RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2024	437,481	13,164	55,862	7,229	513,736
Charged/(credited) to profit or loss	43,769	(4,809)	(16,744)	55,151	77,367
Exchange realignment	–	–	–	640	640
Gross deferred tax liabilities at 31 December 2024	481,250	8,355	39,118	63,020	591,743

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

26. DEFERRED TAX (Continued)

DEFERRED TAX LIABILITIES (Continued)

Certain of the Group's overseas subsidiaries are therefore liable for withholding taxes on dividends distributed by certain associates established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

For presentation purpose, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	262,625	282,680
Net deferred tax liabilities recognised in the consolidated statement of financial position	73,796	65,197

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis. As at 31 December 2025, deferred tax assets and deferred tax liabilities amounted to RMB513,503,000 (2024: RMB526,546,000) were offset.

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	2,770,912	1,615,979
Deductible temporary differences	1,399,931	2,359,094
Total	4,170,843	3,975,073

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences arising in Chinese Mainland and Hong Kong, China, as it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unused tax losses of RMB4,599,343,000 (2024: RMB3,524,534,000) available for offset against future profits. Included in unused tax losses are losses of RMB3,581,630,000 (2024: RMB2,490,941,000) that will be expired within next five years. The remaining tax losses of RMB1,017,713,000 (2024: RMB1,033,593,000) may be carried forward indefinitely.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

27. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Raw materials	1,240,980	1,087,095
Finished goods	1,619,807	1,188,375
Provision for write-down of inventories	(6,871)	(7,751)
Total	2,853,916	2,267,719

28. TRADE AND NOTES RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	2,179,348	2,654,463
Notes receivable	–	4,873
Impairment	(110,783)	(102,092)
Net carrying amount	2,068,565	2,557,244

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally two months, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, which are internationally dispersed.

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	2,015,714	2,548,778
3 to 6 months	35,477	77
6 to 12 months	17,374	8,389
Total	2,068,565	2,557,244

Further qualitative and quantitative information regarding credit risk and ECLs of trade receivables is disclosed in note 49.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

29. PREPAYMENTS AND OTHER RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	2,209,102	1,489,314
Other receivables	87,490	100,760
Prepaid value-added tax	623,500	482,066
Impairment	(36,080)	(36,477)
	<hr/>	<hr/>
Total	2,884,012	2,035,663
	<hr/> <hr/>	<hr/> <hr/>

30. RESTRICTED AND PLEDGED DEPOSITS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current		
Pledged deposits for bank and other borrowings	282	119
Pledged deposits for corporate bonds	818	815
Pledged deposits for repurchased of shares	16,265	20,000
Pledged deposits for letters of credit	216	216
Other restricted and pledged deposits	11,723	3,436
	<hr/>	<hr/>
	29,304	24,586
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

31. CASH AND CASH EQUIVALENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	10,247,773	8,677,216

At the end of the reporting period, the cash and bank balances of the Group are denominated in RMB and foreign currencies as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
RMB	7,752,492	7,240,268
United States Dollar ("USD")	2,431,704	1,311,001
European Dollar ("EURO")	4,646	14,828
Hong Kong Dollar ("HKD")	51,168	57,648
British Pound ("GBP")	5,139	53,471
Singapore Dollar ("SGD")	2,612	–
New Zealand Dollar ("NZD")	12	–
Total	10,247,773	8,677,216

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and restricted and pledged deposits are deposited with creditworthy banks with no recent history of default.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

32. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	3,339,486	3,352,215
3 to 6 months	14,669	91,671
6 to 12 months	322	2,682
Over 1 year	379,223	424,084
Total	3,733,700	3,870,652

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

33. OTHER PAYABLES AND ACCRUALS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Receipt in advance	300,374	362,444
Payables for purchase of property, plant and equipment	140,025	124,000
Other payables	1,422,476	1,518,374
Indirect tax payables	89,838	96,994
Interest payables	696,668	541,034
Total	2,649,381	2,642,846

Other payables are non-interest-bearing and have an average term of three months.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

34. CONTRACT ASSETS AND CONTRACT LIABILITIES

CONTRACT ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of containers	22,360	6,926
Impairment	(712)	(208)
Total	21,648	6,718

Contract assets are initially recognised for revenue earned from sales of containers as receipt of consideration is conditional upon the passage of the entire warranty period. The contract assets are transferred to trade receivables when the rights become unconditional. After the warranty period expires, the amounts recognised as contract assets are reclassified to trade receivables.

CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of containers	70,280	83,607

As at 1 January 2024, contract liabilities amounted to RMB63,047,000.

Contract liabilities of RMB70,280,000 as at 31 December 2025 (2024: RMB83,607,000) are short-term advances from customers. During the year ended 31 December 2025, contract liabilities of RMB63,433,000 (2024: RMB63,047,000) at the beginning of the year were recognised as revenue.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

35. BANK AND OTHER BORROWINGS

	2025		
	Effective interest rate (%)	Maturity	Total RMB'000
Current			
Bank loans – secured	1.83-5.641	2026	4,896,298
Bank loans – unsecured	1.79-5.3	2026	26,286,409
Borrowings from related parties – unsecured	1.95-4.41	2026	4,551,444
Subtotal			35,734,151
Non-current			
Bank loans – secured	2.15-5.641	2027-2032	12,772,100
Bank loans – unsecured	1.9-4.991	2027-2036	19,016,065
Borrowings from related parties – unsecured	1.95-4.41	2027-2028	8,490,207
Subtotal			40,278,372
Total			76,012,523
2024			
	Effective interest rate (%)	Maturity	Total RMB'000
Current			
Bank loans – secured	3.20-6.68	2025	2,390,213
Bank loans – unsecured	1.85-5.85	2025	27,051,736
Borrowings from related parties – unsecured	1.95-2.30	2025	3,051,854
Subtotal			32,493,803
Non-current			
Bank loans – secured	1.83-6.90	2026-2036	15,362,089
Bank loans – unsecured	1.89-6.43	2026-2034	23,604,614
Borrowings from related parties – unsecured	1.95-5.32	2026-2027	4,345,550
Subtotal			43,312,253
Total			75,806,056

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

35. BANK AND OTHER BORROWINGS (Continued)

Maturity profile of bank and other borrowings is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year or on demand	35,734,151	32,493,803
In the second year	17,412,361	23,912,089
In the third to fifth year, inclusive	19,558,560	15,018,001
Beyond five years	3,307,451	4,382,163
Total	76,012,523	75,806,056

Except for bank loans of RMB58,727,900,000 (2024: RMB59,499,452,000) which are denominated in USD, all borrowings are dominated in RMB.

The Group's secured bank loans disclosed above are secured by restricted and pledged deposits (note 30), certain property, plant and equipment (note 16) and finance lease receivables (note 23).

As at 31 December 2025, bank loans and borrowings of RMB13,803,692,000 (2024: RMB14,865,452,000) and RMB62,208,831,000 (2024: RMB60,940,604,000) carried fixed interest rates and variable interest rates respectively.

36. CORPORATE BONDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bond payables	16,900,000	12,000,000
Current portion	(4,300,000)	–
Non-current portion	12,600,000	12,000,000

Note:

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 5 November 2020. The bond has a life of ten years from the date of issuance and bears interest at a rate of 4.46% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 13,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,300,000,000 on 25 March 2021. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.99% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB2,000,000,000 on 8 July 2021. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.76% per annum with repayment on maturity.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

36. CORPORATE BONDS (Continued)

Note: (Continued)

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 7,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB700,000,000 on 14 October 2021. The bond has a life of ten years from the date of issuance and bears interest at a rate of 4.30% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 7 March 2022. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.50% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2020] 2286), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 18 May 2022. The bond has a life of five years from the date of issuance and bears interest at a rate of 3.38% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB2,000,000,000 on 15 April 2024. The bond has a life of five years from the date of issuance and bears interest at a rate of 2.45% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 5,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB500,000,000 on 23 July 2024. The bond has a life of five years from the date of issuance and bears interest at a rate of 2.10% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 15,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,500,000,000 on 23 July 2024. The bond has a life of ten years from the date of issuance and bears interest at a rate of 2.47% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 9 January 2025. The bond has a life of fifteen years from the date of issuance and bears interest at a rate of 2.18% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 9,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB900,000,000 on 27 May 2025. The bond has a life of fifteen years from the date of issuance and bears interest at a rate of 2.25% per annum with repayment on maturity.

Pursuant to the approval of the China Securities Regulatory Commission (No. [2023]1324), COSCO SHIPPING Development Co., Ltd, issued 20,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB2,000,000,000 on 19 June 2025. The bond has a life of three years from the date of issuance and bears interest at a rate of 1.73% per annum with repayment on maturity.

Pursuant to the approval of the National Association of Financial Market Institutional Investors (No. [2025]DFI43), COSCO SHIPPING Development Co., Ltd, issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 23 October 2025. The bond has a life of sixty days from the date of issuance and bears interest at a rate of 1.50% per annum with repayment on maturity. The bond has been settled as at 31 December 2025.

Pursuant to the approval of the National Association of Financial Market Institutional Investors (No. [2025]DFI43), COSCO SHIPPING Development Co., Ltd, issued 10,000,000 certificates of bonds at par with a nominal value of RMB100 each, in an aggregate amount of RMB1,000,000,000 on 19 November 2025. The bond has a life of one hundred and eighty days from the date of issuance and bears interest at a rate of 1.58% per annum with repayment on maturity.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

36. CORPORATE BONDS (Continued)

Note: (Continued)

The effective interest rates of corporate bonds are as follows:

		2025		
		Effective interest rate (%)	Maturity	Total RMB'000
Current				
Corporate bond		1.58-3.99	2026	4,300,000
Non-current				
Corporate bond		1.73-4.46	2027-2040	12,600,000
		2024		
		Effective interest rate (%)	Maturity	Total RMB'000
Non-current				
Corporate bond		2.10-4.46	2026-2034	12,000,000

Maturity profile of corporate bonds is as follows:

	2025 RMB'000	2024 RMB'000
Within one year or on demand	4,300,000	–
In the second year	3,000,000	3,300,000
In the third to fifth year, inclusive	5,500,000	5,500,000
Beyond five years	4,100,000	3,200,000
Total	16,900,000	12,000,000

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

37. LEASE LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of the year	243,145	275,985
New leases	11,929	82,704
Payments	(97,633)	(119,476)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(2,003)	(4,718)
Addition due to business combination	–	2,450
Accretion of interest during the year	7,508	6,627
Exchange realignment	(104)	(427)
	162,842	243,145
Current portion	(86,663)	(87,209)
	76,179	155,936
Non-current portion	76,179	155,936

Maturity profile of lease liabilities is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	91,081	91,216
In the second year	75,345	85,531
In the third to fifth year, inclusive	2,167	73,169
	168,593	249,916
Total undiscounted lease liabilities	168,593	249,916
Unearned finance expense	(5,751)	(6,771)
	162,842	243,145
Total present value of lease liabilities	162,842	243,145
Current portion	(86,663)	(87,209)
	76,179	155,936
Non-current portion	76,179	155,936

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

38. DEFERRED INCOME

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	87,632	83,379
Addition	29,091	15,456
Released to profit or loss	(12,629)	(11,203)
At end of year	104,094	87,632

Deferred income were provided by local government for the purposes of providing support for the production cycle development and research activities and deferred to recognise as income over the useful lives of the relevant assets. There are no unfulfilled conditions and other contingencies attached to the deferred income.

39. SHARE CAPITAL AND TREASURY SHARES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Balances at 31 December 2025 and 2024		
H shares	3,464,314	3,676,000
A shares	9,733,342	9,899,939
Total	13,197,656	13,575,939

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors, designated investors or foreign investors, H shares and A shares rank pari passu in all respects with each other.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

39. SHARE CAPITAL AND TREASURY SHARES (Continued)

A summary of movements in the Company's share capital and treasury shares is as follows:

	Number of shares in issue '000	Share capital RMB'000	Treasury shares RMB'000
At 1 January 2024	13,575,939	13,575,939	(84,206)
Repurchase of treasury shares (note a)	–	–	(212,259)
At 31 December 2024 and 1 January 2025	13,575,939	13,575,939	(296,465)
Repurchase of treasury shares (note b)	–	–	(358,656)
Cancellation of treasury shares (note c)	(378,283)	(378,283)	594,145
At 31 December 2025	13,197,656	13,197,656	(60,976)

- (a) During the year ended 31 December 2024, the 40,500,000 A shares and 108,249,000 H shares have been repurchased by the Company.
- (b) During the year ended 31 December 2025, the 95,247,000 A shares and 140,721,000 H shares have been repurchased by the Company.
- (c) During the year ended 31 December 2025, the 147,955,000 A shares and 230,328,000 H shares have been cancelled by the Company.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

40. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the Scheme, share options were granted on 30 March 2020 and on 6 May 2021 respectively. Eligible participants of the Scheme include directors and senior management of the Company and core management and business personnel of the Group. On 30 March 2020, 11,142,500 and 67,078,211 share options were granted to the Company's directors and senior management and the Group's other employees, respectively. On 6 May 2021, 8,847,445 options were granted to other employees. Unless otherwise cancelled or amended, share options under each grant have a validity period of ten years commencing from the date of grant.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or to senior management of the Company, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HKD5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two years and ends on a date which is not later than seven years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the average trading price of the A Shares on the last trading day immediately preceding the date of announcement of the Scheme; (ii) the average trading price of the A Shares for the twenty trading days immediately preceding the date of the announcement of the Scheme; and (iii) the par value of the A Shares.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

40. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price RMB per share	Number of share options '000	Weighted average exercise price RMB per share	Number of share options '000
At 1 January	2.193	26,024	2.193	29,449
Forfeited during the year	–	–	2.193	(3,425)
Cancelled during the year	2.193	(26,024)	–	–
At 31 December	–	–	2.193	26,024

The exercise prices and exercise periods of the share options outstanding under the Scheme as at the end of the reporting period are as follows:

2025 Number of share options '000	2024 Number of share options '000	Exercise price* RMB per share	Exercise period
–	–	2.193**	1 April 2022 to 30 March 2023
–	–	2.193**	1 April 2023 to 30 March 2024
–	20,436	2.193**	1 April 2024 to 30 March 2027
–	–	2.193**	7 May 2023 to 6 May 2024
–	2,794	2.193**	7 May 2024 to 6 May 2025
–	2,794	2.193**	7 May 2025 to 6 May 2028
–	26,024		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** A board resolution was passed on 22 May 2023, the exercise price was adjusted from RMB2.419 to RMB2.193 per share as a result of implementation of 2019 and 2020 profit distribution plans of the Company, pursuant to the share option incentive scheme.

The Group recognised a share option income of RMB2,648,000 (share option income in 2024: RMB4,301,000) during the year ended 31 December 2025.

There were no share options exercised and granted during the year ended 31 December 2025 and 2024.

The outstanding share options of 26,024,000 as at 31 December 2024 have been cancelled during the year ended 31 December 2025 (2024: Nil).

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

41. OTHER RESERVES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other reserves	293,719	491,925
Retained profits	18,985,593	17,930,982
Other comprehensive losses	(1,627,083)	(1,406,607)
Total	17,652,229	17,016,300

42. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December 2024, the Company transferred its 100% equity interests in Haihui Commercial Factoring (Tianjin) Co., Ltd. ("Haihui Commercial Factoring") to an independent third party, China Merchants Financial Holdings Co., Ltd., for a cash consideration of RMB437,906,000. The disposal was completed on 15 October 2024, the date on which the control of Haihui Commercial Factoring was passed to the acquirer. The details in relation to the disposal of Haihui Commercial Factoring are as follows:

	At date of disposal <i>RMB'000</i>
Property, plant and equipment	1,018
Intangible assets	800
Factoring receivable	754
Deferred tax assets	1,584
Prepayments and other receivables	493
Cash and cash equivalents	429,108
Other payables and accruals	(120)
Net assets disposed	433,637
Gain on disposal of a subsidiary (Note 7)	4,269
Total consideration	437,906
Satisfied by:	
Cash	437,906

An analysis of the net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	Date of disposal <i>RMB'000</i>
Cash and cash equivalents disposed of	(429,108)
Cash received	437,906
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	8,798

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(A) MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB11,929,000 (2024: RMB81,868,000).

During the year ended 31 December 2025, at commencement of finance leasing agreement, the Group had non-cash additions to finance lease receivables of RMB118,100,000 (2024: RMB1,386,597,000) which is the same amount of property, plant and equipment transferred, in which the Group acts as the lessor.

During the year ended 31 December 2025, the Group had non-cash additions to inventories by transfer from property, plant and equipment of RMB761,529,000 (2024: RMB796,283,000).

During the year ended 31 December 2025, the Group had non-cash transfer of construction in progress in property, plant and equipment of RMB17,491,000 (2024: RMB27,475,000) to intangible assets.

During the year ended 31 December 2025, the Group had non-cash additions to property, plant and equipment by transfer from inventories of RMB71,618,000 (2024: nil).

During the year ended 31 December 2025, the Group had non-cash transactions in which long-term payables and finance lease receivables with a carrying amount of approximately RMB28,386,000.00 (2024: nil) were offset.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(B) A RECONCILIATION OF THE PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS IS AS FOLLOWS:

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations		2,067,090	1,547,572
Profit before tax from a discontinued operation		–	213,660
Adjustments for:			
Finance costs		3,592,266	4,079,955
Interest expenses included in cost of sales		25,618	140,788
Share of losses/(profits) of joint ventures		3,548	(6,908)
Share of profits of associates		(1,578,992)	(1,511,515)
Gain on disposal of property, plant and equipment	7	(19,759)	(23,670)
Gain on disposal of a joint venture	7	–	(172)
Gain on disposal of financial assets at fair value through profit or loss	7	(306)	(135,875)
Gain on disposal of a subsidiary		–	(217,929)
Dividend income from financial assets at fair value through profit or loss	7	(1,284)	(9,867)
Deferred income related to asset items		(12,629)	(11,203)
Changes in fair value of financial assets at fair value through profit or loss	7	(366,935)	170,241
Depreciation of property, plant and equipment	16	2,874,252	2,646,446
Depreciation of investment properties	17	389	389
Depreciation of right-of-use assets	18	103,877	102,366
Amortisation of intangible assets	19	32,923	30,253
Impairment of property, plant and equipment	16	149,516	–
(Reversal of impairment)/impairment of finance lease receivables		(212,946)	14,462
(Reversal of impairment)/impairment of factoring receivables		(713)	15,467
Impairment of contract assets	34	504	208
Provision for write-down of inventories to net realisable value		3,126	3,808
Provision for impairment of trade receivables		9,870	22,695
(Reversal of impairment)/impairment of impairment of other receivables		(352)	31,899
Equity settled share option income	40	(2,648)	(4,301)
Foreign exchange differences, net		(65,807)	(355,879)
		6,600,608	6,742,890
Decrease in inventories		100,588	738,740
Decrease/(increase) in trade and notes receivables		463,879	(807,101)
Increase in prepayments and other receivables		(664,974)	(423,914)
Increase in pledged deposit		(545)	–
(Decrease)/increase in trade and notes payables		(136,952)	1,267,257
Decrease in other payables and accruals		(643,447)	(834,338)
(Decrease)/increase in contract liabilities		(13,327)	19,223
Increase in deferred income		29,091	15,440
		5,734,921	6,718,197
Cash generated from operations		5,734,921	6,718,197
Income tax paid		(546,504)	(14,138)
		5,188,417	6,704,059

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(C) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank and other borrowings <i>RMB'000</i>	Corporate bonds <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>
At 1 January 2024:	81,851,051	8,000,000	275,985
Changes from financing cash flows	(6,927,990)	4,000,000	(119,476)
New leases	–	–	82,704
Interest expense	–	–	6,627
Addition due to business combination	–	–	2,450
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	(4,718)
Exchange realignment	882,995	–	(427)
At 31 December 2024 and 1 January 2025:	75,806,056	12,000,000	243,145
Changes from financing cash flows	1,527,433	4,900,000	(97,633)
New leases	–	–	11,929
Interest expense	–	–	7,508
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	(2,003)
Exchange realignment	(1,320,966)	–	(104)
At 31 December 2025	76,012,523	16,900,000	162,842

(D) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating activities	11,237	23,592
Within financing activities	97,633	119,476
Total	108,870	143,068

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

44. OPERATING LEASE ARRANGEMENTS

AS LESSOR

The Group leases its certain vessels, containers and buildings under operating lease arrangements. The details of revenue from vessel chartering and container leasing are included in note 5. Rental income from investment properties was RMB6,731,000 (2024: RMB6,808,000).

(a) Operating lease commitments

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	4,646,828	4,720,097
After one year but within two years	3,963,334	4,112,133
After two years but within three years	3,288,513	3,406,549
After three years but within four years	2,603,076	2,750,184
After four years but within five years	2,037,696	2,066,796
After five years	3,737,566	4,695,618
Total	<u>20,277,013</u>	<u>21,751,377</u>

AS LESSEE

The Group has various lease contracts for prepaid land lease payments, buildings and machinery, motor vehicles and office equipment used in its operation. Details of lease terms of these lease contracts are included in note 2.4. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets and lease liabilities

Detailed information regarding right-of-use assets and lease liabilities has been set out in notes 18 and 37, respectively.

(b) The amounts recognised in profit or loss in relation to lessee accounting are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	7,508	6,627
Depreciation of right-of-use assets	103,877	102,366
Expenses relating to short-term leases	11,237	23,592

(c) Non-cash additions to right-of-use assets and lease liabilities are disclosed in note 43(a).

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

45. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

CAPITAL COMMITMENTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Property, plant and equipment	24,874,184	10,494,678
Finance lease payments	284,666	–
Interests in an associate and joint ventures	62,140	67,378
Total	25,220,990	10,562,056

46. SIGNIFICANT RELATED PARTY TRANSACTIONS

(A) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income from:		
An associate	77,933	79,971
Interest expenses to:		
An associate	331,061	345,771
Sales of containers to:		
Fellow subsidiaries	5,351,787	3,250,598
Purchase of goods from:		
Fellow subsidiaries	926,365	739,082
Purchase of property, plant and equipment from:		
Fellow subsidiaries	2,590,708	1,005,777
Rendering of services to fellow subsidiaries:		
Vessel chartering and container leasing	3,469,488	3,311,586
Management fee income	23,632	18,022
Others	8,333	6,217
Receiving of services from:		
Fellow subsidiaries	1,113,279	1,104,312

The related party transactions above were made according to the published prices or interest rates and conditions similar to those offered to the respective major customers.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

46. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(B) COMMITMENTS WITH RELATED PARTIES

The table below summarises the commitments with fellow subsidiaries:

As lessor

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	2,079,037	2,393,612
After one year but within two years	1,847,433	2,121,931
After two years but within three years	1,504,545	1,873,642
After three years but within four years	1,238,621	1,477,076
After four years but within five years	983,164	1,115,360
After five years	2,098,541	3,028,050
Total	9,751,341	12,009,671

(C) OUTSTANDING BALANCES WITH RELATED PARTIES

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amounts due from:			
Fellow subsidiaries	<i>(i)</i>	441,356	1,279,995
Amounts due to:			
Fellow subsidiaries	<i>(ii)</i>	657,142	387,451
Loans from:			
An associate	<i>(iii)</i>	13,041,651	7,397,404
Deposits placed in:			
An associate		9,470,776	9,473,300

Notes:

- (i) Included in the amounts due from related parties of RMB431,496,000 (2024: RMB1,264,414,000) are trade in nature. These amounts due from related parties are aged within 3 months as at the end of the reporting period, based on the invoice date.
- (ii) Included in the amounts due to related parties of RMB551,537,000 (2024: RMB370,793,000) are trade in nature. These amounts due to related parties are aged within 3 months as at the end of the reporting period, based on the invoice date.
- (iii) Details of the Group's loans from an associate as at the end of the reporting period are included in note 35.

Save as disclosed above, the outstanding balances with related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

46. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(D) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowances and benefits in kind	16,844	8,829
Equity-settled share option expense	–	9
Pension scheme contributions	2,214	1,449
Total	19,058	10,287

The Group itself is part of a larger group of companies under the State-owned Assets Supervision and Administration Commission of the State Council, which is controlled by the PRC government and the Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts businesses with entities directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of goods and other related products.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

FINANCIAL ASSETS – AT FAIR VALUE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Derivative financial instruments	29,492	33,954
Financial assets at fair value through profit or loss	2,242,567	2,127,989

FINANCIAL LIABILITIES – AT FAIR VALUE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Derivative financial instruments	730	41,996

FINANCIAL ASSETS – AT AMORTISED COST

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Finance lease receivables	25,908,702	29,441,547
Factoring receivables	–	–
Trade and notes receivables	2,068,565	2,557,244
Financial assets included in other receivables	51,410	64,283
Restricted and pledged deposits	29,304	24,586
Cash and cash equivalents	10,247,773	8,677,216
Total	38,305,754	40,764,876

FINANCIAL LIABILITIES – AT AMORTISED COST

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade and notes payables	3,733,700	3,870,652
Financial liabilities included in other payables and accruals	2,259,169	2,183,408
Bank and other borrowings	76,012,523	75,806,056
Corporate bonds	16,900,000	12,000,000
Other long-term payables	570,286	768,944
Total	99,475,678	94,629,060

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those measured at fair value or with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank and other borrowings	40,278,372	43,312,253	39,719,045	42,246,739
Corporate bonds	12,600,000	12,000,000	12,677,744	12,512,618
Other long-term payables	570,286	768,944	520,072	732,874
Total	53,448,658	56,081,197	52,916,861	55,492,231

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, trade and notes receivables, financial assets included in other receivables, the current portion of finance lease receivables and the current portion of factoring receivables, trade payables, financial liabilities included in other payables and accruals, the current portion of bank and other borrowings, the current portion of corporate bonds approximate to their carrying amounts largely due to the short term maturities of these instruments.

The non-current portion of finance lease receivables of the Group approximate to their fair values because their carrying amounts are present value and internal rates of return are close to rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the non-current portion of bank and other borrowings, corporate bonds and other long term payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

31 December 2025

	Fair value measurement categorised into		Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	
Financial assets measured at fair value			
Derivative financial instruments	–	29,492	29,492
Financial assets at fair value through profit or loss	1,678	2,240,889	2,242,567
Financial liabilities measured at fair value			
Derivative financial instruments	–	730	730

31 December 2024

	Fair value measurement categorised into		Total RMB'000
	Level 1 RMB'000	Level 2 RMB'000	
Financial assets measured at fair value			
Derivative financial instruments	–	33,954	33,954
Financial assets at fair value through profit or loss	33,867	2,094,122	2,127,989
Financial liabilities measured at fair value			
Derivative financial instruments	–	41,996	41,996

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE HIERARCHY (Continued)

For all the financial assets and financial liabilities with fair value measurement categorised into Level 2, the Group estimates their fair values using the market approach. For investments in private funds, the fair values are calculated in accordance with net asset value prepared by the fund manager. For the other investments, if there is a recent deal regarding these investments, the fair values are estimated based on the deal price. If there is no such deal to be referenced, the directors of the Company will determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple for each comparable company identified. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimate. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including foreign exchange forward contracts, currency swaps and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of foreign exchange forward contracts, currency swaps and interest rate swaps are the same as their fair values.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank and other borrowings, corporate bonds and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, and trade and notes payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps, currency swaps and foreign exchange forward contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts and using interest rate swap contracts.

As at 31 December 2025, if interest rates had been 100 basis points higher/lower with all other variables held constant, profit before tax from continuing operations for the year would have been RMB622,000,000 lower/higher (2024: RMB609,000,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate bank borrowings without considering the impact of using interest rate swap contracts.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

FOREIGN CURRENCY RISK

The Group has transactional currency exposures. These exposures arise from sales or purchases by its significant subsidiary operating in Chinese Mainland in USD other than the subsidiary's functional currency, which is RMB. During the year, 70.15% (2024: 34.56%) of the Group's sales were denominated in currencies other than the functional currency of the subsidiary making the sale, whilst all of costs of sales were denominated in the subsidiary's functional currency.

The Group has currency exposures mainly from a finance lease receivable held by its subsidiary operating in Chinese Mainland. As at 31 December 2025, the finance lease receivable with a carrying amount of RMB6,671,687,000 (2024: RMB7,554,772,000) was dominated in United States dollars, other than the subsidiary's functional currency which is RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax:

	Increase /(decrease) in USD rate	Increase/ (decrease) in profit before tax RMB'000
Year ended 31 December 2025		
If RMB weakens against USD	5%	333,584
If RMB strengthens against USD	(5%)	(333,584)
Year ended 31 December 2024		
If RMB weakens against USD	5%	377,739
If RMB strengthens against USD	(5%)	(377,739)

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK

The Group is exposed to credit risk primarily from finance lease receivables, factoring receivables, trade receivables and contract assets in its operation. The credit risk of cash and cash equivalents and restricted and pledged deposits is not significant.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all counterparties are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis.

(a) Maximum credit risk exposure

The credit risk of the Group's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments without taking account of any collateral held or other credit enhancements.

(b) Impairment assessment

The detailed accounting policy and significant accounting judgements and estimates for impairment in relation to credit risk are set out in notes 2.4 and 3, respectively.

The movements in the provision for impairment of finance lease receivables, factoring receivables, trade receivables and contract assets, which account for the primary credit risk of the Group, are as follows:

	Finance lease receivables				Factoring receivables				Trade	Contract
	2025				2025				receivables	assets
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	2025	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	752,780	13,232	631,751	1,397,763	-	-	22,609	22,609	102,092	208
Impairment losses (reversed)/recognised	(5,229)	(3,570)	(204,147)	(212,946)	-	-	(713)	(713)	9,870	504
Transfer to Stage 1	-	-	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	(9,637)	9,637	-	-	-	-	-	-	-
Amount written off as uncollectable	-	-	(1,849)	(1,849)	-	-	-	-	-	-
Exchange realignment	(20,569)	(25)	(7,499)	(28,093)	-	-	-	-	(1,179)	-
At 31 December 2025	726,982	-	427,893	1,154,875	-	-	21,896	21,896	110,783	712

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK (Continued)

(b) Impairment assessment (Continued)

	Finance lease receivables				Factoring receivables				Trade receivables	Contract assets
	2024				2024				2024	2024
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	RMB'000	RMB'000
At 1 January 2024	714,120	-	653,233	1,367,353	-	-	7,142	7,142	78,307	-
Impairment losses (reversed)/recognised	(1,900)	10,838	5,524	14,462	-	-	15,467	15,467	22,695	208
Transfer to Stage 1	32,217	-	(32,217)	-	-	-	-	-	-	-
Transfer to Stage 2	(2,357)	2,357	-	-	-	-	-	-	-	-
Transfer to Stage 3	(245)	-	245	-	-	-	-	-	-	-
Exchange realignment	10,945	37	4,966	15,948	-	-	-	-	1,090	-
At 31 December 2024	752,780	13,232	631,751	1,397,763	-	-	22,609	22,609	102,092	208

(c) Credit quality

The Group manages the credit quality by credit risk rating grades, classified in descending credit quality order as neither past due nor impaired, not past due and collectively impaired, past due but not impaired, past due and collectively impaired and past due and individually impaired.

Finance lease receivables, factoring receivables, trade receivables and contract assets, at gross amounts, which account for the primary credit risk of the Group, are classified as follows:

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK (Continued)

(c) Credit quality (Continued)

Finance lease receivables and factoring receivables

	Finance lease receivables				Factoring receivables			
	2025				2025			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	26,443,813	-	-	26,443,813	-	-	-	-
Past due and individually impaired	-	-	619,764	619,764	-	-	21,896	21,896
Total	26,443,813	-	619,764	27,063,577	-	-	21,896	21,896

	Finance lease receivables				Factoring receivables			
	2024				2024			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	29,864,753	-	-	29,864,753	-	-	-	-
Past due and individually impaired	-	47,601	926,956	974,557	-	-	22,609	22,609
Total	29,864,753	47,601	926,956	30,839,310	-	-	22,609	22,609

Trade receivables

	2025					2024				
	Ageing based on the invoice date					Ageing based on the invoice date				
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Not past due and collectively impaired	2,128,856	3,969	-	-	2,132,825	2,631,307	-	-	-	2,631,307
Past due and individually impaired	32,929	778	1,720	11,096	46,523	2,981	1,733	3,741	14,701	23,156
Total	2,161,785	4,747	1,720	11,096	2,179,348	2,634,288	1,733	3,741	14,701	2,654,463

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK (Continued)

(c) Credit quality (Continued)

Contract assets

	2025				2024			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Not past due and collectively impaired	22,360	-	-	22,360	6,926	-	-	6,926
Past due and individually impaired	-	-	-	-	-	-	-	-
Total	22,360	-	-	22,360	6,926	-	-	6,926

(d) Concentration

Concentrations of credit risk are managed by counterparty, by geographical region and by industry sector. The Group evaluates the concentration as low as its counterparties are located in several jurisdictions including Hong Kong, China, United States and Europe and operate in largely independent market.

LIQUIDITY RISK

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations, bank and other borrowings, corporate bonds, other long-term payables and lease liabilities.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and lease liabilities at the end of the reporting period based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK (Continued)

31 December 2025

	Repayable on demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and notes payables	3,733,700	–	–	–	3,733,700	3,733,700
Financial liabilities included in other payables and accruals	2,259,169	–	–	–	2,259,169	2,259,169
Bank and other borrowings	38,100,848	18,768,114	20,689,791	3,429,613	80,988,366	76,012,523
Corporate bonds	4,734,185	3,276,562	6,050,517	4,643,355	18,704,619	16,900,000
Other long-term payables	–	40,200	450,142	79,944	570,286	570,286
Total	48,827,902	22,084,876	27,190,450	8,152,912	106,256,140	99,475,678
Lease liabilities	91,081	75,345	2,167	–	168,593	162,842

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK (Continued)

31 December 2024

	Repayable on demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and notes payables	3,870,652	–	–	–	3,870,652	3,870,652
Financial liabilities included in other payables and accruals	2,183,408	–	–	–	2,183,408	2,183,408
Bank and other borrowings	35,315,860	25,249,936	16,240,014	4,584,909	81,390,719	75,806,056
Corporate bonds	401,520	3,625,326	6,003,011	3,460,738	13,490,595	12,000,000
Other long-term payables	–	83,746	536,088	149,110	768,944	768,944
Total	41,771,440	28,959,008	22,779,113	8,194,757	101,704,318	94,629,060
Lease liabilities	91,216	85,531	73,169	–	249,916	243,145

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

EQUITY PRICE RISK

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss as at 31 December 2025, which are valued at quoted market prices.

As at 31 December 2025, if fair values of the equity investments had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been RMB168,000 higher/lower (2024: RMB3,387,000 higher/lower) and retained profits would have been RMB126,000 higher/lower (2024: RMB2,540,000 higher/lower).

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes bank and other borrowings, corporate bonds and lease liabilities, less restricted and pledged deposits, cash and cash equivalents and other non-current assets. The gearing ratios as at the end of the reporting periods were as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Bank and other borrowings	76,012,523	75,806,056
Corporate bonds	16,900,000	12,000,000
Lease liabilities	162,842	243,145
Restricted and pledged deposits	(29,304)	(24,586)
Cash and cash equivalents	(10,247,773)	(8,677,216)
Other non-current assets	(508,789)	–
Net debt	82,289,499	79,347,399
Total equity	31,227,519	30,605,679
Gearing ratio	264%	259%

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current assets		
Property, plant and equipment	6,028	5,545
Right-of-use assets	63,610	96,798
Intangible assets	7,051	6,064
Investments in associates	7,434,041	7,451,182
Investments in subsidiaries	47,093,632	46,055,397
Financial assets at fair value through profit or loss	263,525	258,688
Other non-current assets	5,783,560	4,842,885
	<hr/>	<hr/>
Total non-current assets	60,651,447	58,716,559
	<hr/>	<hr/>
Current assets		
Inventories	100	100
Trade and notes receivables	24,890	19,400
Prepayments and other receivables	7,252,795	4,844,367
Financial assets at fair value through profit or loss	–	–
Restricted and pledged deposits	17,298	21,031
Cash and cash equivalents	5,656,467	2,115,083
	<hr/>	<hr/>
Total current assets	12,951,550	6,999,981
	<hr/>	<hr/>
Total assets	73,602,997	65,716,540

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2025 RMB'000	2024 RMB'000
Current liabilities		
Trade payables	26,122	43,395
Other payables and accruals	7,494,696	2,655,684
Bank and other borrowings	7,644,000	6,018,000
Corporate bonds	4,300,000	–
Lease liabilities	34,536	33,720
Total current liabilities	19,499,354	8,750,799
Net current liabilities	(6,547,804)	(1,750,818)
Total assets less current liabilities	54,103,643	56,965,741
Non-current liabilities		
Bank and other borrowings	3,006,987	5,664,000
Corporate bonds	12,600,000	12,000,000
Lease liabilities	29,412	63,949
Other long-term payables	11,282	11,760
Total non-current liabilities	15,647,681	17,739,709
Net assets	38,455,962	39,226,032
Equity		
Share capital	13,197,656	13,575,939
Treasury shares	(60,976)	(296,465)
Other reserves (note)	24,745,662	24,950,486
Retained profits (note)	573,620	996,072
Total equity	38,455,962	39,226,032

Notes to the Consolidated Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2025

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves and retained profits is as follows:

	Other reserves RMB'000	Retained profits RMB'000
At 1 January 2024	24,925,361	1,417,142
Profit for the year	–	294,262
Other comprehensive income	–	5,002
Equity-settled share option arrangements	(4,301)	–
Dividends paid	–	(690,908)
Transfer from retained profits	29,426	(29,426)
At 31 December 2024	24,950,486	996,072
At 1 January 2025	24,950,486	996,072
Profit for the year	–	136,866
Other comprehensive expense	–	(4,528)
Cancellation of treasury shares	(215,862)	–
Equity-settled share option arrangements	(2,648)	–
Dividends paid	–	(541,104)
Transfer from retained profits	13,686	(13,686)
At 31 December 2025	24,745,662	573,620

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

Five Year Financial Summary

RESULTS

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000 (Restated)
Continuing operations:					
Revenue	24,984,736	27,411,245	15,533,247	25,419,063	34,875,532
Cost of sales	(20,498,741)	(22,767,001)	(11,233,093)	(18,946,972)	(24,944,838)
Gross profit	4,485,995	4,644,244	4,300,154	6,472,091	9,930,694
Other income	301,046	301,065	371,516	282,606	257,302
Other gains, net	310,343	386,189	442,338	344,769	313,545
Selling, administrative and general expenses	(1,217,613)	(1,182,444)	(1,275,507)	(1,217,981)	(1,429,650)
Reversal of (provision for) expected credit losses, net	204,141	(84,523)	(132,396)	(180,518)	(668,466)
Finance costs	(3,592,266)	(4,035,382)	(3,936,878)	(2,527,450)	(1,770,873)
Share of profits of associates	1,578,992	1,511,515	1,543,383	1,715,874	1,172,848
Share of (losses)/profits of joint ventures	(3,548)	6,908	32,656	(90,875)	4,751
Profit/(losses) before tax from Continuing operations	2,067,090	1,547,572	1,345,266	4,798,516	7,810,151
Income tax (expenses)/credit	(328,984)	(125,066)	32,212	(899,580)	(1,753,470)
Profit for the year from continuing operations	1,738,106	1,422,506	1,377,478	3,898,936	6,056,681
Discontinued operation					
Profit for the year from a discontinued operation	–	213,660	30,077	24,893	32,640
Profit for the year	1,738,106	1,636,166	1,407,555	3,923,829	6,089,321
Attributable to:					
Owners of the parent	1,609,401	1,685,947	1,407,555	3,923,829	6,089,321
Non-controlling interests	128,705	(49,781)	–	–	–
	1,738,106	1,636,166	1,407,555	3,923,829	6,089,321

Five Year Financial Summary (continued)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> (Restated)	2021 <i>RMB'000</i> (Restated)
Total assets	131,590,918	126,367,138	125,930,990	128,090,631	132,616,323
Total liabilities	(100,363,399)	(95,761,459)	(96,647,312)	(99,198,004)	(99,929,805)
Non-controlling interests	(438,610)	(309,905)	–	–	–
	30,788,909	30,295,774	29,283,678	28,892,627	32,686,518