香港交易及結算所有限公司及香港聯合交易所有限公司對本公告之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不就因本公告全部或任何部分內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本公告及隨附的上市文件乃按香港聯合交易所有限公司證券上市規則（「上市規則」）規定僅供參考之用，並不構成收購、購買或認購任何證券的邀請或要約。*本公告及本文所述任何內容（包括隨附的上市文件）並非任何合同或承諾的依據。為免生疑，刊發本公告及隨附的上市文件不應被視為就香港法例第32章公司（清盤及雜項條文）條例而言由CSSC Capital 2015 Limited（「**發行人**」或中國船舶集團（香港）航運租賃有限公司(「**擔保人**」或「**本公司**」）或其代表刊發的招股章程提出的證券發售要約，亦不屬於香港法例第571章證券及期貨條例所指其中載有向公眾人士發出邀請以訂立或發出要約以訂立有關購買、 出售、認購或承銷證券的協議的廣告、邀請或文件。*

*本公告及隨附的上市文件並不構成在美國或任何其他司法權區提呈出售要約或招攬購買任何證券之要約，倘未根據任何該等司法權區之證券法辦理登記或未獲批准而於該等司法權區進行上述要約、招攬或出售即屬違法。據計劃（定義見下文）將予發行的任何票據（「**票據**」）尚未且不會根據1933年美國證券法（經修訂）（「**證券法**」）或美國任何州或美國其他司法權區的證券法登記，不得在美國發售或出售，惟獲豁免遵守證券法登記規定或屬不在證券法登記規定規限的交易除外。因此，證券僅會根據證券法S規例在美國境外作離岸交易發售及出售。於美國公開發售任何證券將會以招股章程的形式進行。該招股章程將載有關公司提呈發售以及其管理及財務報表的詳盡資料。發行人與擔保人無意於美國進行任何證券公開發售行動。*

香港投資者謹請注意：*發行人及擔保人確認票據擬僅供專業投資者（定義見上市規則第37章）購買，計劃已經及票據（以票據需要在香港聯合交易所有限公司（「**聯交所**」）上市的情況下）將會按該基礎於聯交所上市。因此，發行人及擔保人均確認票據不適合作為香港零售投資者之投資。投資者應審慎考慮所涉及的風險。*

於香港聯合交易所有限公司
刊發發售通函

CSSC CAPITAL 2015 LIMITED
（於英屬維爾京群島註冊成立的有限公司）

（作爲「**發行人**」）

3,000,000,000美元
有擔保中期票據計劃（「計劃」）

由

中国船舶集团(香港)航运租赁有限公司
CSSC (HONG KONG) SHIPPING COMPANY LIMITED

CSSC (HONG KONG) SHIPPING COMPANY LIMITED
（中國船舶集團（香港）航運租賃有限公司）
（於香港註冊成立的有限公司）
（股份代號：3877）

（作爲「**擔保人**」）

無條件及不可撤銷地擔保

安排人

中國銀行（香港）　　中信證券　　中國工商銀行（亞洲）

本公告乃根據上市規則第37.39A條刊發。

請參閱本公告隨附的日期為2026年10月9日的與計劃相關發售通函（「**發售通函**」）。發售通函僅以英文刊發，並無刊發發售通函的中文版。

誠如發售通函所述，票據擬僅供專業投資者（定義見上市規則第37章）購買，計劃已經及票據（以計劃及票據需要在聯交所上市的情況下）將會按該基礎於聯交所上市。

發售通函並不構成向任何司法權區的公眾提呈出售任何證券的招股章程、通告、通函、宣傳冊或廣告，且並非向公眾發出邀請以就認購或購買任何證券作出要約，亦非供傳閱 以邀請公眾就認購或購買任何證券作出要約。

香港，2026年10月12日

於本公告日期，發行人董事成員為安毅先生、郭居先生及王東良先生。

於本公告日期，擔保人董事會包括執行董事李洪濤先生及劉輝先生，非執行董事謝衛忠先生及遲本斌先生，及獨立非執行董事王德銀先生、盛慕嫻女士BBS, JP及李洪積先生。

目錄

附件一：日期為2026年10月9日的與計劃相關的發售通函

附件一

日期為2026年10月9日的與計劃相關的發售通函

IMPORTANT NOTICE

THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES AND, IN CERTAIN CIRCUMSTANCES, ARE NOT U.S. PERSONS.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the "**Offering Circular**"). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer (as defined herein) or the Guarantor (as defined herein) as a result of such access. In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be outside the United States.

Confirmation of Your Representation: The Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor, the Arrangers (as defined herein) and the Dealers (as defined herein) that (1) you and any customers you represent are outside the United States and, in certain circumstances, not U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

The Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents (each as defined in the Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version available to you upon request from the Issuer, the Guarantor, the Arrangers and the Dealers.

Restrictions: The Offering Circular is being furnished in connection with an offering in offshore transactions to persons outside the United States or, in certain circumstances, to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES, OR IN CERTAIN CIRCUMSTANCES, TO U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE OFFERING IS MADE SOLELY OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Arrangers or the Dealers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute, in the United States or

elsewhere, directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arrangers or the Dealers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the Offering Circular.

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OFFERING CIRCULAR

CSSC CAPITAL 2015 LIMITED
(Incorporated in British Virgin Islands with limited liability)

U.S.$3,000,000,000
Guaranteed Medium Term Note Programme
Unconditionally and Irrevocably Guaranteed by

中国船舶集团(香港)航运租赁有限公司
CSSC (HONG KONG) SHIPPING COMPANY LIMITED

CSSC (HONG KONG) SHIPPING COMPANY LIMITED
(中國船舶集團(香港)航運租賃有限公司)
(Incorporated in Hong Kong with limited liability)

Under the U.S.$3,000,000,000 guaranteed medium term note programme described in this Offering Circular (the "**Programme**"), CSSC Capital 2015 Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") which will be unconditionally and irrevocably guaranteed ("**Guarantee**") by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司) (the "**Guarantor**" or the "**Company**"). The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) of the Terms and Conditions of the Notes (the "**Terms and Conditions of the Notes**"), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$3,000,000,000 (or the equivalent in other currencies), subject to increase as further described in "*Summary of the Programme*".

Where applicable for a relevant Tranche (as defined in "*Summary of the Programme*") of Notes, registration of the Notes will be completed by the Issuer with the National Development and Reform Commission of the PRC (as defined herein) (the "**NDRC**") pursuant to the Administrative Measures for the Examination and Registration of Medium and Long-Term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC and effective on 10 February 2023 (the "**NDRC Administrative Measures**") and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time. After the issuance of such relevant Tranche of Notes, the Issuer undertakes that it will within 10 Registration Business Days (as defined in the Terms and Conditions of the Notes) after the relevant Issue Date (as defined in the Terms and Conditions of the Notes) file or cause to be filed with the NDRC the requisite information and documents in accordance with NDRC Administrative Measures. The Issuer and the Guarantor shall comply with all applicable PRC laws, rules and regulations in connection with the Notes (including the NDRC Administrative Measures, if applicable).

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Programme during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange under which Notes may be issued by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: Each of the Issuer and the Guarantor confirms that the Notes are intended for purchase by Professional Investors only and the Programme and the Notes, to the extent that such Notes are to be listed on the Hong Kong Stock Exchange, will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Notes

are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or the Guarantor or the Group (as defined herein) or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the relevant Issue Date. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system.

Notes may be issued in bearer or registered form. Notes of each Series (as defined in the Terms and Conditions of the Notes) issued in bearer form ("**Bearer Notes**") will be initially issued in the form of a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**") (together with any Temporary Global Note, collectively, the "**Global Note**"). Bearer Notes that are issued in compliance with rules in substantially the same form as U.S. Treasury Regulations § 1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") ("**TEFRA D**") must be initially represented by a Temporary Global Note and interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note on or after the date 40 days after the later of the commencement of the offering and the relevant Issue Date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. Notes in registered form will be represented by registered certificates (each a "**Certificate**"), and each Certificate shall represent each Noteholder's entire holding of Registered Notes of one Series. Notes of each Series in registered form will initially be represented by a global certificate (each a "**Global Certificate**"). Global Notes and Global Certificates may be deposited on the relevant Issue Date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**"), or with a sub-custodian for the Central Moneymarkets Unit Service (the "**CMU**") operated by the Hong Kong Monetary Authority. Beneficial interests in Global Notes or Certificates held in book-entry form through Euroclear or Clearstream will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, as the case may be. Beneficial interests in Global Notes or Certificates held in book-entry form through the CMU will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. The provisions governing the exchange of interests in Global Notes for other Global Notes or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), or Global Certificates for Certificates are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States and may not be offered or sold or, in case of Bearer Notes, delivered, in the United States or, in certain circumstances, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption

from the registration requirements of the Securities Act. There will be no public offer of securities in the United States. The Notes and the Guarantee are being offered outside the United States in reliance on Regulation S under the Securities Act. Bearer Notes are subject to U.S. tax law requirements. See "*Subscription and Sale*".

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**UK distributor**") should take into consideration the target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024 ("**POATRs**"). Consequently, no disclosure document required by the FCA

Product Disclosure Sourcebook ("**DISC**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

The communication of this Offering Circular, including any amendment or supplement hereto, any related Pricing Supplement and any other document or materials relating to the issue of the Notes offered hereby is not being made, and this Offering Circular, including any amendment or supplement hereto, any related Pricing Supplement and such other documents and/or materials have not been approved, by an authorized person for the purposes of Section 21 of the UK's Financial Services and Markets Act 2000, as amended (the "**FSMA**"). Accordingly, this Offering Circular, any related Pricing Supplement and such other documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. This Offering Circular, any related Pricing Supplement and such other documents and/or materials are for distribution in the UK only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), (ii) fall within Article 49(2)(a) to (d) of the Financial Promotion Order, (iii) are outside the UK, or (iv) are other persons to whom it may otherwise lawfully be communicated or distributed under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). This Offering Circular, including any amendment or supplement hereto, any related Pricing Supplement and any such other documents and/or materials are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular, including any amendment or supplement hereto, any related Pricing Supplement and any such other documents and/or materials relate in the UK will be engaged in only with relevant persons. Any person in the UK that is not a relevant person should not act or rely on this Offering Circular, including any amendment or supplement hereto, or any related Pricing Supplement or any other documents and/or materials relating to the issue of the Notes offered hereby or any of their contents.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE – The Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 of Singapore (the "**SFA**"). The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and section 309B(1)(c) of the SFA.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer and the Guarantor (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

The Programme has been assigned ratings of "A-" by Fitch Rating Inc. ("**Fitch**") and "A-" by S&P Global Ratings ("**S&P**"). The ratings are only correct as at the date of this Offering Circular. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating does not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the

merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes. Prospective investors should have regard to the factors described under the section entitled "*Risk Factors*" in this Offering Circular.

Arrangers

Bank of China (Hong Kong) **CITIC Securities** **ICBC (Asia)**

Offering Circular dated 9 October 2026

NOTICE TO INVESTORS

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the terms of the offering, including the merits and risks involved. Please see "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes. Each Tranche of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as amended and/or supplemented by a Pricing Supplement. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein (see "*Information Incorporated by Reference and Financial Information*") and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The Issuer and the Guarantor, having made all reasonable inquiries, confirm that: (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Group, the Notes and the Guarantee which is material in the context of the issue, offering, sale and distribution of the Notes and the giving of the Guarantee (including all information which is required by applicable laws and which, according to the particular nature of the Issuer, the Guarantor, the Group, the Notes and the Guarantee, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor and the Group and the rights attaching to the Notes and the Guarantee); (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Notes and the Guarantee are true and accurate, and do not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading; (iii) the opinions and intentions expressed in this Offering Circular are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other material facts in relation to the Issuer, the Guarantor, the Group, the Notes or the Guarantee, the omission of which would, in the context of the issue and offering of the Notes, make any statement, opinion or intention expressed in this Offering Circular misleading; and (v) the Issuer and the Guarantor have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular. The Issuer and the Guarantor accept responsibility accordingly.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, Bank of China (Hong Kong) Limited, CLSA Limited and Industrial and Commercial Bank of China (Asia) Limited (the "**Arrangers**"), the Dealers, the Trustee and the Agents (as defined in the Terms and Conditions of the Notes) and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls any of them to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. No

action is being taken to permit a public offering of any of the Notes or the distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action would be required for such purposes. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "*MiFID II Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "*UK MiFIR Product Governance*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any UK distributor should take into consideration the target market assessment; however, a UK distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATR. Consequently, no disclosure document required by the DISC for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated

Activities) Regulations 2024.

The communication of this Offering Circular, including any amendment or supplement hereto, any related Pricing Supplement and any other document or materials relating to the issue of the Notes offered hereby is not being made, and this Offering Circular, including any amendment or supplement hereto, any related Pricing Supplement and such other documents and/or materials have not been approved, by an authorized person for the purposes of Section 21 of the UK's FSMA. Accordingly, this Offering Circular, any related Pricing Supplement and such other documents and/or materials are not being distributed to, and must not be passed on to, the general public in the UK. This Offering Circular, any related Pricing Supplement and such other documents and/or materials are for distribution in the UK only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order), (ii) fall within Article 49(2)(a) to (d) of the Financial Promotion Order, (iii) are outside the UK, or (iv) are other persons to whom it may otherwise lawfully be communicated or distributed under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). This Offering Circular, including any amendment or supplement hereto, any related Pricing Supplement and any such other documents and/or materials are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular, including any amendment or supplement hereto, any related Pricing Supplement and any such other documents and/or materials relate in the UK will be engaged in only with relevant persons. Any person in the UK that is not a relevant person should not act or rely on this Offering Circular, including any amendment or supplement hereto, or any related Pricing Supplement or any other documents and/or materials relating to the issue of the Notes offered hereby or any of their contents.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE – The Pricing Supplement in respect of any Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to section 309B(1) of the SFA. The Issuer will make a determination and provide the appropriate written notification to "relevant persons" in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) and section 309B(1)(c) of the SFA.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme, each such offering, a "CMI Offering", including certain Dealers, may be "capital market intermediaries" (together, the "CMIs") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors.

Certain CMIs may also be acting as "overall coordinators" (together, the "**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not

disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the CMIs to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer(s), such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer(s) or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer(s), such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer(s) when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealer(s) and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the EEA, the United Kingdom, Japan, Hong Kong, the PRC, Singapore and the British Virgin Islands and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular and any Pricing Supplement, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation concerning the Group, the Notes or the Guarantee other than as contained in this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Arrangers, any Dealer, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. Neither the delivery of this Offering Circular or any Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any

circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof, or if later, the date upon which this Offering Circular has been most recently amended or supplemented, or create any implication that the information contained herein is correct as at any date subsequent to the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them to subscribe for or purchase any Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. Neither the Issuer nor the Guarantor has authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. None of the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified any of the information contained in this Offering Circular and can give assurance that such information is accurate, truthful or complete.

To the fullest extent permitted by law, each of the Arrangers, the Dealers, the Trustee and the Agents and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls any of them does not accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by it or on its behalf in connection with the Issuer, the Guarantor, the giving of the Guarantee or the issue and offering of the Notes. Each of the Arrangers, the Dealers, the Trustee, the Agents and each of their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them undertakes to review the financial condition or affairs of the Guarantor or the Issuer during the life of the arrangements contemplated by this Offering Circular or to advise any investor or potential investors in the Notes of any information coming to the attention of the Arrangers, any Dealer, the Trustee or any Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them.

This Offering Circular, the Pricing Supplement and any other information supplied in connection with the Programme or any Notes (i) are not intended to provide the basis of any credit or

other evaluation and (ii) should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, that any recipient of this Offering Circular should purchase any Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED, WITHIN THE UNITED STATES OR, IN CERTAIN CIRCUMSTANCES, TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OR THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER IN CASE OF BEARER NOTES).

In connection with the issue of any Tranche of Notes, one or more of the Dealers (if any) named as stabilisation manager(s) in the applicable Pricing Supplement or persons acting on their behalf (the "**Stabilisation Manager(s)**") may over-allot Notes or effect transactions with a view to supporting the market price of Notes of the relevant Tranche at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilisation Manager(s) to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

Change of Trustee's Principal Office

Investors are hereby notified that the principal office of the Trustee set out in the Terms and Conditions of the Notes on page 54 of this Offering Circular is no longer valid. The Trustee's current principal office is 29/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong. The relevant Pricing Supplement for each applicable Series of Notes will contain the appropriate special term reflecting this change.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") as at and for the years ended 31 December 2024 and 2025, which are included elsewhere in this Offering Circular, have been prepared and presented in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The consolidated financial information as at and for the years ended 31 December 2023, 2024 and 2025 included in this Offering Circular has been extracted from the audited consolidated financial statements of the Group as at and for the years ended 31 December 2024 and 2025. The audited consolidated financial statements of the Group as at and for the year ended 31 December 2024 have been audited by Grant Thornton Hong Kong Limited and the audited consolidated financial statements of the Group as at and for the year ended 31 December 2025 have been audited by Baker Tilly Hong Kong Limited, each in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as issued by the HKICPA. The unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2026, which are included elsewhere in this Offering Circular, have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" as issued by the HKICPA. The consolidated financial information as at and for the six months ended 30 June 2025 and 2026 included in this Offering Circular has been derived from our unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2026, which have been reviewed by Baker Tilly Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("**HKSRE 2410**") as issued by the HKICPA.

CERTAIN DEFINITIONS AND CONVENTIONS

Unless the context otherwise requires, references in this Offering Circular to "**Hong Kong dollars**", "**HK dollars**" or "**HK$**" are to the lawful currency of Hong Kong, "**Renminbi**", "**CNY**" and "**RMB**" are to the lawful currency of the PRC, "**U.S. dollars**", "**U.S.$**" and "**USD**" are to the lawful currency of the United States of America (the "**United States**"), "**S$**" are to the lawful currency of Singapore, "**PRC**" and "**China**" mean the People's Republic of China which for the purpose of this Offering Circular excludes Hong Kong, Macau and Taiwan, "**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC, and "**Macau**" means the Macau Special Administrative Region of the PRC. When we use the terms "**we**", "**us**", "**our**", the "**Group**" and words of similar import, we are referring to CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司) itself and its consolidated subsidiaries, as the context requires.

In this Offering Circular, where information has been presented in thousands, millions, or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

Solely for convenience, this Offering Circular contains translations of certain Hong Kong dollar amounts and Renminbi amounts into U.S. dollar amounts. Unless indicated otherwise, the translation of Hong Kong dollar amounts and Renminbi amounts into U.S. dollar amounts has been made at the rate of HK$7.8420 to U.S.$1.00 and RMB6.7851 to U.S.$1.00, respectively, the exchange rates set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2026. These translations should not be construed as representations that the Hong Kong dollar or Renminbi amounts could actually be converted into any U.S. dollar amounts at the rates indicated or at all.

In this Offering Circular, references to:

"**Board**" are to the Board of Directors of the Company;

"**CBRC**" are to the China Banking Regulatory Commission, predecessor of China Banking and Insurance Regulatory Commission;

"**CBIRC**" are to the China Banking and Insurance Regulatory Commission;

"**CSSC Group**" are to the China State Shipbuilding Corporation Limited (中國船舶集團有限公司);

"**CSSC International**" are to the CSSC International Holding Company Limited;

"**ESG**" are to Environmental, Social and Governance;

"**FLNG**" are to floating liquefied natural gas;

"**Issuer**" are to CSSC Capital 2015 Limited;

"**LNG**" are to liquefied natural gas;

"**MOF**" are to the Ministry of Finance of the PRC;

"**MOFCOM**" are to the Ministry of Commerce of the PRC;

"**NDRC**" are to the National Development and Reform Commission of the PRC;

"**PBOC**" are to the People's Bank of China;

"**SAFE**" are to the State Administration of Foreign Exchange of the PRC;

"**SASAC**" are to the State-owned Assets Supervision and Administration Commission of the State Council of the PRC;

"**SAT**" are to the State Administration of Taxation of the People's Republic of China; and

"**State Council**" are to the State Council of the PRC.

Any reference to any PRC government authority or department includes such authority or department at central, provincial, municipal and other levels, such competent authority and their respective successor authority or department.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates titles and the like are translations of their Chinese names and are included for identification purposes only.

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

This Offering Circular should be read and construed in conjunction with:

(i) each relevant Pricing Supplement;

(ii) all amendments and supplements from time to time to this Offering Circular; and

(iii) any audited consolidated annual financial statements or unaudited but reviewed interim condensed consolidated financial statements of the Group, in each case together with any audit or review reports prepared in connection therewith, that are published subsequent to the date of this Offering Circular as amended and supplemented from time to time,

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

Copies of the documents mentioned in (i) and (ii) above which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available (upon prior written request and proof of holding and identity satisfactory to the Trustee) free of charge, during usual business hours (being between 9:00 a.m. and 3:00 p.m., Hong Kong time) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal office of the Trustee set out at the end of this Offering Circular.

SUPPLEMENTAL OFFERING CIRCULAR

Each of the Issuer and the Guarantor has given an undertaking to the Dealers that unless the Issuer has notified the Permanent Dealers (as defined in the Dealer Agreement described in the section entitled "*Subscription and Sale*") that it does not intend to issue Notes under the Programme for the time being, each of the Issuer and the Guarantor shall prepare and publish an amendment or supplement to this Offering Circular if at any time during the duration of the Programme any event shall have occurred as a result of which this Offering Circular, as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary or desirable to make the statements therein, in the light of the circumstances under which they are made when this Offering Circular is delivered, not misleading, or if for any other reason it shall be necessary to amend or supplement this Offering Circular.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes "forward-looking statements". All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "will", "would", "may", "anticipate", "seek", "should", "estimate" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Group's control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- the risks inherent to the industry in which the Group operates;
- the business and operating strategies and the future business development of the Group;
- the general economic, political, social conditions and developments in the PRC;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the Group's operations and business prospects;
- the Group's capital expenditure and development plans;
- the Group's expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;
- the availability and charges of bank loans and other forms of financing;
- the Group's financial condition and results of operations;
- the Group's dividend distribution plans;
- changes in currency exchange rates;
- macroeconomic policies of the PRC government; and
- other factors beyond the Group's control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular. The Issuer and the Company caution investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular.

None of the Issuer or the Company undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular

might not occur.

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SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire Offering Circular, including the section entitled "Risk Factors" and our consolidated financial information and related notes thereto, before making an investment decision.

OVERVIEW

Established in 2012, we are the only red-chip listed company under CSSC Group. We stand as the premier shipyard-affiliated leasing company in Greater China and are among the foremost ship leasing companies in the world. Leveraging our close relationship with CSSC Group which possess robust industrial foundation and extensive maritime industry expertise, we are dedicated to expanding our leasing and investment operations in vessels and marine equipment, offering tailored and adaptable integrated shipping services, along with financial solutions, to ship operators, shippers, and traders worldwide.

Our core business is the provision of leasing services which include finance lease and operating lease. Leveraging our strong expertise in the marine industry, our leasing services primarily focus on ship leasing. In addition, we provide shipbroking and loan services to our customers. We have a diversified, modern and young vessel fleet. As at 30 June 2026, our fleet size was 130 vessels, including 107 vessels in operation and 23 vessels under construction. The average age of our vessels in operation was approximately 4.8 years. The average remaining life of the bareboat and long-term chartered projects (excluding current operational projects and leases expiring within one year) was 7.5 years. As at 30 June 2026, in terms of initial investment amount, offshore clean energy equipment, container vessels, liquid cargo vessels, bulk carriers and specialized vessels accounted for approximately 38.66%, 24.96%, 11.85%, 11.88% and 12.65% of our operating fleet portfolio, respectively. Leveraging our unique insights into the marine industry, we carefully allocate and adjust our fleet size, enabling our fleet stock to become more valuable and younger and fleet structure to be further optimized.

As a leading market player in the global ship leasing industry, we offer customized ship leasing solutions that are tailored to our customers' different needs. As of 30 June 2026, we were ranked eighth in terms of vessel tonnage in China and second among non-bank-affiliated leasing companies in China.

We have exerted notable influence in operating lease and finance lease industries by integrating ESG concepts into our business operations. Serving the national strategy of "clean energy", we have built a high-tech fleet featuring clean energy offshore equipment. As of 30 June 2026, we received a total of 10 new vessels, including one 53,000 DWT bulker, two specialized vessels, two 1,600 TEU container vessels, one LR2 refined oil tanker and four MR oil tankers. Through our persistent efforts and commitment to promote green energy, we are the first company in the leasing industry to build a complete offshore clean energy storage and transportation system. We also innovated green finance with the issuance of green and blue dual-certified U.S.$-denominated bonds. We won several awards under the Hong Kong Green and Sustainable Finance Awards from Hong Kong Quality Assurance Agency (the "**HKQAA**") in 2021 and 2023, including the Pioneering Award for ESG Disclosure Contribution in 2023. The Company was included as an exemplary case in the "Central State-owned Enterprises Listed Companies ESG Blue Book 2024". In 2025, our ESG report passed the validation of the HKQAA. As of 31 December 2025, we were awarded a score of 42 from S&P CSA and an A ESG rating for 2025 from Wind. The ESG efforts were recognized by the SASAC, CSSC Group and other parties.

In 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our total revenue amounted to HK$3,626.1 million, HK$4,034.4 million, HK$4,044.2 million (U.S.$515.7 million) and HK$2,018.0 million and HK$1,911.2 million (U.S.$243.7 million), respectively. For the same periods, our net profit was HK$1,911.7 million, HK$2,155.1 million, HK$1,980.7 million (U.S.$252.6 million) and HK$1,151.2 million and HK$1,288.4 million (U.S.$164.3 million), respectively.

OUR STRENGTHS

We believe that our historical success and future prospects are directly related to a combination of our strengths, including the following:

- We are one of the world's leading ship leasing companies and enjoy wide recognition;
- As a shipyard-affiliated leasing company, we have a unique competitive edge through our strong connection with the parent company;
- We have strong expertise and extensive experience in the marine industry, which allow us to capture business opportunities and enhance environmental engagement;
- Our comprehensive risk management system has allowed us to achieve stability in asset quality;
- Our continuous optimisation of asset portfolio has allowed us to attain progressive growth in fleet value and enjoy performance stability;
- We have an experienced, committed and professional management team; and
- We benefit from regional and national policies.

OUR STRATEGIES

To solidify our position as a leading company in vessel and marine equipment leasing, we plan to implement the following strategies:

- To continue to focus on ship leasing and develop professional and high-value businesses;
- To cope with changes in the global energy landscape and comprehensively deploy the new energy industry chain;
- To diversify our financing channels and stabilise our finance costs; and
- To continue to develop our non-ship leasing business.

RECENT DEVELOPMENTS

On 27 May 2026, the Company announced its successful inclusion as a constituent in both the Hang Seng SCHK SOEs High Dividend Yield Index and the Hang Seng SCHK China Central SOEs High Dividend Yield Index. This milestone reflects a strong endorsement of the Company by the Hong Kong capital markets. The change took effect on 5 June 2026 and has been fully implemented since 8 June 2026.

On 28 January 2026, the Company successfully completed the issuance of convertible bonds in the principal amount of HK$2.338 billion. The transaction marks the Company's first convertible bond issuance since its listing on the Hong Kong Stock Exchange in 2019. Featuring a 0.75% coupon rate and an initial conversion price of HK$2.39 per ordinary share, the convertible bonds achieved the lowest financing cost in the Company's history.

THE ISSUER

The Issuer is a BVI business company incorporated in the British Virgin Islands with limited liability on 21 January 2015. Its registered office is located at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. The Issuer is a wholly-owned subsidiary of the Company.

THE COMPANY

We were incorporated in Hong Kong with limited liability on 25 June 2012. Our shares have been listed on the Hong Kong Stock Exchange since 17 June 2019. The registered office and principal place of business of the Company is located at Room 1801, 18th Floor, Worldwide House, No. 19 Des Voeux Road Central, Central, Hong Kong. Our website is www.csscshipping.com. Information contained on our website does not constitute part of this Offering Circular.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole, including any information incorporated by reference. Capitalised terms used in this summary and not otherwise defined shall have the meanings given to them in the section entitled "Terms and Conditions of the Notes".

Issuer	CSSC Capital 2015 Limited.
Guarantor	CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司).
Description	Guaranteed Medium Term Note Programme.
Size	Up to U.S.$3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
Legal Entity Identifier (LEI) of the Issuer	549300K934XNVEY4JJ41.
Risk Factors	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes and the Guarantee are discussed under "*Risk Factors*".
Arrangers	Bank of China (Hong Kong) Limited, CLSA Limited and Industrial and Commercial Bank of China (Asia) Limited.
Dealer Agreement	The dealer agreement dated 29 September 2025 entered into between the Company, the Issuer, Bank of China (Hong Kong) Limited, CLSA Limited, Industrial and Commercial Bank of China (Asia) Limited, among others, as further amended, restated and/or supplemented from time to time.
Dealers	shall have the meaning given to it in the Dealer Agreement. The Issuer and the Guarantor may from time to time terminate the appointment of any Dealer under the Programme or appoint Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Dealers**" are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). Further restrictions may apply in connection with any particular Series or Tranches of Notes.
Trustee	China CITIC Bank International Limited.

Issuing and Paying Agent, CMU Lodging and Paying Agent, Registrar and Transfer Agent	China CITIC Bank International Limited.
Calculation Agent	In relation to a specific Series of Notes, China CITIC Bank International Limited if appointed as such for such Series (or such other Calculation Agent as may be appointed in relation to such Series).
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and/or the issue price), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms (if applicable), the issue price, the first payment of interest on them, nominal amount of the Tranche and the timing for submission of the NDRC Post-Issue Filing and the timing for making the related notifications to the Trustee and the Noteholders thereof, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	Notes may be issued in bearer or registered form as described in "*Terms and Conditions of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and vice versa. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Tranche of Registered Notes will initially be represented by a Global Certificate. Where TEFRA D is applicable, Bearer Notes must initially be issued in the form of a Temporary Global Note, exchangeable for Permanent Global Notes or Definitive Notes upon certification of non-U.S. beneficial ownership.
Clearing Systems	Clearstream, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be selected by the Issuer and/or the Guarantor, and notified to the Trustee, the Issuing and Paying Agent or, as the case may be, the CMU Lodging and Paying Agent and, if applicable, the Registrar.
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note or Global Certificate representing the Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the CMU. Global Notes or Global Certificates may also be deposited

	with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Trustee, the Issuing and Paying Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Specified Denomination	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all relevant laws, regulations and directives. Unless otherwise permitted by the then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom, or where the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes	Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: • on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or • by reference to EURIBOR, HIBOR, CNH HIBOR or SOFR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or • on such other basis as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer, the Guarantor and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in prices of securities or commodities or to such other factors as the Issuer, the Guarantor and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable (detailed in a formula, index or otherwise). Unless permitted by then-current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole, if so provided in the relevant Pricing Supplement, or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement and as further described in Condition 6(e) and Condition 6(h), respectively, of the Terms and Conditions of the Notes.
Issuer Residual Call Option	If Issuer Residual Call is specified as being applicable in the relevant Pricing Supplement and, Notes may be redeemed prior to their stated maturity at the option of the Issuer at any time, the outstanding aggregate nominal amount of the Notes is five per cent. or less of the aggregate nominal amount of the Series issued, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date to the extent (if at all) specified in the relevant Pricing Supplement and as further described in Condition 6(f) of the Terms and Conditions of the Notes.
Issuer Maturity Call Option	If Issuer Maturity Call is specified as being applicable in the relevant Pricing Supplement, the Issuer may at its option, redeem all the Notes then outstanding, but not some only, on any Business Day during the period commencing on (and including) the day that is 30 days prior to the Maturity

	Date to (and excluding) the Maturity Date to the extent (if at all) specified in the relevant Pricing Supplement and as further described in Condition 6(g) of the Terms and Conditions of the Notes.
Redemption for a Change of Control	Following the occurrence of a Change of Control, any Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all, but not some only, of such Noteholder's Note at 101 per cent. of their principal amount, together with any accrued interest, as further described in Condition 6(d) of the Terms and Conditions of the Notes.
Redemption for Taxation Reasons	Notes will be redeemable at the Issuer's option prior to maturity for taxation reasons as further described in Condition 6(c) of the Terms and Conditions of the Notes.
Status of Notes	The Notes and any Receipts and Coupons relating to them will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.
Status of the Guarantee	The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.
Negative Pledge	The Terms and Conditions of the Notes will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Notes.
Cross-Default	The Terms and Conditions of the Notes will contain a cross-default provision as described in Condition 10(c) of the Terms and Conditions of the Notes.
Withholding Tax	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and Coupons or under the Guarantee will be made without set-off or counterclaim and free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, Hong Kong or the PRC or any other jurisdiction to which the Issuer or the Guarantor becomes subject in respect of payments made by it of principal, premium and interest on the Notes, and in each case any political subdivision or any authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law. The Issuer or, as the case may be, the Guarantor will, subject to certain customary exceptions, pay such additional amounts so that the net amount received by Noteholders, Receiptholders or Couponholders equals the amount which would otherwise have been receivable by them had no such set-off or counterclaim, or withholding or

	deduction been required as further described in Condition 8 of the Terms and Conditions of the Notes.
Ratings	The Programme has been assigned ratings of "A-" by Fitch and "A-" by S&P. Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.
Governing Law and Jurisdiction	English law. Exclusive jurisdiction of the courts of Hong Kong.
Listing and Admission to Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system. Notes listed on the Hong Kong Stock Exchange are required to have a denomination of at least HK$500,000 (or its equivalent in other currencies).
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, the United Kingdom, Japan, Hong Kong, the PRC, Singapore and the British Virgin Islands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*". Bearer Notes will be issued in compliance with rules in substantially the same form as TEFRA D unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Code ("**TEFRA C**") or (ii) the Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C. In the case of Bearer Notes, only Notes with a term of 365 days or less (taking into account any unilateral extensions and rollovers) will be issued other than in compliance with TEFRA D or TEFRA C and will be referred to in the relevant Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") is not applicable. Bearer Notes with a term of more than 365 days (taking into account any unilateral extensions and rollovers) that are held through the CMU must be issued in compliance with TEFRA C, unless at the time of issuance the CMU and CMU Lodging and Paying Agent have procedures in place so as to enable the Issuer to comply with the certification requirements under TEFRA D.

SUMMARY FINANCIAL INFORMATION

The summary consolidated financial information as at and for the years ended 31 December 2023, 2024 and 2025 set forth in the tables below (except for the U.S.$ data) has been derived from our consolidated financial statements for the years ended 31 December 2024 and 2025. Our audited consolidated financial statements as at and for the year ended 31 December 2024 have been audited by Grant Thornton Hong Kong Limited and our audited consolidated financial statements as at and for the year ended 31 December 2025 have been audited by Baker Tilly Hong Kong Limited, each in accordance with HKSAs as issued by the HKICPA. The consolidated financial information as at 30 June 2026 and for the six months ended 30 June 2025 and 2026 set forth in the tables below (except for the U.S.$ data) has been derived from our unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2026, which have been reviewed by Baker Tilly Hong Kong Limited in accordance with HKSRE 2410 as issued by the HKICPA. The financial information included in this Offering Circular has been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA, which differ in certain respects from generally accepted accounting principles in other jurisdictions. The summary financial data below should be read in conjunction with our consolidated financial statements and the notes to those statements included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.

CONSOLIDATED INCOME STATEMENT/CONDENSED CONSOLIDATED INCOME STATEMENT

	Year ended 31 December				Six months ended 30 June		
	2023	2024	2025		2025	2026	
	HK$'000	HK$'000	HK$'000	U.S.$'000	HK$'000	HK$'000	U.S.$'000
	(audited)	(audited)	(audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	**3,626,148**	**4,034,369**	**4,044,191**	**515,709.1**	**2,017,965**	**1,911,234**	**243,717.7**
Other income and other gains/(losses), net	118,991	406,671	39,185	4,996.8	(17,618)	191,167	24,377.3
Expenses							
Finance costs and bank charges	(1,106,305)	(1,047,554)	(795,900)	(101,492.0)	(416,021)	(362,628)	(46,241.8)
Net (provision for)/reversal of impairment losses on loan and lease receivables	(91,167)	(446,968)	(79,316)	(10,114.3)	132,323	(47,076)	(6,003.1)
Depreciation	(492,937)	(578,716)	(666,099)	(84,939.9)	(297,993)	(369,724)	(47,146.6)
Employee benefits expenses	(106,306)	(105,268)	(107,285)	(13,680.8)	(28,669)	(34,928)	(4,454.0)
Vessel operating costs	(310,838)	(398,436)	(385,234)	(49,124.5)	(188,209)	(159,952)	(20,396.8)
Other operating expenses	(90,133)	(161,787)	(66,327)	(8,457.9)	(34,728)	(40,866)	(5,211.2)
Total expenses	**(2,197,686)**	**(2,738,729)**	**(2,100,161)**	**(267,809.4)**	**(833,297)**	**(1,015,174)**	**(129,453.5)**
Profit from operations	**1,547,453**	**1,702,311**	**1,983,215**	**252,896.5**	**1,167,050**	**1,087,227**	**138,641.5**
Share of results of joint ventures	426,653	490,103	265,253	33,824.7	131,328	339,494	43,291.8
Share of results of associates	(30,285)	(12,056)	(29,293)	(3,735.4)	(9,491)	(25,880)	(3,300.2)
Profit before income tax	**1,943,821**	**2,180,358**	**2,219,175**	**282,985.8**	**1,288,887**	**1,400,841**	**178,633.1**
Income tax expense	(32,154)	(25,215)	(238,492)	(30,412.1)	(137,730)	(112,413)	(14,334.7)
Profit for the year/period	**1,911,667**	**2,155,143**	**1,980,683**	**252,573.7**	**1,151,157**	**1,288,428**	**164,298.4**
Profit for the year/period attributable to							
Equity shareholders of the Company	1,901,606	2,105,663	1,845,236	235,301.7	1,105,585	1,222,452	155,885.2
Non-controlling interests	10,061	49,480	135,447	17,272.0	45,572	65,976	8,413.2
	1,911,667	**2,155,143**	**1,980,683**	**252,573.7**	**1,151,157**	**1,288,428**	**164,298.4**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				Six months ended 30 June		
	2023	2024	2025		2025	2026	
	HK$'000	HK$'000	HK$'000	U.S.$'000	HK$'000	HK$'000	U.S.$'000
	(audited)	(audited)	(audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the year/period	**1,911,667**	**2,155,143**	**1,980,683**	**252,573.7**	**1,151,157**	**1,288,428**	**164,298.4**
Other comprehensive (expense)/income for the year/period							
Items that may be reclassified subsequently to profit or loss:							
— Exchange differences on translation of financial statements of foreign operations	(24,070)	22,814	17,797	2,269.4	2,311	5,023	640.5
— Share of other comprehensive expense of joint ventures	(14,574)	(4,479)	(19,737)	(2,516.8)	(11,925)	(9,200)	(1,173.2)
— Share of other comprehensive income of associates	–	–	13,130	1,674.3	–	–	–
— Changes in fair value of debt instruments at fair value through other comprehensive income	484	46,504	77,372	9,866.4	8,294	(21,024)	(2,680.9)
— Changes in fair value of cash flow hedges	(173,158)	104,868	(33,349)	(4,252.6)	(40,765)	41,451	5,285.8
Items that are reclassified to profit or loss:							
— Reclassification adjustment from hedging reserve to profit or loss	119,569	(135,705)	(91,608)	(11,681.7)	(55,652)	(39,816)	(5,077.3)
— Release of investment revaluation reserve upon disposal of debt instrument at fair value through other comprehensive income	–	–	(34,936)	(4,455.0)	–	(7,026)	(895.9)
Total other comprehensive (expense)/income for the year/period	**(91,749)**	**34,002**	**(71,331)**	**(9,096.0)**	**(97,737)**	**(30,592)**	**(3,901.0)**
Total comprehensive income for the year/period	**1,819,918**	**2,189,145**	**1,909,352**	**243,477.7**	**1,053,420**	**1,257,836**	**160,397.4**
Total comprehensive income for the year/period attributable to							
Equity shareholders of the Company	1,809,858	2,139,699	1,773,464	226,149.5	1,007,830	1,191,823	151,979.5
Non-controlling interests	10,060	49,446	135,888	17,328.2	45,590	66,013	8,417.9
Total comprehensive income for the year/period	**1,819,918**	**2,189,145**	**1,909,352**	**243,477.7**	**1,053,420**	**1,257,836**	**160,397.4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION/CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				As at 30 June	
	2023	2024	2025		2026	
	HK$'000	HK$'000	HK$'000	U.S.$'000	HK$'000	U.S.$'000
	(audited)	(audited)	(audited)	(Unaudited)	(Unaudited)	(Unaudited)
Property, plant and equipment	16,227,335	16,394,376	15,536,140	1,981,145.1	14,292,569	1,822,566.8
Right-of-use assets	22,888	11,895	7,979	1,017.5	5,208	664.1
Interests in joint ventures	1,469,330	1,628,199	1,632,923	208,227.9	1,722,038	219,591.7
Interests in associates	97,372	190,238	181,406	23,132.6	161,223	20,558.9
Loan and lease receivables	23,734,332	20,714,833	18,542,316	2,364,488.1	19,192,890	2,447,448.4
Derivative financial assets	424,226	404,865	260,336	33,197.7	268,767	34,272.8

	As at 31 December				As at 30 June	
	2023	2024	2025		2026	
	HK$'000	HK$'000	HK$'000	U.S.$'000	HK$'000	U.S.$'000
	(audited)	(audited)	(audited)	(Unaudited)	(Unaudited)	(Unaudited)
Prepayments, deposits and other receivables	1,161,296	214,057	597,208	76,155.1	872,822	111,300.9
Financial assets at fair value through profit or loss	296,157	457,312	486,608	62,051.5	970,575	123,766.3
Financial assets at fair value through other comprehensive income	427,768	1,678,735	1,756,107	223,936.1	1,735,083	221,255.2
Deferred tax assets	3,668	4,111	1,559	198.8	341	43.5
Amounts due from associates	24,740	37,810	–	–	–	–
Amounts due from joint ventures	109,197	275,218	387,070	49,358.6	429,445	54,762.2
Amounts due from fellow subsidiaries	3,186	–	—	—	—	—
Amounts due from non-controlling interests	–	–	7,775	991.5	10,459	1,333.7
Time deposits with maturity over three months	198,915	135,450	88,692	11,309.9	360,286	45,943.1
Pledged time deposits	5,144	–	–	–	–	–
Cash and cash equivalents	938,005	1,773,896	3,706,672	472,669.2	3,027,414	386,051.3
Total assets	**45,143,559**	**43,920,995**	**43,192,791**	**5,507,879.6**	**43,049,120**	**5,489,558.9**
Income tax payables	53,485	38,157	240,761	30,701.5	329,904	42,068.9
Borrowings	31,333,427	27,587,155	26,466,530	3,374,971.9	22,862,515	2,915,393.4
Convertible bonds	–	–	–	–	2,155,032	274,806.4
Derivative financial liabilities	98,291	195,801	25,563	3,259.8	–	–
Deferred tax liabilities	1,008	316	–	–	–	–
Amount due to a joint venture	207,794	–	–	–	–	–
Amount due to non-controlling interests	162,383	131,884	127,965	16,317.9	80,366	10,248.2
Other payables and accruals	433,304	1,321,335	882,874	112,582.8	1,428,495	182,159.5
Lease liabilities	23,956	348,311	315,275	40,203.4	297,472	37,933.2
Total liabilities	**32,313,648**	**29,622,959**	**28,058,968**	**3,578,037.3**	**27,153,784**	**3,462,609.6**
Net assets	**12,829,911**	**14,298,036**	**15,133,823**	**1,929,842.3**	**15,895,336**	**2,026,949.3**
Share capital	6,615,789	6,695,690	6,715,125	856,302.6	6,723,521	857,373.2
Reserves	6,096,083	7,485,431	8,296,210	1,057,920.2	8,995,762	1,147,126.0
Non-controlling interests	118,039	116,915	122,488	15,619.5	176,053	22,450.1
Total equity	**12,829,911**	**14,298,036**	**15,133,823**	**1,929,842.3**	**15,895,336**	**2,026,949.3**

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer or the Company or that the Issuer and the Company currently deem immaterial may also adversely affect the value of the Notes. The Issuer and the Company believe that the risk factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for reasons which may not be considered as significant risks by the Issuer or the Company based on information currently available to it or which it may not currently be able to anticipate or which the Issuer or the Company may currently deem immaterial. All of these factors are contingencies which may or may not occur and none of the Issuer and the Company is in a position to express a view on the likelihood of any such contingency occurring. The Issuer and the Company do not represent that the statements below regarding the risk factors of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO OUR BUSINESS

The value of our leased assets, and the other collateral or guarantees, may not be sufficient to compensate our loss.

As part of our risk management, we obtain ownership of the leased assets as security and/or require our customers to provide other collateral and guarantees (such as ship mortgage). In the event of a material breach by our customers, we are entitled to recover and dispose of the leased assets and/or enforce our security rights.

There is no assurance that the value of our leased assets, or the other collateral or guarantees, will be sufficient to compensate the loss that we may suffer as a result of our customers' default. The value of our leased assets or the other collateral or guarantees may significantly decline due to factors such as damage, wear and tear, age, excess market supply and reduced market demand. Any material deterioration in the business performance, financial condition and/or creditworthiness of our customers may also reduce the amount that we could recover. We cannot assure you that we will be able to obtain additional security from our customers in the event that the value of the leased assets, or the other collateral or guarantees, is insufficient to compensate our loss. Any decline in the value of our leased assets, or the other collateral or guarantees, or any failure to obtain additional security from our customers, may cause us to make additional allowance for or write off our non-performing assets, which may in tum materially and adversely affect our business, results of operations, financial condition and prospects.

Furthermore, given that we have no prior experience in enforcing our security rights against the collateral or guarantees, there is no assurance that we will be able to successfully enforce our security rights, or liquidate or otherwise realise the value of our leased assets upon our customers' default, in particular in circumstances where our security interests are subordinated to the rights of other third parties. The procedures for liquidating or otherwise realising the value of the collateral or guarantees may also be protracted. Any failure in realising the value of our leased assets, or the other collateral or guarantees, in a timely manner or at all may have a material adverse impact on our business, results of operations, financial condition and prospects.

Fluctuations in interest rates may have an adverse impact on our business.

Our finance lease income is generally priced on a floating rate basis and with reference to Secured Overnight Financing Rate ("**SOFR**") presently or London Interbank Offered Rate ("**LIBOR**") historically. Our finance lease income in 2023, 2024 and 2025 and the six months ended 30 June 2025

and 2026 amounted to HK$1,171.8 million, HK$1,219.7 million, HK$1,049.9 million (U.S.$133.9 million), HK$550.0 million and HK$463.9 million (U.S.$59.2 million). Our interest income from loan borrowings is also subject to fluctuations in interest rates. Our interest income from loan borrowings in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 amounted to HK$606.1 million, HK$545.2 million, HK$460.8 million (U.S.$58.8 million), HK$236.6 million and HK$216.7 million (U.S.$27.6 million). Fluctuations in interest rates are subject to a number of factors beyond our control, such as economic environment and monetary policies. Any decrease in interest rates may reduce the amount of finance lease income and interest income from loan borrowings that we receive from our customers.

In addition, any changes in interest rates may have an impact on our borrowing and debt financing costs. In 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our finance costs and bank charges amounted to HK$1,106.3 million, HK$1,047.6 million, HK$795.9 million (U.S.$101.5 million), HK$416.0 million and HK$362.6 million (U.S.$46.2 million), respectively. If interest rates follow a rising trend in the future, our finance costs will increase accordingly.

While our finance lease income and interest income from loan borrowings may be positively affected by the fluctuations in interest rates, any volatility in interest rates may also lead to an increase in our borrowing and debt financing costs, which shall have an adverse impact on our business, results of operations, financial condition and prospects.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of bonds linked to or referencing such "benchmarks".

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. For instance, LIBOR is being discontinued as a floating rate benchmark. The date of discontinuation will vary depending on the LIBOR currency and tenor. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any bonds linked to or referencing such a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any bonds linked to or referencing a benchmark.

Any payment default on the part of our customers may have an adverse impact on our results of operations.

Credit risk is one of our major risks. We cannot assure you that all our customers will be creditworthy or that they will fulfil their payment obligations. Any adverse changes in our customers' operations, financial condition, liquidity and cash flow due to factors such as unfavourable industry or market developments as well as fluctuations in interest rates, foreign exchange rates and finance costs may affect their ability to fulfil their payment obligations to us in a timely manner. During the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026, our provision of impairment loss on loan and lease receivables was HK$91.2 million, HK$447.0 million, HK$79.3 million (U.S.$10.1 million) and HK$47.1 million (U.S.$6.0 million), respectively, while we recorded reversal of impairment loss on loan and lease receivables of HK$132.3 million for the six months ended 30 June 2025. If our customers fail to make payment to us on time or if they default in their payments, our liquidity, cash flow, business, results of operations, financial condition and prospects may be adversely affected.

Furthermore, our credit risk assessment may be limited by the comprehensiveness, quality and reliability of the credit information available at the material time. If we fail to accurately identify all credit risks associated with our customers, our business, results of operations, financial condition and

prospects may be adversely affected.

Any significant deterioration in the quality of our loan receivables may materially and adversely affect our results of operations.

We are principally engaged in the provision of leasing and loan services, and our business growth is largely dependent on our ability to effectively manage and maintain the quality of our loan receivables. As at 30 June 2026, we made provision for impairment loss on loan receivables of HK$182.8 million (U.S.$23.3 million), which comprised 12-month expected credit loss of HK$19.3 million (U.S.$2.5 million) for assets under stage 1 and lifetime expected credit loss of HK$163.5 million (U.S.$20.8 million) and nil for assets under stage 2 and stage 3, respectively.

The quality of our loan receivables may deteriorate due to a number of reasons, such as global or regional economic slowdown, downturn, recession or instability, the occurrence of global financial or credit crisis and other factors beyond our control. Furthermore, any adverse changes in our customers' operations, financial condition, liquidity and cash flow may affect their ability to fulfil their payment obligations to us, thus resulting in an increase in our non-performing assets. These adverse changes may be due to factors such as unfavourable developments in the industries and markets in which our customers operate or are engaged, fluctuations in interest rates, foreign exchange rates and finance costs as well as an increase in operating costs. Any significant deterioration in the quality of our loan receivables may materially and adversely affect our business, results of operations, financial condition and prospects.

Our historical financial and operating results may not be indicative of our future performance.

For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our total revenue amounted to HK$3,626.1 million, HK$4,034.4 million, HK$4,044.2 million (U.S.$515.7 million), HK$2,018.0 million and HK$1,911.2 million (U.S.$243.7 million), respectively. For the same periods, our net profit was HK$1,911.7 million, HK$2,155.1 million, HK$1,980.7 million (U.S.$252.6 million), HK$1,151.2 million and HK$1,288.4 million (U.S.$164.3 million), respectively.

However, the trend of our historical financial information is a mere analysis of our past performance and does not have any positive implication on and may not necessarily reflect our future financial performance. There is no assurance that our short-term operating results are indication of our long-term prospects. There is also no assurance that our revenue and net profit will continue to achieve a similar level of growth rate in the future.

We relied on our major customers in 2023, 2024 and 2025 and the six months ended 30 June 2026.

Our customers generally include ship operators, shipbuilders and trading companies. In 2023, 2024 and 2025 and the six months ended 30 June 2026, our top five customers accounted for 51.8%, 48.9%, 51.8% and 53.6% of our total revenue, respectively. See "*Description of the Group – Our Customers*" in this Offering Circular for further details.

Any deterioration in the operating conditions or financial performance of our major customers may result in a delay and/or default in their payments to us. If any of our major customers fails to make timely payment to us or if they default in their payment obligations to us, our liquidity, cash flow, business, results of operations, financial condition and prospects may be adversely affected.

The value, lease rates and utilisation rates of our leased assets may significantly decline.

Our leased assets primarily include vessels. In addition to the factors relating to or affecting the entire marine industry, the value, lease rates and utilisation rates of our leased assets may decline due to a variety of factors, including but not limited to (i) the history and documented records of maintenance and operation; (ii) the age of the leased assets; (iii) the introduction or availability of more advanced

marine technology; (iv) the regulatory regime in relation to the sale, purchase and/or re-leasing of leased assets; and (v) the market value of comparable assets. Any significant decline in the market value of our leased assets will impact their lease rates and utilisation rates, reduce the proceeds that we may receive from their sale as well as increase pressure on our attempts to sell or lease them.

Our lessees may not properly maintain or sufficiently insure our leased assets.

Under our leasing arrangements, our lessees are generally responsible for the maintenance and insurance of the leased assets during the lease term. There is no assurance that our lessees will, upon expiry of the lease term, return to us the leased assets in satisfactory condition. If our lessees fail to perform their maintenance obligations under the lease agreements or otherwise properly maintain the leased assets, we may have to incur substantial costs to restore these assets to an acceptable condition, The market value of such assets may also decrease due to their unsatisfactory condition, and we may not be able to re-lease or sell them on favourable terms. Any of the aforesaid circumstances may materially and adversely affect our business, results of operations, financial condition and prospects.

Furthermore, although our lessees are generally required under the lease agreements to obtain specified levels of insurance for and insure against losses resulting from the operation of the leased assets, there is no assurance that they will maintain adequate insurance coverage throughout the lease term or that they will pay the insurance premium in a timely manner. Inadequate insurance coverage or the failure to make timely premium payment will reduce the insurance proceeds that we may receive when we suffer a loss as a result of any damage to or our lessees' operation of the leased assets.

Our assets have finite economic useful lives and their value will depreciate over time.

Our assets primarily include vessels. Vessels are long-life assets and are subject to the risk of becoming obsolete, particularly if unanticipated events occur and shorten their economic useful lives. These events include but are not limited to (i) introduction of newer or more advanced models; (ii) changes in market demand or preferences; and (iii) changes in the regulatory framework or industry standards over marine safety and technical standards. If our existing vessels and those on order become obsolete, their selling price or lease rates may significantly decline, and our depreciation expenses or impairment charges may increase.

The value of our vessels depreciates and their demand decreases as they age. They also typically generate lower revenue and cash flow. If we are unable to replace our older vessels with newer models in a timely manner, our asset portfolio may become relatively less attractive and our competitiveness may weaken. Furthermore, if we sell any of our assets at a price lower than its depreciated book value, we may recognise a loss on such sale, which may materially and adversely affect our results of operations for the period in which such loss is recognised. Any of the aforesaid circumstances may materially and adversely affect our business, results of operations, financial condition and prospects.

We are exposed to foreign exchange risks.

During the course of our business, we hold a relatively small portion of our monetary funds in Hong Kong dollars, Renminbi and Euros. As such, we are exposed to foreign currency risks as a result of fluctuations in the exchange rate of Hong Kong dollars, Renminbi and Euros. For the six months ended 30 June 2026, our net foreign exchange loss recognised in the condensed consolidated income statement amounted to HK$168.9 million (U.S.$21.5 million). In the event of a significant change in the exchange rate of Hong Kong dollars, Renminbi and Euros or if our holdings of monetary funds in such currencies increase, we may record substantial foreign exchange loss, which may materially and adversely affect our business, results of operations, financial condition and prospects.

Our derivative financial instruments may materially and adversely affect our financial condition.

In 2023, 2024 and 2025 and the six months ended 30 June 2026, we purchased a number of

derivative financial instruments to manage the fluctuations in exchange rates and interest rates. In the six months ended 30 June 2026, we had net gain recorded in the other comprehensive income due to changes in the fair value of derivative financial instruments which qualified for hedging purposes of HK$41.5 million (U.S.$5.3 million).

Derivative financial instruments are initially recognised at fair value on the date on which they are entered into, and are subsequently re-measured at fair value. Any gain or loss arising from changes in the fair value of our derivative financial instruments that do not qualified for hedging purpose is directly recognised in our consolidated income statements. While we purchase derivative financial instruments for risk management and not speculative purposes, we will incur gain or loss as a result of changes in the fair value of derivative financial instruments. Such treatment of gain or loss may therefore cause volatility in our period-to-period earnings, and may have a material adverse impact on our business, results of operations, financial condition and prospects. Furthermore, our financial performance may be affected by the fair value of financial assets at fair value through profit or loss as well as valuation uncertainty due to the use of unobservable inputs.

Our business operations require substantial capital resources and we may not be able to obtain adequate financing for our business in the future.

Since we are principally engaged in the provision of leasing and loan services, which are capital intensive in nature, we require substantial working capital for our daily operations. In 2023, 2024 and 2025 and the six months ended 30 June 2026, we partially utilised cash generated from our borrowings to maintain our cash flow and finance our capital expenditure. As at 31 December 2023, 2024 and 2025 and 30 June 2026, our total bank borrowings amounted to HK$18,436.0 million, HK$12,829.3 million, HK$12,668.8 million (U.S.$1,615.5 million) and HK$10,050.0 million (U.S.$1,281.6 million), respectively.

In order to cope with our business growth, we expect that we will incur additional indebtedness in the future. Our ability to raise additional capital will depend on, among others, our business performance, market conditions and overall economic climate, and may be restricted by the restrictive covenants to which we may be subject under certain financial instruments. There is no assurance that we will be able to obtain bank borrowings and other external financing or resources on commercially acceptable terms or in a timely manner in the future. If we are unable to obtain the necessary financing or if we fail to obtain such financing on favourable terms due to factors beyond our control, we may be forced to curtail our expansion plans, and our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our indebtedness may have a negative impact on our liquidity.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, our total bank borrowings amounted to HK$18,436.0 million, HK$12,829.3 million, HK$12,668.8 million (U.S.$1,615.5 million) and HK$10,050.0 million (U.S.$1,281.6 million), respectively. As at 30 June 2026, our bonds amounted to HK$12,719.8 million (U.S.$1,622.0 million).

Our level of indebtedness may (i) require us to allocate a higher portion of our cash flow from operations for the repayment of bank borrowings (including interest thereon), which may reduce the availability of our cash flow from operations to fund our working capital and capital expenditure and for other general corporate purposes; (ii) increase our vulnerability to adverse economic, industry and market conditions; (iii) limit our ability to pursue additional debt financing; (iv) reduce our flexibility in planning for or responding to changes in our business or the industry in which we operate; and (v) potentially restrict us from pursuing business opportunities. Furthermore, some of our creditors are entitled to, under certain financing agreements, require us to repay our debts early if any of the prepayment events occurs or arises. If we are required to repay our debts early, our liquidity, cash flow, business, results of operations, financial condition and prospects may be materially and adversely affected.

Our provision for impairment loss on loan receivables may not be adequate to cover our credit loss.

We make reversal of and provision for impairment loss on loan receivables in accordance with HKFRS Accounting Standards. As at 31 December 2023, 2024 and 2025 and 30 June 2025 and 2026, we had provision for impairment loss on loan receivables of HK$90.6 million, HK$72.1 million, HK$222.8 million (U.S.$28.4 million), HK$67.4 million and HK$182.8 million (U.S.$23.3 million), respectively.

The amount of our provision for impairment loss on loan receivables is determined based on our internal provisioning policies and guidelines, taking into account considerations such as the operating and financial condition of our customers, our customers' creditworthiness, the nature and characteristics of the industry in which our customers operate, general economic and market conditions as well as the value of the underlying collateral and guarantees. In addition, our asset quality classification system and asset impairment loss provision policies may be different from those adopted by other leasing corporations or financial institutions. As the assessment of future credit risks involves significant judgement and estimation, we may underestimate such risks and our provision for impairment loss on loan receivables may not be adequate to cover our actual credit loss. If we are required to make additional provision for impairment loss on loan receivables, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our short operating history may make the evaluation of our business and prospects difficult.

Our Group was established in 2012. Because of our relatively limited operating history, our past performance may not be indicative of our future performance, and there is no assurance that we will be able to maintain or achieve the same business growth in the future. In addition, because of (i) our relatively short operating history; (ii) the fact that our leasing projects are generally long-term projects ranging from five to 15 years, we have limited track record of completed projects, which may prevent you from having sufficient basis to fully assess our capabilities in managing, among others, the entire project cycle and our cash flow. We also have no prior experience in enforcing our security rights over the collateral or guarantees or foreclosing the leased assets. As a result, there may not be an adequate basis upon which our future results of operations and prospects could be evaluated. You should evaluate our business and prospects in light of the risks, uncertainties and challenges that we will face as a relatively young leasing service provider.

Our cash flow position may deteriorate because of potential mismatch in the time between cash inflows and cash outflows.

Our ability to repay our bank borrowings and to fund our vessel acquisitions depends to a certain extent on the level of our lease income and operating cash flow. According to Frost & Sullivan, as an industry norm, companies engaging in the provision of leasing services typically generate cash inflows to service the cash outflows for the repayment of bank borrowings and the purchase of vessels, and may have a mismatch in the time between cash inflows and cash outflows. There is no assurance that our business will generate steady and sufficient cash inflows to service the cash outflows for the repayment of bank borrowings and the purchase of vessels. There is also no assurance that our customers will make lease payment to us promptly. In circumstances of a mismatch in the time between cash inflows and cash outflows, we may not have sufficient cash flows and financial resources to repay our bank borrowings or fund our purchase of vessels, which may hinder our business development and the implementation of our future plans. We may also need to obtain additional bank borrowings to meet our payment obligations. Any significant cash flow mismatch may materially and adversely affect our business, results of operations, financial condition and prospects.

For the year ended 31 December 2024, 2025 and for the six months ended 30 June 2025 and 2026, we recorded net cash generated from operating activities of HK$6,768.3 million, HK$4,203.3 million (U.S.$536.0 million), HK$1,320.3 million and HK$1,915.0 million (U.S.$244.2 million), respectively, while we recorded net cash used in operating activities of HK$452.2 million for the year

ended 31 December 2023. There is no assurance that we will not record negative operating cash flow in the future. If we record negative operating cash flow in the future, the working capital for our operations may be constrained, which may materially and adversely affect our business, results of operations, financial condition and prospects.

We generated a portion of our net profit from non-recurring profit items in the six months ended 30 June 2026.

In the six months ended 30 June 2026, our share of results of joint ventures amounted to HK$339.5 million (U.S.$43.3 million) representing 26.3% of our net profit for the same period. We cannot assure that such non-recurring gains will recur in the future. If such non-recurring gains do not recur in the future, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Failure to retain the services of our key personnel may materially and adversely affect our business and results of operations.

Our success to date has largely been attributable to the contributions of our management team and key personnel. We rely on their substantial experience and specialised expertise in the leasing and/or marine industry to, among others, effectively manage our asset portfolio, continuously monitor our risk exposure as well as formulate and implement our business strategies. If we lose our key management personnel without a suitable and timely replacement or if we lose them to our competitors, our competitiveness, business, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, our future growth and ability to implement our business strategies will depend on, among others, the successful recruitment and retention of experienced employees. We cannot assure you that we will be able to hire or retain such employees, and the failure to do so may materially and adversely affect our business, results of operations, financial condition and prospects.

There is no assurance that our risk management and internal control systems will effectively reduce our risk exposure and ensure compliance.

In order to monitor our risk exposure and ensure overall compliance, we have established certain risk management and internal control policies and procedures. However, there is no assurance that our risk management and internal control systems, policies and procedures are adequate or effective in mitigating our risk exposure and protecting us against unidentified, unforeseeable or unanticipated risks. There is also no assurance that the implementation of our risk management and internal control systems, policies and procedures will not involve human errors or mistakes. In particular, the assessment of our risk exposure may depend on our management's evaluation of market information and industry conditions, which may not be accurate, complete, up-to-date or properly analysed.

Any potential deficiency in our risk management and internal control systems or any failure in properly implementing the relevant policies and procedures may prevent us from effectively mitigating our risk exposure and promptly detecting instances of non-compliance, which may materially and adversely affect our business, results of operation, financial condition and prospects.

Our insurance coverage may not be sufficient to cover all risks involved in our business operations.

We have taken out insurance policies to cover certain risks generally associated with our business operations. There is no assurance that our current insurance coverage will be able to cover all types of risks involved in our business operations, or be sufficient to cover the full extent of losses, damages or liabilities arising therefrom. If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance coverage, we will have to bear all or a certain portion of such losses, damages or liabilities. In such

circumstances, our business, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, there is no assurance that our insurance premium will not increase or that we will not be required by law to obtain additional insurance coverage in the future. Any increase in insurance costs may materially and adversely affect our business, results of operations, financial condition and prospects.

Any disruption, malfunction or breakdown of our information technology infrastructure systems may interrupt our business operations.

Our business operations depend on the satisfactory performance, stability and reliability of our information technology infrastructure and related proprietary software. However, our information technology infrastructure and related proprietary software may experience disruption, malfunction, breakdown or other performance issues due to reasons such as (i) increasing pressure on our servers and network capacities as a result of growing customer base and expanding operations; (ii) undetected programming errors, bugs, flaws, corrupted data or other defects; (iii) hacking or other attacks on our network infrastructure and system programmes; and (iv) floods, fires, extreme temperatures, power loss, telecommunications failures, technical error, computer viruses or similar events. Any disruption, malfunction, breakdown or other performance issues of our information technology infrastructure and related proprietary software may significantly disrupt our business operations and reduce our work efficiency, which may materially and adversely affect our business, results of operations, financial condition and prospects.

Our controlling shareholders are able to exercise significant influence over us.

CSSC International and CSSC Group are our controlling shareholders and are interested in approximately 74% of our Company's issued share capital as at the date of this Offering Circular. Subject to our Articles of Association and the applicable laws and regulations, our controlling shareholders will continue to have the ability to exercise significant influence on our business and operations by, among others, controlling the composition of our Board, determining the timing and amount of our dividend payments, approving significant corporate transactions (including mergers and acquisitions), approving our annual budgets and taking other actions that require shareholders' approval.

There is no assurance that CSSC Group will continue to support us, and any changes in its control over us may have a material adverse effect on our business.

As the sole leasing company under CSSC Group, we have been enjoying strong support from CSSC Group. See "*Summary – Our Strengths*" and "*Summary – Our Strategies*" in this Offering Circular for details. Although, CSSC Group will not provide any guarantee or any form of credit enhancement for the offering of the Note under the Programme and it has no obligation to and will not assist the Issuer or us to repay the Notes, if CSSC Group ceases to support us, our business, results of operations, financial condition and prospects may be materially and adversely affected. In particular, some of our financing agreements require CSSC Group to remain as our controlling shareholder. In the event that CSSC Group ceases to be our controlling shareholder, our credit rating may decline and our finance costs may increase.

We may be adversely affected as a result of our provision of services that are connected to certain countries or persons that are, or become subject to, sanctions administered by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organisations, including the European Union, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or

against targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

In the first half of 2019, we entered into sale-and-leaseback transactions in respect of two vessels with a customer based in Hong Kong (the "**HK Customer**"). The HK Customer then chartered the vessels to the sub-charterer incorporated in France (the "**Sub-charterer**") for the purpose of delivering certain products for a construction project in Russia. Russia, as well as certain industry sectors and other persons located in Russia, is subject to various sanctions programmes administered by, among others, the United States and the European Union. The construction project in Russia is owned by a joint venture (the "**Russian Joint Venture**"). In 2019 and 2020, one of the joint venture parties (the "**Russian Joint Venture Partner**") was subject to targeted sanctions. However, our customer in the transactions relating to these two vessels was the HK Customer, and except for this sub-chartering arrangement by the HK Customer, we are not aware of any other back-to-back transactions, payments or arrangements of any kind, in USD or otherwise, among the Russian Joint Venture Partner, the Russian Joint Venture, the Sub-charterer and the HK Customer. As at the date of this Offering Circular, the above sale-and-leaseback transactions have been terminated.

We will not use the proceeds from the offering of the Notes under the Programme, as well as any other funds raised through the Hong Kong Stock Exchange, to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any Countries subject to international sanctions or any other government, individual or entity sanctioned by the United States, the European Union, the United Nations or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions or on the "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/sdnlist.pdf). Further, we will not use the proceeds from the offering of the Notes under the Programme to pay any damages for terminating or transferring any contract that violates International Sanctions. While we have implemented internal control measures to minimise our risk exposure to International Sanctions, sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of sanctioned persons. Furthermore, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. Our business and reputation could be adversely affected if the authorities of United States, the European Union, the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of our Group.

Our controlling shareholder, CSSC Group, is subject to certain Executive Orders issued by the United States.

Since 2018, the U.S.-China trade war has brought uncertainty to global markets and to a certain extent, impacted businesses and financial market sentiment, influenced financial market volatility, and slowed investment and trade. The continued intensification of tensions between the U.S. and China has caused the U.S. government to focus on national security concerns and increase scrutiny of foreign businesses, particularly those businesses that are owned or controlled by the PRC's "military-industrial complex." The CSSC Group is designated by the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of the Treasury on the Non-SDN Chinese Military-Industrial Complex Companies ("**NS-CMIC**") List pursuant to Executive Order 13959 and Executive Order 14302, as amended (the "**Executive Orders**"). Under the Executive Orders, U.S. persons (as defined in the Executive Orders), are prohibited from buying and selling (subject to a divestment period) publicly traded securities or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities of the CSSC Group. As of the date of this Offering Circular, the Company is not named on the NS-CMIC and, as such, the restriction does not apply to the Company. Investors who are considered as U.S. persons for purposes of the Executive Orders should nonetheless consider whether this is an appropriate investment. CSSC Group is also listed on the DOD List released by the U.S. Department of Defense, please refer to "*Risks Relating to the Industry – Changes in international*

policies with regard to China may adversely impact our business and operating results" for details.

Should there be any further escalation of the U.S.-China tensions in the future, the U.S. government may impose further sanctions and/or restrictions on the CSSC Group and/or its subsidiaries, including the Company, which would enhance prohibition of transactions by the sanctioned entity through the U.S. financial system and blocking sanctions. The CSSC Group has been closely monitoring the development of the Executive Orders and other similar laws, acts and regulations, and actively implementing corresponding mitigation measures in response to the latest development of such situations. However, there can be no assurance that any potential restrictions or sanctions on the CSSC Group, the Company and/or its subsidiaries or affiliate will not materially and adversely affect the business, prospects, financial condition and results of operations of the CSSC Group, the Company and/or its subsidiaries or affiliate and their future business expansion in the overseas markets (including the U.S).

We may not be able to detect or prevent breach of law, fraud or other misconduct committed by our employees or third parties.

Breach of law, fraud or other misconduct by our employees (such as unauthorised business transactions and bribery) or by third parties is difficult to detect or prevent, and may subject us to substantial liabilities, financial loss and administrative penalties. It may also subject us to sanctions imposed by government authorities, which may damage our reputation as well as impair our ability to attract prospective customers, obtain financing on favourable terms and conduct our business activities. If we fail to detect or prevent any such instances in a timely manner or at all, our reputation, business, results of operations, financial condition and prospects may be materially and adversely affected.

Legal disputes or proceedings may expose us to liabilities, divert our management's attention and adversely impact our reputation.

During the ordinary course of our business operations, we may be involved in legal disputes or proceedings relating to, among other things, contractual disputes and employees' claims. Such legal disputes or proceedings may subject us to substantial liabilities and may have a material and adverse effect on our reputation, business operations, financial condition and prospects.

If we become involved in material or protracted legal proceedings or other legal disputes in the future, we may need to incur substantial legal costs and our management may need to devote significant time and attention to handle such proceedings and disputes, which may divert their attention from our business operations. In addition, the outcome of such proceedings or disputes may be uncertain and could result in settlement or outcomes which may materially and adversely affect our business, results of operations, financial condition and prospects.

We may not be able to adequately protect our intellectual property rights and may be exposed to third-party claims of infringement or misappropriation of intellectual property rights.

Our intellectual property rights comprise our domain name. See "*Description of the Group – Intellectual Property*" for more details. We cannot assure you that the steps we have taken to protect and safeguard our intellectual property rights are adequate, or that our intellectual property rights will not be infringed by any third party in the future. Any unauthorised use of our intellectual property rights may have an adverse effect on our business, results of operations, financial condition and prospects. We may resort to legal proceedings in order to protect and enforce our intellectual property rights, and the legal fees and expenses involved in such proceedings can be substantial. Furthermore, the diversion of resources and our management's effort and attention in addressing such intellectual property claims may significantly affect our operations and hinder our business development.

The success of our business also depends on our ability to operate without infringing on third-party intellectual property rights. We may be subject to litigation involving claims of violation of third

parties' intellectual property rights. The defence of intellectual property lawsuits and related legal and administrative proceedings can be costly and time consuming. An adverse judgement in any such proceedings may result in substantial liabilities, which may materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

There is no assurance that our business strategies and future plans will be successfully implemented.

The successful implementation of our business strategies and future plans may be hindered by risks set out in this section and is subject to numerous factors, including but not limited to our ability to (i) retain our major customers and broaden our customer base; (ii) manage the quality of our leased assets; (iii) monitor and reduce our risk exposure; and (iv) raise additional funds to support our business expansion. There is no assurance that we will be able to successfully implement our business strategies or future plans. Even if our business strategies or future plans are implemented, there is no assurance that they will increase our market share or enhance our market position.

In addition, the continued expansion of our business may place significant strain on our managerial, operational and financial resources. We may not be able to successfully manage the growth of our business despite the adoption of various measures, such as recruiting additional staff members to oversee our operations and increasing our working capital to support our business. There is no assurance that we will achieve the intended growth of our business or that our business will be profitable.

RISKS RELATING TO THE INDUSTRY

The marine industry is highly cyclical, which may have a material impact on our business.

The marine industry is highly cyclical. As we are a leasing service provider primarily focusing on ship leasing, our business may be materially and adversely affected by the marine cycle. The state of the marine cycle may be affected by a number of factors, such as global and regional economic and political conditions, developments in international trade, demand for and supply of marine services, number and types of vessels available globally, delivery of new buildings and retirement of older units, introduction of new marine technologies, changes in seaborne transportation and energy patterns, changes in the regulatory regimes governing the marine industry as well as vessels, fluctuations in foreign exchange and interest rates, ship financing costs, fuel prices, as well as extreme weather conditions. We cannot predict the impact that changes in the marine cycle may have on our business. Any adverse changes in the marine cycle may significantly reduce the demand for leasing services, which may materially and adversely affect our business, results of operations, financial condition and prospects.

Our business may be affected by the macro-economic environment in Hong Kong and elsewhere in the world.

Our business performance is largely affected by the macro-economic environment and market conditions in Hong Kong and elsewhere in the world. Any adverse changes in the macro-economic environment and market conditions, such as economic slowdown, downturn or recession, the occurrence of global financial or credit crisis, negative market outlook as well as fluctuations in interest rates, foreign exchange rates and finance costs, may reduce the demand for leasing services, increase our customers' risk of default, restrict our access to financial resources as well as increase our finance cost. Any of the aforesaid circumstances may materially and adversely affect our business, results of operations, financial condition and prospects.

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the recovery in the housing market remains subdued. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In addition, China's economic growth may also slow down due to weakened exports as

a result of tariffs and trade tensions caused by the U.S.-China trade war. In 2018 and 2019, the U.S. government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on Chinese products. In retaliation, the Chinese government responded with tariffs on U.S. products. Political tensions between the U.S. and China have further escalated due to, among other things, trade disputes, tensions over Taiwan, and various restrictions related to the Chinese semiconductor industry imposed by the U.S. government. Furthermore, in September 2024, the United States implemented tariff increases on certain goods and technologies imported from China, including electric vehicles, chips, battery technologies, solar panels, certain medical equipment and other goods. In addition, on 1 February 2025, President Trump issued an executive order imposing a 10% tariff on imports from China, which was amended on 3 March 2025, raising tariffs on imports from China to 20%. On 2 April 2025, President Trump imposed an additional 34% tariff on all imports from China, which was subsequently increased to 125% on 9 April 2025. On 12 May 2025, the United States and China agreed to drastically roll back tariffs on each other's goods for an initial 90-day period. In August 2025, the tariff truce was extended for another 90 days until November 2025. More recently, in May 2026, the United States released updated terms under the ongoing U.S.-China economic arrangement, maintaining tariff pauses on agricultural products while keeping baseline duties active on strategic sectors. It is uncertain if the United States may take further actions to eliminate perceived unfair competitive advantages. These policies have adversely affected the global economy and financial markets, such as significant declines in the global stock markets.

Although there have been positive signs of progress on trade negotiations, the roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on China's economy and the industries in which we operate remains uncertain. Additionally, the U.S. government is now undergoing an administration change and it remains uncertain what the new administration's trade policy with China will be going forward. Should the trade war between the United States and the PRC begin to materially impact the PRC economy, the purchasing power of our customers in the PRC would be negatively affected.

Changes in international policies with regard to China may adversely impact our business and operating results.

Since 2018, the U.S. government has made statements and taken certain actions that may lead to changes to U.S. and international policies, including imposing tariffs affecting a variety of products manufactured in China or threatening to sanction certain companies with connections with China. It is unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry. There is also a concern that the imposition of additional tariffs by the United States could result in the adoption of tariffs by other countries as well. Any unfavourable government policies on international trade, such as capital controls or tariffs, may affect the demand for our business, impact the competitive position of our market position or prevent us from being able to operate business in certain countries. If any of these new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition, results of operations.

In addition, the U.S. Department of Defense released a list of certain Chinese companies (including the Company's controlling shareholder, CSSC Group, and a fellow subsidiary of the Company's controlling shareholder) under the list of Chinese military companies operating directly or indirectly in the United States in accordance with the statutory requirement of Section 1260H of the National Defense Authorization Act for Fiscal Year 2021 (the "**DOD List**"), claiming that the companies are Communist Chinese military companies. The list was based on the U.S. government's intelligence, and determined that the companies therein are controlled by the Chinese military. Currently, inclusion on the DOD List will impose both direct and indirect restrictions on the ability of the U.S. Department of Defense to enter into contracts for the procurement of goods, services or technology with the CSSC Group (and entities under its control). It is not possible to predict with

certainty what additional restrictions or consequences may result from inclusion on the DOD List, if any, may arise in the future, or what impact such developments could have on our business. As at the date of the Offering Circular, the Company's payment and collection of funds is conducted as usual.

The global leasing industry is increasingly competitive.

The global leasing industry is becoming more competitive. The global ship leasing industry is relatively fragmented. Due to the nature of our business, we compete with Hong Kong, PRC and overseas leasing companies, whether state-owned, bank-affiliated or independent. These competitors may have a longer operating history, be larger in terms of business scale and enjoy more financial, operational and management resources than we do. They may also be able to tolerate a higher level of risk exposure, obtain financing at a lower cost, offer more favourable lease terms to customers and establish stronger relationship with customers. If we fail to withstand the intense competition in the industry or compete effectively with our competitors, our market position may weaken, which may materially and adversely affect our business, results of operations, financial condition and prospects.

Any changes in the leasing regulatory regime in Hong Kong and the PRC may have a material and adverse impact on our business operations.

The provision of leasing services in the PRC is subject to certain laws and regulations. See "*PRC Regulations*" in this Offering Circular for further details. The government authorities in the PRC underwent a series of regulatory body reforms in 2018, pursuant to which the responsibilities of formulating the rules in relation to the operations of and supervision over leasing companies will be transferred from the Ministry of Commerce of the PRC to the China Banking and Insurance Regulatory Commission. There is no assurance that the governments of Hong Kong and the PRC will not tighten their control over the leasing industry or impose additional or stricter laws, rules, regulations, policies or administrative measures in relation to the provision of leasing services in the future. Any changes in the regulatory framework may render it more restrictive for us to conduct our business. There is also no assurance that we will be able to adapt to such changes in a timely manner. In addition, compliance with such new Laws, rules, regulations, policies or administrative measures may significantly increase our operating costs, which may lower our profitability and have a material adverse impact on our business, results of operations, financial condition and prospects.

Our results of operations may be affected by social and political instability as well as the occurrence of epidemics, natural disasters, acts of war, terrorist activity and social or political unrest.

Any social or political unrest, wars, acts of terrorism and other instability in Hong Kong, the PRC or other parts of the world may disrupt our business operations and have a material adverse impact on our business performance. In addition, our business may be affected by major natural disasters, such as typhoon, floods, windstorms and earthquakes, or widespread outbreaks of infectious diseases in Hong Kong, the PRC or any other parts of the world. Past occurrences of epidemics, depending on their scale of occurrence, have caused different degrees of damage to national and local economies. Outbreaks of Severe Acute Respiratory Syndrome (SARS), influenza A (H1N1), avian flu (H5N1), Ebola virus or Middle East Respiratory Syndrome (MERS), COVID-19 and other epidemics, in Hong Kong, the PRC or any other parts of the world may cause disruption of regional or national economic activities, which may affect or interrupt our business activities in the affected areas.

Similarly, war, terrorist activity, threat of war or terrorist activity, social or political unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension, would affect economic development. Since 2023 in particular, there has been significant uncertainty in the global markets due to, inter alia, geopolitical tensions, such as the Russian-Ukraine conflict (and the related sanctions and countersanctions), which have resulted in high inflation, rising interest rates and high foreign exchange rate volatility, as well as disruptions in global supply chains. In addition, the recent escalation in the ongoing conflicts between the United States, Israel and Iran have resulted in increased geopolitical

tensions in the region and may have far reaching effects on the global economy, currency exchange rates and regional economies. For example, the LNG carrier market experienced significant freight rate increases with high volatility, as the Strait of Hormuz crisis reduced the available fleet and lengthened voyage distances, and panic chartering was triggered by LNG production suspensions in certain Middle East countries. The continuation of geopolitical conflicts in the Middle East continues to disrupt global oil and liquefied petroleum gas trade, with overall demand for physical commodities weakening. While the long-term impacts of such geopolitical tensions on the global economy are still unclear, the shifting global political and economic landscape introduces significant volatility which may have a material adverse effect on the marine industry, the global markets and the Group's business, financial condition and results of operations.

RISKS RELATING TO THE PRC

Changes in the economic, political and social conditions in the PRC may have a material adverse effect on the Group's business, results of operations and financial condition.

The PRC economy differs from the economies in developed countries in many respects, including the degree of government involvement, control of capital investment, as well as the overall level of development. The Group believes the PRC Government has indicated its commitment to the continued reform of the economic system as well as the structure of the government. The PRC Government's reform policies have emphasised the independence of enterprises and the use of market mechanisms. Since the introduction of these reforms, significant progress has been achieved in economic development, and enterprises have enjoyed an improved environment for their development. However, any changes in the political, economic or social conditions in the PRC may have a material adverse effect on the Group's present and future business operations.

Under the Enterprise Income Tax law, the Issuer (or any other overseas entity of the Group) may be treated as a PRC resident enterprise for PRC tax purposes, which will subject it to PRC enterprise income tax on its worldwide income and may subject non-PRC resident investors in the Notes to PRC withholding taxes on interest payments and any gains derived on a transfer of the Notes.

Under the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), which became effective on 1 January 2008 and was amended on 29 December 2018 and the Implementing Regulations of the PRC Enterprise Income Tax Law (Revised in 2024) (together, the "**EIT Law**"), enterprises organised under the laws of jurisdictions outside the PRC with their "de facto management bodies" located within the PRC are deemed to be "resident enterprises for PRC tax purposes", meaning that they are treated in a manner similar to PRC enterprises for enterprise income tax purposes, and therefore subject to PRC enterprise income tax at the rate of 25 per cent. on their worldwide income (although dividends paid from one resident to another may qualify as "tax-exempt income"). The Implementing Regulation defines the term "de facto management body" as a management body that exercises substantial and overall control and management over the production and operations, personnel, accounting and properties of an enterprise. A circular issued by the State Administration of Taxation on 22 April 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a "resident enterprise" with a "de facto management body" located within the PRC if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meeting are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. The State Administration of Taxation issued the Circular on Income Tax for Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises (境外註冊中資控股居民企業所得稅管理辦法(試行)), which became effective on 1 September 2011 and was amended on 15 June 2018. The relevant PRC tax rules provide that the resident enterprise status of an offshore enterprise controlled by a PRC enterprise or enterprise group may be determined either upon an application by such offshore enterprise or following an investigation

by the competent PRC tax authorities. Under the current administrative procedures, such determination is subject to confirmation by the relevant provincial-level tax authority and the confirmed result is reported to the State Administration of Taxation for publication.

The Group confirms that, as at the date of this Offering Circular, none of its overseas entities, including the Issuer, has been treated as a PRC resident enterprise by the PRC tax authorities. There is however no assurance that the Issuer or other overseas entities in the Parent Group will not be treated as "resident enterprises" under the EIT Law, any aforesaid circulars or any amended regulations in the future. If the Issuer is treated as a PRC resident enterprise for PRC enterprise income tax purpose, among other things, it would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide income. Furthermore, if the Issuer were treated as a PRC resident enterprise, payments of interest by the Issuer may be regarded as income derived from sources within the PRC and therefore the Issuer may be obligated to withhold PRC income tax at 10 per cent. on payments of interest on the Notes to non-PRC resident enterprise Noteholders. In the case of non-PRC resident individual Noteholders, the tax may be withheld at a rate of 20 per cent. In addition, if the Issuer were treated as a PRC resident enterprise, any gain realised on the transfer of the Notes by non-PRC resident Noteholders may be regarded as income derived from sources within the PRC and may be subject to PRC income tax of 10 per cent. (in the case of non-PRC resident enterprises) or 20 per cent. (in the case of non-PRC resident individuals). According to the Protocol IV to the Arrangement between the Mainland and the Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第四議定書), certain qualified Noteholders who are Hong Kong residents may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes.

The new Value-added Tax Law of the People's Republic of China (the "**New VAT Law**") was adopted on 25 December 2024 and came into force on 1 January 2026. the Implementing Regulations of the Value-Added Tax Law of the People's Republic of China (中華人民共和國增值稅法實施條例) (State Council Decree No. 826) (the "**New VAT Implementation Regulations**"), which accompany the New VAT Law, came into force simultaneously. Under the PRC New VAT Law and its implementing regulations, financial services are generally subject to VAT at the rate of 6 per cent. Where an overseas entity or individual conducts a taxable transaction within the PRC, the purchaser may be required to withhold PRC VAT in accordance with applicable PRC laws. Under the current PRC VAT rules, there is no express provision that the provision of funds by non-PRC resident Noteholders to an overseas issuer under notes issued outside the PRC would, solely by reason of such issuer being treated as a PRC resident enterprise for PRC enterprise income tax purposes or the proceeds of such notes being remitted into the PRC, constitute financial services consumed within the PRC. However, if the relevant PRC tax authorities determine that such provision of funds constitutes a taxable transaction within the PRC, the relevant interest payments may be subject to PRC VAT at the applicable rate and applicable surcharges.

In addition, in the event that the Company is considered to be a PRC resident enterprise and is required to fulfill its obligations under the Guarantee by making interest payments on behalf of the Issuer, such interest payments may be regarded as income derived from sources within the PRC, in which case the Company may be required to withhold PRC enterprise income tax at a rate of 10 per cent. on such payments to non-resident enterprise Noteholders and 20 per cent. on such payments to non-PRC resident individual Noteholders. Such guarantor may also be required to withhold VAT from payments of interest, at the above-mentioned rate. Any PRC income tax liability may be reduced by an applicable income tax treaty.

If the Issuer or the Guarantor is required to withhold PRC tax from interest payments on the Notes, the Issuer or the Guarantor may be required, subject to certain exceptions, to pay such additional amounts as will result in receipt by the holders of the Notes of such amounts as would have been received had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes and could have an adverse effect on the

Issuer's or the Guarantor's financial condition.

The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer, any period of no less than six months but less than one year shall be counted as one year. The economic compensations payable to an employee for any period of less than six months shall be one-half of his/her monthly wages. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms or have been working for the employer for more than ten years.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, the workers shall basically receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Parent Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Parent Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Parent Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

To further strengthen the protection on labour remuneration, rest and vacations, social insurance and other basic rights and interests of labourers, the Opinion of the Central Committee of the Communist Party of China and the State Council on Building Harmonious Labour Relationships (中共中央、國務院關於構建和諧勞動關係的意見) was issued on 21 March 2015, which acts as a guideline on PRC labour legislation.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of the Group's products is likely to increase. This may in turn affect the selling prices of the products and services, which may then affect the demand of such products and services and thereby adversely affect the Group's sales and financial condition. Increase in costs of raw materials and other components required for the Group's business operation may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs. In such circumstances, the profit margin may decrease and the financial results may

be adversely affected.

In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

The uncertainties of the PRC legal system and its laws and regulations may have a negative impact on the Group's operations.

The Group's domestic leasing business is conducted in the PRC and such operations are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law systems, past court judgements in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organisation and management, commercial transactions, tax and trade. However, as these laws and regulations are still evolving, in view of how the PRC's financial services industry is still developing, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement, and such uncertainties may have a negative impact on the Group's business.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolution not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to holders of the Notes. See also "*Risks relating to the Notes and the Guarantee – Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgements of the Hong Kong courts in respect of English law governed matters or disputes.*"

Certain PRC regulations governing PRC companies are less developed than those applicable to companies incorporated in more developed countries.

Most of the Group's members are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and all other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations in general, and the provisions for protection of shareholders' rights and access to information in particular, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions.

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable diseases in Hong Kong or the PRC, could materially and adversely affect the Group's business and results of operations.

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in Hong Kong or the PRC, could materially and adversely affect the overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. This, in turn, could materially and

adversely affect domestic consumption, labour supply and, possibly, the overall gross domestic product growth of the PRC. The Group's domestic revenue is currently derived from its PRC operations, and any labour shortages on contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect the Group's business, financial condition and results of operations. In addition, if any of the Group's employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant plants and materially and adversely affect the Group's business, financial condition and results of operations, which may also involve a closure of the Group's facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the Group's customers and suppliers, which could materially and adversely affect the Group's business, financial condition, and results of operations.

Governmental control of currency conversion may limit the Group's ability to utilise cash effectively, which may adversely affect the value of your investment.

The PRC Government has imposed controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currencies out of China. Any shortage in the availability of foreign currencies may restrict the ability of the Issuer's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or make other distributions to the Issuer, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents the Issuer from obtaining sufficient foreign currencies to satisfy its currency demands, the Issuer may not be able to pay dividends in foreign currencies to its shareholders.

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, approval from the SAFE or its local branch is required where Renminbi is to be converted into foreign currencies and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. More restrictions and extensive vetting processes have been put in place by the SAFE to regulate cross-border transactions under the capital account, such as the Notice of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知). The PRC Government may also at its discretion restrict access to foreign currencies for current account transactions in the future. The restrictions on foreign exchange transactions under capital accounts could also affect the ability of the Issuer's PRC subsidiaries to obtain foreign exchange through debt or equity financing, including by means of loans or capital contribution from the Issuer.

Fluctuations in the exchange rate and value of Renminbi may have a material adverse effect on the Group's results of operations and financial condition.

The value of Renminbi against the U.S. dollar, the Hong Kong dollar and other currencies fluctuates, and is subject to changes resulting from the monetary policies of the PRC Government, domestic and international economic and political developments as well as supply and demand in the monetary market. Since July 2005, the PRC Government has adopted a managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and with reference to a basket of currencies. In May 2007, the PBOC enlarged the floating band for the trading price of Renminbi against the U.S. dollar on the interbank spot exchange market to 0.5% around the central parity rate. In April 2012, the PBOC enlarged the floating band for the trading price of Renminbi against the U.S. dollar on the interbank spot exchange market to 1% around the central parity rate. In March 2014, the PBOC further enlarged the floating band for the trading price of Renminbi against the U.S. dollar on the interbank spot exchange market to 2% around the central parity rate. There remains significant international pressure on the PRC Government to adopt more flexible currency policies. In the event of material fluctuations in the exchange rates of the Hong Kong dollar and the U.S. dollar against Renminbi, the Group's ability to pay dividends in foreign currencies may be

materially and adversely affected.

Fluctuations in the exchange rate of Renminbi against the Hong Kong dollar and the U.S. dollar will affect the relative purchasing power in Renminbi with the proceeds from the offering of the Notes under the Programme. Such fluctuations may also cause the Group to incur foreign exchange losses and affect the relative value of any dividends distributed by the Group's PRC subsidiaries. In addition, appreciation or depreciation in the value of Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect the Group's financial results in Hong Kong dollars without giving effect to any underlying change in the Group's business or results of operations.

PRC regulations in relation to direct investment and loans by offshore holding companies to PRC entities may delay or limit the Issuer from using the proceeds from the offering of the Notes under the Programme to make additional capital contributions or loans to its PRC subsidiaries.

As an offshore holding company of PRC subsidiaries, the Issuer may make additional capital contributions or loans to its PRC subsidiaries. Any capital contribution or loans to its PRC subsidiaries are subject to applicable PRC foreign investment, foreign exchange and foreign debt rules. Capital contributions by foreign investors are subject to, among other things, the Foreign Investment Law of the PRC, the foreign investment information reporting regime and the applicable market registration and foreign exchange registration procedures. Cross-border borrowings by PRC enterprises are subject to the applicable foreign debt registration administered by the PBOC and the SAFE.

There is no assurance that the PRC Government will not impose more stringent requirements in relation to direct investment and loans by offshore holding companies to PRC entities. If the PRC Government imposes more stringent requirements in relation to direct investment and loans by offshore holding companies to PRC entities, the Issuer's ability to make equity contributions or provide loans to its PRC subsidiaries or to fund their operations with the net proceeds from the offering of the Notes under the Programme may be negatively affected, which may materially and adversely affect their ability to fund their working capital and expansion projects as well as meet their obligations and commitments.

The Company may rely on dividend payments from its subsidiaries in the PRC for funding.

The Company may rely on dividends paid by its PRC subsidiaries for cash requirements, including the funds necessary to service any debt the Company may incur. If any of the Company's subsidiaries incurs debt in its own name in the future, the instruments or agreements governing the debt may restrict its dividend payment or other distributions. Furthermore, applicable PRC Laws, rules and regulations permit payment of dividends by its PRC subsidiaries only out of their accumulated retained earnings determined in accordance with PRC accounting standards. The Company's PRC subsidiaries are also required to set aside a certain percentage of their after-tax profits each year to their statutory reserves in accordance with the requirements of applicable PRC laws and the provisions in their respective articles of associations. As a result, the Company's PRC subsidiaries are restricted in their ability to transfer a portion of their net income to it, whether in the form of dividends, loans or advances. These restrictions and requirements could reduce the amount of distributions that the Company receives from its subsidiaries, which may restrict its ability to fund the Company's operations, generate income, pay dividends and service our indebtedness.

It may be difficult to effect service of process in relation to disputes brought in courts outside the PRC on, or to enforce judgements obtained from non-PRC courts against, the Company's subsidiaries in the PRC.

As the PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgements made by courts of most other jurisdictions, there is no assurance that you will be able to effect service of process in connection with disputes brought in courts outside the PRC on, or to enforce judgements obtained from non-PRC courts against, the Company's subsidiaries in the

PRC.

On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Choice of Court Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for resolving the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Issuer or the Issuer's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement already took effect on 20 January 2024. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for "choice of court" agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Issuer or the Issuer's directors or members of its senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

RISKS RELATING TO NOTES AND THE GUARANTEE

The Notes and the Guarantee are unsecured obligations.

The Notes and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Notes and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Notes.

The Notes may not be a suitable investment for all investors.

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in any Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the relevant Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Any failure to complete the relevant filings under the NDRC Administrative Measures within the prescribed timeframes following the completion of the issue of the Notes or to comply with the continuing reporting obligations under the NDRC Administrative Measures may have some impact on the Issuer and/or the Noteholders.

Under the NDRC Administrative Measures, the Company shall (i) file or cause to be filed with the NDRC the requisite information and documents within ten PRC business days after each foreign debt issuance and the expiration of the relevant pre-issuance certificate of review and registration of enterprise borrowing of foreign debts with respect to the relevant Notes in accordance with the NDRC Administrative Measures, (ii) so long as any Note remains outstanding, file or cause to be filed with the NDRC the requisite information and documents within five PRC business days before the end of January and the end of July each year, and (iii) file or cause to be filed the requisite information and documents on a timely basis upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations and take risk control measures to mitigate cross-default risks. The NDRC Administrative Measures set forth certain legal liabilities and disciplinary measures which would be imposed on enterprises and intermediaries if they fail to comply with the relevant requirements. According to the NDRC Administrative Measures, for any enterprise that fails to report

relevant information according to the NDRC Administrative Measures, the review and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on such enterprise concerned and its principal responsible person. Furthermore, conducts in violation of the NDRC Administrative Measures committed by enterprises will be published on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). In the worst case scenario, non-compliance with the NDRC reporting obligations under the NDRC Administrative Measures may result in it being unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under the Notes and the relevant Notes might be subject to enforcement as provided in Condition 10 (Events of Default) of the Terms and Conditions of the Notes.

Any failure to complete the relevant filings under the NDRC Administrative Measures within the prescribed timeframes following the completion of the issue of the Notes may have some impact on the Issuer, the Guarantor and/or the investors of the Notes. Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

Decisions that may be made on behalf of all holders of the Notes may be adverse to the interests of individual holders of the Notes.

The Terms and Conditions of the Notes contain provisions for calling meetings of holders of the Notes to consider matters affecting their general interests. These provisions permit defined majorities to bind all holders of the Notes, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of individual Noteholders.

The Terms and Conditions of the Notes also provide that the Trustee may (but shall not be obliged to), without the consent of the Noteholders, Receiptholders (as defined in the Terms and Conditions of the Notes) or Couponholders (as defined in the Terms and Conditions of the Notes), agree to (i) any modification of any of the Terms and Conditions of the Notes or any of the provisions of the Trust Deed or the Agency Agreement that is of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law, and (ii) any other modification (except for certain reserved matters as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the Terms and Conditions of the Notes or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Changes in interest rates may have an adverse effect on the price of Notes.

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Notes do not restrict the Group's ability to incur additional debt or to take other actions that could negatively impact holders of the Notes. The Company may issue notes or provide guarantees for other notes of the Issuer or other subsidiaries of the Company in the future without consent from any holder of the Notes issued under the Programme and without providing a guarantee or other direct obligation to the holder of the Notes.

The Terms and Conditions of the Notes do not prohibit the Company from issuing notes or providing guarantees for other notes of the Issuer or other subsidiaries of the Company in the future. As a result, the Company may, without consent from any holder of the Notes, issue notes or guarantee notes issued by the Issuer or subsidiaries of the Company in the future, without (i) providing any

unsubordinated guarantee or indemnity in respect of the Notes, or (ii) offering to exchange the Notes for securities issued by the Company with terms substantially identical to those of the Notes. In the event that the Company decides to issue notes or guarantee other notes issued by its subsidiaries or the Issuer in the future, holders of such notes issued or guaranteed by the Company will also have a direct claim against the Company, as the case may be, while the holders of the Notes issued under the Programme do not.

The Group is not restricted under the Terms and Conditions from incurring additional debt, including secured debt, or from repurchasing the Notes. In addition, the covenants applicable to the Notes do not require the Group to achieve or maintain any minimum financial results relating to the Group's financial position or results of operations. The Group's ability to recapitalise, incur additional debt and take other actions that are not limited by the Terms and Conditions of the Notes could diminish the Group's ability to make payments on the Notes and amortising notes when due.

The Issuer has no business activities of its own and will be dependent on funds from the Group to make payments under the Notes.

The Issuer is a BVI business company incorporated under the laws of the British Virgin Islands with limited liability on 21 January 2015, specifically for the purpose of raising funds through the issue of securities or entering into loans. As at the date of this Offering Circular, the Issuer is a wholly-owned subsidiary of the Company. The Issuer has not engaged, since its incorporation, in any material activities other than the issue of the Notes and other activities reasonably incidental thereto, with the benefit of guarantee provided by the Company, and those relating to the proposed issue of the Notes under the Programme and the on-lending of the proceeds thereof to the Company and/or its subsidiaries or affiliates, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party. As a result, the Issuer is subject to all the risks to which the Group that will receive proceeds from the Notes is subject, to the extent that such risks could limit its ability to satisfy in full and on a timely basis its respective obligations to the Issuer under any such loans.

The Notes and the Guarantee will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, and effectively subordinated to the Issuer's and the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

The Notes and the Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, whether or not secured. The Notes will not be guaranteed by any of the Issuer's or the Guarantor's subsidiaries, and the Issuer and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer or the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer or the Guarantor is subject to various restrictions under applicable laws.

Each of the Issuer's and the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes or the Guarantee or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer or the Guarantor are creditors of that subsidiary). Consequently, the Notes and the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's and the Guarantor's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

The Notes and the Guarantee are the Issuer's and the Guarantor's unsecured obligations, respectively, and will (i) rank equally in right of payment with all the Issuer's and the Guarantor's other

present and future unsubordinated and unsecured indebtedness; and (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. Accordingly, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in their respective debt agreements (if any), or the Notes, there could be a default under the terms of these agreements, or the Notes, which could cause repayment of the debt of the Issuer or the Guarantor to be accelerated.

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in the Notes, or current or future debt obligations and other debt agreements (if any), there could be a default under the terms of these debt agreements. In the event of a default under these debt agreements, the holders of the debt could terminate their commitments to lend to the Issuer or the Guarantor, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the relevant debt agreements, as the case may be. Furthermore, such debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer or the Guarantor under one debt agreement may cause the acceleration of repayment of debt or result in a default under its other debt agreements, including the Notes. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows to repay in full all the indebtedness of the Issuer or the Guarantor, or that it would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor.

Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more Global Notes (in the case of Bearer Notes) or Global Certificates (in the case of Registered Notes). Such Global Notes and Global Certificates will be deposited with a common depositary for Euroclear and Clearstream or lodged with the CMU (each of Euroclear, Clearstream and the CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes or Global Certificates. While Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing System(s).

While Notes are represented by one or more Global Notes or Global Certificates, the Issuer, or failing which, the Guarantor will discharge its payment obligations under any Notes by making payments to the relevant Clearing System(s) for distribution to their account holders or in the case of the CMU, to the persons for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the procedures of the CMU (the "**CMU Rules**").

A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. None of the Issuer, the Guarantor, the Trustee or the Agents has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement action against the Issuer or the Guarantor in the event of a default under the relevant Notes but will have to rely on the procedures of the relevant Clearing System(s), and if such holder is not a participant in the relevant Clearing System(s), on the procedures of the participant through which such holder owns its interest, to exercise upon their rights under the Trust Deed.

Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the Terms and Conditions of the Notes) plus a higher integral multiple of another smaller amount, it is possible that the relevant Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such case a Noteholder who, as a result of trading such amounts, holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Issuer may not be able to redeem the Notes upon the due date for redemption thereof.

If specified in the relevant Pricing Supplement, the Issuer may, at its option, at maturity, at Noteholders' option or following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes), be required to redeem all or some of the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the relevant Notes in time, or on acceptable terms, or at all. The ability to redeem Notes in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under the relevant Notes, which may also constitute a default under the terms of the Issuer's or the Group's other indebtedness.

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed.

The Terms and Conditions of the Notes provide the Issuer options to redeem the Notes before their stated maturity to the extent described under Condition 6(e) (*Redemption at the Option of the Issuer*), Condition 6(f) (*Issuer Residual Call Option*) and Condition 6(g) (*Issuer Maturity Call Option*) if such options are specified as being applicable in the relevant Pricing Supplement. An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At such times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The ratings of the Programme may be downgraded or withdraw and the ratings assigned to the Notes may not reflect all risks.

The Programme has been assigned ratings of "A-" by Fitch and "A-" by S&P. Tranches of

Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme.

The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Notes and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Notes. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold any Notes and may be subject to suspension, reduction or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. Neither the Issuer nor the Guarantor is obligated to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may materially and adversely affect the market price of the Notes and the Issuer's and the Guarantor's ability to access the debt capital markets.

Any downgrading of the Guarantor's corporate ratings, or those of its subsidiaries, by rating agencies could adversely affect the Group's business and the Group's liquidity.

Any adverse revision to the Guarantor's corporate ratings, or those of its subsidiaries, for domestic and international debt by rating agencies may adversely affect the Group's business, its financial performance and the trading price of the Notes. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

The insolvency laws of the British Virgin Islands, Hong Kong and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.

As the Issuer and the Guarantor are incorporated under the laws of the British Virgin Islands and Hong Kong, respectively, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve the British Virgin Islands or Hong Kong insolvency laws, respectively, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

The Trustee may request the Noteholders to provide an indemnity, security and/or pre-funding to its satisfaction.

In certain circumstances, including, without limitation, giving of notice to the Issuer and the Guarantor pursuant to Condition 10 of the Terms and Conditions of the Notes and taking any steps and/or actions and/or instituting any proceedings pursuant to Condition 12 of the Terms and Conditions of the Notes, the Trustee may request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or actions and/or institutes any proceedings on behalf of the Noteholders. The Trustee shall not be obliged to take any such steps and/or actions and/or to institute any such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take such steps and/or actions and/or institute such proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed and the applicable law, it will be for the holders of the relevant Notes to take such steps and/or actions and/or institute proceedings directly.

A change in English law which governs the Notes may adversely affect Noteholders.

The Terms and Conditions of the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Notes would need to be subject to the exclusive jurisdiction of the Hong Kong courts.

The Terms and Conditions of the Notes, the Trust Deed and the Agency Agreement (as defined in the Terms and Conditions of the Notes) are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, the Hong Kong courts may require certain additional procedures to be taken. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holders' ability to initiate a claim outside of Hong Kong will be limited.

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES UNDER THE PROGRAMME

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Risks associated with Index Linked Notes and Dual Currency Notes.

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future

performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks".

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by European Union supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-European Union based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the United Kingdom.

Similarly, it prohibits the use in the United Kingdom by United Kingdom supervised entities of benchmarks of administrators that are not authorised by the United Kingdom Financial Conduct Authority ("**FCA**") or registered on the FCA register (or, if non-United Kingdom based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark is changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international reforms or the general increased regulatory scrutiny of benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high-level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing the Euro Interbank Offered Rate ("**EURIBOR**"). The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. The potential elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have the

following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark; or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The use of Secured Overnight Financing Rate as a reference rate is subject to important limitations.

The rate of interest on floating rate Notes may be calculated on the basis of SOFR (as further described under Condition 5(b)(iii) (*Rate of Interest for Floating Rate Notes*) of the Terms and Conditions of the Notes).

In June 2017, the New York Federal Reserve's Alternative Reference Rates Committee (the "**ARRC**") announced SOFR as its recommended alternative to U.S. dollar London interbank offered rate ("**LIBOR**"). However, the composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo-financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, or regulatory events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates.

As SOFR is an overnight funding rate, interest on SOFR-based Notes with interest periods longer than overnight will be calculated on the basis of either the arithmetic mean of SOFR over the relevant interest period or compounding SOFR during the relevant interest period. As a consequence of this calculation method, the amount of interest payable on each interest payment date will only be known a short period of time prior to the relevant interest payment date. Noteholders therefore will not know in advance the interest amount which will be payable on such Notes.

Although the Federal Reserve Bank of New York has published historical indicative SOFR information going back to 2014, such prepublication of historical data inherently involves assumptions, estimates and approximations. Noteholders should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR.

The Federal Reserve Bank of New York notes on its publication page for SOFR that use of SOFR is subject to important limitations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve Bank of New York based on data received from other sources, and the Issuer has no control over its determination, calculation or publication. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Noteholders. If the manner in which SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Notes and a reduction in the trading prices of the Notes which would negatively impact the Noteholders who could lose part of their investment.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event

that a Benchmark Event (as defined in the Terms and Conditions of the Notes) occurs, which is based on the ARRC recommended language. There is however no guarantee that the fallback arrangements will operate as intended at the relevant time or operate on terms commercially acceptable to all Noteholders. Any of the fallbacks may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Notes if SOFR had been provided by the Federal Reserve Bank of New York in its current form. Investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with respect to any Notes linked to SOFR.

The market continues to develop in relation to SOFR as a reference rate for Floating Rate Notes.

Investors should be aware that the market continues to develop in relation to SOFR as a reference rate in the capital markets and its adoption as an alternative to U.S. dollar LIBOR. Market participants and relevant working groups are exploring alternative reference rates based on SOFR (which seek to measure the market's forward expectation of a SOFR rate over a designated term). The market or a significant part thereof may adopt an application of SOFR that differs significantly from that set out in the Terms and Conditions of the Notes. In addition, the manner of adoption or application of SOFR in the bond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SOFR in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR. In addition, the development of SOFR as an interest reference rate for the bond markets, as well as continued development of SOFR-based rates, indices and averages for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of Notes referencing SOFR. Similarly, if SOFR does not prove widely used in securities such as the Notes referencing SOFR, investors may not be able to sell such Notes referencing SOFR at all or the trading price of Notes referencing SOFR may be lower than those of bonds linked to indices that are more widely used.

The use of SOFR as a reference rate for bonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. Notes referencing SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of such Notes or mean that investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to Notes referencing SOFR.

The administrator of SOFR or any related indices may make changes that could change the value of SOFR or any related index, or discontinue SOFR or any related index.

The Federal Reserve or the Bank of New York (or their successors) as administrators of SOFR (and the SOFR Compounded Index), may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

Inverse floating rate Notes are typically more volatile than conventional floating rate debt.

Inverse floating rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the EURIBOR. The market values of such Notes are typically more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice versa, may have lower market values than other Notes.

Fixed Rate Notes and Floating Rate Notes (each as defined in the Terms and Conditions of the Notes) may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed Rate Notes may be less favourable than then-prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then-prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest-bearing securities do.

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index Linked Notes issued.

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index Linked Interest Notes or Index Linked Redemption Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer, the Guarantor and the Group. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted

or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

The liquidity and price of the Notes following any offering of the Note under the Programme may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. The international financial markets have experienced significant volatility in the past. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Exchange rate risks and exchange controls may result in a Noteholder receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Noteholder may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi

into and outside the PRC which may adversely affect the liquidity of Renminbi Notes.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been a significant reduction in control by the PRC government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, and the PBOC and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer to repatriate funds outside the PRC to meet its obligations under the Renminbi Notes, the Issuer will need to source Renminbi offshore to finance such obligations under the relevant Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

In addition, holders of beneficial interests in Renminbi Notes may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (《關於人民幣業務的清算協議》) (the "**Settlement Agreement**") between PBOC and Bank of China (Hong Kong) Limited (the "**Renminbi Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a "**Renminbi Clearing Bank**"), including London, Frankfurt, Paris and Singapore to further internationalise the Renminbi.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect

of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the settlement arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer or the Guarantor is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that either the Issuer or the Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to interest rate risks.

The value of Renminbi payments under Renminbi Notes may be susceptible to interest rate fluctuations occurring within and outside the PRC, including PRC Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with the fluctuations in the Renminbi interest rates. If holders of Renminbi Notes propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes.

All payments to investors in respect of Renminbi Notes will be made solely (i) when Renminbi Notes are represented by Global Notes or Global Certificates, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer or the Guarantor (as the case may be) cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Terms used in this section that are not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

INITIAL ISSUE OF NOTES

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream (the "**Common Depositary**") or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note or a Global Certificate with the Common Depositary or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee of the Common Depositary for Euroclear and Clearstream or (ii) the Hong Kong Monetary Authority as operator of the CMU and delivery of the relevant Global Note or Global Certificate to the Common Depositary or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the obligation of the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

EXCHANGE

Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Summary of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a Temporary Global Note issued pursuant to TEFRA D will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. The payments in respect of a Note issued under TEFRA D pursuant to Conditions 6(d) (*Redemption for a Change of Control*) and 6(h) (*Redemption at the Option of Noteholders*) of the Terms and Conditions of the Notes may not be collected without certificate as to non-U.S. beneficial ownership.

In respect of a Note issued under TEFRA D, for the purpose of dealing in Euroclear or Clearstream or the CMU, any further issue of Notes by the Issuer pursuant to Condition 15 (*Further Issues*) of the Terms and Conditions of the Notes may not be consolidated and form a single series with the outstanding securities of any series (including the Notes) until the exchange of interests in a Temporary Global Note for interests in a Permanent Global Note upon the relevant Certification.

Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided in the paragraph titled "Partial Exchange of Permanent Global Notes" below, in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an aggregate nominal amount equal to one or more Specified Denominations.

Global Certificates

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfer of

the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) (*Transfer of Registered Notes*) of the Terms and Conditions of the Notes may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In the event that a Global Certificate is exchanged for a definitive Certificate, such definitive Certificate shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a definitive Certificate in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an aggregated nominal amount equal to one or more Specified Denominations.

Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal, interests and Instalment Amounts in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Terms and Conditions of the Notes (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

DELIVERY OF NOTES

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent).

In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes, Global Certificates and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon).

Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

EXCHANGE DATE

"Exchange Date" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, after that on which the notice requiring exchange is given and on which banks are generally open for business in the city in which the specified office of the Issuing and Paying Agent (or in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) is located and in the city in which the relevant clearing system is located.

AMENDMENT TO THE TERMS AND CONDITIONS OF THE NOTES

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

PAYMENTS

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Payments on any Temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of "business day" set out in Condition 7(h) (*Non-Business Days*) of the Terms and Conditions of the Notes but (in the case of Notes lodged with the CMU) shall also require such day to be a day (other than a Saturday, Sunday or public holiday) on which the CMU is operating.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited as being held by the CMU at the relevant time (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

PRESCRIPTION

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*) of the Terms and Conditions of the Notes).

MEETINGS

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholders holding, whether or not represented by a Global Certificate.

CANCELLATION

Cancellation of any Note represented by a Permanent Global Note that is required by the Terms and Conditions of the Notes to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such Permanent Global Note or, in the case of a Global Certificate, by reduction in the aggregate nominal amount of the Certificates in the Register, whereupon the nominal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

PURCHASE

Notes represented by a Permanent Global Note or by a Global Certificate may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

ISSUER'S OPTION

Any option of early redemption of the Issuer provided for in the Terms and Conditions of the Notes of any Notes while such Notes are represented by a Permanent Global Note or by a Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, the CMU or Alternative Clearing System (as the case may be).

NOTEHOLDERS' OPTIONS

Any option of the Noteholders provided for in the Terms and Conditions of the Notes of any Notes while such Notes are represented by a Permanent Global Note or a Global Certificate may be exercised by the holder of the Permanent Global Note or a Global Certificate giving notice to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent, a Transfer Agent or the Registrar (as applicable) set out in the Terms and Conditions of the Notes substantially in the form of the notice available from any Paying Agent, any Transfer Agent or the Registrar (as applicable), except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and (in the case of a Permanent Global Note only) at the same time presenting the Permanent Global Note to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent), for notation accordingly in relevant schedule of such Permanent Global Note.

TRUSTEE'S POWERS

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of, or in the name of any nominee for, a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interest if such accountholders were the holders of the Notes represented by such Global Note or the relevant Global Certificate, as the case may be.

NOTICES

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream or Alternative Clearing System (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to each relevant accountholder via the CMU, and any such notice shall be deemed to have been given to the Noteholders on the date of delivery to the relevant clearing system.

PARTLY PAID NOTES

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be used for working capital and general corporate purpose including but limited to repayment of existing loans, payment of vessel purchase fees and other loan lending costs or otherwise disclosed in the relevant Pricing Supplement.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, save for the words in italics and subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement or the Trust Deed, as the case may be. Those definitions will be endorsed on the definitive Bearer Notes or Certificates, as the case may be. References in these Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued by CSSC Capital 2015 Limited (the "**Issuer**") and guaranteed by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司) (the "**Guarantor**"), and are constituted by a Trust Deed dated 29 September 2025 (as amended, restated, novated and/or supplemented from time to time, the "**Trust Deed**") between the Issuer, the Guarantor and China CITIC Bank International Limited (the "**Trustee**", which expression shall, where the context so permits, include its successor(s) and all other persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the Noteholders (as defined below). These terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bearer Notes, the Certificates, the Receipts, the Coupons and the Talons referred to below. An agency agreement dated 29 September 2025 (as amended, restated, novated and/or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, China CITIC Bank International Limited as initial issuing and paying agent and as initial CMU lodging and paying agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**", which term shall, where the context so permits, include its operator) and the other agents named therein. The issuing and paying agent, the CMU lodging and paying agent, any other paying agents, the registrar, the transfer agent(s) and the calculation agent(s) for the time being are referred to below respectively as the "**Issuing and Paying Agent**" (which expression includes any successor issuing and paying agent appointed from time to time in connection with the Notes), the "**CMU**

Lodging and Paying Agent" (which expression includes any successor CMU Lodging and Paying Agent appointed from time to time in connection with the Notes), the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and the Paying Agent and any additional or successor paying agents appointed from time to time in connection with the Notes), the "**Registrar**" (which expression includes any successor registrar appointed from time to time in connection with the Notes), the "**Transfer Agents**" (which expression shall include the Registrar and any successor transfer agents appointed from time to time in connection with the Notes) and the "**Calculation Agent(s)**" (which expression includes any successor calculation agent(s) appointed from time to time in connection with the Notes) and collectively, the "**Agents**". For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly.

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office of the Trustee (presently at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified office of the Issuing and Paying Agent (as specified in the Agency Agreement) following prior written request and provision of proof of holding and identity satisfactory to the Trustee or, as the case may be, the Issuing and Paying Agent.

The Noteholders, the holders (the "**Couponholders**") of the interest coupons (the "**Coupons**") relating to interest-bearing Bearer Notes and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**"), and, where applicable, the holders (the "**Receiptholders**") of receipts for the payment of instalments of principal (the "**Receipts**") relating to Bearer Notes of which the principal is payable in instalments, are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects, and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series with such Tranche of Notes and (b) identical in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them, and (if applicable) the timing for submission of the NDRC Post-Issue Filing and the timing for making the related notifications to the Trustee and the Noteholders).

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement or the Trust Deed.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown in the applicable Pricing Supplement.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the applicable Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

*Each Tranche of Bearer Notes will be initially issued in the form of a Temporary Global Note or, if so specified in the applicable Pricing Supplement, a Permanent Global Note which, in either case, will be delivered on or prior to the original issue date of the Tranche to either (i) a common depositary (the "**Common Depositary**") for Euroclear and Clearstream; or (ii) a sub-custodian for the CMU. Alternatively, any subsequent Tranche of an existing Series may be represented by an increase in the principal amount of Notes represented by a Permanent Global Note of an earlier Tranche of the same Series, or both such Tranches (and any earlier Tranches) may be represented by a replacement Permanent Global Note representing the aggregate principal amount of Notes of such Tranches.*

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless

of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it in the case of Registered Notes) or its theft or loss (or that of the relevant Certificate) and no person shall be liable for so treating the holder.

*For so long as any of the Notes are represented by a Global Note or a Global Certificate held on behalf of Euroclear and/or Clearstream and/or a sub-custodian for the CMU, each person (other than Euroclear or Clearstream or the CMU) who is for the time being shown in the records of Euroclear or Clearstream or the CMU as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream or the CMU as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate shall be treated by the Issuer, the Guarantor, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note or Global Certificate and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules at the relevant time and such payments shall discharge the obligation of the Issuer, the Guarantor and the Trustee (as the case may be) in respect of that payment under such Note. In addition, these Conditions are modified by certain provisions contained in the Global Note or the Global Certificate (as the case may be).*

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person (or in the case of joint holders, the first-named thereof) in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in the applicable Pricing Supplement, the absence of any such meaning indicating that such term is not applicable to the Notes.

References in these Conditions to Coupons, Couponholders, Talons, Receipts and Receiptholders relate to Bearer Notes only. References in these Conditions to Certificates relate to Registered Notes only.

2. NO EXCHANGE OF NOTES, TRANSFERS OF REGISTERED NOTES AND CERTIFICATES

(a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes:** One or more Registered Notes may, subject to Condition 2(f) and the terms of the Agency Agreement, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may

require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes (which shall be in a Specified Denomination) represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in a Specified Denomination) shall be issued to the transferor. All transfers of Notes and entries on the Register will be made in accordance with detailed regulations concerning transfers of Notes, the initial form of which is scheduled to the Agency Agreement (the "**Regulations**"). The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available (free of charge to the Noteholder and at the expense of the Issuer, failing which the Guarantor) by the Registrar to any Noteholder following prior written request and provision of proof of holding and identity satisfactory to the Registrar. No transfer of title to a Registered Note will be valid unless and until entered on the Register.

Transfer of interests in the Notes evidenced by a Global Note or Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of the Issuer's or a Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Registered Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or Condition 2(c) shall be available for delivery within seven business days of receipt of a duly completed and signed form of transfer or Put Exercise Notice (as defined in Condition 6(d)) or Exercise Notice (as defined in Condition 6(h)) and surrender of the original Certificate. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or any other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Put Exercise Notice, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Put Exercise Notice, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate (but free of charge to the holder and at the expense of the Issuer, failing which the Guarantor) to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant other Transfer Agent (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the Registrar or the relevant other Transfer Agent (as the case may be).

(e) **Transfers Free of Charge:** Transfers of Registered Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or any other Transfer Agent,

but upon (i) payment by the relevant Noteholder of any taxes, duties, assessments or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant other Transfer Agent (as the case may be) may require); (ii) the Registrar or the relevant other Transfer Agent (as the case may be) being satisfied in its sole and absolute discretion with the documents of title and identity of the person making the application and (iii) the Registrar or the relevant other Transfer Agent (as the case may be) being satisfied in its sole and absolute discretion that the Regulations have been complied with.

(f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) after the exercise of the put option in Condition 6(d) in respect of that Registered Note, (iii) after the exercise of the put option in Condition 6(h) in respect of that Registered Note, (iv) during the period of 15 days prior to any date on which Notes may called for redemption in part by the Issuer at its option pursuant to Condition 6(e), (v) after any such Registered Note has been called for redemption or (vi) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(c)(ii)).

3. STATUS AND GUARANTEE

(a) **Status of Notes:** The Notes and any Receipts and Coupons relating to them constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

(b) **Guarantee:** The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, and any Receipts and Coupons (the "**Guarantee**"). The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

4. COVENANTS

(a) **Negative Pledge:** So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of its Subsidiaries will, create, or have outstanding any Security Interest (save for a Permitted Security Interest), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, in any case without at the same time or prior thereto, according to the relevant Notes (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) **Reporting to NDRC:** In relation to each Tranche of Notes where the NDRC Administrative Measures is applicable, the Issuer undertakes that it will within 10 Registration Business Days (as defined below) after the Issue Date (or with respect to

any further issue pursuant to Condition 15, within 10 Registration Business Days after the issue date of such further issue) file or cause to be filed with the NDRC the requisite information and documents in accordance with the NDRC Administrative Measures and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the "**NDRC Post-Issue Filing**"). The Issuer and the Guarantor shall comply with all applicable PRC laws, rules and regulations in connection with the Notes (including the NDRC Administrative Measures, if applicable).

(c) **Notification of Submission of the NDRC Post-Issue Filing:** The Issuer shall, within 20 Registration Business Days after submission of the NDRC Post-Issue Filing, provide the Trustee with (i) a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory of the Issuer confirming the completion of the NDRC Post-Issue Filing and (ii) copies of the relevant documents evidencing due filing with the NDRC (if any) (the items specified in (i) and (ii) together, the "**Registration Documents**").

The Issuer shall, within 10 Registration Business Days after the Registration Documents are delivered to the Trustee (and with respect to any further issue pursuant to Condition 15, within 10 Registration Business Days after the Registration Documents with respect to such further issue are delivered to the Trustee), give notice to the Noteholders (in accordance with Condition 16) confirming the completion of the NDRC Post-Issue Filing.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor, assist with or ensure the NDRC Post-Issue Filing is made, on or before the relevant deadline set out in Condition 4(b) or to verify the accuracy, validity and/or genuineness of any documents or information in relation to or in connection with the NDRC Post-Issue Filing and/or the Registration Documents or to translate into English any Registration Document or to give notice to the Noteholders confirming the completion of the NDRC Post-Issue Filing, and the Trustee shall not be liable to Noteholders or any other person for not doing so.

(d) **Financial Information:**

(i) So long as any Note remains outstanding (as defined in the Trust Deed), the Guarantor shall provide the Trustee with, as soon as they are available, but in any event not more than 14 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognised exchange on which the Guarantor's common stock is at any time listed for trading, true and correct copies of the annual audited consolidated financial statements of the Guarantor, the semi-annual unaudited consolidated financial statements of the Guarantor and any other financial report (if any) in the English language filed with such exchange; *provided that* if at any time the common stock of the Guarantor ceases to be listed for trading on a recognised stock exchange, the Guarantor shall provide to the Trustee with:

(A) as soon as they are available and in any event within 150 days of the end of each Relevant Period, a copy of the relevant Audited Financial Reports prepared in accordance with HKFRS (audited by a nationally or internationally recognised firm of independent accountants); and

(B) a copy of the Unaudited Financial Reports within 110 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports provided to the Trustee pursuant to paragraph (A) of this Condition 4(d)(i), and

if such reports shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants or (y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate.

(ii) So long as any Note remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor shall provide the Trustee with a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Noteholder or any other person for such reliance) at the same time as the annual audited consolidated financial statements of the Guarantor or the Audited Financial Reports of the Guarantor, as the case may be, are provided to the Trustee pursuant to Condition 4(d)(i)(A) and (B) within 14 days of any written request therefor by the Trustee.

(e) **Rating maintenance**

Where Rating Maintenance is specified in the applicable Pricing Supplement, so long as any Note remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution of Noteholders, the Issuer (and the Guarantor shall procure that the Issuer) shall use its best endeavours to maintain a rating on the Notes by a Rating Agency.

(f) **Issuer's activities**

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not conduct any business or any activities other than financing activities and the lending of the proceeds thereof to the Guarantor or any of the Guarantor's Subsidiaries and affiliates and any other activities reasonably incidental thereto.

(g) **Definitions**

In these Conditions:

"**Asset-Backed Securities**" means any Relevant Indebtedness:

(i) if by the terms of such indebtedness it is expressly *provided* that recourse by the holders of such indebtedness is limited to the properties or assets of the Guarantor and the revenues to be generated by the operation of, or loss of or damage to, such properties or assets, for repayment of the moneys advanced and payment of interest thereon; and

(ii) which is not guaranteed by the Guarantor or any of its Subsidiaries;

"**Audited Financial Reports**" means the annual audited consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statements of changes in owners' equity of the Guarantor together with any statements, reports (including any directors' and auditors' reports, if any) and notes attached to or intended to be read with any of them;

"**Authorised Signatory**" means, in relation to the Issuer or the Guarantor, any director or any other officer of the Issuer or the Guarantor, as the case may be, who has been authorised by the Issuer or the Guarantor, as the case may be, to sign the certificates

and other documents required or contemplated under the Notes, the Trust Deed, the Agency Agreement or any other transaction document in relation to the Notes on behalf of, and so as to bind, the Issuer or the Guarantor, as the case may be, and which the Issuer or the Guarantor, as the case may be, has notified in writing to the Trustee and the Agents as provided in the Agency Agreement;

"**Compliance Certificate**" means a certificate in English substantially in the form scheduled to the Trust Deed of each of the Issuer and the Guarantor, signed by an Authorised Signatory of the Issuer or, as the case may be, the Guarantor, that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor (as the case may be) as at a date (the "**Certification Date**") not more than five days before the date of the certificate that:

(i) no Event of Default (as defined in Condition 10) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) the Issuer or, as the case may be, the Guarantor has complied with all its respective covenants and obligations under the Trust Deed and the Notes or, if non-compliance had occurred, giving details of it;

"**HKFRS**" means the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (as in effect from time to time);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Issue Date**" has the meaning given in the applicable Pricing Supplement;

"**NDRC**" means the National Development and Reform Commission of the PRC;

"**NDRC Administrative Measures**" means the Administrative Measures for the Examination and Registration of Medium and Long-Term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC on 5 January 2023 and became effective on 10 February 2023;

"**Permitted Security Interests**" means:

(i) any Security Interest over any assets (or related documents of title) purchased by the Guarantor or any of its Subsidiaries as security for all or part of the purchase price of such assets and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets, *provided* that in the case of refinancing, the principal or nominal amount of such refinancing is not greater than the amount of the original financing;

(ii) any Security Interest over any assets (or related documents of title) purchased or acquired by the Guarantor or any of its Subsidiaries subject to such Security Interest and any substitute Security Interest created on those assets in connection with the refinancing (together with interest, fees and other charges attributable to such refinancing) of the indebtedness secured on those assets, *provided* that in the case of refinancing, the principal or nominal amount of such refinancing is not greater than the amount of the original financing; or

(iii) any Security Interest created to secure Asset-Backed Securities issued by a

Subsidiary of the Guarantor;

provided that the aggregate value of the relevant assets subject to the Security Interest pursuant to this provision do not exceed 10 per cent. of the total consolidated assets of the Guarantor and its Subsidiaries measured in accordance with HKFRSs based on the latest Audited Financial Reports and the Unaudited Financial Reports, as the case may be;

"**person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof (in each case whether or not being a separate legal entity);

"**Potential Event of Default**" means any event or circumstance which would with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

"**PRC**" means the People's Republic of China, which shall, for the purpose of these Conditions only, exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Rating Agency**" means (i) S&P Global Ratings, a division of S&P Global Inc., and its successors ("**S&P**"); (ii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("**Moody's**"); (iii) Fitch Rating Inc., a subsidiary of Hearst Corporation, and its successors ("**Fitch**"); and (iv) if one or more of S&P, Moody's or Fitch shall not make a rating of the Notes publicly available, any internationally recognised securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be;

"**Registration Business Day**" means a day, other than a Saturday, a Sunday or a public holiday, on which commercial banks are generally open for business in Beijing;

"**Relevant Indebtedness**" means any debt issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (which, for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans);

"**Relevant Period**" means (i) in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor's financial year (being 31 December of that financial year); and (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Guarantor's first half financial year (being 30 June of that financial year);

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest;

"**Subsidiary**" means, with respect to any person, any corporation, association or other business entity which at any time has its accounts consolidated with those of that person in accordance with HKFRS; and

"**Unaudited Financial Reports**" means the semi-annual unaudited condensed consolidated statement of financial position, condensed consolidated income statement and statement of comprehensive income, condensed consolidated changes in owner's equity and condensed consolidated statement of cash flows of the Guarantor together

with any statements, reports (including any directors' and interim review reports, if any) and notes attached to or intended to be read with any of them, if any.

5. INTEREST AND OTHER CALCULATIONS

The amount payable in respect of the aggregate nominal amount of Notes represented by a Global Certificate or a Global Note (as the case may be) shall be made in accordance with the methods of calculation provided for in the Conditions and the applicable Pricing Supplement, save that the calculation is made in respect of the aggregate amount of the Notes represented by such Global Certificate or Global Note (as the case may be), together with such other sums and additional amounts (if any) as may be payable under the Conditions.

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**

(i) **Interest Payment Dates:** Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(j). Such Interest Payment Date(s) is/are either shown in the applicable Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Pricing Supplement, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown in the applicable Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Pricing Supplement is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) **Rate of Interest for Floating Rate Notes:** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate, *provided* that in any circumstances where under the ISDA Definitions the Calculation Agent would be required to exercise any discretion, including the selection of any reference banks and seeking quotations from reference banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer or its designee. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) if the Pricing Supplement specifies either "**2006 ISDA Definitions**" or "**2021 ISDA Definitions**" as the applicable ISDA Definitions:

(1) the Floating Rate Option (as defined in the relevant ISDA Definitions) is as specified in the applicable Pricing Supplement;

(2) the Designated Maturity (as defined in the relevant ISDA Definitions), if applicable, is a period specified in the applicable Pricing Supplement; and

(3) the relevant Reset Date (as defined in the relevant ISDA Definitions) is as specified in the applicable Pricing Supplement;

(4) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the relevant ISDA Definitions), Compounding is specified to be applicable in the applicable Pricing Supplement and:

(I) Compounding with Lookback is specified as the Compounding Method in the applicable Pricing Supplement, then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement;

(II) Compounding with Observation Period Shift is specified as the Compounding Method in the applicable Pricing Supplement, then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement and (c) Observation

Period Shift Additional Business Days (as defined in the relevant ISDA Definitions), if applicable, are the days specified in the applicable Pricing Supplement; or

(III) Compounding with Lockout is specified as the Compounding Method in the applicable Pricing Supplement, then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement and (c) Lockout Period Business Days, if applicable, are the days specified in the applicable Pricing Supplement; and

(5) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the relevant ISDA Definitions) and Index Provisions are specified to be applicable in the applicable Pricing Supplement), the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the applicable Pricing Supplement); and (b) Observation Period Shift Additional Business Days (as defined in the relevant ISDA Definitions) are the days, if applicable, specified in the applicable Pricing Supplement);

(6) references in the relevant ISDA Definitions to:

(I) "**Confirmation**" shall be deemed to be references to the applicable Pricing Supplement;

(II) "**Calculation Period**" shall be deemed to be references to the relevant Interest Accrual Period;

(III) "**Termination Date**" shall be deemed to be references to the Maturity Date; and

(IV) "**Effective Date**" shall be deemed to be references to the Interest Commencement Date; and

(y) if the Pricing Supplement specifies "**2021 ISDA Definitions**" as the applicable ISDA Definitions:

(1) Administrator/Benchmark Event shall be disapplied; and

(2) if the Temporary Non-Publication Fallback for any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**" and "**Swap Transaction**" have the meanings given to those terms in either the "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes not referencing SOFR Benchmark

(x) Subject to Condition 5(b)(v), where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined (other than in respect of Notes for which the Reference Rate is SOFR Benchmark), the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or in the case of CNH HIBOR, 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then 2.30 p.m. (Hong Kong time) on the Interest Determination Date in question, in each case as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, HIBOR or CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Issuer shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the

Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, *provided* that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Screen Rate Determination for Floating Rate Notes referencing SOFR

Benchmark

Subject to Condition 5(b)(vi), where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined where the Reference Rate is SOFR Benchmark, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any) in accordance with Condition 5(i), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The "**SOFR Benchmark**" will be determined based on Simple SOFR Average, Compounded Daily SOFR or Compounded SOFR Index, as follows (subject in each case to Condition 5(b)(vi) as further specified in the applicable Pricing Supplement):

(x) If Simple SOFR Average ("**Simple SOFR Average**") is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be the arithmetic mean of the SOFR reference rates for each U.S. Government Securities Business Day during the period, as calculated by the Calculation Agent, and where, if applicable and as specified in the applicable Pricing Supplement, the SOFR reference rate on the SOFR Rate Cut-Off Date shall be used for the U.S. Government Securities Business Days in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date;

(y) If Compounded Daily SOFR ("**Compounded Daily SOFR**") is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Accrual Period (where SOFR Lag, SOFR Payment Delay or SOFR Lockout is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR) or the SOFR Observation Period (where SOFR Observation Shift is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR).

Compounded Daily SOFR shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified as applicable in the applicable Pricing Supplement:

(1) SOFR Lag:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{i-xUSBD}\times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point,

with 0.000005 per cent. being rounded upwards and where:

"**$SOFR_{i\text{-}xUSBD}$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day(i);

"**Lookback Days**" means such number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(2) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date for such Interest Accrual Period;

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified in the

applicable Pricing Supplement;

"**d**" means the number of calendar days in the relevant SOFR Observation Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"**i**" means a series of whole numbers ascending from one to do, representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

(3) SOFR Payment Delay:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i);

"**Interest Payment Date**" shall be the date falling the number of Interest Payment Delay Days following each Interest Period Date (as specified in the relevant Pricing Supplement); *provided* that the Interest Payment Date with respect to the final Interest Accrual Period will be the Maturity Date or, if the Issuer elects to redeem the Notes prior to the Maturity Date, the relevant Optional Redemption Date;

"**Interest Payment Delay Days**" means the number of Business Days as specified in the applicable Pricing Supplement;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities

Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

For the purposes of calculating Compounded Daily SOFR with respect to the final Interest Accrual Period where SOFR Payment Delay is specified in the applicable Pricing Supplement, the SOFR reference rate for each U.S. Government Securities Business Day in the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant Optional Redemption Date, as applicable, shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date.

(4) SOFR Lockout:

$$\left(\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right)\times\frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards and where:

"**$SOFR_i$**" for any U.S. Government Securities Business Day(i) in the relevant Interest Accrual Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day(i), except that the SOFR

for any U.S. Government Securities Business Day(i) in respect of the period from (and including) the SOFR Rate Cut-Off Date to (but excluding) the Interest Period Date for such Interest Accrual Period shall be the SOFR reference rate in respect of such SOFR Rate Cut-Off Date;

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d_o**" means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers ascending from one to do, representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Accrual Period (each a "**U.S. Government Securities Business Day(i)**"); and

"**n_i**", for any U.S. Government Securities Business Day(i), means the number of calendar days from (and including) such

U.S. Government Securities Business Day(i) up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of Conditions 5(b)(iii)(C)(x) and 5(b)(iii)(C)(y):

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "SOFRRATE" or any successor page or service;

"**Reuters Page USDSOFR=**" means the Reuters page designated "**USDSOFR=**" or any successor page or service;

"**SOFR**" means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

(I) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator's Website;

(II) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's Website; or

(III) if the reference rate specified in (i) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(b)(vi);

"**SOFR Rate Cut-Off Date**" means the date that is a number of U.S. Government Securities Business Days prior to the Interest Payment Date relating to the relevant Interest Accrual Period, the Maturity Date or the relevant Optional Redemption Date, as applicable, as specified in the applicable Pricing Supplement; and

"**SOFR Determination Time**" means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

(z) If Compounded SOFR Index ("**Compounded SOFR Index**") is specified as applicable in the applicable Pricing Supplement, the SOFR Benchmark for each Interest Accrual Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \left(\frac{360}{d_c}\right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards and where:

"**SOFR Index**" means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator's Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, *provided that*:

(a) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the "**SOFR Index**" shall be calculated on any Interest Determination Date with respect to an Interest Accrual Period, in accordance with the Compounded Daily SOFR formula described above in Condition 5(b)(iii)(C)(y)(2); "**SOFR Observation Shift**", and the term "**SOFR Observation Shift Days**" shall mean five U.S. Government Securities Business Days; or

(b) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 5(b)(vi);

"**SOFR Index$_{End}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the Interest Period Date on which such Interest Accrual Period ends (or in the final Interest Accrual Period, the Maturity Date);

"**SOFR Index$_{Start}$**" means, in respect of an Interest Accrual Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the first day of such Interest Accrual Period;

"**SOFR Index Determination Time**" means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government

Securities Business Day;

"**SOFR Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Accrual Period (and in respect of the first Interest Accrual Period, the number of SOFR Observation Shift Days preceding the Issue Date) to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Period Date on which such Interest Accrual Period ends (or in the final Interest Accrual Period, the Maturity Date);

"**SOFR Observation Shift Days**" means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement; and

"$\mathbf{d_c}$" means the number of calendar days in the applicable SOFR Observation Period.

The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(iii)(C):

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York (currently, being https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index), or any successor source;

"**SOFR Benchmark Replacement Date**" means the Benchmark Replacement Date with respect to the then-current Benchmark;

"**SOFR Benchmark Transition Event**" means the occurrence of a Benchmark Event with respect to the then-current Benchmark; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(iv) **Rate of Interest for Index Linked Interest Notes:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the applicable Pricing Supplement.

(v) **Benchmark Discontinuation for Floating Rate Notes not referencing SOFR Benchmark**

(A) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser,

as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(b)(v)(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(b)(v)(D)). In making such determination, Independent Adviser appointed pursuant to this Condition 5(b)(v) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 5(b)(v).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(b)(v)(A) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum

Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(b)(v)(A).

(B) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

(x) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(v)); or

(y) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(v)).

(C) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(b)(v) and the Independent Adviser, determines (i) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(b)(v)(E), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by an Authorised Signatory of the Issuer pursuant to Condition 5(b)(v)(E) confirming that a Benchmark Amendment has occurred, the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), *provided* that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way. The Trustee shall have no obligation to monitor or take any action to ascertain whether the Benchmark Amendments are authorised or permitted under these Conditions and the Trust Deed and shall be entitled to accept and rely conclusively, without further inquiry or investigation, upon any such certificate as sufficient evidence that such Benchmark Amendments are permitted pursuant to and is being made in accordance with this Condition 5(b)(v)(D) and the Trust Deed without liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders or any other person, and the same shall be conclusive and binding on the Issuer, the Noteholders, the Receiptholders and the Couponholders.

Notwithstanding any other provision of this Condition 5(b)(v), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(b)(v) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations

upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions. If in the opinion of the relevant Paying Agent or the Calculation Agent, there is any uncertainty as to which course of action to adopt in making any determination or calculation under this Condition 5(b)(v), such Paying Agent or the Calculation Agent shall as soon as reasonably practicable seek written instructions from the Issuer and/or the Independent Adviser and the Issuer shall instruct such Agent or the Calculation Agent (in writing) as to which alternative course of action to adopt. If such Paying Agent or the Calculation Agent is not promptly provided with such instruction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer and/or the Independent Adviser, and such Paying Agent and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

In connection with any such variation in accordance with this Condition 5(b)(v)(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(b)(v) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Trustee, the Calculation Agent and the Paying Agents. In accordance with Condition 16, notice shall be provided to the Noteholders promptly thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate signed by two Authorised Signatories of the Issuer:

(x) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(b)(v); and

(y) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely conclusively on such certificate (without further inquiry and without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such

certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(b)(v), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(b)(v), the Calculation Agent shall as soon as reasonably practicable notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly *provided* with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5(b)(v)(A), (B), (C) and (D), the Original Reference Rate and the fallback provisions *provided* for in Condition 5(b)(iii) will continue to apply unless and until a Benchmark Event has occurred.

(G) Definitions:

As used in this Condition 5(b)(v):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(x) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(y) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if Independent Adviser determines that no such spread is customarily applied);

(z) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(b)(v)(B) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 5(b)(v)(D).

"**Benchmark Event**" means:

(1) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(2) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(3) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(4) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be (or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(5) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (2) and (3) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (4) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (5) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the

date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

"**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Calculation Agent.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(b)(v)(A).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes.

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(I) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(II) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(vi) **Benchmark Discontinuation for Floating Rate Notes referencing SOFR Benchmark**

This Condition 5(b)(vi) shall only apply to U.S. dollar-denominated Notes where so specified in the applicable Pricing Supplement.

The following provisions shall apply if "Benchmark Discontinuation for Floating Rate Notes referencing SOFR Benchmark" is specified as applicable in the applicable Pricing Supplement:

(A) Benchmark Replacement

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the-then current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(B) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, the Trustee and any of the Agents shall, at the direction and expense of the Issuer but subject to the receipt by the Trustee and the Agents of a certificate signed by an Authorised Signatory of the Issuer confirming that a Benchmark Event has occurred, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required to give effect to this Condition 5(b)(vi), *provided that* the Trustee and the Agents shall not be obliged so to concur if in the opinion of the Trustee or the Agents doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee and the Agents in these Conditions, the Trust Deed or the Agency Agreement in any way. Noteholders' or Couponholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Trustee or any of the Agents (if required). Further, none of the Trustee, the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively without further inquiry and without liability on any certifications provided to each of them in this regard.

(C) Decisions and Determinations

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(b)(vi), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Issuer or its designee, as applicable, and (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(D) The following defined terms shall have the meanings set out below for purpose of this Condition 5(b)(vi):

"**Benchmark**" means, initially, the relevant SOFR Benchmark specified in the applicable Pricing Supplement; *provided* that if the

Issuer or its designee determines on or prior to the Reference Time that a Benchmark Event and its related Benchmark Replacement Date have occurred with respect to the relevant Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then "**Benchmark**" means the applicable Benchmark Replacement;

"**Benchmark Event**" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"**Benchmark Replacement**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(i) the sum of:

(a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and

(b) the Benchmark Replacement Adjustment;

(ii) the sum of:

(a) the ISDA Fallback Rate; and

(b) the Benchmark Replacement Adjustment; or

(iii) the sum of:

(a) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar-denominated Floating Rate Notes at such time; and

(b) the Benchmark Replacement Adjustment;

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for

use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

(i) in the case of sub-paragraph (i) or (ii) of the definition of "**Benchmark Event**", the later of:

(x) the date of the public statement or publication of information referenced therein; and

(y) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(ii) in the case of sub-paragraph (iii) of the definition of "**Benchmark Event**", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"**designee**" means a designee as selected and separately appointed by the Issuer in writing;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time, including the 2021 ISDA Interest Rate Derivatives Definitions (as amended or supplemented from time to time);

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Reference Time**" with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Compounded Daily SOFR is

specified as applicable in the applicable Pricing Supplement) or SOFR Index Determination Time (where Simple SOFR Average or Compounded SOFR Index is specified as applicable in the applicable Pricing Supplement), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

"**Relevant Governmental Body**" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

(e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) **Margin, Maximum Rate of Interest/Minimum Rate of Interest, Maximum Instalment Amount/Minimum Instalment Amount and Maximum Redemption Amount/Minimum Redemption Amount and Rounding:**

(i) If any Margin is specified in the applicable Pricing Supplement (either (A) generally, or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Maximum Instalment Amount or Minimum Instalment Amount or Maximum Redemption Amount or Minimum Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (B) all figures shall be rounded to seven significant figures (*provided* that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the jurisdiction(s) of such currency.

(h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Pricing Supplement, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, each of the Transfer Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 and notified to the Trustee, the Issuer, each of the Paying Agents and any other Calculation Agent appointed in respect of the Notes but no publication of the Rate of Interest or the Interest

Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) **Determination or Calculation by an agent of the Issuer:** Without prejudice to the provisions of Condition 5(l) below, if the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Issuer shall appoint an agent on its behalf to do so (and notify the Trustee in writing of such appointment) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro or Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and in each (if any) Additional Business Centre; and/or

(ii) in the case of euro, a day on which T2 (as defined below) is (a "**T2 Business Day**") and in each (if any) Additional Business Centre; and/or

(iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textit{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textit{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30.

(vii) if "**30E/360 (ISDA)**" is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textit{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(viii) if "**Actual/Actual-ICMA**" is specified in the applicable Pricing Supplement,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(i) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(ii) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any

year,

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such in the applicable Pricing Supplement or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(b)(iii)(C)(x) and notified to the Trustee in writing;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the applicable Pricing Supplement, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Pricing Supplement as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Pricing Supplement;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified;

(i) if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR, the first day of such Interest Accrual Period,

(ii) if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi, the day falling two Business Days in the relevant Financial Centre for the Specified Currency prior to the first day of such Interest Accrual Period,

(iii) if the Specified Currency is euro, the day falling two T2 Business Days prior to the first day of such Interest Accrual Period,

(iv) if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR, the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period,

(v) (where SOFR Benchmark is specified in the applicable Pricing Supplement as the Reference Rate and where Simple SOFR Average is specified as applicable in the applicable Pricing Supplement or where SOFR Lag, SOFR Observation Shift or SOFR Lockout is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR or where Compounded SOFR Index is specified as applicable in the applicable Pricing Supplement) the third U.S. Government Securities Business Day prior to the last day of each Interest Accrual Period; or

(vi) (where SOFR Benchmark is specified in the applicable Pricing Supplement as the Reference Rate and where SOFR Payment Delay is specified as applicable in the applicable Pricing Supplement to determine Compounded Daily SOFR) the Interest Period Date at the end of each Interest Period, *provided that* the Interest Determination Date with respect to the final Interest Accrual Period will be the U.S. Government Securities Business Day immediately following the relevant SOFR Rate Cut-Off Date;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Pricing Supplement;

"**ISDA Definitions**" means (i) if "**2006 ISDA Definitions**" is specified in the applicable Pricing Supplement, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**"), as amended and updated as at the Issue Date of the first Tranche of the Notes; or (ii) if "**2021 ISDA Definitions**" is specified in the applicable Pricing Supplement, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, including any Matrices referred to therein, as published by ISDA as at the Issue Date of the first Tranche of the Notes.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the applicable Pricing Supplement;

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Pricing Supplement (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Specified Currency**" means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated;

"**T2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system or any successor or replacement for that system.

(l) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with prior written notice to the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) **Certificates to be final:** All certificates, communications, opinions, determinations, calculations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Calculation Agent or the Trustee, shall (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Calculation Agent, the other Agents and all Noteholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders or any other person shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6. REDEMPTION, PURCHASE AND OPTIONS

(a) **Redemption by Instalments and Final Redemption:**

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the applicable Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such

Instalment Amount.

(ii) Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided in the applicable Pricing Supplement, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i) above, its final Instalment Amount.

(b) **Early Redemption:**

(i) Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c), Condition 6(e) or Condition 6(h) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as *provided* below) of such Note unless otherwise specified in the applicable Pricing Supplement.

(B) Subject to the provisions of sub-paragraph (C) below of this Condition 6(b)(i), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the applicable Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(e) or Condition 6(h) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b)(i), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the applicable Pricing Supplement.

(ii) **Other Notes:** The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(e) or Condition 6(h) or upon it becoming due and payable as provided in Condition 10, shall be the Final

Redemption Amount unless otherwise specified in the applicable Pricing Supplement.

(c) **Redemption for Taxation Reasons:**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Noteholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Issuing and Paying Agent, at their Early Redemption Amount (as described in Condition 6(b)) above (together with any interest accrued up to but excluding the date fixed for redemption) if the Issuer (or, if the Guarantee were called upon, the Guarantor) satisfies the Trustee that immediately prior to the giving of such notice (i) the Issuer (or, if the Guarantee were called upon, the Guarantor) has or will become obliged to pay Additional Tax Amounts as *provided* or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 8 below), or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, *provided* that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory of the Issuer (or by an Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion (without further investigation or query and without liability to the Noteholders or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Noteholders.

(d) **Redemption for a Change of Control:**

At any time following the occurrence of a Change of Control, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Put Settlement Date at 101 per cent. of their principal amount, together with any interest accrued to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Note must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified

office of the Issuing and Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), by not later than 30 days following the occurrence of a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 16.

The "**Put Settlement Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to in the preceding paragraph of this Condition 6(d). A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice in writing to Noteholders in accordance with Condition 16 and to the Trustee and the Issuing and Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 6(d).

For the purposes of these Conditions: a "**Change of Control**" occurs when:

(i) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

(ii) SASAC and/or its successors together with any other person(s) directly or indirectly Controlled by SASAC or the central government of the PRC cease to directly or indirectly hold or own at least 51 per cent. of the issued share capital of the Guarantor; or

(iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any person or persons, acting together, other than any of its Subsidiaries; except as required by SASAC or its successor or entities controlled (directly or indirectly by SASAC) or any person directly or indirectly controlled by the central government of the PRC.

"**Control**" means (i) the ownership or control of at least 51 per cent. of the voting rights of the issued share capital of the relevant person or (ii) the right to appoint and/or remove all or the majority of the members of the relevant person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing; and

"**SASAC**" means the State-owned Assets Supervision and Administration Commission of the PRC or its successor.

(e) **Redemption at the Option of the Issuer:**

If Call Option is specified in the applicable Pricing Supplement, the Issuer may, at any time upon giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing (or such other notice period as may be specified in the applicable Pricing Supplement) (which notice shall be irrevocable) redeem the Notes in whole or, if so provided, in part on any Optional Redemption Date specified in the applicable Pricing Supplement. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the applicable Pricing Supplement (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to (but excluding) the date fixed for redemption, if applicable. Any

such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount specified in the applicable Pricing Supplement and no greater than the Maximum Redemption Amount specified in the applicable Pricing Supplement. In the case of Registered Notes redeemed in part, each Note shall be redeemed in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date bears to the aggregate principal amount of outstanding Notes on such date.

Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(e).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee and the Issuing and Paying Agent, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

For so long as the Notes are represented by a Global Note or Global Certificate, in the case of a partial redemption, the Notes to be redeemed shall be selected in accordance with the rules of Euroclear and/or Clearstream, or CMU, as applicable (to be reflected in the records of Euroclear and Clearstream, or CMU, as applicable, as either a pool factor or a reduction in nominal amount, at their discretion).

(f) **Issuer Residual Call Option:**

*This Condition 6(f) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons pursuant to Condition 6(c) or pursuant to the Call Option of the Issuer described in Condition 6(e) or pursuant to the Issuer Maturity Call described in Condition 6(g)), such option being referred to as the "**Issuer Residual Call**". The applicable Pricing Supplement contains provisions applicable to the Issuer Residual Call and must be read in conjunction with this Condition 6(f)) for full information on the Issuer Residual Call. In particular, the applicable Pricing Supplement will identify the Residual Call Early Redemption Amount.*

If Issuer Residual Call is specified as being applicable in the applicable Pricing Supplement and, at any time, the outstanding aggregate nominal amount of the Notes is five per cent. or less of the aggregate nominal amount of the Series issued, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 15 and not more than 30 days' notice to the Trustee and the Issuing and Paying Agent in writing and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) at the Residual Call Early Redemption Amount together, if appropriate, with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver to the Trustee a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the outstanding aggregate nominal amount of the Notes is five per cent. or less of the aggregate nominal amount of the Notes originally issued. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion (without further investigation or query and without

liability to the Noteholders or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in this Condition 6(b), in which event the same shall be conclusive and binding on the Noteholders.

(g) **Issuer Maturity Call Option:**

*This Condition 6(g) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons pursuant to Condition 6(c) or pursuant to the Call Option of the Issuer described in Condition 6(e) or pursuant to the Issuer Residual Call described in Condition 6(f)), such option being referred to as the "**Issuer Maturity Call**".*

If Issuer Maturity Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may at its option, having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 16 and in writing to the Trustee and the Issuing and Paying Agent (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all the Notes then outstanding, but not some only, on any Business Day during the period commencing on (and including) the day that is 30 days prior to the Maturity Date (the "**Issuer Maturity Call Period Commencement Date**") to (but excluding) the Maturity Date, at the Final Redemption Amount specified in the applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the date fixed for redemption.

(h) **Redemption at the Option of Noteholders:**

If Put Option is specified in the applicable Pricing Supplement, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note not less than 30 nor more than 60 days' notice to the Issuer (or such other notice period as may be specified in the applicable Pricing Supplement) redeem such Note on the Optional Redemption Date(s) specified in the applicable Pricing Supplement at its Optional Redemption Amount specified in the applicable Pricing Supplement (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to (but excluding) the date fixed for redemption, if applicable.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**"), in the form for the time being current, obtainable from any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior written consent of the Issuer.

(i) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified in the applicable Pricing Supplement.

(j) **Purchases:** The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Notes (*provided* that in the case of definitive Bearer Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including for the purpose

of calculating quora at meetings of the Noteholders or for the purposes of Conditions 10, 11(a) and 12.

(k) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

(l) **Trustee Reliance:** The Trustee shall be entitled to conclusively rely without further inquiry and without liability on or act in reliance on any certificate, notice or document received by it as contemplated in this Condition 6 as sufficient evidence of the facts and/or matters stated therein and shall not be liable to any Noteholder or any other person for so doing.

Neither the Trustee nor any of the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists within or as contemplated in this Condition 6 and none of them will be responsible or liable to the Noteholders or any other person for any loss arising from any failure by it to do so. Unless and until the Trustee or any Agent has notice in writing of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance has occurred or exists.

Neither the Trustee nor any of the Agents (other than, where specifically *provided* for in these Conditions, the relevant Calculation Agent) shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption under this Condition 6, whether from the Issuer or any Noteholder and none of them shall be liable to the Noteholders, the Issuer, the Guarantor or any other person for not doing so.

7. PAYMENTS AND TALONS

(a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for final redemption and *provided* that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(e)(ii) and Condition 7(e)(vi)), as the case may be:

(i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with a Bank;

(ii) in the case of Renminbi, by transfer from the relevant Paying Agent's office outside the United States to a Renminbi account maintained by or on behalf of the Noteholder with a Bank in Hong Kong.

In this Condition 7(a) and Condition 7(c), "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have

access to T2 or, in the case of Renminbi, in Hong Kong.

(b) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner *provided* above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) **Registered Notes:**

(i) Payments of principal (which for the purposes of this Condition 7(c) shall include **final** Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of the Registrar or any other Transfer Agent and in the manner provided in Condition 7(c)(ii).

(ii) Interest (which for the purpose of this Condition 7(c) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in the case of Renminbi or otherwise specified, on the fifth business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(A) in the case of a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to Renminbi account maintained by or on behalf of the Noteholder with a Bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

So long as the Notes are represented by a Global Note or Global Certificate and the Global Note or Global Certificate is held by or on behalf of Euroclear or Clearstream or an Alternative Clearing System (as defined in the form of the Global Note or Global Certificate), each payment in respect of the Global Certificate will be made to, or to the order of, the person shown as the holder of the Notes in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payment, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

So long as the Notes are represented by a Global Note or Global Certificate and the Notes are cleared through the CMU, payments of interest, principal or premium will be made by the CMU to the persons for whose account a relevant interest in the Global Note or Global Certificate is credited as being held by the Hong Kong Monetary Authority as operator of the CMU at the close of business of the Clearing System Business Day immediately prior to the date of payment, where "Clearing System Business Day" means a day on which the CMU is operating and open for business.

Such payment shall discharge the obligations of the Issuer in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Noteholders, the Issuer, the Guarantor, the CMU participants, the indirect participants or any other person in respect of any such payment.

(d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment (but without prejudice to the provisions of Condition 8) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or official guidance implementing an intergovernmental approach thereto but no commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

(e) **Unmatured Coupons and Receipts and unexchanged Talons:**

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the

Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(f) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in the location of the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) **Redemption Date Not an Interest Payment Date:** If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, "**business day**" means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Additional Financial Centres**" in the applicable Pricing Supplement and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a T2 Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8. TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts, the Coupons or under the Guarantee shall be made without set-off or counterclaim and free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any Relevant Jurisdiction, unless such set-off, counterclaim, withholding or deduction is required by law.

If the Issuer or, as the case may be, the Guarantor is required to make any set-off or counterclaim, or any deduction or withholding by or within any Relevant Jurisdiction, the Issuer or, as the case may be, the Guarantor in such event shall pay such additional amounts ("**Additional Tax Amounts**") so that the net amount received by Noteholders, Receiptholders or Couponholders equals the amount which would otherwise have been receivable by them had no such set-off or counterclaim, or withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note, Receipt or Coupon:

(a) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with such Relevant Jurisdiction other than the mere holding of the Note, Receipt or Coupon; or

(b) to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or

(c) presented (or in respect of which the Certificate representing it is presented) for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the Noteholder, Receiptholder or Couponholder would have been entitled to such Additional Tax Amounts on presenting it for payment on the thirtieth day.

As used in these Conditions,

"**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relevant Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, *provided* that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed; and

"**Relevant Jurisdiction**" means the British Virgin Islands, Hong Kong or the PRC or any other jurisdiction to which the Issuer or the Guarantor becomes subject in respect of payments made by it of principal, premium and interest on the Notes, and in each case any political subdivision or any authority therein or thereof having power to tax.

For the avoidance of doubt, neither the Trustee nor any Agent shall be responsible or liable for paying any tax, duty, charge, assessment, governmental charge, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of the Trustee or any of the Agents

shall be responsible or liable for (A) determining whether the Issuer, the Guarantor or any Noteholder, Receiptholder or Couponholder is liable to pay any tax, duty, charge, assessment, governmental charge, withholding or other payment referred to in this Condition 8; or (B) determining the sufficiency or insufficiency of any amounts so paid. None of the Trustee or the Agents shall be responsible or liable for any failure of the Issuer, the Guarantor, any Noteholder, Receiptholder or Couponholder, or any other third party to pay such tax, duty, charge, assessment, governmental charge, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, assessment, governmental charge, withholding or other payment imposed by or in any jurisdiction.

9. PRESCRIPTION

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Notes then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution shall (provided in any case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor declaring that the Notes are, and they shall immediately become, due and payable at (in the case of Zero Coupon Notes) their Early Redemption Amount or (in the case of Notes other than Zero Coupon Notes) their nominal amount together (if applicable) with accrued and unpaid interest:

(a) **Non-Payment:** there has been a failure to pay (i) the principal or premium (if any) of any of the Notes when such amount is due or (ii) any interest on any of the Notes when due and such failure continues for a period of 15 calendar days; or

(b) **Breach of Other Obligations***:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed (other than a non-payment event described under Condition 10(a) or where such default gives rise to a right of redemption pursuant to Condition 6(d)) and such default (i) is in the opinion of the Trustee incapable of remedy or, (ii) being a default which is in the opinion of the Trustee capable of remedy, remains unremedied for 30 calendar days after the Trustee has given written notice thereof to the Issuer or the Guarantor, as the case may be; or

(c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due (as extended by any originally applicable grace periods) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred in aggregate equals or exceeds U.S.$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(c) operates); or

(d) **Enforcement Proceedings***:* a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any Material Subsidiary and is not discharged or stayed within 30 days*;* or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any Material Subsidiary on the whole or any material part of its assets becomes enforceable, and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 30 days; or

(f) **Insolvency:** the Issuer, the Guarantor or any Material Subsidiary (i) is (or is, or could be, deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts when due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts when they fall due, or (ii) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor or any Material Subsidiary; or

(g) **Winding-up:** an administrator is appointed, an order is made by a court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any Material Subsidiary (except for the voluntary solvent winding-up of any such Material Subsidiary), or the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee acting on an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another of their respective Subsidiaries; or

(h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition or expropriation of all or a substantial part of the assets of the Issuer, the Guarantor or any Material Subsidiary, *provided* that the value of the assets subject to the seizure, compulsory acquisition or expropriation, individually or in the aggregate, exceeds 50 per cent. of the total assets of the Group; or

(i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Coupons, the Receipts, the Register and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Notes or the Trust Deed; or

(k) **Unenforceability of Guarantee:** the Guarantee becomes unenforceable or invalid or ceases to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or

(l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 10(d), 10(e), 10(f) or 10(g).

In these Conditions:

"**Group**" means the Issuer, the Guarantor and their Subsidiaries taken as a whole; "**Material Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement is at least 5 per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Guarantor including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of total operating revenue of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(b) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement is at least 5 per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Guarantor including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of net profit of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited statement of financial position are at least 5 per cent. of the consolidated total assets of the Guarantor as shown by the latest published audited consolidated statement of financial position of the Guarantor including, for the avoidance of doubt, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests; or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, *provided* that (A) the Material Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Material Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Material Subsidiary and (B) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition, *provided* that, in relation to paragraphs (a), (b) and (c) above of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts

of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Guarantor;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Guarantor; and

(iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor prepared for this purpose by or on behalf of the Guarantor.

A certificate in English substantially in the form scheduled to the Trust Deed signed by any Authorised Signatory of the Guarantor, which may be (but is not required to be) accompanied with relevant audited accounts (consolidated, if appropriate) or, as the case may be, the pro forma accounts (consolidated, if appropriate), that in his/her opinion (making such adjustments (if any) as he/she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall be conclusive and binding on the Issuer, the Guarantor, the Trustee and the Noteholders. The Trustee shall be entitled to, rely conclusively upon any such certificate without further investigation or query and without liability to the Noteholders or any other person.

11. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

(a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders (including meetings held by way of video or audio conference call) to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed and the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee upon the written request of Noteholders holding not less than 10 per cent. in aggregate nominal amount of the Notes for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate nominal amount of the Notes for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting two or more

persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any Redemption Amount in respect of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest is shown in the applicable Pricing Supplement, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify or cancel the relevant Guarantee otherwise than in accordance with Condition 11(b), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in aggregate nominal amount of the Notes for the time being outstanding (as defined in the Trust Deed). Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Receiptholders and Couponholders.

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate nominal amount of the Notes for the time being outstanding (as defined in the Trust Deed), or (B) passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. A resolution in writing and/or Electronic Consent will be binding on all Bondholders of the relevant Series whether or not they participated in such resolution in writing and/or Electronic Consent, as the case may be.

The Conditions may be amended, supplemented or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of Agreements and Deeds:** The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, the Receiptholders and the Couponholders. Unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders in accordance with Condition 16 as soon as practicable thereafter. In addition, the Trustee and the Calculation Agent(s) shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances set out in Condition 5(b)(v)(D) without the consent of the Noteholders, Receiptholders or Couponholders.

(c) **Entitlement of the Trustee:** In connection with the exercise of its duties, functions, rights, authorities, powers and discretions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders, and the Trustee shall not be entitled to require on behalf of any Noteholder, Receiptholder or Couponholder, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12. ENFORCEMENT

At any time after the Notes become due and payable, the Trustee may (but shall not be obliged to), at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce the terms of the Trust Deed and the Notes, the Receipts and the Coupons, but it need not take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in aggregate nominal amount of the Notes then outstanding (as defined in the Trust Deed), and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder, Receiptholder and/or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13. INDEMNIFICATION OF THE TRUSTEE, APPOINTMENT OF AGENTS

(a) **Indemnification of the Trustee**: The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking such steps and/or actions and/or instituting such proceedings to enforce payment under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Notes unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter-into business transactions with the Issuer, the Guarantor and/or any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder, Receiptholder or Couponholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, directions, requests or resolutions of the Noteholders. The Trustee shall be entitled to rely conclusively without further inquiry and without liability on any instruction, direction, request or resolution of Noteholders given by holders of the requisite nominal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Noteholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders or any person as a result of any delay in it exercising such discretion or

power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received. The Trustee and the Agents shall not be under any obligation to ascertain whether any Event of Default or Potential Event of Default (as defined in the Trust Deed) or Change of Control, as the case may be, has occurred or may occur or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

The Trustee and the Agents may rely conclusively without further inquiry and without liability to the Issuer, the Guarantor, Noteholders, Receiptholders or Couponholders or any other person on any report, confirmation, opinion, information or certificate or any advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to them and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee or any Agent may accept and shall be entitled to rely conclusively without further inquiry and without liability on any such report, confirmation, opinion, information or certificate or advice and, in such event, such report, confirmation, opinion, information or certificate or advice shall be binding on the Issuer, the Guarantor, the Noteholders, Receiptholders and the Couponholders.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Noteholder, Receiptholder and Couponholder shall not rely on the Trustee in respect thereof.

(b) **Appointment of Agents**: The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the other Transfer Agents and the Calculation Agent(s) initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the other Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor (or, in certain circumstances specified in the Trust Deed and the Agency Agreement, of the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Noteholder, Receiptholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee (where required in accordance with these Conditions and/or the Agency Agreement) to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any other Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Transfer Agents or Calculation Agents, *provided* that the Issuer and the Guarantor shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where these Conditions so require, and (vi) such other agents as may be required by any stock exchange on which the Notes may be listed, in each case, as approved by the Trustee.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(b).

Notice of any such termination or appointment or any change of any specified office

of an Agent shall promptly be given by the Issuer to the Noteholders in accordance with Condition 16.

14. REPLACEMENT OF NOTES, CERTIFICATES, RECEIPTS, COUPONS AND TALONS

If a Note, Certificate, Receipt, Coupon or Talon is mutilated or defaced or is alleged to have been lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders in accordance with Condition 16,

in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer, the Issuing and Paying Agent and/or the Registrar in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer or the relevant Agent may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them, and (if applicable) the timing for submission of the NDRC Post-Issue Filing and the timing for making the related notifications to the Trustee and the Noteholders) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 15 and forming a single series with the Notes.

16. NOTICES

Notices required to be given to the holders of Registered Notes pursuant to these Conditions shall be in English and mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the expense of the Issuer, failing which the Guarantor, in a leading newspaper having general circulation in Asia and/or in such manner which complies with the rules and regulations of that stock exchange or such relevant authority. Notices required to be given to the holders of Bearer Notes pursuant to these Conditions shall be valid if in English and published in a daily newspaper of general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as *provided* above.

Receiptholders and Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Note or Global Certificate and the Global Note or Global Certificate is held by or on behalf of: (i) Euroclear or Clearstream or an Alternative Clearing System (as defined in the form of the Global Note or Global Certificate), any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System for communication by the relevant clearing system to entitled accountholders in substitution

for notification as required by the Conditions; or (ii) the CMU, to each relevant accountholder via the CMU and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in a Global Note or Global Certificate) to deliver any notice to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

17. CURRENCY INDEMNITY

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Receipt or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer, the Guarantor or otherwise) by the Trustee or any Noteholder, Receiptholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer and the Guarantor to the extent of the amount in the currency of payment under the relevant Note, Receipt or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Receipt or Coupon, the Issuer and the Guarantor jointly and severally shall indemnify it, on demand, against any loss sustained by it as a result. In any event, the Issuer and the Guarantor jointly and severally shall indemnify, on demand, the recipient against the cost of making any such purchase. For the purposes of this Condition 17, it shall be sufficient for the Trustee or the Noteholder, Receiptholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the other obligations of the Issuer and the Guarantor, respectively, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Trustee and/or any Noteholder, Receiptholder or Couponholder and shall continue to be in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Receipt or Coupon or any other judgment or order.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Without prejudice to the rights of the Noteholders as set out in these Conditions, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except to the extent expressly *provided* for in these Conditions and in the Trust Deed.

19. GOVERNING LAW AND JURISDICTION

(a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, Receipts, Coupons or Talons, the Agency Agreement and the Trust Deed and accordingly any legal action or

proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons, the Agency Agreement or the Trust Deed ("**Proceedings**") shall be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts and irrevocably waives any objection to any Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) **Agent for Service of Process:** The Issuer has irrevocably appointed in the Trust Deed the Guarantor at Room 1802-3, 18/F Worldwide House, 19 Des Voeux Road Central, Central, Hong Kong to receive service of process in any Proceedings in Hong Kong. If for any reason the Guarantor shall cease to have an office in Hong Kong, the Issuer and the Guarantor shall forthwith appoint an agent for service of process in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) **Independence and Waiver of Immunity:** Each of the Issuer and the Guarantor has in the Trust Deed waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement that will be issued in respect of each Tranche will be substantially in the following form, duly supplemented if (necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

["**MiFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels."]

[**UK MiFIR product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is either one (or both) of: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently no disclosure document required by the FCA Product Disclosure Sourcebook ("**DISC**") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering, selling or distributing the Notes or

otherwise making them available to any retail investor in the United Kingdom may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore** – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products).][1]

[**Paragraph 21 of the Hong Kong SFC Code of Conduct** – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on "*Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors*" appearing on pages [●] to [●] of the Offering Circular, and CMIs (as defined in the Offering Circular) should refer to the section on "*Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)*" appearing on pages [●] to [●] of the Offering Circular.]

[This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKSE**")) ("**Professional Investors**") only.

HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme or the Notes on HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer, the Guarantor (together with its subsidiaries, the "Group") and the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Notice to Hong Kong investors: The Issuer and the Guarantor each confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer and the Guarantor each confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

This document, together with the Offering Circular (as defined herein), includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer, the Guarantor and the Group accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]

[1] For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[Date]

CSSC Capital 2015 Limited (the "Issuer")
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] (the "Notes") under its U.S.$3,000,000,000 Guaranteed Medium Term Note Programme (the "Programme")

Unconditionally and Irrevocably Guaranteed by

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

This document constitutes the pricing supplement (the "**Pricing Supplement**") relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the Offering Circular dated [original date] (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the Supplemental Offering Circular dated [●]] and this Pricing Supplement.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [original date] [and the Supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the Supplemental Offering Circular dated [●]] and this Pricing Supplement]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1.	(i)	Issuer:	CSSC Capital 2015 Limited
		Issuer's LEI Code:	549300K934XNVEY4JJ41
	(ii)	Guarantor:	CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司)
		Guarantor's LEI Code:	3003000ZPNREQ784GR92
2.	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes will be consolidated and form a single	The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue

	Series:	Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 30 below, which is expected to occur on or about [date]]/[Not Applicable]
3.	Specified Currency or Currencies:	[●]
4.	Aggregate Nominal Amount:	
	(i) Series:	[●]
	(ii) Tranche:	[●]
5.	(i) Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
	(ii) [[Net/Gross] proceeds:	[●]]
	(iii) [Use of proceeds:	[●]]
6.	(i) Specified Denominations:[23]	[●]
	(ii) Calculation Amount:	[●]
7.	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
	(iii) Trade Date:	[●]
8.	Maturity Date:	[*Fixed rate – specify date/Floating rate* – Interest Payment Date falling in or nearest to [*specify month*]][4]
9.	Interest Basis:	[[●] per cent. Fixed Rate] [[*specify reference rate*] +/- [●] per cent. Floating Rate] [Zero Coupon]

[2] Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[3] For Notes offered into the UK, the minimum Specified Denomination should be £50,000. For Notes offered into the EEA, the minimum Specified Denomination should be €100,000. If the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000." No notes in definitive form will be issued with a denomination above €199,000. In relation to any issue of Notes which are a "Global Note exchangeable to Definitive Notes" in circumstances other than in the limited circumstances specified in the Global Note, such Notes may only be issued in denominations equal to, or greater than, €100,000 (or equivalent) and multiples thereof.

[4] Note that for Renminbi and Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here and the following words should be added: "provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day."

		[Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [specify other]
11.	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] [Not Applicable]
12.	Put/Call Options:	Change of Control Put Option [Put Option][5] [Call Option] [Issuer Residual Call] [Issuer Maturity Call] [(further particulars specified below)]
13.	Rating Maintenance:	[Applicable/Not Applicable]
14.	Date of [Board] approval for issuance of Notes and Guarantee obtained:	[●] [and [●], respectively] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)
15.	Regulatory approval for issuance of Notes obtained:[6]	[NDRC pre-issue certificate obtained/[*Specify any other regulatory approval/registration required*]/None required]
16.	Listing:	[The Stock Exchange of Hong Kong Limited/*specify other*/None] (*For Notes to be listed on the HKSE, insert the expected effective listing date of the Notes*)
17	Method of distribution:	[Syndicated/Non-syndicated]
	Provisions Relating to Interest (if any) Payable	
18.	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear]

[5] For as long as Bearer Notes issued in accordance with TEFRA D are represented by a Temporary Global Note, an Investor Put shall not be available unless the certification required under TEFRA D with respect to non-U.S. beneficial ownership has been received by the Issuer or the Agent.

[6] If pre-Issue registration with the NDRC is required, the date of the Examination Certificate of Foreign Debt Borrowing by Enterprises should be included.

	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/*not adjusted*] *(N.B.: This will need to be amended in the case of long or short coupons*)
	(iii) Fixed Coupon Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount[7]
	(iv) Broken Amount(s): (Applicable to Notes in definitive form)	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360 or Actual/Actual (ICMA/ISDA) or Actual/365 (Fixed)[8] or [specify other]]
	(vi) Determination Date(s):	[●] in each year *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon] (N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration) (N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
19.	Floating Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Rate[s] of Interest:	
	– Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination for Floating Rate Notes referencing SOFR Benchmark/Screen Rate Determination for Floating Rate Notes not referencing SOFR Benchmark/ISDA Determination/other (give details)]
	– Margin(s):	[+/–] [●] per cent. per annum
	(ii) Interest Period(s):	[●]
	(iii) Specified Interest Payment Dates:	[●]
	(iv) Interest Period Date(s):	[Not Applicable/as defined in the Conditions/ specify dates] (Not applicable unless different from Interest Payment Date; in the case of SOFR Payment Delay, the Interest Period Date will be

[7] For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards in the case of Renminbi denominated Fixed Rate Notes and to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."

[8] Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.

	different from the Interest Payment Date)
(v) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(vi) Additional Business Centre(s) (Condition 5(k)):	[●]
(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(viii) ISDA Determination (Condition 5(b)(iii)(A)):	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
– ISDA Definitions:	[2006 ISDA Definitions]/[2021 ISDA Definitions]
– Floating Rate Option:	[●]
– Designated Maturity:	[●]
– Reset Date:	[●]
– Compounding:	[Applicable/Not Applicable] *(If not applicable delete the remaining items of this sub-paragraph)*
– Compounding Method:	[Compounding with Lookback • Lookback: [●] Applicable Business Days] [Compounding with Observation Period Shift • Observation Period Shift: [●] Observation Period Shift Business Days • Observation Period Shift Additional Business Days: [[●]/Not Applicable]] [Compounding with Lockout • Lockout: [●] Lockout Period Business Days • Lockout Period Business Days: [[●]/Applicable Business Days]]
– Index Provisions:	[Applicable/Not Applicable] *(If not applicable delete the remaining items of this sub-paragraph)*
– Index Method:	Compounded Index Method with Observation

	Period Shift • Observation Period Shift: [●] Observation Period Shift Business Days • Observation Period Shift Additional Business Days: [[●]/Not Applicable]
(ix) Screen Rate Determination for Floating Rate Notes not referencing SOFR Benchmark (Condition 5(b)(iii)(B)):	[Applicable/Not Applicable] *(Not applicable in the case where the Reference Rate is SOFR Benchmark)*
– Reference Rate:	[●]
– Interest Determination Date(s):	[[●] [TARGET] Business Days in *[specify city] for [specify currency]* prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
– Specified Time:	[●]
– Relevant Screen Page:	[●] *(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(x) Screen Rate Determination for Floating Rate Notes referencing SOFR Benchmark (Condition 5(b)(iii)(C)):	[Applicable/Not Applicable]
– Reference Rate:	SOFR Benchmark – [Simple SOFR Average/ Compounded Daily SOFR/Compounded SOFR Index]
– Compounded Daily SOFR:	[Not Applicable/SOFR Lag/SOFR Observation Shift/SOFR Payment Delay/SOFR Lockout] *(Only applicable in the case of Compounded Daily SOFR)*
– Lookback Days:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Lag)*
– SOFR Observation Shift Days:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Observation Shift or Compounded SOFR Index)*

	– Interest Payment Delay Days:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Payment Delay)*
	– SOFR Rate Cut-Off Date:	[Not Applicable/The day that is the [●] U.S. Government Securities Business Day(s) prior to the end of each Interest Accrual Period] *(Only applicable in the case of Simple SOFR Average, Compounded Daily SOFR: SOFR Payment Delay or Compounded Daily SOFR: SOFR Lockout)*
	– SOFR IndexStart:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of Compounded SOFR Index)*
	– SOFR IndexEnd:	[Not Applicable/[●] U.S. Government Securities Business Day(s)] *(Only applicable in the case of Compounded SOFR Index)*
	(xi) Minimum Rate of Interest:	[●] per cent. per annum
	(xii) Maximum Rate of Interest:	[●] per cent. per annum
	(xiii) Day Count Fraction (Condition 5(k)):	[Actual/Actual or Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360, 360/360 or Bond Basis 30E/360 or Eurobond Basis 30E/360 (ISDA) Other]
	(xiv) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[Benchmark Discontinuation for Floating Rate Notes referencing SOFR Benchmark/Benchmark Discontinuation for Floating Rate Notes not referencing SOFR Benchmark/*specify if fallback provisions different from those set out in the Conditions*]
20.	Zero Coupon Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Amortisation Yield:	[●] per cent. per annum

	(ii) Day Count Fraction:	[●]
	(iii) Any other formula/basis of determining amount payable:	[●]
21.	Index Linked Interest Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Index/Formula:	[give or annex details]
	(ii) Calculation Agent:	[●]
	(iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Issuing and Paying Agent):	[●]
	(iv) Interest Determination Date(s):	[●]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	*[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
	(vi) Interest or calculation period(s)	[●]
	(vii) Specified Period(s)/Specified Interest Payment Dates:	[●]
	(viii) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(ix) Additional Business Centre(s):	[●]
	(x) Minimum Rate of Interest:	[●] per cent. per annum
	(xi) Maximum Rate of Interest:	[●] per cent. per annum
	(xii) Day Count Fraction:	[●]
22.	Dual Currency Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Rate of Exchange/method of calculating Rate of Exchange:	*[give or annex details]*

	(ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Issuing and Paying Agent):	[●]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	*[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[●]

Provisions Relating to Redemption

23.	Call Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other/see Appendix]
	(iii) If redeemable in part:	[●]
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period (if other than as set out in the Conditions):	*(N.B. If setting notice periods which are different those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*
24.	Put Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other/see Appendix]
	(iii) Notice period (if other than as set	[●]

	out in the Conditions):	*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*
25.	Change of Control Put Option	Condition 6(d) applies
26.	Issuer Residual Call Option	[Applicable/Not Applicable]
	(i) Residual Call Early Redemption Amount	[[●] Per Calculation Amount/specify other/see Appendix]
27.	Issuer Maturity Call Option	[Applicable/Not Applicable]
28.	Final Redemption Amount:	[[●] per Calculation Amount/specify other/see Appendix]
29.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[[●] per Calculation Amount/specify other/see Appendix]
	General Provisions Applicable to the Notes	
30.	Form of Notes:	**[Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice[9]] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] [**Registered Notes:** Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate]
31.	Additional Financial Centre(s) (Condition 7) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to*

[9] If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Temporary Global Note shall not be exchangeable on [●] days' notice.

		which sub-paragraphs 18(ii) and 19(ii) relate)
32.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
33.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B.: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
34.	Details relating to Instalment Notes:	[Not Applicable/*give details*]
	(i) Instalment Amount(s):	[●]
	(ii) Instalment Date(s):	[●]
	(iii) Minimum Instalment Amount:	[●]
	(iv) Maximum Instalment Amount:	[●]
35	Redenomination applicable:	Redenomination [not] applicable *[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))]*
36.	Consolidation provisions:	[Not Applicable]/[The provisions annexed to this Pricing Supplement apply]
37.	Other terms or special conditions:	[Not Applicable/*give details*]
	Distribution	
38.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Date of Subscription Agreement	[●]
	(iii) Stabilisation Manager(s) (if any):	[Not Applicable/*give names*]
39.	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give names*]
40.	[Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount]
41.	U.S. Selling Restrictions:	[Reg. S Category 1/Category 2; TEFRA D/TEFRA C/TEFRA not applicable[10]]

[10] "TEFRA not applicable" is only available for Bearer Notes with a term of 365 days or less (taking into

42.	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*
43.	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "consumer composite investments" for the purposes of the Consumer Composite Investments (Designated Activities) Regulations 2024, or the Notes do constitute consumer composite investments and a disclosure document required by DISC will be prepared in the United Kingdom, "Not Applicable" should be specified. If the Notes may constitute consumer composite investments and no such disclosure document will be prepared, "Applicable" should be specified.)*
44.	Additional selling restrictions:	[Not Applicable/*give details*]
	Operational Information	
45.	Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s):	[CMU/Not Applicable/*give name(s) and number(s)*]
46.	Delivery:	Delivery [against/free of] payment
47.	Additional Paying Agent(s) (if any):	[●]
48.	(i) ISIN:	[●]
	(ii) Common Code:	[●]
	(iii) (insert here any other relevant codes such as a CMU instrument number)	[●]
49.	The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars):	[Not applicable/U.S.$[●]]
50.	Ratings:	The Notes to be issued [have been/are expected to be] rated: [[●]: [●]] *(The above disclosure should reflect the rating allocated to Notes of the type being issued under*

account any unilateral extensions and rollovers) or Registered Notes.

		the Programme generally or, where the issue has been specifically rated, that rating)
	Hong Kong SFC Code Of Conduct	
51.	Rebates:	[A rebate of [●] bps is being offered by the [Issuer] to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not Applicable]
52.	Contact email addresses [of the Overall Coordinators] where underlying investor information in relation to omnibus orders should be sent:	*[Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – Overall Coordinators to provide]/[Not Applicable]*
53.	[Marketing and Investor Targeting Strategy:	*[As indicated in the Offering Circular] OR [Describe if different from the programme Offering Circular]]*

[STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as Stabilisation Manager(s) in this Pricing Supplement (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end after a limited period. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws, regulations and rules.]

[MATERIAL ADVERSE CHANGE STATEMENT

[Except as disclosed in this document, there/There][11] has been no significant change in the financial or trading position of the Issuer, the Guarantor or of the Group since [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer, the Guarantor or of the Group since [insert date of last published annual accounts].]

[11] If any change is disclosed in the Pricing Supplement, it may require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

[LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.$3,000,000,000 Guaranteed Medium Term Note Programme of CSSC Capital 2015 Limited.]

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:	Signed on behalf of the Guarantor:
By:_____	By:_____
Duly authorised	Duly authorised

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated indebtedness and capitalisation of the Group as at 30 June 2026. Investors should read this table in conjunction with our consolidated financial statements and the notes thereto as at and for the six months ended 30 June 2026 included elsewhere in this Offering Circular.

	As at 30 June 2026	
	Actual	
	HK$ (millions) (unaudited)	**U.S.$ (millions)** (unaudited)
Indebtedness		
Bank borrowings	10,050.0	1,281.6
Bonds	10,564.8	1,347.2
Other borrowings	2,247.7	286.6
Convertible bonds	2,155.0	274.8
Total borrowings and convertible bonds	25,017.5	3,190.2
Total equity[(1)]	15,895.3	2,026.9
Total capitalisation[(2)]	40,912.8	5,217.1

Notes:

(1) The total equity includes share capital, reserves and non-controlling interests.

(2) Total capitalisation equals to the sum of total borrowings and convertible bonds and total equity.

Except as otherwise disclosed above, there has been no material adverse change in the capitalisation and indebtedness of the Group since 30 June 2026.

DESCRIPTION OF THE ISSUER

The Issuer, our wholly-owned subsidiary, is a BVI business company incorporated under the BVI Business Companies Act (Revised) of the British Virgin Islands with limited liability on 21 January 2015. The Issuer's registration number is 1859566. Its registered office is located at Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands and its telephone number is (+852) 2238 5299. Under section (5) of the Issuer's memorandum of association, the Issuer shall have full power and authority to carry out any object not prohibited under any law for the time being in force in the British Virgin Islands. The Issuer's primary purpose is to act as one of our financing subsidiaries. The Issuer will remain our wholly-owned subsidiary as long as any Notes from the offering under the Programme are outstanding and will advance the net proceeds of the Notes to us or our subsidiaries. The Issuer has no material assets.

The directors of the Issuer are Mr. Yi An, Mr. Ju Guo and Mr. Dongliang Wang. The business address of the Issuer's directors is 1801, 18/F, Worldwide House, 19 Des Voeux Road, Central, Hong Kong.

There are no potential conflicts of interest between the duties to the Issuer of the directors of the Issuer listed above and their private interests and/or duties.

The Issuer is authorised to issue a maximum of 50,000 shares of one class of no par value, 100 of which have been issued. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. The Issuer has no subsidiaries.

The Issuer has not published, and does not propose to publish, any of its accounts since it is not required to do so under the laws of the British Virgin Islands. However, the Issuer is required to keep such accounts and records as its director considers necessary or desirable in order to reflect the financial position of the Issuer. Effective from 1 January 2023, the Issuer is also required to file a financial annual return with its registered agent within nine months after the end of each year to which the financial annual return relates.

DESCRIPTION OF THE GROUP

Overview

Established in 2012, we are the only red-chip listed company under CSSC Group. We stand as the premier shipyard-affiliated leasing company in Greater China and are among the foremost ship leasing companies in the world. Leveraging our close relationship with CSSC Group which possess robust industrial foundation and extensive maritime industry expertise, we are dedicated to expanding our leasing and investment operations in vessels and marine equipment, offering tailored and adaptable integrated shipping services, along with financial solutions, to ship operators, shippers, and traders worldwide.

Our core business is the provision of leasing services which include finance lease and operating lease. Leveraging our strong expertise in the marine industry, our leasing services primarily focus on ship leasing. In addition, we provide shipbroking and loan services to our customers. We have a diversified, modern and young vessel fleet. As at 30 June 2026, our fleet size was 130 vessels, including 107 vessels in operation and 23 vessels under construction. The average age of our vessels in operation was approximately 4.8 years. The average remaining life of the bareboat and long-term chartered projects (excluding current operational projects and leases expiring within one year) was 7.5 years. As at 30 June 2026, in terms of initial investment amount, offshore clean energy equipment, container vessels, liquid cargo vessels, bulk carriers and specialized vessels accounted for approximately 38.66%, 24.96%, 11.85%, 11.88% and 12.65% of our operating fleet portfolio, respectively. Leveraging our unique insights into the marine industry, we carefully allocate and adjust our fleet size, enabling our fleet stock to become more valuable and younger and fleet structure to be further optimized.

As a leading market player in the global ship leasing industry, we offer customized ship leasing solutions that are tailored to our customers' different needs. As of 30 June 2026, we were ranked eighth in terms of vessel tonnage in China and second among non-bank-affiliated leasing companies in China.

We have exerted notable influence in operating lease and finance lease industries by integrating ESG concepts into our business operations. Serving the national strategy of "clean energy", we have built a high-tech fleet featuring clean energy offshore equipment. As of 30 June 2026, we received a total of 10 new vessels, including one 53,000 DWT bulker, two specialized vessels, two 1,600 TEU container vessels, one LR2 refined oil tanker and four MR oil tankers. Through our persistent efforts and commitment to promote green energy, we are the first company in the leasing industry to build a complete offshore clean energy storage and transportation system. We also innovated green finance with the issuance of green and blue dual-certified U.S.$-denominated bonds. We won several awards under the Hong Kong Green and Sustainable Finance Awards from the HKQAA in 2021 and 2023, including the Pioneering Award for ESG Disclosure Contribution in 2023. The Company was included as an exemplary case in the "Central State-owned Enterprises Listed Companies ESG Blue Book 2024". In 2025, our ESG report passed the validation of the HKQAA. As of 31 December 2025, we were awarded a score of 42 from S&P CSA and an A ESG rating for 2025 from Wind. The ESG efforts were recognized by the SASAC, CSSC Group and other parties.

In 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our total revenue amounted to HK$3,626.1 million, HK$4,034.4 million, HK$4,044.2 million (U.S.$515.7 million) and HK$2,018.0 million and HK$1,911.2 million (U.S.$243.7 million), respectively. For the same periods, our net profit was HK$1,911.7 million, HK$2,155.1 million, HK$1,980.7 million (U.S.$252.6 million) and HK$1,151.2 million and HK$1,288.4 million (U.S.$164.3 million), respectively.

Recent Developments

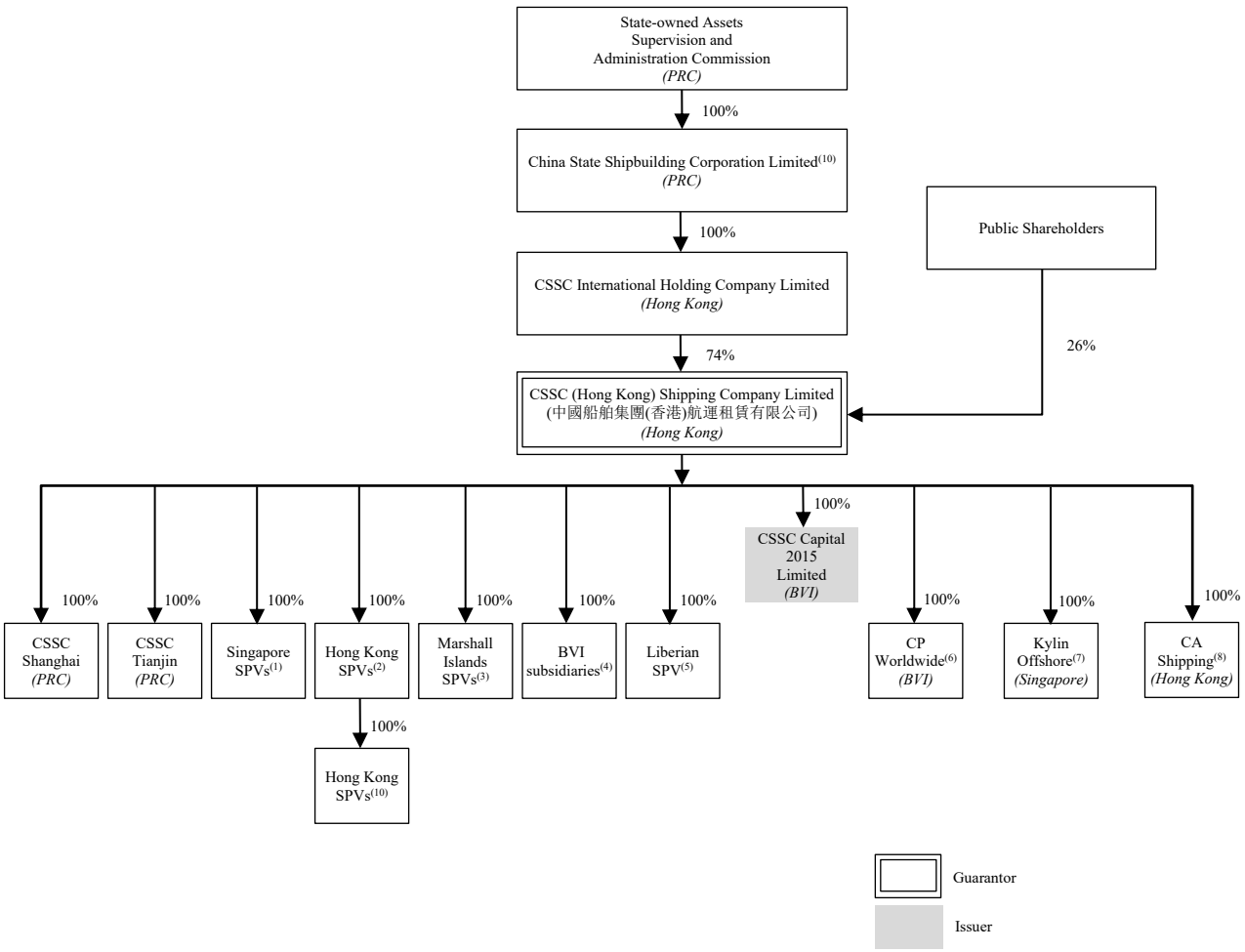
On 27 May 2026, the Company announced its successful inclusion as a constituent in both the Hang Seng SCHK SOEs High Dividend Yield Index and the Hang Seng SCHK China Central SOEs High Dividend Yield Index. This milestone reflects a strong endorsement of the Company by the Hong

Kong capital markets. The change took effect on 5 June 2026 and has been fully implemented since 8 June 2026.

On 28 January 2026, the Company successfully completed the issuance of convertible bonds in the principal amount of HK$2.338 billion. The transaction marks the Company's first convertible bond issuance since its listing on the Hong Kong Stock Exchange in 2019. Featuring a 0.75% coupon rate and an initial conversion price of HK$2.39 per ordinary share, the convertible bonds achieved the lowest financing cost in the Company's history.

Simplified Group Structure

The following chart illustrates our simplified corporate structure as at the date of this Offering Circular, listing our certain major subsidiaries and jointly controlled entities:



Notes:

(1) There are three Singapore SPVs directly and wholly-owned by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司), namely Fortune Vgas Holding Pte. Ltd., Fortune Xinli Shipping Pte. Ltd. and Fortune Pandas I Shipping Pte. Ltd.

(2) There are 17 HK SPVs directly and wholly-owned by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司), namely New Pearl River Shipping Limited, Fortune Sealion Holding Company Limited, Fortune FSRUGV Holding Company Limited, Fortune GLORIOUS Shipping Limited, Fortune Escalation Holding Company Limited, Fortune Suisse Holding Company Limited, Fortune Duration Shipping Holding Limited, Fortune Virtue Shipping Holding Limited, Fortune Oslo Holding Company Limited, Fortune MGAS Holding Co., Ltd., Fortune Nirvana Holding Co., Ltd., Fortune FUGUI Holding Co., Ltd., Fortune WINGCHUN Holding Co., Ltd., Fortune Hana Holding Co., Ltd., Fortune Vcontainer Carriers Limited, Fortune Ropax Holding Co., Ltd. and Fortune Visionary Holding Company Limited.

(3) There are six Marshall Islands SPVs directly and wholly-owned by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司), namely Fortune Bangkok Holding Company Limited, Fortune Vigorous Holding Company Limited, Fortune Clean Energy 2023 Holding Limited, Fortune Energetic Holding Co., Ltd, Fortune CSASP Holding Company Limited and Fortune Xinyue Holding Company Limited.

(4) Including the Issuer, there are 21 BVI subsidiaries directly and wholly-owned by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司), namely CSSC Capital 2015 Limited, CHC Holding Company Group Limited, Fortune 2014 Holding Company Limited, Fortune Mercury Holding Company Limited, Fortune Jupiter Holding Company Limited, Fortune Venus Holding Company Limited, Fortune Neptune Holding Company Limited, Fortune Ceres Holding Company Limited, Fortune Eris Holding Company Limited, Fortune Capricorn Holding Company Limited, Fortune Aquarius Holding Company Limited, Fortune East Sea Holding Company Limited, Fortune Baltic Holding Company Limited, Fortune CD Aurora Holding Company Limited, Fortune Victoria Peak Holding Company Limited, Fortune Evolution Investments Company Limited, Fortune Cleanenergy Holding Company Limited, Fortune Glorious Cities Holding Company Limited, Fortune Fancy Holding Limited, Fortune HLC Holding Co. Ltd. and Fortune SSCBC Holding Co., Ltd..

(5) There is one Liberian SPV directly and wholly-owned by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司), namely Fortune Treasure Holding Company Limited.

(6) CP Worldwide Holding Co., Ltd. is 75% directly owned by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司) and 25% owned by a Liberian company, which is an independent third party.

(7) Kylin Offshore Engineering Pte. Ltd. is 70% directly owned by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司) and 30% directly owned by a company incorporated in Singapore, which is an independent third party.

(8) CA Shipping Pte. Ltd. is 60% directly owned by CSSC (Hong Kong) Shipping Company Limited (中國船舶集團(香港)航運租賃有限公司) and 40% owned by an independent third party.

(9) There are a total of 38 HK SPVs directly and wholly-owned by 17 HK SPVs, namely Fortune Sealion I Limited, Fortune Sealion II Limited, Fortune Sealion III Limited, Fortune Sealion IV Limited, Fortune GENTLE Shipping Limited, Fortune Leopard Shipping Limited, Fortune Grit Shipping Limited, Fortune Geneva Shipping Limited, Fortune Zurich Shipping Limited, Fortune Lily Shipping Limited, Fortune Osmanthus Shipping Limited, Fortune Civilization Carriers Limited, Fortune Freedom Carriers Limited, Fortune Integrity Carriers Limited, Fortune Equality Carriers Limited, Fortune Chem1 Shipping Limited, Fortune Chem2 Shipping Limited, Fortune Chem3 Shipping Limited, Fortune Chem4 Shipping Limited, Fortune Chem5 Shipping Limited, Fortune Chem6 Shipping Limited, Fortune MGAS I Shipping Limited, Fortune MGAS

II Shipping Limited, Fortune MC Hercules Shipping Limited, Fortune MC Titan Shipping Limited, Fortune AN Shipping Limited, Fortune CITRUS Shipping Limited, Fortune COCONUT Shipping Limited, Fortune LYCHEE Shipping Limited, Fortune PINEAPPLE Shipping Limited, Fortune PING Shipping Limited, Fortune COLLIE Shipping Limited, Fortune TEDDY Shipping Limited, Fortune Mudanjiang Shipping Limited, Fortune Nanjing Shipping Limited, Fortune Suqian Shipping Limited, Fortune Ropax I Shipping Limited and Fortune Ropax II Shipping Limited.

(10) CSSC Group will not provide any guarantee or any form of credit enhancement for the offering of the Notes under the Programme and it has no obligation to and will not assist the Issuer or the Guarantor to repay the Notes.

Our Strengths

We believe that our historical success and future prospects are directly related to a combination of our strengths, including the following:

We are one of the world's leading ship leasing companies and enjoy wide recognition.

Established in 2012, we are the only red-chip listed company under CSSC Group. We stand as the premier shipyard-affiliated leasing company in Greater China and are among the foremost ship leasing companies in the world. Leveraging our close relationship with CSSC Group which possess robust industrial foundation and extensive maritime industry expertise, we are dedicated to expanding our leasing and investment operations in vessels and marine equipment, offering tailored and adaptable integrated shipping services, along with financial solutions, to ship operators, shippers, and traders worldwide.

We continued to deepen the reform as a state-owned enterprise with a market-oriented approach in general. We have formulated a special action plan for the Company and a list of work tasks to create value for world-class enterprises. The majority of our project partners are overseas customers and our vessels are sailing all over the world. We have established close ties with a large number of international maritime and financial institutions. Through our regular exchanges and cooperation with them, we have established an extensive international network that helps us to quickly grasp industry information and seize market opportunities.

In recognition of our outstanding business performance, established market presence and strong development potential, we were recognized as a "benchmark enterprise" in the assessment of "double hundred enterprises" of SASAC in 2022 and 2023. We were also awarded the recognition of "excellent" in the evaluation of the Board of China State Shipbuilding Corporation Limited in 2023 and named the Board of the Year in 2022. We won several awards under the Hong Kong Green and Sustainable Finance Awards from the HKQAA in 2021 and 2023, including the Pioneering Award for ESG Disclosure Contribution in 2023. The Company was included as an exemplary case in the "Central State-owned Enterprises Listed Companies ESG Blue Book 2024". In 2025, our ESG report passed the validation of the HKQAA. As of 31 December 2025, we were awarded a score of 42 from S&P CSA and an A ESG rating for 2025 from Wind. The ESG efforts were recognized by the SASAC, CSSC Group and other parties.

As a shipyard-affiliated leasing company, we have a unique competitive edge through our strong connection with the parent company.

As the first and a premier shipyard-affiliated leasing company in Greater China, we leverage our synergies and close business relationships with shipyards, and possess updated information on the supply and demand in the marine market and our customers' needs, which allow us to capture business opportunities in a timely manner. As at the date of this Offering Circular, we have maintained cooperation with 13 shipyards for the provision of ship leasing services to approximately 50 customers

in 13 countries and regions. In 2025 and the six months ended 30 June 2026, we also helped CSSC Group obtain 10 and six new shipbuilding orders with a contract value of approximately U.S.$524.0 million and U.S.$323.4 million, respectively. We work closely with shipyards to dig deeper into customers' needs in order to provide professional, one-stop and customised leasing services.

As the only red-chip listed company under CSSC Group, we are significant to CSSC Group for implementing their corporate strategy of "combination of industry and finance (產融結合)" and also benefit from this corporate strategy. CSSC Group is a world-class and leading state-owned shipbuilding conglomerate in the PRC, and is a Fortune Global 500 and Fortune China 500 company in 2024. CSSC Group owns a large number of shipbuilding and ship repair corporations, ship design and research institutions, marine support service providers as well as ship trading companies in the PRC, and its resources encompass the entire value chain of the marine industry.

We benefit from the stable supply of high quality shipbuilding services from CSSC Group and its subsidiaries. In the past few years, we have ordered various type of vessels from CSSC Group and its subsidiaries, including ultra-large container ship, bulk carrier, polar module carrier, VLGC, heavy-lift ship, LRI product tanker and LRII product tanker. We also benefit from the technical capabilities of CSSC Group, which had several leading research and design institutes in China's shipbuilding industry in 2023. In addition, CSSC Group provides us with credit supports, such as credit line and guarantee, and funding of share capital.

We have strong expertise and extensive experience in the marine industry, which allow us to capture business opportunities and enhance environmental engagement.

We possess insights into the cyclical conditions of various marine market segments. We are able to grasp industry fluctuations, which allows us to capture cyclical profits. Leveraging our robust expertise and strong industrial background in the marine business, we focus on developing ship and marine equipment leasing business, and have maintained close cooperation with customers in 13 countries and regions around the world. Through careful lease arrangements, accurate timing and sensible cost control, we achieved higher returns as compared to market benchmark in 2023 despite market volatility since 2022.

Our extensive industry experience and strong industry background have enabled us to lead the industry by enhancing our environmental engagement. We are the first leasing company to have established a business layout in relation to offshore clean energy. We have also expanded into the field of clean energy offshore equipment and are the first company in the leasing industry to build a complete offshore clean energy storage and transportation system. We actively launch new ships by leveraging our advantages. We focus on the clean energy field, continue to develop the ship types and equipment in the LNG transportation industry chain, and actively arrange the launch of new energy powered ship types. In 2015, we entered into the clean energy industry and provided finance lease services for a FLNG. In 2019, we invested in four 174,000 cubic meters LNG carriers and upgraded the clean energy industry strategy as one of our core strategies. We had seven large-scale joint venture LNG carriers under construction in total as of 30 June 2026.

In addition, we emphasize the use of biofuels to promote the low-carbon ship transformation. Our "CSSC-Amsterdam" ship has conducted a marine trial of 310 tonnes of B30 biofuel and achieved a satisfactory success. According to the statement issued by DNV Classification society for this trial, the reduced carbon dioxide emission was 274 tonnes, which was approximately 23.8% less than traditional fuel oil. In 2024, we utilised 170MWh of renewable energy in international renewable energy certificates purchased from a third-party energy supplier.

Leveraging our first-mover advantage, we believe that we are well positioned to capture the development potential of emerging markets.

Our comprehensive risk management system has allowed us to achieve stability in asset quality.

As a leading ship leasing company in Greater China, we have established a comprehensive and effective risk management system, which allows us to maintain sound operations and achieve stability in asset quality. As at 30 June 2026, we made provision for impairment loss on loan and lease receivables of HK$798.8 million (U.S.$101.9 million), which comprised 12-month expected credit loss of HK$71.7 million (U.S.$9.2 million) for assets under stage 1 and lifetime expected credit loss of HK$558.6 million (U.S.$71.2 million) and HK$168.5 million (U.S.$21.5 million) for assets under stage 2 and stage 3, respectively.

Our risk management system covers various types of risks involved in our business operations. We apply quantitative risk assessment model in project assessment, pricing and review, as well as post-loan management, among others. We also continue to monitor the development of international sanctions, track global regulatory developments in export control and economic sanctions in a systematic manner. To reduce compliance risks, we have established a compliance management system pursuant to our Compliance Management Measures (合規管理辦法) to ensure that our business operations are in compliance at every major stage.

Our continuous optimisation of asset portfolio has allowed us to attain progressive growth in fleet value and enjoy performance stability.

As at 30 June 2026, we (including joint ventures and associates) owned a total of 130 vessels, comprising 21 offshore clean energy equipment, 28 container vessels, 28 liquid cargo vessels, 28 bulk carriers and 25 specialized vessels.

The demand for container vessels, liquid cargo vessels and bulk carriers, being the three major vessel types, are primarily influenced by macro-economic and trade environment, whereas the demand for offshore clean energy equipment and specialized vessels, being vessels in the clean energy sector, are mainly influenced by the energy as well as oil and gas industries. In 2023, despite soaring vessel prices, extended charter period and a constrained supply of vessels, financial leasing companies flocked into the vessel leasing market which led to intensified competition in the industry. We have adopted a prudent approach by maintaining a balanced vessel portfolio. In line with the overall trend in zero-carbon emissions, we focus on high value-added assets such as clean energy equipment. Our balanced vessel portfolio creates a hedging effect among them and allows us to diversify our risk exposure and enjoy performance stability.

Leveraging our extensive experience in the marine industry and through the sharing of customer databases with various shipyards, we possess information on the performance of a large number of customers in multiple rounds of industry cycles, which facilitates our assessment of the performance risks of our customers. Our customers are of high quality and they include (i) a French container transport giant; (ii) the world's largest refined oil transporter, which is a listed company in the United States; (iii) one of the world's largest grain merchants and a Fortune Global 500 company; (iv) the largest bulk carrier owner and a listed company in the United States; (v) two transport giants for the oil and gas industries, which are listed companies in the United States; and (vi) the largest integrated conglomerate in Singapore.

We have an experienced, committed and professional management team.

Our success is built on the leadership of our experienced, committed and professional management team. Our management team has an average of 25 years of experience in the marine industry, and possesses solid experience and strong expertise in vessel selection and combination, leasing transactions, technical review, risk management as well as lease management. In particular, Mr. Li Hongtao, our Executive Director, has more than 25 years of experience in the marine industry, and their strong execution capabilities have allowed us to develop and pursue sustainable business strategies, seize market opportunities as well as anticipate and promptly respond to changes in market conditions. See "*Directors and Senior Management*" in this Offering Circular for more information on the experience and qualifications of our Directors and members of our senior management. We believe

that the insight and strategic vision of our management team will continue to bring business growth and profitability, thereby solidifying our market position in the global ship leasing industry.

Furthermore, since we have employees based in important shipping hubs such as Hong Kong, Shanghai and Singapore, we are able to grasp the opportunities in the global ship leasing industry, and actively pursue and develop new business opportunities in the marine economy.

We benefit from regional and national policies.

As one of the world's leading ship leasing companies, we believe that we are well positioned to seize the business opportunities brought by the favourable regional and national policies.

Marine economy – According to the PRC's "14th Five-Year Plan for Marine Economy Development (十四五海洋經濟發展規劃)", by 2025, China's gross marine production is expected to increase. As an important participant in China's marine economy, we will make use of our extensive experience in the vessel and offshore equipment sectors as well as the competitive advantages of our leasing business to capture new business opportunities in the marine economy.

Shipbuilding Industry – In December 2023, Chinese government published an action outline for green development of shipbuilding industry, which sets out various outlines for facilitating the green development and transformation of shipbuilding industry. As an important participant in China's shipbuilding industry, we believe we can benefit from this policy and continue to develop our green energy business.

Belt and Road Initiatives and long-term strategic cooperation between China and Africa – China's major national development strategies of the Belt and Road Initiatives and China-Africa strategic cooperation have brought business opportunities overseas. Since 2015, we have been providing leasing services for two polar class heavy-transport deck carriers, which are vessels for transporting module parts of a construction project to polar regions, to serve in the world's then largest natural gas field, and to a leading offshore LNG operator listed in the United States for a FLNG conversion unit based in Cameroon, which is the world's first FLNG conversion project.

Hong Kong government's policies that benefit the ship leasing industry – In May 2018, the Financial Services Development Council of Hong Kong published a research report entitled "Maritime Leasing Paper", which sets out various recommendations for facilitating the development of Hong Kong's ship financing and leasing businesses. As a ship leasing company based in Hong Kong, we believe that we will benefit from the Hong Kong government's policies that benefit the ship leasing industry.

Our Strategies

To solidify our position as a leading company in vessel and marine equipment leasing, we plan to implement the following strategies:

To continue to focus on ship leasing and develop professional and high-value businesses

The global seaborne trading volume has experienced volatility since 2022. We expect the seaborne trading volume will bounce back gradually with the post-COVID-19 recovery in travel activities. Such an increase is likely to boost the demand for marine services. Under the expected favourable industry developments, we intend to make use of our substantial expertise in the marine industry and our existing business relationships with upstream and downstream industry participants (e.g. shipyards, ship operators, trading companies and energy corporations) to ensure performance of lease agreements, which will provide us with long-term and stable cash flow. We also endeavour to adopt professional and flexible leasing strategies. We will continue to understand and analyse the demands of lessees from different backgrounds in terms of allocation of ships and offshore equipment,

and design leasing structures that best suit their needs.

We will continue to utilise our expertise and resources as a shipyard-affiliated leasing company to optimise our asset structure. Leveraging our unique insights into the marine industry, we will continue to make use of the complementarity among the cycles of different ship types to build a vessel portfolio which brings stable income and minimises our risk exposure. In particular, we plan to focus on further developing our operating lease business, which we believe will allow us to better utilise our advantages as the first shipyard-affiliated leasing company in Greater China.

As we seek to strengthen our market position through undertaking traditional projects, we also plan to invest in high-value projects that have strong market demand and development potential as well as require a high level of technological expertise and value-added content (e.g. projects in relation to the marine resource development and application industry chain). We believe that such initiatives will enable us to provide quality and comprehensive leasing services to both domestic and overseas top-notch ship operators, shipping companies, trading companies as well as energy corporations.

To cope with changes in the global energy landscape and comprehensively deploy the new energy industry chain

With the global energy landscape undergoing profound adjustments, new energy types such as LNG and shale gas are gaining popularity. Going green and low carbon have been a key trend in the shipping industry. In December 2022, a preliminary agreement was reached within the European Union, calling for the inclusion of the shipping industry under European Union carbon market's control, where shipping companies are required to pay for the carbon emissions of their vessels. In 2023, CII and EEXI policies came into force, and IMO adjusted its emission reduction target from the previous 50% reduction in emissions by 2050 to net zero emissions by around 2050. Decarbonizing the shipping industry will necessitate upgrades and overhauls of energy sources, technological advancements, the accelerated retirement of obsolete vessels, stimulation of new vessel orders, and the maintenance of a high level of activity in the shipbuilding market.

In view of the market trend and policy requirement, we have conducted compliance evaluations on more than 30 vessels under our self-management, and planned ahead for any modification or disposal required for the poorly performed vessels to minimize negative impacts. We strive to continue to deepen our business layout in the clean energy sector, by developing vessel types and equipment in the LNG transportation industry chain and actively launching new energy-power ship types. We attend to IMO requirements and will continue to formulate IMO carbon reduction measures to improve our CII rating of ships. From 2024 to 2027, we plan to install more cost-effective energy-saving hub hats and fan-shaped catheters during the dry-docking period for ULTRAMAX bulk carriers, which is expected to increase CII's acquisition value by approximately 5%. From 2025 to 2026, we plan to install more cost-effective energy-saving hub hats and fan-shaped catheters during the dry-docking period for MINI-CAPE bulk carrier, which is expected to increase CII's acquisition value by approximately 5%.

We will also strive to focus on offshore equipment sector and natural gas affiliated chemical industry chain, bringing our industry resources and professionalism as a shipyard-affiliated leasing company into play, as well as establish high-value and high-tech industry-leading entry barriers.

To diversify our financing channels and stabilise our finance costs

Going forward, we intend to diversify our financing channels, obtain more project and working capital loans and conduct financing activities according to market conditions and interest rate trends. We will obtain financing through different channels, including bank loans and syndicated loans from large banks, policy banks and international commercial banks, as well as bond issuances. Over the years, we have developed a close relationship and established business cooperation in credit and settlement with various banks, including state-owned and policy-based banks as well as Chinese and foreign banks, many of which have also financed our leasing projects with long-term project loans,

which effectively reduce our liquidity risks and finance costs. As at 30 June 2026, the credit lines granted to us by various financial institutions amounted to HK$41.6 billion (approximately U.S.$5.3 billion), of which HK$12.3 billion (approximately U.S.$1.6 billion) had been used and HK$29.3 billion (approximately U.S.$3.7 billion) were unused. In addition, we have a sophisticated project financing model, quality lessees and excellent asset quality, which allow us to enjoy a stable cash flow from our leasing business. We will continue to work closely with our financing partners to expand our financing channels and stabilise our finance costs.

In order to stabilise our finance costs, we will continue to prudently manage the exchange rate and interest rate risks. In addition, we will strictly monitor our financing channels under the guidance of our Board or senior management.

To continue to develop our non-ship leasing business

The marine industry is cyclical. In order to manage the relevant risks, we intend to strengthen our capabilities in withstanding risks through diversification of leasing business as well as upstream and downstream extension of industry chain. In this connection, we plan to develop our non-ship leasing business in areas such as ship-related equipment, marine economy (including fisheries, seawater treatment and marine tourism), manufacturing equipment, medical equipment, energy and power industry, energy-saving and environmental protection industry as well as information technology industry. We intend to identify two to three target industries as core areas for the long-term development of our non-ship leasing business. For example, we plan to develop customers from agriculture, oil, energy and chemical industries and assist them to build self-operated fleets. In view of the strong market demand and development potential of the marine industry, we also consider expand our business into high-value marine economic projects, such as marine resource development, smart vessels and project relating to marine technology application.

Our History and Development

Overview

Our Group's history dates back to the year of 2012 when our Company was incorporated in Hong Kong to serve as the sole leasing company under China State Shipbuilding Industry Corporation Limited (中國船舶工業集團有限公司), which was merged into the CSSC Group in 2019. As the first and a premier shipyard-affiliated leasing company in Greater China, we leverage our unique insights into the marine industry and offer customised ship leasing solutions to customers.

In order to capture the business opportunities brought about by the increasing demand for ship leasing services in the PRC, CSSC Shanghai and CSSC Tianjin were established in the PRC in 2014. Kylin Offshore was also incorporated by our Company and a company incorporated in Singapore, which is an independent third party, in Singapore in 2014.

Over the years, we have continued to expand our scale of operations as well as our vessel portfolio. As of 30 June 2026, we were ranked eighth in terms of vessel tonnage in China and second among non-bank-affiliated leasing companies in China.

Key Milestones

The key milestones in the development of our business are set out below:

Year	Event
2012	• Our Company was incorporated in Hong Kong as the sole leasing company under CSSC Group.

Year	Event
2013	• We entered into an operating lease transaction for three 18,000-TEU container vessels with a leading global shipping group.
	• We established a joint-venture company, namely CP Worldwide, with an independent third party to invest in eight 64,000-tonne bulk carriers.
	• We entered into a finance lease transaction for three 208,000-tonne bulk carriers with certain subsidiaries of a global shipping company.
2014	• CSSC Shanghai and CSSC Tianjin were established in the PRC to engage in the provision of leasing services.
	• We entered into a finance lease transaction for seven 208,000-tonne bulk carriers with certain subsidiaries of a global shipping company.
	• Kylin Offshore was incorporated in Singapore to engage in the provision of leasing and shipbroking services.
2015	• We entered into a sale-and-leaseback transaction for eight 113,000-tonne tankers with certain subsidiaries of an international shipping company engaging in the transportation of petroleum products.
	• We entered into a sale-and-leaseback transaction for a FLNG vessel with a subsidiary of a LNG shipping company, whose parent company is listed on the New York Stock Exchange.
	• We entered into an operating lease transaction for six 13,230-tonne heavy lift vessels with a subsidiary of a global corporation engaging in the transportation of heavy-lift cargoes.
2016	• The two polar class heavy-transport deck carriers that we jointly invested in with a subsidiary of an equipment manufacturer were delivered and began to serve in the world's then largest natural gas field.
	• We invested in two 85,000-cubic metre gas carriers.
2017	• We established a joint-venture company, namely Vista Shipping Limited, with an international tanker company, which is an independent third party, to invest in six tankers.
	• We invested in four 81,600-tonne bulk carriers.
	• We entered into a sale-and-leaseback transaction for two 174,000-cubic metre FSRUs with certain subsidiaries of a company engaging in the operation of LNG carriers.
2018	• We established a joint-venture company with a subsidiary of a leading Asian-based industrial supply chain and logistics solution provider to invest in eight 55,000-tonne chemical tankers.
	• We entered into an operating lease transaction for four 120,000-tonne bulk carriers with a subsidiary of a global agricultural trader.

Year	Event
	• Our Company was included in the list of "Double-Hundred Enterprises (雙百企業)" published by the leading group for state-owned enterprise reform under the Supervision and Administration Commission of the State Council (國務院國有企業改革領導小組).
2019	• Certain of our subsidiaries entered into memorandum of agreements and bareboat charters in connection with the sale and lease back of vessels with respective charterers. We entered into an operating lease transaction for six 13,230-tonne heavy lift vessels. We entered into a sale and leaseback transaction for one 140,000-cubic metre FSRU, four 95,000-tonne bulk carriers, two 1,400-TEU dual fuel container vessels.
	• We established CSSC Financial Leasing (Guangzhou) Company Limited (中船融資租賃(廣州)有限公司), which will principally engage in leasing business in the PRC.
	• We were successfully listed on the Hong Kong Stock Exchange, raising HK$2.05 billions.
	• CSSC Financial Leasing (Shanghai) Company Limited, one of our wholly-owned subsidiaries, formed a joint venture, Zhendui Industrial Intelligent Technology Co., Ltd., with several other parties, which principally engage in the research and development of industrial intelligent technology for ships and marine equipment, as well as the design, manufacturing or operation of intelligent ship systems.
2020	• The first full year of our Group's listing on the Main Board of the Stock Exchange.
2021	• S&P Global Ratings and Fitch Ratings continued to assign corporate credit ratings of "A-"/stable and "A"/stable, respectively, to the Group.
	• The Group successfully issued USD-denominated bonds in an aggregate amount of U.S.$800 million with an average annual interest rate of 2.75%.
	• We entered into a financial leasing project for four 86,000 cubic meter dual-fuel of VLGC carrier.
2021	• Cooperated with the Standard Chartered Bank and obtained a 10-year vessel secured term loan in an aggregate amount of U.S.$596 million.
	• The Group was included in the MSCI China Small Cap Index.
	• The Group successfully issued its first overseas green and blue dual-certified bonds in the principal amount of U.S.$500 million and tenor of 5 years.
	• The Group won the "Global Green Finance Innovation Awards" by International Finance Forum.
2022	• In the SASAC's special assessment of the "double hundred enterprises" of the central enterprises in 2022, the Company was awarded the "benchmark" by the judges.
	• The power plant transformation of four liquefied petroleum gas carriers (VLGC) was carried out, which was the first dual-fuel upgrading project attempted in China.

Year	Event
	• Signed the "LNG Ship Leasing Cooperation Principle Agreement" with well-known central enterprises to jointly promote national energy security.
2023	• We have established an energy transportation company, and completed the transfer of equity in 44 vessel assets in operation.
	• Fitch Ratings and S&P Global Ratings continued to assign "A" credit rating and "A-" credit rating respectively for five consecutive years.
	• The Company was awarded the "Hong Kong Stock Golden Bull Award" by China Securities Journal.
2024	• We successfully issued offshore RMB-denominated bonds in principal amount of RMB800 million.
	• We won the IFF Global Green Finance Award – Annual Award for the first time.
	• W ranked in the top 9% of the industry in S&P Global Sustainability Assessment.
2025	• We ranked on Fortune China ESG Impact List for the third consecutive year.
2026	• The Company successfully issued convertible bonds in principal amount of HK$2.338 billion.
	• The Company was included as a constituent in both the Hang Seng SCHK SOEs High Dividend Yield Index and the Hang Seng SCHK China Central SOEs High Dividend Yield Index.

Our Business

Our business principally includes the provision of (i) leasing services, including finance lease services and operating lease services; (ii) shipbroking services; and (iii) loan services. Our leasing services primarily focus on ship leasing, and we offer the options of finance lease and operating lease. The following table sets out a breakdown of our revenue in 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026 by business activity:

	Year ended 31 December							Six months ended 30 June				
	2023		2024		2025			2025		2026		
	HK$'000	%	HK$'000	%	HK$'000	U.S.$'000 (Unaudited)	%	HK$'000 (Unaudited)	%	HK$'000 (Unaudited)	U.S.$'000 (Unaudited)	%
Operating lease income	1,819,906	50.2	2,235,972	55.4	2,516,915	320,953.2	62.2	1,208,824	59.9	1,230,658	156,931.7	64.4
Finance lease income	1,171,775	32.3	1,219,700	30.3	1,049,871	133,878.0	26.0	549,995	27.3	463,869	59,151.9	24.3
Interest income from loan borrowings[(1)]	606,095	16.7	545,152	13.5	460,822	58,763.3	11.4	236,632	11.7	216,707	27,634.1	11.3
Commission income	28,372	0.8	33,545	0.8	16,583	2,114.6	0.4	22,514	1.1	-	-	-
Total	3,626,148	100	4,034,369	100	4,044,191	515,709.1	100	2,017,965	100	1,911,234	243,717.7	100

Note:
(1) Including pre-delivery loans.

Leasing Services

We provide tailored and flexible leasing services to our customers with the options of finance lease and operating lease. Leveraging our strong expertise in the marine industry, our leasing services primarily focus on ship leasing. As a leasing service provider primarily focusing on ship leasing, our business may be materially and adversely affected by the marine cycle. For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our lease income, comprising finance lease income and operating lease income, amounted to HK$2,991.7 million, HK$3,455.7 million, HK$3,566.8 million (U.S.$454.8 million), HK$1,758.8 million and HK$1,694.5 million (U.S.$216.1 million), respectively, accounting for 82.5%, 85.7%, 88.2%, 87.2% and 88.7% of our total revenue, respectively.

As at 30 June 2026, we (including joint ventures and associates) owned a total of 130 vessels, and our committed vessel portfolio comprised 19 vessels, which are expected to be completed and begin to generate lease income to our Group no later than 2030. These 19 vessels were of an aggregate vessel value (i.e. shipbuilders' cost of shipbuilding) of U.S.$920.7 million.

(i) Finance Lease

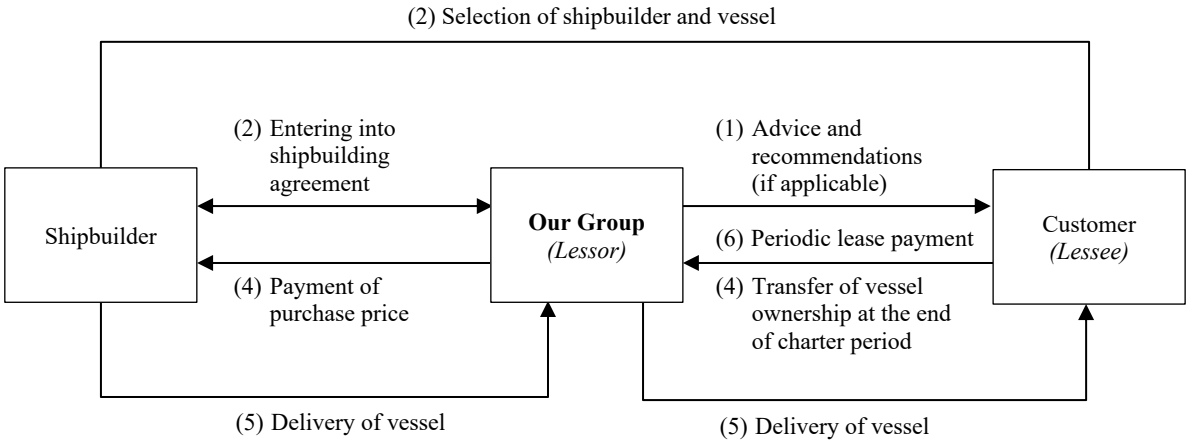
Finance lease refers to a leasing model whereby the lessor purchases an asset according to the lessee's specific requirements and choice of supplier or the lessor purchases an asset from the lessee, and then leases it to the lessee for periodic lease payments. A lease is classified as a finance lease if the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset (including its residual value) to the lessee.

In 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our finance lease income was HK$1,171.8 million, HK$1,219.7 million, HK$1,049.9 million (U.S.$133.9 million), HK$550.0 million and HK$463.9 million (U.S.$59.2 million), respectively, accounting for 32.3%, 30.3%, 26.0%, 27.3% and 24.3% of our total revenue, respectively. Our finance lease is further categorised into direct finance lease and sale-and-leaseback. The increase in finance lease income from 2023 to 2024 was primarily due to the (1) increase of SOFR as most of our finance lease is based on floating rates with reference to SOFR and (2) new finance lease contracts engaged by the Group. The decreases in finance lease income from 2024 to 2025 and from the six months ended 30 June 2025 to the six months ended 30 June 2026 were primarily due to scheduled principal repayments by the charterers and the completion of several finance lease projects.

In respect of our finance lease transactions, our customers are generally not allowed to enter into any sub-chartering arrangement without obtaining our prior written consent or first informing us of such arrangement.

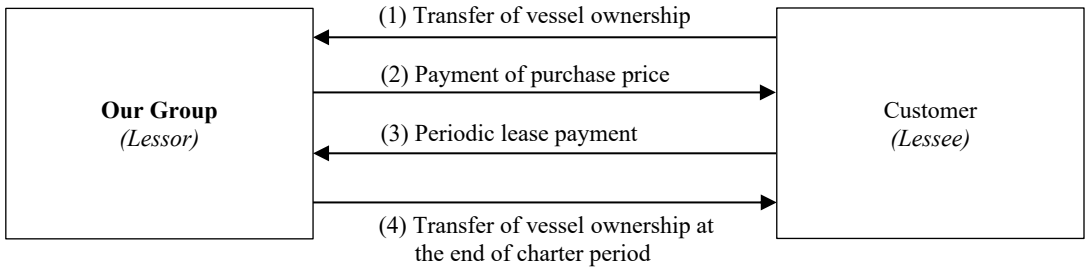
Direct finance lease

In a typical direct finance lease transaction, leveraging our strong expertise in the marine industry, we provide advice and recommendations to our customer to assist its selection of vessel. We enter into a shipbuilding agreement with the shipbuilder designated by our customer for the construction of vessel according to our customer's specific requirements. We then lease the vessel to our customer for use in return for periodic lease payments. At the end of the charter period, our customer is obliged to purchase the leased vessel at a fixed price. The title ownership of the leased vessel remains with us until we transfer the same to our customer at the end of the charter period. The following diagram illustrates the relationship among the lessor, the lessee and the shipbuilder in a typical direct finance lease transaction:



Sale-and-leaseback

In a typical sale-and-leaseback transaction, we purchase our customer's vessel at a negotiated price and then lease it back to our customer in return for periodic lease payments. At the end of the charter period, our customer is obliged to purchase the leased vessel. The title ownership of the leased vessel remains with us until we transfer the same to our customer at the end of the charter period. The following diagram illustrates the relationship between the lessor and the lessee in a typical sale-and-leaseback transaction:



Major terms of direct finance lease and sale-and-leaseback agreements

The direct finance lease and sale-and-leaseback agreements we enter into with our customers for ship leasing are legally binding and generally include the following major terms:

	Direct finance lease agreement	**Sale-and-leaseback agreement**
Vessel sale:	• N/A	• The agreement will contain details in relation to the sale of the vessel by the lessee to us, including the purchase price, the payment terms as well as the delivery time

	Direct finance lease agreement	Sale-and-leaseback agreement
		and place.
Charter period:	• The agreement will specify the charter period, which generally ranges from five to 10 years.	
Charter payment:	• The lessee will, on each payment date during the charter period, pay us for the lease and use of the vessel. • The amount payable by the lessee on each payment date is generally (i) a pre-determined amount; or (ii) a pre-determined amount plus interest accrued on the outstanding principal, which is calculated with reference to the applicable interest rate (i.e. fixed rate or SOFR or LIBOR plus a margin). • We generally require payment to be made on a monthly or quarterly basis.	
Vessel delivery and acceptance:	• Upon the delivery of the vessel in accordance with the shipbuilding agreement and the satisfaction of certain conditions, the lessee will be deemed to have accepted and taken delivery of the vessel.	• The ownership of the vessel will be transferred to us by the lessee on a "as is, where is and with all faults" basis. Simultaneously, the vessel will be delivered by us to the lessee on the same conditions.
Representations and warranties:	• We make no representation or warranty as to the seaworthiness, merchantability, condition, design, performance, capacity or fitness for use of the vessel.	
Insurance:	• The lessee will bear all risks arising from the use, navigation, operation, possession and/or maintenance of the vessel during the charter period. • The lessee shall, throughout the charter period, insure and keep the vessel insured against, among others, (i) fire and usual marine risks on hull and machinery; and (ii) war risks.	
Lessee's major obligations:	• The lessee shall, during the charter period: • ensure the vessel is in compliance with all applicable laws, regulations, international conventions, codes and regulations; • permit us to inspect or survey the vessel or instruct a duly authorised surveyor to carry out such inspection or survey in order to ascertain the condition of the vessel; • notify us of any accident, arrest or event resulting in a total loss of the vessel; and • inform us of any event constituting a lessee's default under the	

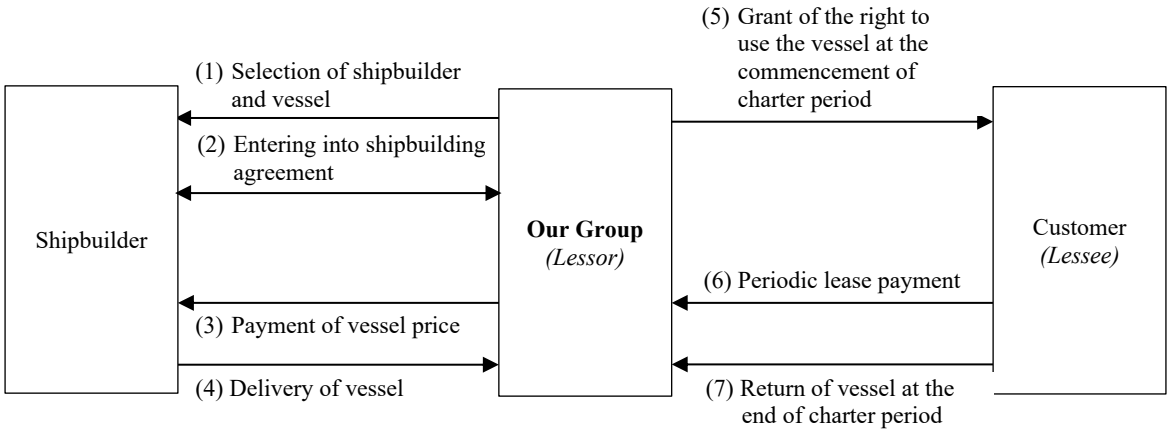
	Direct finance lease agreement	Sale-and-leaseback agreement
	agreement.	
Lessee's purchase obligations:	• Upon expiry of the charter period, the lessee will generally be obliged to unconditionally purchase the vessel at a fixed price.	
Termination:	• Upon the occurrence of a lessee's fault which is continuing, we may terminate the agreement. • A lessee's default includes (i) the lessee's failure to make payment on its due date; (ii) the lessee's failure to observe or perform any of its obligations under the agreement, and such failure is not remedied within a specified time period; and (iii) the filing of a petition or the making of an order for the winding-up or dissolution of the lessee.	

(ii) Operating Lease

Operating lease refers to a leasing model whereby the lessor grants the right to use an asset to the lessee for a specified period and in return for periodic lease payments. A lease is classified as an operating lease if substantially all the risks and rewards incidental to the ownership of an asset (including its residual value) remain with the lessor.

In 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our operating lease income amounted to HK$1,819.9 million, HK$2,236.0 million, HK$2,516.9 million (U.S.$321.0 million), HK$1,208.8 million and HK$1,230.7 million (U.S.$156.9 million), respectively, accounting for 50.2%, 55.4%, 62.2%, 59.9% and 64.4% of our total revenue, respectively. Such increase in operating lease income was due to the increase in the Group's total shipping capacity and well performance of the bulker carrier market as the Baltic Dry Index (BDI) generally increased. Our operating lease is further categorised into bareboat charter and time charter.

In a typical operating lease transaction, we enter into a shipbuilding agreement with a shipbuilder chosen by us for the construction of vessel, after taking into account our customer's requirements on the type, specifications and capabilities of the vessel it intends to lease. With a view to optimising our operating lease business, we also enter into shipbuilding agreements at our own initiatives, after taking into account considerations such as market cycle, profitability and liquidity of particular types of vessels. We then lease the vessel to our customer for use in return for periodic lease payments. At the end of the charter period, our customer will return the leased vessel to us. The following diagram illustrates the relationship among the lessor, the lessee and the shipbuilder in a typical operating lease transaction:



In a bareboat charter, the lessee is responsible for the employment of the crew as well as the operation and management of the vessel. In a time charter, we are responsible for the payment of expenses in relation to crew employment and vessel management.

In respect of our operating lease transactions, our customers are generally required to inform us of any sub-chartering arrangements.

Major terms of operating lease agreements

The operating lease agreements we enter into with our customers for ship leasing are legally binding and generally include the following major terms:

	Bareboat charter	**Time charter**
Charter period:	• The agreement will specify the charter period, which generally ranges from three to 15 years for bareboat charter and approximately six months to one year for time charter.	
Charter payment:	• The lessee will, on each payment date during the charter period, pay us for the lease and use of the vessel. • The amount payable by the lessee on each payment date is generally (i) a pre-determined amount; or (ii) calculated by multiplying the daily charter rate by the number of days in the relevant calculation period. • We generally require payment to be made on a semi-monthly or monthly basis.	
Vessel delivery and acceptance:	• Upon the shipbuilder's delivery of the vessel to us in accordance with the shipbuilding agreement and the satisfaction of certain conditions, the lessee will be deemed to	• N/A

	Bareboat charter	Time charter
	have accepted and taken delivery of the vessel, whether or not it takes physical possession and/or use of the vessel.	
Representations and warranties:	• We make no representation or warranty as to the seaworthiness, merchantability, condition, design, performance, capacity or fitness for use of the vessel.	• We will keep the vessel in an efficient state in hull, machinery and equipment during the charter period.
Insurance:	• The lessee will bear all risks arising from the use, navigation, operation, possession and/or maintenance of the vessel during the charter period.	• We will provide and pay for the insurance of the vessel.
	• The lessee shall, throughout the charter period, insure and keep the vessel insured free of cost and expense to us and in the joint names of our Group and the lessee against, among others, (i) fire and usual marine risk on hull and machinery; and (ii) war risk.	•
Lessee's major obligations:	• The lessee shall, during the charter period:	• The lessee shall comply with all requirements and supply the vessel with sufficient fuel.
	• ensure the vessel is in compliance with all applicable laws, regulations, international convention, codes and regulations;	•
	• permit us to inspect or survey the vessel or instruct a duly authorised surveyor to carry out such inspection or survey in order to ascertain the condition of the vessel;	•

	Bareboat charter	Time charter
	• notify us of any accident, arrest, detention or event resulting in a total loss of the vessel; and	•
	• inform us of any event constituting a termination event under the lease.	•
Termination:	• Upon the occurrence of a termination event, we may terminate the agreement and retake possession of the vessel.	• N/A
	• A termination event includes (i) the lessee's failure to make payment on its due date; (ii) the lessee's failure to observe or perform any of its material obligations under the agreement, and such failure is not remedied within a specified time period; and (iii) the lessee becoming bankrupt, insolvent or unable to repay its debts.	•
	• Under our leasing services, we have established a monthly communication mechanism with shipbuilder, construction supervision team and charterers to closely monitor ship construction status. Through timely communication, we aim to ensure construction quality and timely delivery of vessels. We also plan to build a platform, under which cargo owners and ship owners are able to share information of shipping, cargo source and market condition.	•

Shipbroking Services

Leveraging our extensive network and substantial experience in the marine industry, we provide shipbroking services to shipbuilders incidental to the conduct of our leasing business. Acting as an

intermediary between shipbuilders and prospective purchasers, we provide a wide range of services, including identifying market opportunities for shipbuilders, recommending shipbuilders to interested purchasers, advising interested purchasers on vessel types, specifications and capabilities, providing market information to shipbuilders and interested purchasers, liaising with and serving as the channel of communication between shipbuilders and interested purchasers, negotiating the terms of shipbuilding agreements, as well as resolving issues that arise during the execution of shipbuilding agreements. If we facilitate the successful conclusion of a shipbuilding transaction, we will receive a commission from the shipbuilder. The amount of shipbroking commission generally represents 0.5% to 2.0% of the contract price of the vessel, and is normally paid to us within a specified time period (generally 30 days) after the shipbuilder's receipt of the instalment payment from the purchaser. It is an industry norm for shipbuilders to pay shipbroking commission to shipbrokers who facilitate the successful conclusion of shipbuilding transactions, and it is rare for purchasers to pay such commission.

For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our commission income was HK$28.4 million, HK$33.5 million, HK$16.6 million (U.S.$2.1 million), HK$22.5 million and nil, respectively, accounting for 0.8%, 0.8%, 0.4%, 1.1% and nil of our total revenue, respectively. During the same period, CSSC Group and its associates were the only customers in respect of our shipbroking business.

Loan Services

We provide loan services in the ordinary and usual course of our business, and such loan services mainly include pre-delivery loan, secured loan and factoring services. We believe that our customers procure loan services from us instead of obtaining borrowings directly from commercial banks and financial institutions mainly because of the flexibility of our financing options, and we are not aware of any of these customers encountering any major difficulties in obtaining borrowings directly from commercial banks and financial institutions. It is not uncommon for leasing companies to provide loan services. In order to reduce the risk exposure of our loan services, we carefully select our customers based on their creditworthiness, repayment capabilities and financing needs. In 2023, 2024 and 2025 and the six months ended 30 June 2026, none of our loan receivables was written off.

In 2023, 2024 and 2025, our interest income from loan borrowings was HK$606.1 million, HK$545.2 million and HK$460.8 million (U.S.$58.8 million), respectively, accounting for 16.7%, 13.5% and 11.4% of our total revenue, respectively. For the six months ended 30 June 2025 and 2026, our interest income from loan borrowings was HK$236.6 million and HK$216.7 million (U.S.$27.6 million), respectively, accounting for 11.7% and 11.3% of our total revenue, respectively. The decreases over the periods were primarily due to scheduled principal repayments by the charterers and the completion of several finance lease projects.

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the amount of receivables in respect of our loan services was HK$7,207.8 million, HK$6,383.2 million, HK$5,863.9 million (U.S.$747.8 million) and HK$6,771.6 million (U.S.$863.5 million) respectively. In 2023, 2024 and 2025 and the six months ended 30 June 2026, the interest rate we charged for our loan services generally ranged from 4.5% per annum to 9.3% per annum, which is in line with the industry norm.

Pre-delivery Loan Services

In general, as part of our ship leasing services, we provide pre-delivery loan services to customers who require funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. The pre-delivery loans we extend are solely to finance the purchase of vessels under our finance lease transactions, and are generally secured by corporate guarantee, the assignment of shipbuilding agreement and refund guarantee rendered by our customers. A corporate guarantee is an agreement whereby a corporate entity (i.e. the guarantor) undertakes to assume responsibilities for the repayment of a loan if the borrower defaults on its repayment or upon maturity of the loan. A refund guarantee is commonly provided in new shipbuilding transactions, whereby a bank in favour of the

seller undertakes that, in the event the seller fails to perform its obligations under the shipbuilding agreement, it will refund the advance instalments paid (together with interest accrued) under the relevant shipbuilding agreement to the buyer.

The pre-delivery loan agreements we enter into with our customers are legally binding and generally include the following major terms:

Loan facility:	• We will make a loan facility available to our customer, and the agreement will specify, among others, the loan amount, interest rate, drawdown period and repayment schedule. • We generally charge our customer a fixed interest rate.
Purpose of loan facility:	• The loan facility will solely be for the purpose of financing our customer's instalment payments towards the contract price of a shipbuilding transaction.
Security documents:	• We require our customer to execute certain security documents (e.g. corporate guarantee, assignment of shipbuilding agreement and refund guarantee) to secure the performance of its obligations under the agreement.
Cancellation of loan facility:	• The agreement will specify the events of default, which generally include (i) our customer failing to make payment on the due date; (ii) our customer failing to comply with the financial covenants; (iii) our customer suspending or ceasing to carry on all or a substantial part of its business; and (iv) any representation made in the agreement or other transaction documents being incorrect or misleading in any material respect. • Upon the occurrence of an event of default which is continuing, we may cancel the loan facility and declare that all or part of the loan, together with accrued interest, be immediately due and payable.

Secured Loan Services

In addition, we provide secured loan services to customers to satisfy their working capital needs and/or finance their purchase of assets (such as vessels). We determine the loan amount, interest rate, maturity period and use of funds primarily based on our customers' creditworthiness, repayment capabilities as well as financing needs. Our loans are generally secured by our customers' vessels or assets. As part of our secured loan services, we provide entrusted loan services to customers to finance their purchase of vessels or other assets. Under the entrusted loan arrangements, we (as trustor) provide funds to qualified financial institutions (as trustee), which then lend the funds to our customers under the terms and conditions specified by us.

The secured loan agreements we enter into with our customers are legally binding and generally include the following major terms:

Loan facility:	• We will make a loan facility available to our customer, and the agreement will specify, among others, the loan amount, interest rate and repayment schedule. • We generally charge our customer a fixed interest rate or an

	interest rate that equals to SOFR or LIBOR plus a margin.
Purpose of loan facility:	• The agreement will set out the specific purpose(s) of the loan facility (e.g. financing the purchase of an asset and for general capital purpose).
Security documents:	• We require our customer to execute certain security documents (e.g. mortgage and assignment agreement) to secure the performance of its obligations under the agreement.
Cancellation of loan facility:	• The agreement will specify the events of default, which generally include (i) our customer failing to make payment on the due date; (ii) our customer suspending or ceasing to carry on all or a material pan of its business; (iii) any representation made in the agreement or other transaction documents being incorrect or misleading in any material respect; and (iv) a change of control of our customer. • Upon the occurrence of an event of default which is continuing, we may cancel the loan facility and declare that all or part of the loan, together with accrued interest, be immediately due and payable.

In 2019, we conducted our entrusted loan business in the PRC through CSSC Shanghai, CSSC Tianjin and certain SPVs in the PRC. According to the Measures on Supervision of Financial Leasing Enterprises (融資租賃企業監督管理辦法) (the "**Measures for Financial Leasing Enterprises**") and the Administrative Measures for Entrusted Loans Undertaken by Commercial Banks (商業銀行委託貸款管理辦法) (the "**Measures for Entrusted Loans**"), no particular licence or approval, other than business licence, is required for engaging in the provision of entrusted loan services in the PRC. As at the date of this Offering Circular, each of CSSC Shanghai, CSSC Tianjin and the SPVs engaging in entrusted loan business possessed the requisite business licence to engage in the provision of entrusted loan services as trustor in the PRC. According to the Measures for Financial Leasing Enterprises, a financial leasing company is prohibited from providing entrusted loans to third parties as trustee. However, it does not prohibit a financial leasing company from providing entrusted loans to third parties as trustor. In 2019, our PRC subsidiaries acted as trustor when providing entrusted loans to third parties, and such arrangements did not violate the Measures for Financial Leasing Enterprises. During the same period, certain of our PRC subsidiaries did not carry on leasing business as their principal business as required by the PRC laws and regulations in relation to financial leasing. Instead, they principally engaged in the provision of loan services through entrusted banks. Save as disclosed aforementioned, our entrusted loan business in the PRC is in compliance with the Measures for Financial Leasing Enterprises.

The Measures for Entrusted Loans, which was promulgated by the China Banking Regulatory Commission (the "**CBIRC**") and became effective on 5 January 2018, have set out certain restrictions on the usage of entrusted loans, and require that the loans shall not be used (i) for production, operation, or investment fields and purposes prohibited by the State; (ii) for investment in, among others, bonds, futures, financial derivatives or asset management products; (iii) as registered capital or for registered capital verification; (iv) for equity capital investment or for increase in registered capital or shares (except as otherwise specified by the regulatory authorities); or (v) other purposes in violation of the regulatory provisions. After the Measures for Entrusted Loans became effective, our PRC subsidiaries have not entered into any new entrusted loan agreements. Our existing entrusted loan agreements were entered into by our PRC subsidiaries in 2015 and 2016 (i.e. prior to the effective date of the Measures for Entrusted Loans), and the usage of the funds provided for therein was for payment of shipbuilding fees and fees relating to vessel operation, or purchase of textile equipment and related equipment, which

do not fall within the usage restrictions set out in the Measures for Entrusted Loans. According to the Legislation Law of the PRC (中華人民共和國立法法), laws, administrative regulations, local regulations, autonomous regulations, separate regulations and rules shall not apply retroactively, except where the regulations are specifically formulated for the purpose of better protecting the rights and interests of citizens, legal persons and other organisations. As the Measures for Entrusted Loans is silent on whether the provisions therein will apply retrospectively, we made an inquiry with the CBIRC, and the CBIRC confirmed on 31 October 2018 that the Measures for Entrusted Loans will not apply retrospectively. Therefore, any inconsistency in the entrusted loan agreements effective prior to the effective date of the Measures for Entrusted Loans requires no rectification. Regardless of whether the Measures for Entrusted Loans will take effect retrospectively, the usage of funds in our existing entrusted loan agreements is in compliance with the Measures for Entrusted Loans. Based on the abovementioned, we believe that the existing entrusted loan business of our PRC subsidiaries will not be adversely affected by the Measures for Entrusted Loans.

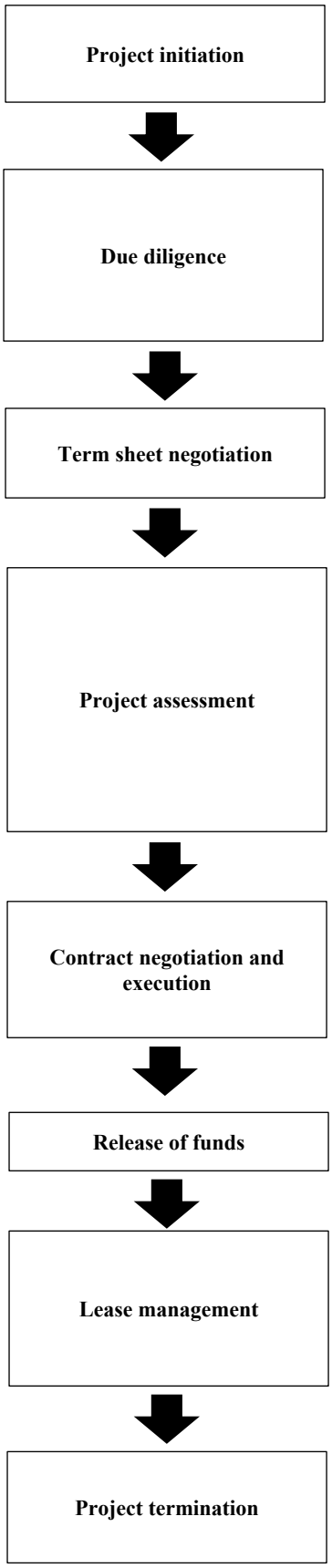
Our Vessel Portfolio

As at 30 June 2026, we (including joint ventures and associates) owned a total of 130 vessels, including 107 vessels in operation and 23 vessels under construction. The following table sets out the number of each type of vessels in relation to our vessel fleet as at 31 December 2023, 2024 and 2025:

	As at 31 December		
	2023	**2024**	**2025**
Offshore clean energy equipment	26	21	20
Container vessels	23	25	24
Liquid cargo vessels	29	33	30
Bulk carriers	41	33	31
Specialized vessels	32	31	30
Total	**151**	**143**	**135**

We consider a variety of factors during our selection of vessels. These factors generally include (i) price, quality and capabilities of vessels; (ii) market liquidity of vessels; (iii) income stability and return of vessels; (iv) market conditions and trends; (v) financial condition, creditworthiness and performance capabilities of our customers; and (vi) whether the purchase of vessels is in line with our business strategies.

Our Business Process



- Upon identifying a potential business opportunity, the project manager gathers some basic information about the proposed transaction and obtains approval for project initiation

- The project manager conducts due diligence against the parties to the proposed transaction and the proposed leased vessel
- If necessary, we may engage third party consultants to assess the creditworthiness of the potential lessee, conduct a valuation on the proposed leased vessel and/or inspect the condition of the proposed leased vessel

- The project manager negotiates the major terms and conditions of the proposed transaction with the potential lessee and prepares a term sheet

- The project manager prepares a preliminary project assessment report and submits a project assessment application to our risk management department
- Our risk management department consolidates the opinions from our asset management and accounting and treasury departments on the proposed transaction, compiles a formal project assessment, report, and submits the same to our senior management or our Board for consideration and approval, depending on the importance of the project

- We negotiate and finalise the terms of the lease agreement and other transaction documents with the parties to the proposed transaction
- We arrange for execution of the lease agreement and other transaction documents in accordance with our internal signing procedures

- Upon fulfillment of the conditions precedent specified in the lease agreement, we will arrange for the release of funds

- During the lease term, our asset management department monitors the project status (including our collection of lease payment as well as the condition and value of the leased vessel) on an on-going basis
- Our risk management department evaluates our risk profile on a continuous basis

- Upon expiry of the term of the lease agreement, our asset management department may, depending on the arrangements under the relevant lease agreement, re-possesses the leased vessel or arrange for the transfer of ownership of the leased vessel to the lessee

Sales And Marketing

We generally acquire new customers and originate new businesses through our own sales and marketing initiatives as well as referrals by shipbrokers and shipbuilders. Our business department is responsible for exploring new business opportunities and developing new projects in accordance with our business development strategies, maintaining customer relationship as well as collecting market information.

As part of our sales and marketing initiatives, we attend maritime exhibitions and ship finance forums from time to time. These exhibitions and forums not only provide us with an opportunity to enhance our industry reputation and network with ship operators and shipbuilders across the globe, but also keep us abreast of new industry developments and trends. In 2023, 2024 and 2025 and the six months ended 30 June 2026, we participated in a number of maritime exhibitions and ship finance forums, including Marintec China in Shanghai, Posidonia in Greece, SMM in Hamburg as well as various forums organised by Capital Link and Marine Money.

Pricing

We determine the price of our services on a case-by-case basis, and generally take into account the following considerations in our decision-making process: (i) the size and complexity of the transaction; (ii) the value, type and/or condition of the leased asset; (iii) general market and industry conditions; (iv) the business, financial performance, scale of operations, industry reputation, credit history as well as creditworthiness of our customer; (v) the level of our risk exposure; (vi) the security provided by our customer and whether it is sufficient to cover our risk exposure; and (vii) whether the transaction is in line with our business strategies.

Seasonality

As a leasing service provider primarily focusing on ship leasing, our business performance is largely dependent on the demand for leasing and loan services in relation to vessel procurement, which is not subject to seasonal fluctuations. In addition, our finance lease income is subject to the repayment schedules set out in the lease agreements and is not affected by seasonal factors. While some of our operating leases are of a term of less than a year, they do not contribute significantly to our revenue and are unlikely to cause our revenue to be materially affected by seasonal factors. Our business performance is therefore generally not subject to seasonal fluctuations.

Our Customers

Our customers generally include ship operators, shipbuilders and trading companies.

Our Major Customers

In 2023, 2024 and 2025 and the six months ended 30 June 2026, our five largest customers accounted for 51.8%, 48.9%, 51.8% and 53.6% of our total revenue, respectively. Our major customers are located in the PRC, Asia, United States and Europe, with whom we have maintained business relationships for three to six years. The payments made to us by our five largest customers are primarily in U.S. dollars, and by way of telegraphic transfer.

We confirm that, (i) our five largest customers in 2023, 2024 and 2025 and the six months ended 30 June 2026 were independent third parties; and (ii) none of our Directors, their respective close associates or shareholders who own more than 5% of the share capital of our Company had any interest in our five largest customers. Our Directors further confirm that none of our five largest customers in 2023, 2024 and 2025 and the six months ended 30 June 2026 were our major suppliers.

Our Suppliers

Because of the nature of our business, we have no major suppliers. In 2023, 2024 and 2025 and the six months ended 30 June 2026, we purchased vessels mainly from CSSC Group and/or its associates as well as other independent shipbuilders.

Competition

The global ship leasing industry is relatively fragmented, with approximately 400 ship leasing companies across the globe in 2018. The global ship leasing industry may be further segmented into the non-bank ship leasing industry, with approximately 150 non-bank ship leasing companies across the globe in 2018. The global top five ship leasing service providers accounted for a total market share of 24.5% in terms of revenue in 2020, whereas the global top three non-bank ship leasing service providers accounted for a total market share of 29.2% in terms of revenue in 2018. As of 30 June 2026, we were ranked eighth in terms of vessel tonnage in China and second among non-bank-affiliated leasing companies. Ship leasing companies generally compete in terms of professionalism, customer network coverage, risk assessment and management capabilities as well as asset operation.

Employees

As at 30 June 2026, we had 76 employees performing management, asset management, risk management, credit and structured finance, accounting and treasury, human resources and administration and strategy and digitization functions.

For the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2025 and 2026, our staff cost amounted to HK$106.3 million, HK$105.3 million, HK$107.3 million (U.S.$13.7 million), HK$28.7 million and HK$34.9 million (U.S.$4.5 million), respectively.

We generally recruit our employees through recruitment agencies as well as the posting of job advertisements on public recruitment platforms. We seek to remunerate our employees on a market-competitive basis. The remuneration package of our employees includes basic salary and performance-related bonus. We review the remuneration package and performance of our employees annually. In accordance with applicable Hong Kong laws and regulations, we have made mandatory provident fund contributions for our Hong Kong employees. In accordance with applicable PRC laws and regulations, we have made social insurance and housing provident fund contributions for our PRC employees.

In order to improve the professional skills of our employees, we provide them with training that is specific to their job duties. Our training programmes generally cover industry updates, legal and financial knowledge as well as management and leadership skills.

We have not established any labour union. In 2023, 2024 and 2025 and the six months ended 30 June 2026, we had not experienced any material dispute with our employees or disruption to our operations as a result of labour dispute nor any difficulty in the recruitment and retention of employees.

Intellectual Property

Our intellectual property rights comprise our domain name. In 2023, 2024 and 2025 and the six months ended 30 June 2026 and up to the date of this Offering Circular, no material claim or dispute was brought against us in relation to any infringement of intellectual property rights. Our Directors are not aware of any use by any third-party of our brand and believe that there had been no infringement of our intellectual property rights that would result in a significant potential impact on our business during the same period.

Insurance

In respect of the assets underlying the leases, we normally require the lessees to maintain insurance that are customary in the marine industry throughout the lease term, and such insurance

generally includes hull and machinery insurance, war risk insurance, protection and indemnity insurance as well as kidnap and ransom insurance. See *"– Our Business – Leasing Services – (i) Finance Lease – Major terms of direct finance lease and sale-and-leaseback agreements*" and "*Our Business Leasing Services – (ii) Operating Lease – Major terms of operating lease agreement*" in this section for further details. The scope and amount of insurance are set out in the relevant lease agreements, and we have a list of approved insurance companies with which the lessees shall maintain insurance. In line with industry practice, while the insurance premium is normally borne by the lessees, we are generally named as the beneficiary of the insurance policies.

In addition, we maintain medical insurance and employees' compensation insurance for our employees in Hong Kong. In relation to our PRC employees, we make contributions towards five categories of insurance, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. We also maintain medical insurance for our employees in Singapore.

Our Directors believe that our current insurance coverage is sufficient and adequate and in line with the industry norm. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustments to our insurance coverage.

Properties

As at the date of this Offering Circular, we leased a total of two properties for office premises use in the PRC.

As at the date of this Offering Circular, we had not been provided with valid title certificates in respect of our leased properties in the PRC. We believe the likelihood of our business being materially affected by such title defects is remote. As at the date of this Offering Circular, none of our lease agreements had been registered with the relevant PRC government authorities. According to the Administrative Measures on Lease of Commodity Properties (商品房屋租賃管理辦法), lease agreements shall be registered with the relevant PRC government authorities, and any non-registration of lease agreements may result in the relevant PRC government authorities ordering for rectification within a prescribed time limit and, if the relevant entity still fails to register the relevant lease agreements, imposing a fine ranging from RMB1,000 to RMB10,000 per lease agreement. The maximum fine in relation to the non-registration of our three lease agreements shall be RMB30,000, and the lessors' failure to register the relevant lease agreements will not affect their validity or enforceability. As at the date of this Offering Circular, we had not received any notice or demand from the PRC government authorities requesting us to take rectification actions or imposing a fine on us. We believe the likelihood of our business being materially affected by such title defects is remote.

We believe that there would be no material difference in the rental that we would have to pay for our leased properties in the PRC if they were not subject to title defects.

Licences, Permits and Approvals

For the material licences, permits and approvals we hold for carrying on our business operations, see "*PRC Regulations*" in this Offering Circular. In 2023, 2024 and 2025 and the six months ended 30 June 2026 and up to the date of this Offering Circular, we had obtained all requisite licences, permits and approvals that are material to our business operations from the relevant government authorities.

Our management reviews our business practises regularly to ensure compliance with all licencing requirements and conditions as well as the successful renewal of our licences, permits and approvals. We believe there was no major legal impediment for the renewal of our licences, permits and approvals, and no circumstances existed that would render their revocation or cancellation as at the date of this Offering Circular.

Occupational Health, Work Safety and Environmental Protection

We are committed to providing a safe and healthy working environment for our employees. We have policies and guidelines to ensure and promote workplace safety. In 2023, 2024 and 2025 and the six months ended 30 June 2026, we had not been involved in any major accident or fatality in the course of our business operations. We believe that the annual cost of compliance with the applicable laws and regulations relating to occupational health and work safety was not material during the same period, and that the cost of such compliance is not expected to be material going forward.

Because of the nature of our business, we do not generate any hazards or industrial pollutants during the course of our operations. We did not incur any expenses in relation to compliance with environmental protection laws, rules and regulations in 2023, 2024 and 2025 and the six months ended 30 June 2026, and do not expect to incur any such expenses going forward.

Legal Proceedings

We may be from time to time involved in legal proceedings on disputes arising in the ordinary course of business. As at the date of this Offering Circular, to the best knowledge and belief of our Directors, there was no pending or threatened litigation, arbitration or claim against any member of our Group or any of them which, in the opinion of our Directors, would have a material adverse effect on our financial condition or results of operations as a whole.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2026, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interests	Number of shares	Long/Short position	Approximate percentage of shareholding in the Company (%)
State-owned Assets Supervision and Administration Commission	Interest in controlled corporation[(1)]	4,602,046,234	Long position	74.20
China State Shipbuilding Corporation Limited (中國船舶集團有限公司)	Interest in controlled corporation[(1)]	4,602,046,234	Long position	74.20
China State Shipbuilding Industry Corporation Limited (中國船舶工業集團有限公司)	Interest in controlled corporation[(1)]	4,602,046,234	Long position	74.20
CSSC International Holding Company Limited	Beneficial owner[(1)]	4,602,046,234	Long position	74.20
Central Huijin Investment Ltd.	Interest in controlled corporation[(2)]	304,044,000	Long position	4.90
China Re Asset Management (Hong Kong) Company Limited (中再資產管理(香港)有限公司)	Investment manager[(2)]	304,044,000	Long position	4.90
China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司)	Beneficial owner[(2)]	304,044,000	Long position	4.90

Notes:

(1) CSSC International Holding Company Limited is a wholly-owned subsidiary of China State Shipbuilding Industry Corporation Limited (中國船舶工業集團有限公司), and China State Shipbuilding Industry Corporation Limited (中國船舶工業集團有限公司) is wholly-owned by China State Shipbuilding Corporation Limited (中國船舶集團有限公司), which is wholly-owned by the State-owned Assets Supervision and Administration Commission. As such, by virtue of the SFO, China State Shipbuilding Industry Corporation Limited (中國船舶工業集團有限公司), China State Shipbuilding Corporation Limited (中國船舶集團有限公司) and the State-owned Assets Supervision and Administration Commission are deemed to be interested in the 4,602,046,234 Shares held by CSSC International Holding Company Limited.

(2) As at 30 June 2026, Central Huijin Investment Ltd. holds 71.56% of the equity interest in China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司). As such, by virtue of the SFO, Central Huijin Investment Ltd. is deemed to be interested in the 304,044,000 shares held by China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司). The shares held by China Re Asset Management (Hong Kong) Company Limited (中再資產管理(香港)有限公司) are the same batch as those held by China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司).

Save as disclosed above, as at 30 June 2026, as far as the Directors are aware, no any other persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

OVERVIEW

Directors

Our Board currently consists of seven Directors, comprising two Executive Director, two Non-executive Directors and three Independent Non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business. The following table sets out certain information of our Directors:

Name	Age	Position
Mr. Li Hongtao (李洪濤)	60	Executive Director and chairman of our Board
Mr. Liu Hui (劉輝)	45	Executive Director, general manager and chief executive officer of the Company
Mr. Xie Weizhong (謝衛忠)	57	Non-executive Director
Mr. Chi Benbin (遲本斌)	52	Non-executive Director
Mr. Wang Dennis (王德銀)	63	Independent Non-executive Director
Mdm. Shing Mo Han Yvonne (盛慕嫻)	70	Independent Non-executive Director
Mr. Li Hongji (李洪積)	69	Independent Non-executive Director

Senior Management

Our senior management is responsible for the day-to-day management of our business. The following table sets out certain information of the member of our senior management:

Name	Age	Position
Mr. Li Hongtao (李洪濤)	60	Executive Director and chairman of our Board
Mr. Liu Hui (劉輝)	45	Executive Director, general manager and chief executive officer of the Company
Mr. Wang Shanjun (王善君)	51	Chief accountant of the Company
Mr. Wu Aijun (吳愛軍)	53	Deputy general manager of the Company
Mr. Ng Kwun Wa (吳冠華)	48	Company secretary

DIRECTORS

Executive Directors

Mr. Li Hongtao (李洪濤), aged 60, was appointed as Chairman of the Board and an Executive Director on 23 May 2024 and the chief executive officer of the Company from 31 December 2024 to 24 August 2026. Mr. Li has extensive experience in the management in the shipping industry. Before

the appointment as the Executive Director, Mr. Li successively served as deputy general manager and general manager of China Shipbuilding Industry Trading Co., Limited (中國船舶工業貿易公司), chairman of China United Shipbuilding Company Limited (華聯船舶有限公司), general manager and chairman of China Shipbuilding International Marine Technology Co., Limited (中船國際海洋技術有限公司), general manager and chairman of China Shipping International Trading Company Limited (中船國際貿易有限公司) and chairman of China Shipbuilding Industry Trading Co., Limited (中國船舶工業貿易有限公司). Mr. Li obtained his bachelor's degree and master's degree in geodesy from Wuhan Technical University of Surveying and Mapping (武漢測繪科技大學) in September 1987 and May 1990, respectively.

Mr. Liu Hui (劉輝), aged 45, was appointed as an executive Director on 25 September 2025 and the chief executive officer of the Company on 24 August 2026. Mr. Liu has extensive experience in the shipping industry management. Prior to the appointment as the Executive Director, Mr. Liu successively served as an assistant to the officer manager, assistant to manager of the finance department and deputy manager of Guangzhou Wenchong Shipyard Co., Ltd. (廣州文沖船廠有限責任公司), the manager of the finance department and deputy chief accountant of CSSC Huangpu Wenchong Shipbuilding Company Limited (中船黃埔文沖船舶有限公司), the chief accountant, general legal counsel and chief compliance officer of Guangzhou Shipyard International Company Limited (廣船國際有限公司), and a director and the general manager of CSSC Cruise Technology Development Co., Ltd. (中船郵輪科技發展有限公司).

Non-Executive Directors

Mr. Xie Weizhong (謝衛忠), aged 57, was appointed as a non-executive Director on 6 January 2026. Mr. Xie has extensive senior management experience in the shipbuilding industry. Prior to the appointment as a nonexecutive Director, he served as deputy director of the office of the shipbuilding branch of Huangpu Shipyard, director of the factory office of Huangpu Shipyard, assistant to the general manager of Huangpu Shipyard, chairman of the trade union of Guangzhou Huangpu Shipyard Co., Ltd., and vice president of Guangzhou Naval Architecture and Ocean Engineering College. Currently, he is a director of China Shipbuilding Group Guangzhou Ship Industrial Co., Ltd. Mr. Xie obtained a bachelor's degree in ideological and political education from Harbin Institute of Shipbuilding Engineering （哈爾濱船舶工程學院）(now known as Harbin Engineering University（哈爾濱工程大學）） in August 1991, and a master's degree in international finance and trade from the School of Economics at South-Central University for Nationalities （中南民族學院經濟學院）(now known as School of Economics at South-Central Minzu University*（中南民族大學經濟學院）） in July 2003.

Mr. Chi Benbin (遲本斌), aged 52, was appointed as a Non-executive Director on 24 February 2023. He is currently the deputy general manager of Hudong Zhonghua Shipbuilding (Group) Co., Ltd. (滬東中華造船(集團)有限公司), which is a subsidiary of China State Shipbuilding Corporation Limited (中國船舶集團有限公司). Mr. Chi obtained a bachelor's degree in Marine and Offshore Engineering from Huazhong University of Science and Technology (華中理工大學) in 1994. Mr. Chi holds the senior engineer professional and technical qualification. From August 1994 to May 2002, Mr. Chi successively served as a trainee of the marketing department of Hudong Shipyard (滬東造船廠), a salesman, a project manager, a deputy section chief and an assistant to the director of the civil products section of the marketing department of Hudong Zhonghua Shipyard (滬東中華造船廠). From May 2002 to July 2014, he successively served as assistant director of the marketing department and head of the general management section, deputy director of the marketing department, director of the marketing department and assistant to the general manager and director of the marketing department of Hudong Zhonghua Shipbuilding (Group) Co., Ltd. (滬東中華造船(集團)有限公司). From July 2014 to the present, he has been the deputy general manager of Hudong Zhonghua Shipbuilding (Group) Co., Ltd. (滬東中華造船(集團)有限公司). From July 2014 to August 2021, he also successively served as the

deputy general manager of Shanghai Jiangnan Changxing Shipbuilding Co., Ltd. (上海江南長興造船有限責任公司) and the deputy general manager of Shanghai Shipyard Company Limited (上海船廠船舶有限公司).

Independent Non-Executive Directors

Mr. Wang Dennis (王德銀), aged 63, was appointed as an Independent Non-executive Director on 10 November 2020. Mr. Wang is primarily responsible for the independent supervision of the management of the Group. Mr. Wang is an entrepreneur. Mr. Wang was previously the chairman, an executive director and the chief consultant of China Water Industry Group Limited (中國水業集團有限公司), the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1129), the chairman and the general manager of Tibet Jinzhu Co., Ltd. (西藏金珠股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600773), the founder and the chairman of Shenzhen Hornson Science and Tech. Co., Ltd. (深圳豪信科技有限公司), and the chairman and the president of Shenzhen Modern Computer Co., Ltd. (深圳現代計算機有限公司). Mr. Wang obtained a bachelor's degree in computer engineering from Xidian University (西安電子科技大學) in the People's Republic of China in 1986.

Mdm. Shing Mo Han Yvonne (盛慕嫻), *BBS, JP,* aged 70, is an Independent Non-executive Director appointed in May 2019. Mdm. Shing is primarily responsible for overseeing the management of our Group independently. Mdm. Shing is currently serving as an independent non-executive director of China Resources Pharmaceutical Group Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3320); Aeon Credit Service (Asia) Company Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 900); China Merchants Energy Shipping Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601872); and Sirnaomics Ltd, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 2257). She was a senior adviser of Deloitte Touche Tohmatsu in Hong Kong until March 2019. Mdm. Shing is a member of the 10th, 11th and 12th Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference. She is a founding member and former president of the Association of Women Accountants (Hong Kong) Limited, and is the former chairman of Hong Kong Institute of Certified Public Accountants' Taxation Committee. Mdm. Shing's current public appointments include member of the Deposit Protection Board, and her past public appointments include treasurer of the Council of the Hong Kong Academy for Performing Arts, council member of the Hong Kong Polytechnic, member of the Telecommunications Affairs Committee of the Communications Authority, member of the Citizens Advisory Committee on Community Relations and the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption, and board member of the Hospital Authority. Mdm. Shing was appointed as a Justice of the Peace in 2013 and was awarded the Bronze Bauhinia Star in 2017. She was named as one of the China's National Hundred Outstanding Women Entrepreneurs by China Association of Women Entrepreneurs (中國女企業家協會) in October 2006. Mdm. Shing graduated from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) and obtained a higher diploma in accountancy. She is a 2016/2017 university fellow of the Hong Kong Polytechnic University. She is also a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Chartered Governance Institute.

Mr. Li Hongji (李洪積), aged 69, is an Independent Non-executive Director appointed in May 2019. Mr. Li is primarily responsible for overseeing the management of our Group independently. Mr. Li has been serving as a partner and practicing lawyer in Commerce & Finance Law Offices (通商律師事務所) since 2006. Mr. Li is a registered arbitrator in a number of arbitration centres, including China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會), Arbitration Center Across The Straits (海峽兩岸仲裁中心), China Maritime Arbitration Commission (中國海事仲裁委員會), Beijing Arbitration Commission (北京仲裁委員會), Shanghai International

Arbitration Center (上海國際仲裁中心) and Qingdao Arbitration Commission (青島仲裁委員會). He is currently serving as a part-time lecturer of the master's degree programme in Peking University Law School (北京大學法學院). Mr. Li obtained a bachelor's degree in law from Peking University (北京大學) in the PRC in July 1982 and a master's degree in law from China University of Political Science and Law (中國政法大學) in the PRC in July 1987. He became a qualified lawyer of the PRC in 1997 and was admitted to practice as an attorney and counsellor at law in the courts of record of New York in the United States in 1994.

SENIOR MANAGEMENT

Please refer to the section "Directors" in this Offering Circular for the biography of Mr. Li Hongtao and Mr. Liu Hui.

Mr. Wang Shanjun (王善君), aged 51, was appointed as the chief accountant of the Company on 1 January 2025, primarily responsible for financial and legal affairs (compliance), risk management, issues pertaining to, among others, the Board of Directors meetings and shareholders meetings, securities affairs, investor relations management and ESG. Mr. Wang served at Jindong Paper Co., Ltd. (金東紙業有限公司) from August 1998 to September 1999. From November 2006 to May 2010, he served as a business manager at the Third Asset Division of the Asset Division of China Shipbuilding Industry Corporation. From May 2010 to April 2017, he served as a business manager of the Capital Operations Department, deputy director of Investor Relations, deputy director of Investor Relations (presiding) and director of Investor Relations of China Shipbuilding Industry Company Limited. From April 2017 to November 2024 he served as a vice general manager and secretary to the board of directors at China Shipbuilding Industry Group Power Co., Ltd. Mr. Wang obtained a bachelor's degree in July 1998 and a master's degree in Finance in February 2005 from Dalian University of Technology. In June 2017, he obtained a PhD degree from the Graduate School of the People's Bank of China.

Mr. Wu Aijun (吳愛軍), aged 53, was appointed as the deputy general manager of the Company on 1 January 2025. He is mainly responsible for business development, external investment, ship operation, ship management, etc. Mr. Wu interned at the ship repairing branch of Jiangnan Shipbuilding (Group) Co., Ltd. (江南造船(集團)有限責任公司) from August 1994 to August 1995. From August 1995 to February 2001, he worked at the Foreign Affairs Office of Jiangnan Shipbuilding (Group) Co., Ltd. (江南造船(集團)有限責任公司), responsible for translation works. From February 2001 to January 2003, he served as the project manager of the business department of Jiangnan Shipbuilding (Group) Co., Ltd. (江南造船(集團)有限責任公司). From January 2003 to May 2017, he served as the project manager of First Shipping Department, senior manager, deputy general manager of the Third Shipping Department, deputy general manager of the First Shipping Department, general manager of the Third Shipping Department and general manager of the Fourth Business Department of China Shipbuilding Trading Company (中國船舶工業貿易公司). From May 2017 to November 2018, he served as assistant to the general manager and general manager of the Fourth Business Department of China Shipbuilding Trading Company (中國船舶工業貿易公司). From November 2018 to May 2019, he served as deputy general manager of China Shipbuilding Trading Company (中國船舶工業貿易公司) and deputy general manager of China Shipping International Trading Company Limited (中船國際貿易有限公司). From May 2019 to February 2020, he served as deputy general manager of China Shipbuilding Trading Company Limited (中國船舶工業貿易有限公司) and deputy general manager of China Shipping International Trading Company Limited (中船國際貿易有限公司) (China Shipbuilding Trading Company (中國船舶工業貿易公司) was approved to change its name to "China Shipbuilding Trading Company Limited (中國船舶工業貿易有限公司)" in May 2019). From February 2020 to June 2020, he served as deputy general manager of China Shipbuilding Trading Company Limited (中國船舶工業貿易有限公司), deputy general manager of China Shipping International Trading Company Limited (中船國際貿易有限公司), and deputy general manager of China Shipbuilding Heavy Industry International Trading Company Limited (中國船舶重工國際貿易

有限公司副總經理). From June 2020 to November 2024, he served as deputy general manager of China Shipbuilding Trading Company Limited (中國船舶工業貿易有限公司). He serves as deputy general manager of the Company from December 2024. Mr. Wu obtained a bachelor's degree from Harbin Engineering University in July 1994.

Mr. Ng Kwun Wa (吳冠華), aged 48, was appointed as the company secretary of the Company on 31 December 2024. Mr. Ng is a member of the Hong Kong Chartered Governance Institute and a member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in financial management and reporting, accounting and auditing. Mr. Ng joined the Group in 2020 initially as the director of finance department. Prior to joining the Company, Mr. Ng worked in a company listed on the Hong Kong Stock Exchange and several accounting firms with extensive experience in finance, audit and corporate finance matters. Mr. Ng obtained a bachelor's degree in accounting from Hong Kong Baptist University in 2001 and a master's degree in corporate governance from The Hong Kong Polytechnic University in 2011.

Board Committees

Our Board of Directors delegates certain responsibilities to various committees. Our Board of Directors has set up the Audit Committee, Remuneration Committee, Nomination Committee, Strategic and Investment Committee and ESG and Sustainable Development Committee. These committees are constituted by certain Directors and report to the Board of Directors.

LAWS AND REGULATIONS IN THE PRC

The key laws and regulations regulating our business operations in China include the following:

Law and Regulations Relating to Financial Leasing Enterprises

Measures on Supervision of Financial Leasing Enterprises and Interim Measures for the Supervision and Administration of Financial Leasing Companies

The Measures on Supervision of Financial Leasing Enterprises (融資租賃企業監督管理辦法) (the "**Measures for Financial Leasing Enterprises**") were promulgated by the Ministry of Commerce of the PRC (the "**MOFCOM**") on 18 September 2013 and came into effect on 1 October 2013 with a view to enhancing regulation over both domestic and foreign-invested financial leasing enterprises registered in China. The Measures for Financial Leasing Enterprises set out, among other things, requirements relating to the business scope, internal risk control, related-party transactions, leased assets and regulatory supervision of financial leasing enterprises. The Measures for Financial Leasing Enterprises have not been expressly repealed. However, following the transfer of the regulatory responsibilities in respect of financial leasing companies from the MOFCOM to the financial regulatory authorities in 2018, the regulatory framework applicable to financial leasing companies has subsequently been substantially updated.

On 26 May 2020, the then CBIRC promulgated 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) (the "**Interim Measures for Financial Leasing Companies**"), which came into effect on the same date. The Interim Measures for Financial Leasing Companies apply to limited liability companies and companies limited by shares engaging in financial leasing business in the PRC, other than financial leasing companies regulated as licensed financial institutions. The Interim Measures for Financial Leasing Companies provide that, to the extent that any provisions issued prior to their implementation are inconsistent with the Interim Measures for Financial Leasing Companies, the Interim Measures for Financial Leasing Companies shall prevail. Accordingly, the Measures for Financial Leasing Enterprises continue to be relevant only to the extent that their provisions have not been superseded by, and are not inconsistent with, the Interim Measures for Financial Leasing Companies or other subsequently issued applicable rules.

Pursuant to the Interim Measures for Financial Leasing Companies, a financial leasing company may conduct all or part of the following businesses: (i) financial leasing business; (ii) leasing business; (iii) purchase, residual value disposal and maintenance of leased assets, leasing transaction consultancy and acceptance of lease deposits in connection with financial leasing and leasing business; (iv) transfer and acquisition of financial leasing or leasing assets; and (v) fixed-income securities investment business. A financial leasing company shall not engage in, among other things, illegal fund-raising, taking or disguised taking of deposits, granting or being entrusted to grant loans, borrowing funds from or otherwise conducting disguised fund lending with other financial leasing companies, or raising funds or transferring assets through peer-to-peer lending information intermediaries or private investment funds.

The Interim Measures for Financial Leasing Companies also provide that leased assets used in financial leasing transactions shall generally be fixed assets and shall have clear title, actually exist and be capable of generating income. A financial leasing company shall establish sound corporate governance, internal control and comprehensive risk management systems, as well as systems for related-party transaction management, valuation and pricing of leased assets, asset quality classification and provisions. In sale-and-leaseback transactions, the purchase price of the leased assets shall have a reasonable pricing basis consistent with applicable accounting standards, and financial leasing companies shall not purchase leased assets at an artificially inflated price.

The Interim Measures for Financial Leasing Companies impose a number of prudential regulatory ratios. In particular, (i) financial leasing and other leasing assets shall account for no less than 60 per cent. of the total assets of a financial leasing company; (ii) the total risk assets of a financial leasing company shall not exceed eight times its net assets; (iii) investment in fixed-income securities shall not exceed 20 per cent. of its net assets; (iv) the balance of financial leasing business with a single lessee shall not exceed 30 per cent. of its net assets; (v) the balance of financial leasing business with a single group of customers shall not exceed 50 per cent. of its net assets; (vi) the balance of financial leasing business with a single related party shall not exceed 30 per cent. of its net assets; and (vii) the aggregate balance of financial leasing business with all related parties shall not exceed 50 per cent. of its net assets.

Under the Interim Measures for Financial Leasing Companies, the competent central financial regulatory authority is responsible for formulating the business operation and supervision rules applicable to financial leasing companies, while the provincial-level people's governments are responsible for the supervision and risk management of financial leasing companies within their respective jurisdictions, with the relevant provincial-level local financial regulatory authorities undertaking day-to-day supervision. Financial leasing companies are required to submit regulatory information on a regular basis and report certain material events to the relevant local financial regulatory authorities. In addition, where a financial leasing company proposes to change its company name, organisational form, registered office or business premises, registered capital or shareholding structure, it is required to communicate in advance with the competent provincial-level local financial regulatory authority and reach agreement with such authority.

Measures on the Administration of Foreign-invested Lease Industry

The Measures on the Administration of Foreign-invested Lease Industry (外商投資租賃業管理辦法) (the "**Measures for Foreign-invested Lease Industry**") were promulgated by the MOFCOM on 3 February 2005 (last amended on 28 October 2015) to regulate the operation of foreign-invested leasing business and financial leasing business. The Measures for Foreign-invested Lease Industry were abolished on 22 February 2018.

The Measures for Foreign-invested Lease Industry apply to the establishment of foreign-invested companies in the form of Sino-foreign equity joint ventures, Sino-foreign cooperative joint ventures and WFOEs in China to engage in the leasing or financial leasing business. Under the Measures for Foreign-invested Lease Industry, the total assets of the foreign investors of a foreign-invested financial leasing company shall not be less than U.S.$5 million. A foreign-invested financial leasing company shall satisfy the following conditions: (i) the term of operation of a foreign-invested financial leasing company in the form of a limited liability company shall not normally exceed 30 years; and (ii) it shall be staffed by appropriate professionals and its senior management personnel shall possess the appropriate professional qualifications and shall have no less than three years' experience in the relevant business.

Pursuant to the Measures for Foreign-invested Lease Industry, foreign-invested financial leasing companies may conduct the following businesses: (i) financial leasing business; (ii) leasing business; (iii) purchasing domestic and overseas leased assets; (iv) disposal of residual value of and maintenance of leased assets; (v) consultancy and guarantee services of lease transactions; and (vi) other businesses approved by the competent authorities. Foreign-invested financial leasing companies may engage in financial leasing activities by way of direct leasing, sub-leasing, sale-and-leaseback, leveraged leasing, entrusted leasing and joint leasing. The Measures for Foreign-invested Lease Industry also require foreign-invested financial leasing companies to submit a report on their business operations and financial statements audited by an accounting firm of the preceding year to the MOFCOM for filing purposes before 31 March of each year. For the purposes of risk management and business protection, the risk assets of a foreign-invested financial leasing company, i.e. the amount after deducting cash, bank deposits, treasury securities and entrusted leased assets from the total assets of the company, shall not exceed 10 times of the total amount of its net assets.

Circular of the General Office of the Ministry of Commerce on Strengthening and Improving the Approval and Administration of Foreign-invested Financial Leasing Companies

In accordance with the Notice of the State Council on Issues Concerning Strengthening the Management of Local Governing Financing Platform Companies (No. 19 [2010] of the State Council (國務院關於加強地方政府融資平台公司管理有關問題的通知(國發[2010]19號)), foreign-invested financial leasing companies are not permitted to provide direct or indirect financing to local governmental financing companies which undertake public welfare project in any forms.

Circular of the State Council on the Wide Application of Replicable Reform Experience from the Pilot Programmes in China (Shanghai) Pilot Free Trade Zone

The Circular of the State Council on the Wide Application of Replicable Reform Experience from the Pilot Programmes in China (Shanghai) Pilot Free Trade Zone (Guo Fa [2014] No. 65) (國務院關於推廣中國(上海)自由貿易試驗區可複製改革試點經驗的通知(國登[2014]65號)) (the "**Circular No. 65**") was promulgated by the State Council on 21 December 2014 to promote some replicable experience gained at China (Shanghai) Pilot Free Trade Zone (the "**Shanghai FTZ**") to other places nationwide. The Circular No. 65 allows financial leasing companies to concurrently engage in the provision of commercial factoring services which relate to their primary business. In addition, pursuant to the Circular No. 65, no minimum registered capital is required for the subsidiaries established by financial leasing companies.

Circular of the General Office of the Ministry of Commerce on the Wide Application of Replicable Reform Experience from the Pilot Programmes in China (Shanghai) Pilot Free Trade Zone in Financial Leasing Industry

The Circular of the General Office of the Ministry of Commerce on the Wide Application of Replicable Reform Experience from the Pilot Programmes in China (Shanghai) Pilot Free Trade Zone in Financial Leasing Industry (Shang Ban Liu Tong Han [2015] No. 575) (商務部辦公廳關於融資租賃行業推廣中國(上海)自由貿易試驗區可複製改革試點經驗的通知(商辦流通函[2015]575號)) was promulgated by the General Office of the MOFCOM on 23 July 2015. Pursuant to the circular, the MOFCOM decides to promote the experience gained at the Shanghai FTZ to other places nationwide. Financial leasing companies are allowed to concurrently engage in commercial factoring services which relate to their primary business and no minimum registered capital is required for their subsidiaries.

Guiding Opinion on Accelerating the Development of Financial Leasing Industry

The Guiding Opinion on Accelerating the Development of Financial Leasing Industry (Guo Ban Fa [2015] No. 68) (國務院辦公廳關於加快融資租賃業發展的指導意見(國辦發[2015]68號)) (the "**Guiding Opinion**") was promulgated by the General Office of the State Council on 31 August 2015. There are four main tasks of the Guiding Opinion, namely system and mechanism reform, development in major fields, innovative development and industry supervision of financial leasing industry. According to the Guiding Opinion, there is no minimum registered capital limit for the subsidiaries of financial leasing companies, and financial leasing companies are allowed to sideline in factoring business relating to their primary business and are encouraged to become stronger in the traditional areas such as ships, aircraft and construction machinery.

Implementation Opinion of Tianjin Municipal People's Government on Accelerating the Development of Financial Leasing Industry

The Implementation Opinion of Tianjin Municipal People's Government on Accelerating the Development of Financial Leasing Industry (Jin Zheng Ban Fa [2015] No. 2) (天津市人民政府辦公廳關於加快我市融資租賃業發展的實施意見(津政辦發[2015]2號)) (the "**Implementation Opinion of Tianjin**") was promulgated by the General Office of Tianjin Municipal People's

Government and came into effect on 28 January 2015. According to the Implementation Opinion of Tianjin, Tianjin will take the Dongjiang Free Trade Port Zone as a pilot to first carry out the innovation of functions, policies and regime in the financial leasing industry. The Implementation Opinion of Tianjin supports financial leasing companies with good credit and mature business to establish special project vehicles with no minimum registered capital limit in the Dongjiang Free Trade Port Zone. The aircraft leasing company is permitted to establish special project vehicle with a single aircraft. Special project vehicles with a single aircraft belonging to the same parent company are allowed to register with the centralised residence of and in the same place as the parent company.

Circular of Tianjin Commission of Commerce and Tianjin Market and Quality Supervision Administration on Issues Related to Financial Leasing Companies Concurrently Engage in Commercial Factoring Business

The Circular of Tianjin Commission of Commerce and Tianjin Market and Quality Supervision Administration on Issues Related to Financial Leasing Companies Concurrently Engage in Commercial Factoring Business (Jin Shang Liu Tong [2016] No. 21) (天津市商務委、天津市市場監管委關於融資租賃企業兼營商業保理業務有關問題的通知(津商務流通[2016]21號)) was promulgated by the Tianjin Commission of Commerce and the Tianjin Market and Quality Supervision Administration on 28 July 2016. According to the circular, foreign-invested financial leasing companies concurrently engaging in commercial factoring services which relate to their primary business shall obtain approvals or complete filings in accordance with the current regulations. Financial leasing companies shall act in accordance with the provisions of Measures on Supervision of Financial Leasing Enterprises, and the commercial factoring business they conduct should relate to their primary business. When conducting commercial business, the relevant provisions of the management of commercial factoring industry shall apply as reference.

Circular of the General Office of the Ministry of Commerce on Adjustment of Regulatory Responsibilities in respect of Financial Leasing Companies, Commercial Factoring Companies and Pawnbrokers

The Circular of the General Office of the Ministry of Commerce on Adjustment of Regulatory Responsibilities in respect of Financial Leasing Companies, Commercial Factoring Companies and Pawnbrokers (Shang Ban Liu Tong Han [2018] No. 165) (商務部辦公廳關於融資租賃公司、商業保理公司和典當行管理職責調整有關事宜的通知(商辦流通函[2018]165號)) (the "**Circular No. 165**") was promulgated by the MOFCOM on 8 May 2018 and came into effect on 20 April 2018. Pursuant to Circular No. 165, the responsibilities of formulating rules in relation to the business operations of and supervision over financial leasing companies shall be transferred from the MOFCOM to the China Banking and Insurance Regulatory Commission.

Civil Code of the People's Republic of China

The National People's Congress promulgated the Civil Code of the People's Republic of China (中華人民共和國民法典) (the "**PRC Civil Code**") on 28 May 2020. The PRC Civil Code took effect as of 1 January 2021, and the Contract Law was repealed simultaneously. Compared with the Contract Law, there exist the following material changes in relation to the financial leasing under the PRC Civil Code:

A financial leasing contract concluded by the parties concerned by falsifying a leased item shall be null and void.

If administrative license is required for the operation or use of a leased item under laws and administrative regulations, failure of the lessor to obtain the administrative license shall not affect the validity of the financial leasing contract.

If the seller breaches the obligation for delivery of the subject matter to the lessee, which falls under any of the following circumstances, the lessee may refuse to collect the subject matter delivered by the seller: (1) Grave inconformity of the subject matter with the agreement; (2) Failing to deliver the subject matter as agreed upon and still failing to deliver the subject matter within a reasonable period of time after being urged by the lessee or the lessor. The lessee, if refusing to collect the subject matter, shall notify the lessor thereof in a timely manner.

The lessee's exercise of the right to claim compensation from the seller shall not affect its performance of the obligation to pay rental. However, if the lessee relies on the skills of the lessor to determine the leased item or the lessor interferes with the selection of the leased item, the lessee may request reduction or exemption of corresponding rental.

If the lessor falls under any of the following circumstances, resulting in failure of the lessee to exercise the right to claim compensation from the seller, the lessee shall have the right to request the lessor to take corresponding liability: (1) Having clear knowledge, but failing to inform the lessee, of the defects in the quality of the leased item; (2) Failing to provide necessary assistance in a timely manner when the lessee exercises the right to claim compensation. If the lessor is indolent to exercise the right, exercisable by it exclusively, to claim compensation from the seller, causing loss to the lessee, the lessee shall have the right to request the lessor to take liability for compensation.

The ownership of the leased item enjoyed by the lessor shall not prevail over a bona fide third party without registration.

The lessor shall guarantee the possession and use of the leased item by the lessee.

If the lessor falls under any of the following circumstances, the lessee shall have the right to request the lessor to compensate for loss: (1) Taking back the leased item without justification; (2) Obstructing or interfering with the lessee's occupation and use of the leased item without justification; (3) Claiming by a third party the right to the leased item due to reasons attributable to the lessor; (4) Other circumstances which improperly affect the occupation and use of the leased item by the lessee.

In case of invalidity of a financial leasing contract, if the parties have agreement on the ownership to leased item in such circumstance, the agreement shall prevail; in the absence of agreements or explicit agreement, the leased item shall be returned to the lessor. However, if the contract is invalidated due to reasons attributable to the lessee, and the lessor does not require the return of the leased item, or the efficacy of leased item will be significantly reduced after it is returned, the lessee shall have the ownership to the leased item and shall provide the lessor with reasonable compensation.

During the occupation of the leased item by the lessee, the lessee bears the risk of loss or damage of the leased item, and the lessor requires the lessee to continue to pay rental unless otherwise agreed by the parties or specified by law. Where the finance lease contract is terminated due to the reasons which are not attributable to the parties such as accidental loss of or damage to the leased item after delivery to the lessee, and the lessor requires the lessee to make compensation according to the depreciation of the leased item.

If the finance lease contract is terminated because the sales contract is terminated, determined as invalid or revoked, on the ground that the seller and the leased item are chosen by the lessee, the lessor shall have the right to request that the lessee should compensate the relevant loss, except that the termination, invalidity or revocation of the sales contract is attributable to the lessor.

Interpretation of the Supreme People's Court on Issues Concerning the Application of Law in Hearing Cases of Finance Lease Contract Disputes

The Interpretation of the Supreme People's Court on Issues Concerning the Application of Law in Hearing Cases of Finance Lease Contract Disputes (Fa Shi [2020] No. 17) (最高人民法院關於審理

融資租賃合同糾紛案件適用法律問題的解釋(法釋[2020]17號)) (the "**Interpretation of Finance Lease Contract Disputes**") was promulgated by Supreme People's Court on 24 February 2014 and amended on 29 December 2020. According to the Interpretation of Finance Lease Contract Disputes, where the lessee sells its own property to the lessor and leases the property back from the lessor through a finance lease contract, the people's court shall not determine that the legal relation of finance lease is not constituted only on the ground that the lessee and the seller are the same person.

Laws and Regulations Relating to Entrusted Loans and Cross-border RMB Use

Administrative Measures for Entrusted Loans Undertaken by Commercial Banks

The Administrative Measures for Entrusted Loans Undertaken by Commercial Banks (Yin Jian Fa [2018] No. 2) (商業銀行委託貸款管理辦法(銀監發[2018]2號)) (the "**Measures for Entrusted Loans**") were promulgated by the CBIRC and came into effect on 5 January 2018. Under the Measures for Entrusted Loans, an entrusted loan refers to the loan provided by a trustor and granted by a commercial bank (trustee) on behalf of the trustor to a borrower determined by the trustor, and the purpose, amount, currency, duration and interest rate of such loan shall be determined by the trustor. The trustee shall assist in supervising the use of the loan and collecting loan repayment. Trusted loans under cash management and trusted loans under housing provident fund are not included. The commercial bank shall not accept the following funds from any trustor for entrusted loans: (i) funds of others under its management as entrusted; (ii) funds of bank loans; (iii) special funds of special purposes (unless otherwise required by relevant authorities under the State Council); (iv) other debt funds (unless otherwise required by relevant authorities under the State Council); (v) funds of which their source cannot be proved. The commercial bank shall charge an agent handling fee from the trustor under the principle that "the party that entrusts shall pay the fee". The commercial bank, the trustor and the borrower shall sign an entrusted loan contract which shall specify the purpose, amount, currency, duration, interest rate and repayment plan of the loan, as well as the rights and obligations of the trustor, the trustee and the borrower.

Notice of the Shanghai Head Office of the PBOC on Supporting the Expanded Cross-border RMB Use within the China (Shanghai) Pilot Free Trade Zone

The Notice of the Shanghai Head Office of the PBOC on Supporting the Expanded Cross-border RMB Use within the China (Shanghai) Pilot Free Trade Zone (Yin Zong Bu Fa [2014] No. 22) (中國人民銀行上海總部關於支持中國(上海)自由貿易試驗區擴大人民幣跨境使用的通知(銀總部發[2014]22號)) (the "**Notice No. 22**") was promulgated by the Shanghai Head Office of the PBOC and came into effect on 20 February 2014. Pursuant to Notice No. 22, an enterprise within the Shanghai FTZ may, according to its operational and management needs, carry out two-way cross-border RMB fund pool business within its enterprise group. Two-way cross-border RMB fund pool business shall refer to the two-way fund pooling business among the domestic and overseas member enterprises of an enterprise group, and shall be considered as operational financing activities within the enterprise group. Funds shall be considered as "being turned over" if they flow from the parties from whom the funds are collected to the party collecting the funds, and fund flow in the reversed direction shall be called "allocation". RMB funds that may be "turned over" and "allocated" shall be the cash flow generated by an enterprise's own production and operating activities and its industrial and investment activities. For the time being, cash flow generated by financing activities is not eligible for fund pooling. The offshore RMB funds borrowed by financial institutions and enterprises within the Shanghai FTZ (excluding trade credit and intra-group operational financing) shall be used for fields in line with national macro regulation and control. The offshore RMB borrowings shall not be used for investment in marketable securities (including wealth management products and other asset management products) and derivatives for the time being, and shall not be used for entrusted loans.

Notice of the PBOC on Further Facilitating the Two-way Cross-border RMB Fund Pool Business by Multinational Enterprise Groups

The Notice of the PBOC on Further Facilitating the Two-way Cross-border RMB Fund Pool Business by Multinational Enterprise Groups (Yin Fa [2015] No. 279) (中國人民銀行關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知(銀發[2015]279號)) (the "**Notice No. 279**") was promulgated by the PBOC and came into effect on 5 September 2015. Pursuant to Notice No. 279, the responsible domestic enterprise shall, in accordance with the Measures for the Administration of RMB Bank Settlement Accounts (Order [2003] No. 5 of the PBOC) (人民幣銀行結算賬戶管理辦法(中國人民銀行令[2003]第5號)) and other administrative provisions on bank settlement accounts, apply for opening a special RMB deposit account which shall be dedicated for two-way cross-border RMB fund pool business. Funds in the said account shall not be used for disbursing entrusted loans to non-member enterprises. A multinational enterprise group may establish two-way cross-border RMB fund pool respectively in accordance with Notice No. 279 and other relevant policies of pilot free trade zones, and the same domestic member enterprise may join one fund pool only.

The regulatory framework for cross-border cash pooling has subsequently been further developed. On 13 August 2026, the PBOC and the SAFE promulgated the Notice on Matters Relating to Cross-border Centralised Fund Operations in Renminbi and Foreign Currencies by Multinational Corporations (Yin Fa [2026] No. 163) (中國人民銀行國家外匯管理局關於跨國公司本外幣跨境資金集中運營業務有關事宜的通知) (the "**Notice No. 163**"), which came into effect on 14 September 2026. Notice No. 163 establishes a nationwide framework for cross-border centralised fund operations in Renminbi and foreign currencies by eligible multinational corporations, including the centralised management of foreign debt and overseas lending quotas and the centralised receipt and payment of current account funds.

Laws and Regulations Relating to Foreign Exchange

Regulations of the PRC on Foreign Exchange Administration

The principal regulation governing foreign currency exchange in China is the Regulations of the PRC on Foreign Exchange Administration (2008 Revision) (中華人民共和國外匯管理條例(2008年修訂)), which were promulgated by the State Council on 29 January 1996 and amended on 5 August 2008. Pursuant to the above regulations, Renminbi is freely convertible for current account items such as profit distributions, interest payments and trade and service-related foreign exchange transactions, but not for capital account items such as direct investment, loans, repatriation of investments and investments in securities outside of China unless prior approval or registration is obtained from or made with the SAFE.

Circular on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment

The Circular on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (Hui Fa [2015] No. 13) (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知(匯發[2015]13號)) (the "**SAFE Circular No. 13**") was promulgated by the SAFE on 13 February 2015 and came into effect on 1 June 2015 and partially abolished on 30 December 2019. Under the SAFE Circular No. 13, two administrative approval items, namely foreign exchange registration approval under domestic direct investment and foreign exchange registration approval under overseas direct investment, are abolished by the SAFE. Instead, banks take the responsibilities of reviewing and undertaking foreign exchange registration relating to domestic and overseas direct investment. The confirmation and registration of monetary contribution by foreign investors are replaced with entry registration of monetary contribution under domestic direct investment. In the event that a foreign investor makes contribution in monetary form (including cross-border foreign exchange remittance and Renminbi), the deposit bank shall, upon receipt of the relevant capital funds, carry out entry and registration of monetary contribution of domestic direct investment via the SAFE Capital Account Information System directly before the capital funds can be used.

Measures on Administration of Renminbi Settlement for Foreign Direct Investment

The Measures on Administration of Renminbi Settlement for Foreign Direct Investment (Announcement of the PBOC [2011] No. 23) (外商直接投資人民幣結算業務管理辦法(中國人民銀行公告[2011]第23號)) (the "**Measures on Renminbi Settlement**") were promulgated by the PBOC on 13 October 2011 and revised on 5 June 2015. Under the Measures on Renminbi Settlement, foreign investors shall comply with the provisions of PRC laws and regulations on foreign direct investment when using Renminbi in making investments in China. In order to clarify the provisions of Measures on Renminbi Settlement, the PBOC promulgated the Operational Rules for the Measures on Renminbi Settlement (Yin Fa [2012] No. 165) (中國人民銀行關於明確外商直接投資人民幣結算業務操作細則的通知(銀發[2012]165號)) on 14 June 2012, which were revised on 5 June 2015. According to the above operational rules, Renminbi funds deposited in the special Renminbi deposit account for capital funds and the general Renminbi deposit account for overseas loans of a foreign-invested enterprise shall be used within the business scope approved by the relevant departments of the State and shall not be used for investing in securities and financial derivatives, entrusted loans or purchasing wealth management products or non-self-used housing properties.

Notice of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review

The Notice of the SAFE on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (Hui Fa [2017] No. 3) (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知(匯發[2017]3號)) (the "**Notice No. 3**") was promulgated by the SAFE and came into effect on 26 January 2017. Pursuant to Notice No. 3, the authenticity and compliance review shall be strengthened for outbound direct investment. When going through the procedures for registration of outbound direct investment and outbound remittance of funds, a domestic institution shall, in addition to submitting relevant materials for review as required, also explain to the bank concerned the sources of the funds for investment and the purposes (use plan) of such funds, and provide the relevant resolution of the board of directors (or the relevant resolution of partners), the relevant contract or other materials in proof of transaction authenticity. Banks shall strengthen authenticity and compliance review in accordance with business principles.

Laws and Regulations Relating to Taxation

EIT Law and the relevant Implementation Regulations

The EIT Law was promulgated by the Standing Committee on 16 March 2007, came into effect on 1 January 2008, and revised on 24 February 2017 and 29 December 2018. According to the EIT Law, the income tax rate for both domestic and foreign-invested enterprises (excluding non-resident enterprises) is 25%. In order to clarify certain provisions in the EIT law, the Implementation Regulations on the Enterprise Income Tax of the PRC (中華人民共和國企業所得稅法實施條例) (the "**EIT Implementation Rules**") were promulgated by the State Council on 6 December 2007 and amended 6 December 2024. Under the EIT Law and the EIT Implementation Rules, enterprises are classified as either "resident enterprises" or "non-resident enterprises". According to the EIT Law and the EIT Implementation Rules, in addition to enterprises established within the PRC, enterprises established outside of China whose "actual management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for the global income. In addition, the EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose "actual management bodies" are not within the PRC but have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC. Pursuant to the EIT Implementation Rules, the income tax rate for the gain of non-resident enterprises sourced within the PRC is 10%.

Value-Added Tax

The New VAT Law and the New VAT Implementation Regulations replaced the principal temporary VAT regulatory framework previously applicable to VAT matters.

Under the New VAT Law, the general VAT rates are 13 per cent. for sales of goods, processing, repair and replacement services, tangible movable property leasing services and imports of goods, 9 per cent. for transportation, postal, basic telecommunications and construction services, leasing and sales of immovable property and transfers of land-use rights and 6 per cent. for other services and intangible assets, subject to applicable exemptions, zero-rating and simplified taxation rules.

Pursuant to the New VAT Law, the New VAT Implementation Regulations and the Announcement of the Ministry of Finance and the State Taxation Administration on Matters Relating to the Specific Scope of VAT Taxation (MOF and STA Announcement [2026] No. 9), tangible movable property financial leasing services are generally subject to VAT at 13 per cent., immovable property financial leasing services are generally subject to VAT at 9 per cent., and financing sale-and-leaseback transactions are treated as financial services / loan services and are generally subject to VAT at 6 per cent. Interest and income in the nature of interest derived during the holding period, including upon maturity, of financial products are generally treated as consideration for loan services for VAT purposes.

According to the Law of the People's Republic of China on Urban Maintenance and Construction Tax (中華人民共和國城市維護建設税法) issued on 11 August 2020, no urban maintenance and construction tax shall be levied on the amount of VAT or consumption tax paid for imported goods or for labor services, services and intangible assets sold by overseas entities or individuals to China.

Dividends

The Arrangement between the Mainland and the Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ("**The Hong Kong Tax Treaty**") (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) was signed on 21 August 2006, and the first, second, third, fourth and fifth protocols to the Hong Kong Tax Treaty were promulgated on 21 August 2006, 30 January 2008, 27 May 2010,1 April 2015 and 19 July 2019, respectively. According to the Hong Kong Tax Treaty, dividends paid by a PRC resident company to a Hong Kong resident company are subject to a withholding tax rate of 5%, provided that such Hong Kong resident company directly holds at least 25% of the equity interests of the PRC resident company. The withholding tax rate of 10% applies to dividends paid by a PRC resident company to a Hong Kong resident company if such Hong Kong resident company holds less than 25% of the equity interests of the PRC resident company. According to the Notice of the State Administration of Taxation on Issues Concerning the Implementation of the Dividend Article of Tax Treaties (the "**Circular No. 81**"), where a fiscal resident (taxpayer) to the tax agreement directly owns a certain percentage (generally 25% or 10%) or more of the capital of a PRC resident company which pays dividends to such a fiscal resident, dividends obtained by such a fiscal resident may be taxed at a tax rate specified in the tax agreement, and each of the following conditions must be satisfied in order for a taxpayer to enjoy the preferential tax treatments under the tax agreement for dividends received from a PRC resident enterprise: (i) the taxpayer receiving dividends shall, pursuant to the provisions of the tax agreement, be a company; (ii) the taxpayer shall directly hold at least the requisite prescribed proportion of the equity interests and voting shares of the PRC resident company; and (iii) the proportion of equities owned by such taxpayer in the PRC resident company shall, at any time within the consecutive 12 months prior to obtaining the dividends, comply with the proportion requirements under the tax agreement.

Circular on the Stamp Tax Policies relating to Financial Leasing Contracts

The Circular on the Stamp Tax Policies relating to Financial Leasing Contracts (Cai Shui [2015] No. 144) (財政部、國家税務總局關於融資租賃合同有關印花税政策的通知(財税[2015]144號)) was promulgated by the MOF and the SAT and came into effect on 24 December 2015. Pursuant to the above circular, financial leasing contracts on financial leasing businesses, including sale-and-leaseback

transactions for financing purposes, stamp duty will be calculated at the rate of 0.005% according to the taxable item "loan contract" based on the total rental indicated in the contracts. For sales contracts between the lessor and the lessee in respect of sale-and-leaseback financing businesses, stamp duty will be exempted.

Laws and Regulations Relating to Labour Protection

Labour Law of the PRC

According to the Labour Law of the PRC (中華人民共和國勞動法), which was promulgated by the Standing Committee on 5 July 1994, came into effect on 1 January 1995 and revised on 27 August 2009 and 29 December 2018, and the Labour Contract Law of the PRC (中華人民共和國勞動合同法), which was promulgated on 29 June 2007, revised on 28 December 2012 and came into effect on 1 July 2013, written labour contracts shall be executed between an entity and its employees if an employment relationship is established. Employers are required to inform their employees about their job responsibilities, working conditions, occupational hazards, remuneration and other matters with which the employees may be concerned. Employers shall pay remuneration to employees on time and in full in accordance with the commitments set forth in their employment contracts and the relevant PRC laws and regulations.

Social Insurance and Housing Provident Fund

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法), as most recently amended in 2018, the Interim Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), which were implemented on 22 January 1999 and revised by the Decision of the State Council on Revising Some Administrative Regulations came into effect on 24 March 2019 (國務院關於修改部分行政法規的決定), the Trial Measures for Enterprise Staff Maternity Insurance (Lao Bu Fa [1994] No. 504) (企業職工生育保險試行辦法(勞部發[1994]504號)), which were implemented on 1 January 1995, the Regulations on Work-Related Injury Insurance (工傷保險條例) which were implemented on 1 January 2004, amended on 20 December 2010 and came into effect on 1 January 2011, and the Regulations on Management of Housing Provident Fund (住房公積金管理條例), as most recently amended on 10 August 2026 and effective from 20 September 2026, employers in the PRC shall provide their employees with welfare schemes covering basic pension, insurance, basic medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing provident fund. Employers who fail to contribute to the above social insurance and housing provident funds may be subject to a fine and ordered to make full payment within a prescribed time period. If an employing entity fails to make the payment towards the social insurance and housing provident funds within a prescribed time limit, an application may be made to a people's court for enforcement.

TAXATION

The following summary of certain British Virgin Islands, Hong Kong, PRC and, EU tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes. Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

BRITISH VIRGIN ISLANDS

Payments of interest on the Notes and other amounts paid by the Issuer to persons who are not resident in the British Virgin Islands and any capital gains realised with respect to the Notes, by persons who are not resident in the British Virgin Islands are exempt from all provisions of the Income Tax Act in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes.

All instruments relating to transactions in respect of the Notes are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer. However, the British Virgin Islands has implemented both the EC Council Directive 2003/48/EC and subsequently the Organisation for Economic Co-Operation and Development's Common Standard on Reporting and Due Diligence for Financial Account Information into the laws of the British Virgin Islands. As a result British Virgin Islands-based paying agent may be obliged under the applicable implementing legislation to disclose financial account information to the British Virgin Islands International Tax Authority on behalf of the Financial Secretary who will in turn comply with the information exchange policy under the applicable international obligations of the British Virgin Islands.

PRC

The following summary describes certain PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of the PRC for PRC tax purposes (except as described in the section titled "VAT" below). These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Income Tax

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management bodies" are within the territory of the PRC are PRC tax resident enterprises for the

purpose of the EIT Law and they must pay enterprise income tax at the rate of 25 per cent. in respect of their income derived from sources within and outside the PRC. The relevant PRC tax authorities may decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer within the territory of the PRC and the Issuer may be deemed to be a PRC tax resident enterprise for the purpose of the EIT Law. As confirmed by the Issuer, as at the date of this Offering Circular, the Issuer has not been informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, Noteholders will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of the holding of or transfer of the Notes or any repayment of principal and payment of interest made by the Issuer thereon.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or whose income has no actual connection to its establishment within the PRC must pay enterprise income tax at the rate of 10 per cent. on income derived from sources within the PRC, unless a preferential rate is provided by tax treaties or arrangements entered into between the country or region where the non-resident is established and the PRC, and such income tax must be withheld at source. Payments of interest to non-resident individual holders of the Notes may be subject to withholding at a rate of 20 per cent if the Issuer is deemed a PRC resident enterprise and payments of interest are considered to be from sources within the PRC. However, the Issuer has agreed to pay additional amounts (subject to certain exceptions) to Noteholders so that Noteholders would receive the full amount of the scheduled payment, as further set out in the "Terms and Conditions of the Notes – *Taxation*".

Non-PRC Noteholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes unless the Issuer is treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. In that case, any gain realised by the non-PRC enterprise Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and be subject to 10 per cent. of PRC tax unless decreased or exempted by an applicable tax treaty. Further, non-PRC individual Noteholders may be subject to individual income tax at the rate of 20 per cent. on the capital gains, which may be decreased or exempted by an applicable tax treaty.

VAT

On 25 December 2024, the National People's Congress issued the New VAT Law, which is effective on 1 January 2026. Pursuant to the New VAT Law, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT, if the seller of the services is within the PRC or the services are consumed within the PRC (including services provided to the entities or individuals located within the PRC by the entities or individuals outside of the PRC).

Accordingly, if the Issuer is treated as a domestic entity for PRC VAT purposes, or if the financing services provided by a non-PRC resident Noteholder under the Notes are otherwise regarded as being consumed within the PRC by the PRC tax authorities, the interest and other interest like earnings derived from such products and received by a non-PRC resident Noteholder from the Issuer may be subject to PRC VAT. The Issuer may be required to withhold VAT on payments of interest and certain other amounts on the Notes paid to Noteholders that are non-resident enterprises or individuals. Since Noteholders are located outside of the PRC, the Issuer, acting as the withholding agent in accordance with applicable law, may be required in such instance to withhold VAT from the payment of interest income to Noteholders.

Additionally, VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if the seller of Notes is

located inside the PRC.

However, as the New VAT Law and its implementation, together with other laws and regulations pertaining to VAT, are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. Thus, there is no assurance that the financing services provided by non-PRC resident Noteholders under the Notes will not be regarded by the relevant PRC tax authorities as being consumed within the PRC or otherwise constituting taxable transactions occurring within the PRC, in which case the Issuer may be required to withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. The Issuer has agreed to pay additional amounts to holders of the Notes, subject to certain exceptions, so that holders of the Notes would receive the full amount of the scheduled payment.

Stamp Duty

No PRC stamp duty will be chargeable upon the issue or transfer (for so long as the register of Noteholders is maintained outside the PRC) of a Note.

HONG KONG

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Notes) or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(b) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(c) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(d) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Pursuant to the Exemption from Profits Tax (Interest Income) Order, interest income accruing to a person other than a financial institution, on deposits (denominated in any currency and whether or not the deposit is evidenced by a certificate of deposit) placed with, inter alia, an authorised institution in Hong Kong (within the meaning of section 2 of the Banking Ordinance (Cap. 155) of Hong Kong) is exempt from the payment of Hong Kong profits tax. This exemption does not apply, however, to

deposits that are used to secure or guarantee money borrowed in certain circumstances. Based on the definition of "deposit" in the Banking Ordinance (Cap. 155) of Hong Kong and provided no prospectus involving the issue of the Notes is registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, the issue of the Notes is likely to constitute a deposit to which the above exemption from payment will apply.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of. Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (as defined in section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or redemption of the Bonds will be subject to profits tax.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(a) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) (the "**Stamp Duty Ordinance**").

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3.0 per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any sale and purchase, or change in beneficial ownership of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any sale and purchase, or change in beneficial ownership of Registered Notes provided that either:

(a) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) such Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance).

If stamp duty is payable in respect of the sale and purchase of Registered Notes, it will be payable at the rate of 0.1 per cent. by the seller and 0.1 per cent. by the buyer, by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

FATCA Withholding

Pursuant to certain provisions of U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong and the British Virgin Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions of the Notes – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

PRC CURRENCY CONTROLS

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Remittance of Renminbi into and outside the PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has adopted the Measures for the Administration of Pilot RMB Settlement in Cross-border Trade (跨境貿易人民幣結算試點管理辦法, 中國人民銀行、財政部、商務部、海關總署、國家稅務總局、中國銀行業監督管理委員會公告([2009] 第10 號)) and commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai, and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, July 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知(銀發[2010]186號)), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知(銀發[2011]203號)) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知(銀發[2012]23號)), Circulars with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these circulars (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover 20 provinces and cities, (iii) the restriction on designated offshore districts has been uplifted, and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to the PBOC and five other PRC authorities (the "Six Authorities") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**"). On 8 May 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

Accordingly, offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items. Renminbi remittance for exports of goods from the PRC may only be effected by (a) enterprises with the foreign trading right and incorporated in a province which has already submitted the Supervision List (for the avoidance of doubt, that PRC enterprise does not necessarily need to be included in the Supervision List) or (b) enterprises that have been approved as a pilot enterprise for using Renminbi for exports before the Six Authorities reviewed and approved the Supervision List submitted by relevant province.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and

Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知(銀發[2013]168號)), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for the PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow the PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

On 23 October 2019, the SAFE promulgated the Notice by the State Administration of Foreign Exchange of Simplifying Foreign Exchange Accounts (國家外匯管理局關於精簡外匯賬戶的通知(匯發[2019]29號)) which became effective on 1 February 2020. SAFE has decided to review and integrate certain foreign exchange accounts and further reduce the types of accounts in order to further intensify the reform of foreign exchange administration, simplify the relevant business operating procedures, and facilitate true and compliant foreign exchange transactions by banks, enterprises and other market participants. For example, "Current accounts – foreign currency cash account" and "current accounts – foreign exchange account under current accounts of overseas institutions" are included in "current accounts – foreign exchange settlement account".

On the same day, the SAFE issued the Notice by the State Administration of Foreign Exchange of Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知(匯發[2019]28號)), based on which, for the revenue obtained by an enterprise from trade in goods, the enterprise may, on its own, decide whether to open a to-be-inspected account for export revenue ("**to-be-inspected account**"). If an enterprise has not opened a to-be-inspected account, the examined revenue from trade in goods by the bank in accordance with the existing provisions may be directly deposited into the foreign exchange account under current accounts or used for foreign exchange settlement.

On 28 August 2020, the SAFE issued the Notice of the State Administration of Foreign Exchange on Issuing the Guidelines for Foreign Exchange Business of Current Account (2020 Edition) (國家外匯管理局關於印發《經常項目外匯業務指引(2020年版)》的通知(匯發[2020]14號)), (the "**SAFE Current Account Guidelines**") in order to integrate and simplify then existing laws and regulations regarding foreign exchange transactions under current account items. The SAFE Current Account Guidelines do not create substantial amendments to existing laws and regulations.

The foregoing measures and circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practises in applying these circulars and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may approve a foreign entity to make a capital contribution or a shareholder's

loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may also be required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7 April 2011, SAFE promulgated the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border RMB Capital Account Items (國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知(匯綜發[2011]38號)) ("**the SAFE Circular**"), which became effective on 1 May 2011. The SAFE Circular clarifies that the foreign debts borrowed, and the foreign guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign guarantee regime.

On 13 October 2011, the PBOC promulgated the Measures for the Administration on RMB Settlement in Foreign Direct Investment (外商直接投資人民幣結算職業管理辦法) ("**PBOC RMB FDI Measures**") as amended in June 2015, pursuant to which, PBOC special approval for RMB FDI and shareholder loans which was required by an earlier circular of PBOC is no longer necessary. The PBOC RMB FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining the business licenses for the purpose of Renminbi settlement, and a foreign investor is allowed to open Renminbi special accounts for designated usage in relation to making equity investment in a PRC enterprise or receiving Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries. The PBOC RMB FDI Measures also state that the foreign debt quota of a foreign invested enterprise constitutes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

On 19 November 2012, SAFE promulgated the Notice of State Administration of Foreign Exchange on Further Improvements and Adjustments to Foreign Exchange Control Policies for Direct Investments (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知(匯發[2012]59號)) ("**SAFE Circular on DI**"), which became effective on 17 December 2012 and was later amended on 4 May 2015, 10 October 2018 and 30 December 2019, respectively. According to the SAFE Circular on DI, SAFE removes or adjusts certain administrative licensing items with regard to foreign exchange administration over direct investments to promote investment, including, but not limited to, the abrogation of SAFE approval for opening of and payment into foreign exchange accounts under direct investment accounts, the abrogation of SAFE approval for reinvestment with legal income generated within the PRC of foreign investors, the simplification of the administration of foreign exchange reinvestments by foreign investment companies, and the abrogation of SAFE approval for purchase and external payment of foreign exchange under direct investment accounts.

On 3 December 2013, the MOFCOM promulgated Announcement on Issues Relating to Cross-border Renminbi-denominated Direct Investments (關於跨境人民幣直接投資有關問題的公告(商務部公告2013年第87號)) ("**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Circular replaced the Notice of Ministry of Commerce on Issues Relating to Cross-border Renminbi Direct Investment (商務部關於跨境人民幣直接投資有關問題的通知(商資函[2011]第889號)) and the Notice on General Office of Ministry of Commerce on Issues Relating to Administration of Cross-border Renminbi-denominated Direct Investments (商務部辦公廳關於商務系統實施跨境人民幣直接投資管理相關問題的通知(商辦資函[2011]1171號) (together, "**2011 MOFCOM Notice**"). Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Renminbi Foreign Direct Investment" and the

amount of capital contribution is required for each FDI. Compared with the 2011 MOFCOM Notice, the MOFCOM Circular no longer contains the requirements for central level MOFCOM approvals for investments of RMB300 million or above, or in certain industries, such as financial guarantee, financial leasing, microcredit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries under the state macroregulation. Unlike the 2011 MOFCOM Notice, the MOFCOM Circular has also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

On 30 March 2015, SAFE promulgated the Notices of Reformation on Administration of Settlement of Capital Foreign Exchange of Foreign-invested Enterprises (關於改革外商投資外匯資本金結匯管理方式的通知(匯發[2015]19號)), which became effective on 1 June 2015. In order to further deepen the reform of the foreign exchange administration system, better satisfy and facilitate the needs of foreign-invested enterprises for business and capital operation, the SAFE has decided to reform the management approach regarding the settlement of the foreign exchange capital of foreign-invested enterprises nationwide on the basis of summarising the pilot experience of certain regions in the early days. The key points of this notice set out as the following:

- the foreign exchange capital of foreign-invested enterprises shall be subject to the discretional foreign exchange settlement;
- the capital in Renminbi obtained by foreign-invested enterprises from the discretionary settlement of foreign exchange capital shall be managed under the account pending for foreign exchange settlement payment;
- the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises;
- facilitating foreign-invested enterprises in carrying out domestic equity investment with the capital obtained from foreign exchange settlement;
- further standardising the administration of payment by the capital obtained by foreign exchange settlement;
- administration of the settlement and use of the capital in other foreign exchange accounts under direct investment; and
- further strengthening the ex-post regulation as well as investigation on and punishment against violations by the foreign exchange bureaus.

Previously, Renminbi may only be converted for capital account expenses once the prior approval of the SAFE had been obtained. However, according to the Circular of the SAFE on Further Simplifying and Improving the Foreign Exchange Administration Policies of Foreign Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知(匯發[2015]13號)) issued on 28 February 2015, the SAFE authorised some qualified local banks in the PRC to carry out foreign exchange procedures in relation to inbound and outbound investment from 1 June 2015.

On 26 January 2017, the SAFE issued the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving the Examination of Authenticity and Compliance (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核政策的通知(匯發[2017]3號)) to further advance the reform of foreign exchange administration, such as:

- settlement of domestic foreign exchange loans are allowed for export trade in goods. A domestic institution shall repay loans with the foreign exchange funds received from export trade in goods, rather than, in principle, purchased foreign exchange;

- a debtor may directly or indirectly repatriate the funds under guarantee and use them domestically by, among others, granting loans and making equity investment domestically. Where a bank performs its guarantee obligation under overseas loans with domestic guarantee, relevant foreign exchange settlement and sale shall be managed as the bank's own foreign exchange settlement and sale;

- the deposits absorbed by a domestic bank through its principal international foreign exchange account and allowed to be used domestically are no more than 100 per cent. of the average daily deposit balance in the previous six months as opposed to the former 50 per cent. The funds used domestically are not included in the bank's outstanding short-term external debt quota;

- allowing foreign exchange settlement in the domestic foreign exchange accounts of overseas institutions within pilot free trade zones: Where funds are repatriated and used domestically after settlement, a domestic bank shall, under the relevant provisions on cross-border transactions, handle such funds by examining the valid commercial documents and vouchers of domestic institutions and domestic individuals; and

- where a domestic institution grants overseas loans, the total of the balance of overseas loans granted in domestic currency and the balance of overseas loans granted in foreign currency shall not exceed 30 per cent. of owner's equity in the audited financial statements of the previous year.

Since September 2015, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor ("RQFII") regime and the China Interbank Bond Market ("CIBM"), have been further liberalised for foreign investors. PBOC has relaxed the quota control for RQFII, initiated a bond market mutual access scheme between mainland and Hong Kong to allow eligible investors to invest in CIBM and has also expanded the list of foreign investors eligible to directly invest in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

The interbank foreign exchange market is also opening up. In 2018, CFETS further relaxed qualifications, application materials and the procedures for foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

On 23 October 2019, the SAFE promulgated Notice by the State Administration of Foreign Exchange of Simplifying Foreign Exchange Accounts (國家外匯管理局關於精簡外匯賬戶的通知(匯發[2019]29號)) which became effective on 1 February 2020, according to which, several measures were taken to intensify, for example, "Capital accounts – special account for domestic reinvestment" is included in "capital accounts – foreign exchange capital account".

On the same day, the SAFE issued Notice by the State Administration of Foreign Exchange of

Further Facilitating Cross-border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知(匯發[2019]28號)) in order to further promote the reform of "simplification of administrative procedures and decentralization of powers, combination of decentralization and appropriate control, and optimization of services". It cancelled restrictions on the use of funds in domestic asset realization accounts for foreign exchange settlement and restrictions on the number of opened foreign exchange accounts under capital accounts.

On 13 March 2026, the PBOC and the SAFE promulgated the Measures for the Administration of Overseas Lending by Domestic Enterprises (境內企業境外放款管理辦法), which establish a unified regulatory framework for Renminbi- and foreign currency-denominated overseas lending by domestic non-financial enterprises. Under the current framework, the maximum outstanding amount of overseas lending by a domestic enterprise is generally determined by multiplying its owners' equity shown in its most recent audited financial statements by the applicable macro-prudential adjustment coefficient, which is 0.6 as at the date of this Offering Circular. Domestic enterprises are also required to complete the applicable overseas lending registration and comply with the relevant account, fund remittance, receipt and reporting requirements.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream or the CMU (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that each of the Issuer and the Guarantor believes to be reliable, but none of the Issuer, the Guarantor, the Group, the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor, the Trustee, the Agents or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Issuing and Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, "**CMU Instruments**") which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all financial institutions regulated by the HKMA, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the "**income proceeds**") by

CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual.

An investor holding an interest through an account with either Euroclear or Clearstream in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU.

Book-Entry Ownership

Bearer Notes

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream or a sub-custodian for the CMU. Transfers of interests in a Temporary Global Note or a Permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream.

Registered Notes

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Registered Notes to be represented by a Global Certificate accepted for clearance through the CMU. Each Global Certificate will have an International Securities Identification Number ("**ISIN**") and a Common Code. Investors in Notes of such Series may hold their interests in a Global Certificate through Euroclear, Clearstream or the CMU (if applicable).

Each Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under "*Subscription and Sale*".

All Registered Notes will initially be represented by a Global Certificate. Individual Certificates will be available, in the case of Notes initially represented by a Global Certificate, in amounts specified in the applicable Pricing Supplement.

SUBSCRIPTION AND SALE

The Dealers have, in the Dealer Agreement, agreed with the Issuer and the Guarantor a basis on which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Notes*". Under the terms of the Dealer Agreement, the Issuer, failing whom the Guarantor, will pay each relevant Dealer a commission (if any) agreed between the Issuer, the Guarantor and the relevant Dealer in respect of Notes subscribed by it. The Issuer and the Guarantor have agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment of the Programme and any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer and the Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business. In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor, or any CMI (including its group companies) and inform the relevant Dealer(s) accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering may include institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute

duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer and the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealer(s) in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they

and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealer(s) may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer(s) with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Dealers that it is not a Sanctions Restricted Person. A "**Sanctions Restricted Person**" means an individual or entity (a "**Person**"): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/sdnlist.pdf) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/fse/fselist.pdf) or (iii) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of the following (i) – (vi) to the extent that it will not result in violation of any sanctions by the CMIs: (i) their inclusion in the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf) (the "**SSI List**"), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "**EU Annexes**"), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled "Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China" (known as the Non-SDN Chinese Military-Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled "Addressing the threat from Securities Investments that Finance Chinese Military Companies"; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic. "**Sanctions Authority**" means: (a) the United Nations; (b) the United States; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People's Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

SELLING RESTRICTIONS

United States

In respect of Notes offered or sold in reliance on Regulation S Category 1 as specified in the

applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold or, in the case of Bearer Notes, delivered within the United States except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes and the relevant Guarantee constituting part of its allotment within the United States, except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes and the Guarantee. The Notes and the relevant Guarantee are being offered and sold outside the United States in reliance on Regulation S.

In respect of Notes offered or sold in reliance on Regulation S Category 2 as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, any Notes, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer also agrees, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, Dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Notes and the Guarantee covered hereby have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities as determined and certified by the relevant Dealer(s), in the case of a non-syndicated issue, or the lead manager, in the case of syndicated issue, except in either case in accordance with Regulation S."

Terms used in the paragraphs above shall have the meanings given to them by Regulation S.

In addition, unless the Pricing Supplement or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "TEFRA C" or "not applicable", each Dealer will be required to represent and agree in relation to each Tranche of Notes in bearer form:

(i) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**TEFRA D**"):

(a) it has not offered or sold, and during the restricted period shall not offer or sell,

Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and

(b) it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(ii) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D;

(iii) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code;

(iv) with respect to each affiliate of such Dealer, or other person with whom it enters into a written contract for purposes of TEFRA D (if permitted pursuant to Section 3.2.5) that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (a) repeats and confirms the representations contained in Clauses 3.2.1, 3.2.2 and 3.2.3 on behalf of such affiliate or other person or (b) agrees that it shall obtain from such affiliate or other person for the benefit of the Issuer the representations contained in Clauses 3.2.1, 3.2.2 and 3.2.3; and

(v) it has not entered into and agrees that it will not enter into any contractual arrangement with any distributor (as such term is defined in the Regulation S) with respect to the distribution or delivery of the Notes except with its affiliates or with the prior written consent of the Issuer.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the TEFRA D.

In addition, to the extent that the Pricing Supplement or the Subscription Agreement relating to one or more Tranches of Bearer Notes specifies that the applicable TEFRA exemption is "TEFRA C", under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**TEFRA C**") to set out the criteria for "foreign targeted obligations" that are exempt from the excise tax under Section 4701(b)(1)(B) of the Code, Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer will be required to represent and agree that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, each Dealer will be required to represent and agree that it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the TEFRA C.

Each issuance of index-, commodity- or currency-linked Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer(s) shall agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling

restrictions.

European Economic Area

Prohibition of Sales to EEA Retail Investors

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Applicable", each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prospectus Regulation Public Offer Selling Restriction

If the Pricing Supplement in respect of any Notes specified "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Relevant State**"), each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the

relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

United Kingdom

Prohibition of Sales to UK Retail Investors

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Applicable", each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is either one (or both) of the following:

(i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(ii) not a qualified investor as defined in paragraph 15 of Schedule 1 of the POATRs; and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specified "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) at any time to any legal entity which is a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs;

(b) at any time to fewer than 150 persons (other than qualified investors as defined in paragraph 15 of Schedule 1 to the POATRs) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Part 1 of Schedule 1 to the

POATRs,

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

Other Regulatory Restrictions in the United Kingdom

Each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous

Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Unless the Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer acknowledges, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

British Virgin Islands

Each Dealer and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make any invitation directly or indirectly to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to purchase or subscribe for the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

This Offering Circular does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

General

None of the Issuer, the Guarantor or any Dealer makes any representation that any action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular, any other offering or publicity material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required. Each Dealer shall, to the best of its knowledge and belief, comply in all material respects with all applicable securities laws, regulations and directives in force in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering or publicity material or any Pricing Supplement, in all cases at its own expense.

GENERAL INFORMATION

1. Clearing of the Notes

The Notes may be accepted for clearance through Euroclear and Clearstream. The relevant ISIN and Common Code will be specified in the applicable Pricing Supplement. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

2. Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme, the issue of the Notes thereunder and performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. Such consents, approvals and authorisations were authorised by a resolution of the board of directors of the Issuer passed on 8 October 2026.

The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme, the issue of the Notes thereunder, the giving and performance of the Guarantee, the Trust Deed and the Agency Agreement. Such consents, approvals and authorisations were authorised by the meeting of the board of directors of the Guarantor held on 25 September 2025.

3. NDRC Registration

With respect to any applicable Tranche of the Notes, registration will be completed, or application for registration will be made, by the Company in accordance with the NDRC Administrative Measures as set forth in the relevant Pricing Supplement. After the issuance of any applicable Tranche of the Notes, the Issuer and the Company shall report the post-issuance information to the NDRC within the time period prescribed in the NDRC Administrative Measures.

4. No Material Adverse Change

Except as disclosed in this Offering Circular, there has been no material adverse change, or any development likely to involve an adverse change, in the financial or trading position or to the condition (financial or otherwise), prospects, results of operations, capitalisation, profitability, business, properties, general affairs or management of the Issuer, the Company or the Group since 30 June 2026.

5. Litigation

Except as disclosed in this Offering Circular, none of the Issuer, the Company or any member of the Group is involved in any governmental, litigation or arbitration proceedings that the Issuer or the Company believes are material in the context of the Programme or the Notes to be issued thereunder nor is the Issuer or the Company aware that any such proceedings are pending or threatened.

6. Available Documents

For so long as Notes may be issued pursuant to the Programme, copies of the following documents will be available (following prior written request and provision of proof of holding and identity satisfactory to the Trustee), during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays), for inspection at the principal office of the Trustee, being at the date of this Offering Circular, 29/F, CITIC Tower, 1 Tim Mei Avenue Central, Hong Kong.

(i) the Trust Deed (which includes the form of the Global Notes, the Global Certificates, the Notes in definitive form, the Coupons, the Receipts and the Talons);

(ii) the Agency Agreement;

(iii) each Pricing Supplement (save that a Pricing Supplement related to an unlisted series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer or the Trustee as to its holding of Notes and identity); and

(iv) a copy of this Offering Circular together with any supplement to this Offering Circular and any other documents incorporated herein or therein referenced.

7. Consolidated Financial Statements

The Company's consolidated financial statements as at and for the year ended 31 December 2024 set out in this Offering Circular have been audited by Grant Thornton Hong Kong Limited and the Company's consolidated financial statements as at and for the year ended 31 December 2025 set out in this Offering Circular have been audited by Baker Tilly Hong Kong Limited, each in accordance with HKFRS Accounting Standards as issued by the HKICPA, as stated in its report appearing herein. The Company's unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2026 set out in this Offering Circular have been reviewed by Baker Tilly Hong Kong Limited in accordance with HKSRE 2410 as issued by the HKICPA, as stated in its report appearing herein.

8. Listing

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. The issue price of Notes to be issued under the Programme and listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount.

9. TEFRA D Legend

Notes issued pursuant to TEFRA D (other than temporary Global Notes) and any Coupons, Receipts and Talons appertaining thereto will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

10. Change of Trustee's Principal Office

Investors are hereby notified that the principal office of the Trustee set out in the Terms and Conditions of the Notes on page 54 of this Offering Circular is no longer valid. The Trustee's current principal office is 29/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong. The relevant Pricing Supplement for each applicable Series of Notes will contain the appropriate special term reflecting this change.

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INDEPENDENT REVIEW REPORT

bakertilly
天職國際

Independent review report to the board of directors of
CSSC (Hong Kong) Shipping Company Limited
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of CSSC (Hong Kong) Shipping Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out in pages 42 to 72, which comprises the condensed consolidated statement of financial position as at 30 June 2026 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the condensed consolidated statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other matter

The comparative condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2025 and the relevant notes to the condensed consolidated financial statements were extracted from the condensed consolidated financial statements of the Group for six-month period ended 30 June 2025 reviewed by another auditor who expressed an unmodified conclusion on those statements on 28 August 2025.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 24 August 2026
Cheung Hon Pui
Practising certificate number P08297

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Revenue	5	**1,911,234**	2,017,965
Other income and other gains/(losses), net		**191,167**	(17,618)
Expenses			
Finance costs and bank charges	6	**(362,628)**	(416,021)
Net (provision for)/reversal of impairment losses on loan and lease receivables		**(47,076)**	132,323
Depreciation		**(369,724)**	(297,993)
Employee benefits expenses		**(34,928)**	(28,669)
Vessel operating costs		**(159,952)**	(188,209)
Other operating expenses		**(40,866)**	(34,728)
Total expenses		**(1,015,174)**	(833,297)
Profit from operations	7	**1,087,227**	1,167,050
Share of results of joint ventures		**339,494**	131,328
Share of results of associates		**(25,880)**	(9,491)
Profit before income tax		**1,400,841**	1,288,887
Income tax expense	8	**(112,413)**	(137,730)
Profit for the period		**1,288,428**	1,151,157
Profit for the period attributable to:			
– Equity shareholders of the Company		**1,222,452**	1,105,585
– Non-controlling interests		**65,976**	45,572
		1,288,428	1,151,157
Earnings per share (HK$)	9		
– Basic		**0.197**	0.179
– Diluted		**0.177**	0.178

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Profit for the period	**1,288,428**	1,151,157
Other comprehensive income/(expense) for the period		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**5,023**	2,311
– Share of other comprehensive expense of joint ventures	**(9,200)**	(11,925)
– Changes in fair value of debt instruments at fair value through other comprehensive income	**(21,024)**	8,294
– Changes in fair value of cash flow hedges	**41,451**	(40,765)
Items that are reclassified to profit or loss:		
– Reclassification adjustment from hedging reserve to profit or loss	**(39,816)**	(55,652)
– Release of investment revaluation reserve upon disposal of debt instruments at fair value through other comprehensive income	**(7,026)**	–
Total other comprehensive expense for the period	**(30,592)**	(97,737)
Total comprehensive income for the period	**1,257,836**	1,053,420
Total comprehensive income for the period attributable to:		
– Equity shareholders of the Company	**1,191,823**	1,007,830
– Non-controlling interests	**66,013**	45,590
	1,257,836	1,053,420

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Assets			
Property, plant and equipment	11	**14,292,569**	15,536,140
Right-of-use assets	11	**5,208**	7,979
Interests in joint ventures	12	**1,722,038**	1,632,923
Interests in associates		**161,223**	181,406
Loan and lease receivables	13	**19,192,890**	18,542,316
Derivative financial assets		**268,767**	260,336
Prepayments, deposits and other receivables	14	**872,822**	597,208
Financial assets at fair value through profit or loss		**970,575**	486,608
Financial assets at fair value through other comprehensive income		**1,735,083**	1,756,107
Deferred tax assets		**341**	1,559
Amounts due from joint ventures		**429,445**	387,070
Amounts due from non-controlling interests		**10,459**	7,775
Time deposits with maturity over three months		**360,286**	88,692
Cash and cash equivalents		**3,027,414**	3,706,672
Total assets		**43,049,120**	43,192,791
Liabilities			
Income tax payables		**329,904**	240,761
Borrowings	15	**22,862,515**	26,466,530
Convertible bonds	16	**2,155,032**	–
Derivative financial liabilities		**–**	25,563
Amounts due to non-controlling interests		**80,366**	127,965
Other payables and accruals		**1,428,495**	882,874
Lease liabilities		**297,472**	315,275
Total liabilities		**27,153,784**	28,058,968
Net assets		**15,895,336**	15,133,823
Equity			
Share capital	17	**6,723,521**	6,715,125
Reserves		**8,995,762**	8,296,210
Equity attributable to equity shareholders of the Company		**15,719,283**	15,011,335
Non-controlling interests		**176,053**	122,488
Total equity		**15,895,336**	15,133,823

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to equity shareholders of the Company										
	Share capital HK$'000	Convertible bonds equity reserve HK$'000	Investment revaluation reserve HK$'000	Hedging reserve HK$'000	Other reserves HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2026 (audited)	**6,715,125**	**–**	**88,799**	**193,023**	**62,656**	**7,665**	**(80,767)**	**8,024,834**	**15,011,335**	**122,488**	**15,133,823**
Profit for the period	–	–	–	–	–	–	–	1,222,452	1,222,452	65,976	1,288,428
Other comprehensive income/(expense) for the period	–	–	(28,050)	1,635	(9,200)	–	4,986	–	(30,629)	37	(30,592)
Total comprehensive income for the period	–	–	(28,050)	1,635	(9,200)	–	4,986	1,222,452	1,191,823	66,013	1,257,836
Transactions with equity shareholders:											
– Issuance of shares under share options scheme (note 18)	8,396	–	–	–	–	(1,630)	–	–	6,766	–	6,766
– Dividends (note 10)	–	–	–	–	–	–	–	(682,236)	(682,236)	–	(682,236)
Transactions with non-controlling interests:											
– Dividends	–	–	–	–	–	–	–	–	–	(12,448)	(12,448)
Equity settled share-based payments	–	–	–	–	–	(124)	–	–	(124)	–	(124)
Issuance of convertible bonds (note 16)	–	191,719	–	–	–	–	–	–	191,719	–	191,719
At 30 June 2026 (unaudited)	**6,723,521**	**191,719**	**60,749**	**194,658**	**53,456**	**5,911**	**(75,781)**	**8,565,050**	**15,719,283**	**176,053**	**15,895,336**

	Attributable to equity shareholders of the Company									
	Share capital HK$'000	Investment revaluation reserve HK$'000	Hedging reserve HK$'000	Other reserves HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total quity HK$'000
At 1 January 2025 (audited)	6,695,690	46,363	317,980	67,998	15,759	(98,123)	7,135,454	14,181,121	116,915	14,298,036
Profit for the period	–	–	–	–	–	–	1,105,585	1,105,585	45,572	1,151,157
Other comprehensive income/(expense) for the period	–	8,294	(96,417)	(11,925)	–	2,293	–	(97,755)	18	(97,737)
Total comprehensive income for the period	–	8,294	(96,417)	(11,925)	–	2,293	1,105,585	1,007,830	45,590	1,053,420
Transactions with equity shareholders:										
– Issuance of shares under share options scheme (note 18)	18,190	–	–	–	(3,489)	–	–	14,701	–	14,701
– Dividends (note 10)	–	–	–	–	–	–	(644,630)	(644,630)	–	(644,630)
Equity settled share-based payments	–	–	–	–	(4,874)	–	–	(4,874)	–	(4,874)
Disposal of financial assets at fair value through other comprehensive income	–	(12,327)	–	–	–	–	–	(12,327)	–	(12,327)
At 30 June 2025 (unaudited)	6,713,880	42,330	221,563	56,073	7,396	(95,830)	7,596,409	14,541,821	162,505	14,704,326

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Note	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Cash flows from operating activities			
Net cash generated from operations		**2,172,873**	1,724,801
Interest received		**56,453**	41,877
Interest paid		**(292,123)**	(427,083)
Income tax paid		**(22,235)**	(19,319)
Net cash generated from operating activities		**1,914,968**	1,320,276
Cash flows from investing activities			
Placements of time deposits with maturity over three months		**(360,286)**	–
Withdrawal of time deposits with maturity over three months		**88,692**	8,247
Payments for purchase of vessels and property, plant and equipment		**(29,058)**	(1,200)
Purchases of wealth management portfolio classified as financial assets at fair value through profit or loss		**(466,800)**	–
Distributions from a joint venture	12	**106,508**	–
Dividends received from a joint venture	12	**134,671**	240,791
Repayments due from associates		**–**	1,556
Advances to joint ventures		**(30,898)**	(7,168)
Repayments from joint ventures		**9,839**	48,227
Payments for settlement of derivative financial instruments		**(2,713)**	(3,573)
Net cash (used in)/generated from investing activities		**(550,045)**	286,880
Cash flows from financing activities			
Proceeds from issuance of convertible bonds, net of transaction costs	16	**2,321,358**	–
Proceeds from borrowings		**7,103,505**	5,951,066
Repayments of borrowings		**(9,864,094)**	(5,173,505)
Redemption of bonds		**(1,133,599)**	(3,112,000)
Payment of lease liabilities		**(26,773)**	(25,901)
Repayments to non-controlling interests		**(47,599)**	–
Proceeds from shares issued under share options scheme		**6,766**	14,701
Dividends paid to equity shareholders of the Company		**(372,004)**	–
Dividends paid to non-controlling interests		**(12,448)**	–
Net cash used in financing activities		**(2,024,888)**	(2,345,639)
Net decrease in cash and cash equivalents		**(659,965)**	(738,483)
Cash and cash equivalents at beginning of the period		**3,706,672**	1,773,896
Effect of foreign exchange rate changes		**(19,293)**	17,256
Cash and cash equivalents at end of the period		**3,027,414**	1,052,669

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1 General information

CSSC (Hong Kong) Shipping Company Limited (the "**Company**") is a limited liability company incorporated in Hong Kong. The registered office and its principal place of business is located at Room 1801, 18th Floor, Worldwide House, No. 19 Des Voeux Road Central, Central, Hong Kong.

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

These condensed consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated, and have been approved for issue by the Board of Directors of the Company on 24 August 2026.

The financial information relating to the year ended 31 December 2025 that is included in the condensed consolidated financial statements for the six months ended 30 June 2026 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2 Basis of preparation

These condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The condensed consolidated financial statements are unaudited, but have been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA.

3 Accounting policies

The condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with the same accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the application of amendments to HKFRS Accounting Standards which are effective from 1 January 2026, and application of accounting policies which became relevant and were newly applied by the Group in the current interim period.

(a) Application of amendments to HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

- Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Contracts referencing nature-dependent electricity
- Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments
- Annual improvements to HKFRS Accounting Standards – Volume 11

The application of these amendments has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

(b) Accounting policies newly applied by the Group

The Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Convertible bonds

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. Interest is recognised in profit or loss. The equity component is not remeasured and is recognised in the convertible bonds equity reserve until the convertible bonds are converted.

3 Accounting policies *(Continued)*

(b) Accounting policies newly applied by the Group *(Continued)*

Convertible bonds *(Continued)*

If the convertible bonds are converted, the convertible bonds equity reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital as consideration for the shares issued.

4 Fair value estimation

(a) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The different levels of financial instruments carried at fair value have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required for measurement of the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

4 Fair value estimation *(Continued)*

(a) Financial assets and financial liabilities measured at fair value *(Continued)*

***Fair value hierarchy** (Continued)*

Changes in Levels 2 and 3 fair values are analysed at the end of each reporting period during the semi-annually valuation discussion between the Company's chief financial officer and the valuation team. As part of this discussion, the team presents a report that explains the reason for the fair value movements.

There was no transfer among Level 1, 2 and 3 fair value hierarchy during six months ended 30 June 2026 and 2025.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
As at 30 June 2026 (unaudited)				
Financial assets				
Derivative financial assets	**–**	**268,767**	**–**	**268,767**
Financial assets at fair value through profit or loss	**–**	**970,575**	**–**	**970,575**
Financial assets at fair value through other comprehensive income	**1,735,083**	**–**	**–**	**1,735,083**
	1,735,083	**1,239,342**	**–**	**2,974,425**
As at 31 December 2025 (audited)				
Financial assets				
Derivative financial assets	–	260,336	–	260,336
Financial assets at fair value through profit or loss	–	486,608	–	486,608
Financial assets at fair value through other comprehensive income	1,756,107	–	–	1,756,107
Financial liabilities				
Derivative financial liabilities	–	(25,563)	–	(25,563)
	1,756,107	721,381	–	2,477,488

4 Fair value estimation *(Continued)*

(a) Financial assets and financial liabilities measured at fair value *(Continued)*

Fair value hierarchy *(Continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

Derivative financial asset/liabilities

The fair value of cross currency swaps is the estimated amount that the Group would receive or pay to transfer the swap at the end of the reporting period, taking into account current exchange rates and the current creditworthiness of the swap counterparties.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to transfer the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Financial assets at fair value through profit or loss

The fair value of debt instruments at fair value through profit or loss is determined by the aggregate amount of quoted bid prices of the listed debt instruments involved in wealth management portfolio.

(b) Financial assets and financial liabilities carried at other than fair value

The carrying values of the Group's financial assets and financial liabilities carried at amortised cost approximate their fair values due to their short-term maturities.

5. Segment information and revenue

The chief operating decision maker ("**CODM**") has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports and analysed from a business perspective as follows:

Integrated shipping services

Integrated shipping services include operating lease services to customers and shipbroking services to shipbuilders and charterers. Operating lease refers to a leasing model whereby the lessor grants the right to use an asset to the lessee for a specified period and in return for periodic lease payments without substantially transfer of all the risks and rewards incidental to ownership of the leased vessels to the customers. Shipbroking services to shipbuilders includes introducing shipbuilders to interested purchasers and advising interested purchasers on vessel types, specifications and capabilities. Shipbroking services to charterers include advising interested charterers to lease the vessels in the form of finance lease or operating lease or advising interested charterers on vessel types, specifications and capabilities.

5. Segment information and revenue *(Continued)*

Financing services

Financing services include finance lease services and loan borrowing services to customers. Finance lease refers to a leasing model whereby the lessor purchases an asset according to the lessee's specific requirements and choice of supplier or the lessor purchases an asset from the lessee, and then leases it to the lessee for periodic lease payments, at which substantially all the risks and rewards incidental to ownership of the leased assets were transferred to the lessee. Loan borrowings mainly include pre-delivery loans and secured loans. Pre-delivery loan services are offered as part of leasing services and to customers who require funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. Secured loan services are offered to customers to satisfy their funding needs and are generally secured by customers' vessels or assets.

The segment information provided to the executive directors for the six months ended 30 June 2026 and 2025 are as follows:

The Group derives revenue from the following streams:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Integrated shipping services		
– Operating lease services	**1,230,658**	1,208,824
– Shipbroking services	**–**	22,514
	1,230,658	1,231,338
Financing services		
– Finance lease services	**463,869**	549,995
– Loan borrowing services	**216,707**	236,632
	680,576	786,627
	1,911,234	2,017,965

5. Segment information and revenue *(Continued)*

Financing services *(Continued)*

Commission income received from charterer and from shipbuilder, both of which were included in revenue from shipbroking services, were recognised over time and at point in time, respectively.

No commission income was recognised during the six months ended 30 June 2026. For the six months ended 30 June 2025, commission income included in shipbroking services that are recognised at a point in time and over time amounted to HK$10,699,000 and HK$11,815,000 respectively.

For the six months ended 30 June 2026, revenue from non-lease component included in operating leasing services amounted to HK$141,633,000 (six months ended 30 June 2025: HK$138,891,000).

Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by CODM internally. Accordingly, no segment assets and liabilities are presented.

Geographical information

The Group's revenue is substantially derived from the leasing services internationally and, accordingly, no analysis by geographical area is presented.

The Group's non-current assets (other than financial instruments and deferred tax assets) consisted of its property, plant and equipment, right-of-use assets, joint ventures and associates. A substantial portion of these assets represent the Group's vessels (included in property, plant and equipment) which are primarily utilised across geographical markets throughout the world. Accordingly, it is impractical to present the locations of the vessels by geographical areas and thus no analysis by geographical area is presented.

6. Finance costs and bank charges

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on bonds	**137,623**	145,577
Interest on bank borrowings	**148,075**	220,066
Interest on other borrowings	**37,532**	39,593
Interest on convertible bonds	**29,777**	–
Interest on lease liabilities	**8,741**	9,686
Bank charges	**880**	1,099
	362,628	416,021

7. Profit from operations

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

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Depreciation on		
– property, plant and equipment	**366,729**	295,952
– right-of-use assets	**2,995**	2,041
Employee benefits expenses	**34,928**	28,669
Interest income from financial assets at fair value through other comprehensive income	**(31,976)**	(31,880)
Net gain on changes in fair value of financial assets at fair value through profit or loss	**(17,167)**	(16,226)
Net gain on disposal of debt instruments at fair value through other comprehensive income	**(7,026)**	(12,327)
Net gain on disposal of property, plant and equipment	**(253,638)**	–
Net gain on derecognition of finance lease receivables	**(12,204)**	(21,560)

8. Income tax expense

Income tax expense in the condensed consolidated income statement represents:

	Six months ended 30 June	
	2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Current taxation		
– Hong Kong China profits tax	**7,114**	8,970
– Overseas taxation	**10,188**	10,849
– Top up taxes under Pillar Two model rules	**93,856**	116,474
Under-provision in respect of prior years		
– Overseas taxation	**–**	2,013
	111,158	138,306
Deferred tax		
– Origination and reversal of temporary differences	**1,255**	(576)
Income tax expense	**112,413**	137,730

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

Hong Kong China profits tax is provided at the rate of 16.5% (six months ended 30 June 2025: 16.5%) based on the estimated assessable profits arising from Hong Kong China.

Mainland China corporate income tax is charged at the statutory rate of 25% (six months ended 30 June 2025: 25%) based on the estimated assessable income as determined with the relevant tax rules and regulations in Mainland China.

Malta corporate income tax is charged at the statutory rate of 35% (six months ended 30 June 2025: 35%) based on the estimated assessable income as determined with the relevant tax rules and regulations of Malta. Normally, six-sevenths of the tax paid would be deducted, taking the effective tax rate to be 5%.

Enterprises incorporated in other places are subject to income tax rates of 12.5% to 25% (six months ended 30 June 2025: 12.5% to 25%) prevailing in the places in which these enterprises operated for the six months ended 30 June 2026.

8. Income tax expense *(Continued)*

OECD Pillar Two model rules

The ultimate holding company of the Group, China State Shipbuilding Corporation Limited (中國船舶集團有限公司) ("**China Shipbuilding Group**") and its subsidiaries (collectively referred to as "**CSSC Group**"), has consolidated revenues exceeding EUR750 million and thus fall within the scope of Pillar Two model rules (also referred to as the "**Global Anti-Base Erosion Rules**" or "**GloBE Rules**"). Under these rules, the Group's profits derived from international shipping and certain related ancillary activities are exempted, while other non-qualifying profits will be subject to the minimum tax rate.

The Group is subject to the global minimum top-up tax under Pillar Two model rules. Pillar Two model rules has become effective in Hong Kong China in which the Company and certain subsidiaries were incorporated.

Based on the Group's best estimate of GloBE income calculation, the Group has recognised a current tax expense of HK$93,856,000 (six months ended 30 June 2025: HK$116,474,000) related to the top-up tax for the six months ended 30 June 2026. As the Group is assessed to be not a minority-owned constituent entity, if there is any potential top-up tax for CSSC Group, it is possible that relevant tax may be further allocated or recharged to respective entities of the CSSC Group that contribute to the top-up tax. The Group would continue to analyse and assess the impact brought by Pillar Two model rules.

9. Earnings per share

The calculation of basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to equity shareholders of the Company for the purposes of basic earnings per share	**1,222,452**	1,105,585
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds, net of tax	**25,309**	–
Earnings for the purpose of calculation of diluted earnings per share	**1,247,761**	1,105,585
	Number	Number
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**6,201,319**	6,191,104
Effect of dilutive potential ordinary shares:		
– Share options issued by the Company	**10,699**	10,792
– Convertible bonds	**827,744**	–
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	**7,039,762**	6,201,896
	HK$	HK$
Earnings per share		
– Basic	**0.197**	0.179
– Diluted	**0.177**	0.178

10. Dividends

	Six months ended 30 June	
	2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
Dividend approved and paid during the period		
Special dividend of HK6 cents per ordinary share	**372,004**	–
Dividend approved and not yet paid during the period		
Final dividend in respect of the year ended 31 December 2025 of HK5 cents (2024: HK10.4 cents) per ordinary share	**310,232**	644,630
Dividend proposed		
Interim dividend of HK5 cents (six months ended 30 June 2025: HK5 cents) per ordinary share	**310,232**	309,918

At the board meeting held on 24 August 2026, the board has declared an interim dividend of HK5 cents (six months ended 30 June 2025: HK5 cents) per share and the interim dividend is declared after the reporting period, such dividend has not been recognised as liability as at 30 June 2026.

11 Property, plant and equipment and right-of-use assets

During the six months ended 30 June 2026, additions to property, plant and equipment amounted to approximately HK$29,058,000 (six months ended 30 June 2025: HK$1,200,000).

During the six months ended 30 June 2026, disposals of property, plant and equipment at net carrying amount amounted to approximately HK$913,371,000 (six months ended 30 June 2025: nil), resulting in a net gain on disposal of HK$253,638,000 (six months ended 30 June 2025: nil).

As at 30 June 2026, the carrying amount of the Group's right-of-use assets in relation to the offices and apartments amounted to HK$5,208,000 (31 December 2025: HK$7,979,000).

During the six months ended 30 June 2026, no right-of-use assets were written off. During the six months ended 30 June 2025, written off of right-of-use assets at net carrying amount amounted to HK$8,909,000.

During six months ended 30 June 2026, depreciation of property, plant and equipment and right-of-use assets amounted to HK$366,729,000 and HK$2,995,000 (six months ended 30 June 2025: HK$295,952,000 and HK$2,041,000) respectively.

12 Interests in joint ventures

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Interests in joint ventures	**1,722,038**	1,632,923

At 30 June 2026 and 31 December 2025, details of the Group's interests in joint ventures which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Company as at 30 June 2026	Percentage of equity attributable to the Company as at 31 December 2025	Principal activities
Sino Singapore Maritime Pte. Ltd. (note)	Singapore	50%	50%	Vessel owning and chartering
Ocean Classic Limited	British Virgin Islands	50%	50%	Vessel owning and chartering
Vista Shipping Pte. Limited	Singapore	50%	50%	Vessel owning and chartering
Sea Jade Investment Limited	Marshall Islands	25%	25%	Vessel owning and chartering
Ocean Jade Investment Limited	Marshall Islands	25%	25%	Vessel owning and chartering
Golden Pegasus Shipping Company Limited	Hong Kong	50%	50%	Vessel owning and chartering

Note: During the six months ended 30 June 2026, the Group received dividends and capital distributions from Sino Singapore Maritime Pte. Ltd. amounting to HK$134,671,000 and HK$106,508,000 respectively.

13. Loan and lease receivables

	Note	As at 30 June 2026 Gross amount HK$'000 (unaudited)	Allowance for impairment losses HK$'000 (unaudited)	Net carrying amount HK$'000 (unaudited)
Loan receivables	(a)	**6,816,942**	**(182,779)**	**6,634,163**
Lease receivables	(b)	**13,037,307**	**(615,971)**	**12,421,336**
Loans to joint ventures	(c)	**137,391**	**–**	**137,391**
		19,991,640	**(798,750)**	**19,192,890**

	Note	As at 31 December 2025 Gross amount HK$'000 (audited)	Allowance for impairment losses HK$'000 (audited)	Net carrying amount HK$'000 (audited)
Loan receivables	(a)	5,939,497	(222,837)	5,716,660
Lease receivables	(b)	13,207,263	(528,837)	12,678,426
Loans to joint ventures	(c)	147,230	–	147,230
		19,293,990	(751,674)	18,542,316

13. Loan and lease receivables *(Continued)*

(a) Loan receivables

As at 30 June 2026, loan receivables were interest-bearing at rates ranging from 4.5% to 8.6% (31 December 2025: 4.5% to 8.8%) per annum, repayable from 2026 to 2036 (31 December 2025: 2026 to 2033) and secured by the respective vessels and certain shares of borrowers, which owned the vessels.

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

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Within 1 year	**647,249**	527,711
After 1 year but within 2 years	**636,955**	534,805
After 2 years but within 5 years	**1,994,761**	1,607,279
Over 5 years	**3,355,198**	3,046,865
	6,634,163	5,716,660

(b) Lease receivables

As at 30 June 2026, the Group's lease receivables were secured, interest-bearing at rates ranging from 6.2% to 10.0% (31 December 2025: 6.2% to 10.7%) per annum. Details of the lease receivables as at the end of each of the reporting periods are as follows:

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Gross investment in finance leases	**18,959,848**	19,266,409
Less: Unearned finance income	**(5,922,541)**	(6,059,146)
Net investment in finance leases	**13,037,307**	13,207,263
Less: Accumulated allowance for impairment	**(615,971)**	(528,837)
Net lease receivables	**12,421,336**	12,678,426

13. Loan and lease receivables *(Continued)*

(b) Lease receivables *(Continued)*

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings at the end of each of the reporting periods:

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Gross investment in finance leases		
– Within 1 year	**1,876,967**	2,037,774
– After 1 year but within 2 years	**1,637,473**	1,626,475
– After 2 years but within 3 years	**1,592,896**	1,576,593
– After 3 years but within 4 years	**1,612,025**	1,486,990
– After 4 years but within 5 years	**1,433,484**	1,665,677
– Over 5 years	**10,807,003**	10,872,900
	18,959,848	19,266,409

During the six months ended 30 June 2026, the net proceeds from derecognition of lease receivables amounted to HK$651,676,000 (six months ended 30 June 2025: HK$276,009,000).

(c) Loans to joint ventures

As at 30 June 2026 and 31 December 2025, the amounts were unsecured, interest-bearing at 5% per annum and repayable on demand.

14 Prepayments, deposits and other receivables

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Prepayments	**20,918**	28,213
Advance payments for sales and leaseback arrangements	**618,020**	338,376
Interest receivables	**37,567**	28,045
Other receivables (note)	**196,317**	202,574
	872,822	597,208

Note:

As at 30 June 2026 and 31 December 2025, included in other receivables is an amount of HK$99,542,000 which was credit-impaired as at the reporting date, with a gross amount of HK$523,905,000 and provision for impairment loss of HK$424,363,000.

The carrying amounts of these receivables of the Group approximate their fair values.

15 Borrowings

	Note	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Bank borrowings	(a)	**10,050,007**	12,668,800
Bonds	(b)	**10,564,780**	11,548,088
Other borrowings	(c)	**2,247,728**	2,249,642
		22,862,515	26,466,530

15. Borrowings *(Continued)*

(a) Bank borrowings

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

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
On demand or within 1 year	**7,437,792**	7,742,201
After 1 year but within 2 years	**348,013**	1,375,902
After 2 years but within 5 years	**1,299,714**	1,859,895
After 5 years	**964,488**	1,690,802
	10,050,007	12,668,800

As at 30 June 2026, the Group's secured bank borrowings of HK$2,990,039,000 (31 December 2025: HK$5,870,143,000) were secured by loan and lease receivables of approximately HK$2,562,974,000 (31 December 2025: HK$7,489,917,000), shares of certain subsidiaries, floating charge on deposits of approximately HK$120,500,000 (31 December 2025: HK$222,762,000), general assignments, bareboat charterer assignments, intra-group loan assignments and property, plant and equipment of approximately HK$1,502,532,000 (31 December 2025: HK$4,141,912,000).

As at 30 June 2026, the Group's bank borrowings of HK$7,059,968,000 (31 December 2025: HK$6,798,657,000) were unsecured and guaranteed by the Company.

As at 30 June 2026, the Group's bank borrowings were interest-bearing at rates ranging from 1.40% to 5.49% (31 December 2025: 1.56% to 5.94%) per annum.

As at 30 June 2026, the Group's bank borrowings bearing variable interest rate amounted to HK$9,757,952,000 (31 December 2025: HK$10,519,720,000).

15. Borrowings *(Continued)*

(b) Bonds

In February 2020, the Group issued guaranteed bonds of US$400,000,000 (equivalent to approximately HK$3,112,000,000) due in February 2030 and interest-bearing at 3.0% per annum.

In July 2021, the Group issued guaranteed bonds of US$500,000,000 (equivalent to approximately HK$3,890,000,000) due in July 2026 and interest-bearing at 2.1% per annum.

In November 2025, the Group issued guaranteed bonds of RMB1,000,000,000 (equivalent to approximately HK$1,143,764,000) due in November 2028 and interest-bearing at 1.95% per annum.

The above guaranteed bonds were guaranteed by the Company and listed on the Stock Exchange.

In September 2023 and September 2024, the Company issued bonds of RMB1,200,000,000 and RMB800,000,000 (equivalent to approximately HK$1,372,517,000 and HK$915,012,000 respectively) due in September 2026 and September 2029 and interest-bearing at 3.1% and 2.36% respectively. These bonds were listed on the PRC inter-bank Bond Market.

As at 30 June 2026 and 31 December 2025, the bonds were repayable as follows:

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Within 1 year	**5,394,004**	6,439,994
After 1 year but within 2 years	**–**	–
After 2 years but within 5 years	**5,170,776**	5,108,094
	10,564,780	11,548,088

15. Borrowings *(Continued)*

(c) Other borrowings

As at 30 June 2026, loans from a fellow subsidiary of HK$1,022,704,000 (31 December 2025: HK$993,172,000) were unsecured, interest-bearing at 2.11% (31 December 2025: 2.11%) per annum and repayable within 1 year.

As at 30 June 2026, loans from other third parties of HK$1,225,024,000 (31 December 2025: HK$1,256,470,000) were interest-bearing at 4.75% (31 December 2025: 6.1%) per annum and secured by pre-delivery assignments, deed of charge over shares in certain subsidiaries and property, plant and equipment of approximately of HK$1,502,031,000 (31 December 2025: HK$1,527,484,000).

As at 30 June 2026 and 31 December 2025, the other borrowings were repayable as follows:

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Within 1 year	**1,105,055**	1,074,568
After 1 year but within 2 years	**64,801**	64,801
After 2 years but within 5 years	**194,404**	194,404
After 5 years	**883,468**	915,869
	2,247,728	2,249,642

16 Convertible bonds

The Group issued listed convertible bonds at the nominal interest rate of 0.75% per annum with a face value of HK$2,338,000,000 on 28 January 2026. The convertible bonds are denominated in Hong Kong dollars and are guaranteed by the Company. The bondholders are entitled the right to convert these bonds into ordinary shares of the Company on or after 10 March 2026 up to ten days prior to the maturity date of 28 January 2031 at a conversion price of HK$2.39 per ordinary share. Further details and terms of the convertible bonds are set out in the Company's circular dated 29 January 2026.

At initial recognition, the equity component of the convertible bonds was separated from the liability. The equity element is presented in equity heading "Convertible bonds equity reserve". The early redemption option is considered as closely related to the host debt. The effective interest rate of the liability component is 2.68%.

16. Convertible bonds *(Continued)*

The movement of the liability component of the convertible bonds for the six months ended 30 June 2026 is set out below.

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Carrying amount at 1 January	**–**	–
Issuance of convertible bonds	**2,129,639**	–
Interest charged	**29,777**	–
Interest paid	**(4,384)**	–
Carrying amount at 30 June/31 December	**2,155,032**	–

17. Share capital

	Number of shares '000	**Share capital HK$'000**
Ordinary shares, issued and fully paid:		
At 31 December 2025 (audited)	6,199,224	6,715,125
Issuance of shares under share options scheme (note)	5,421	8,396
At 30 June 2026 (unaudited)	6,204,645	6,723,521

Note:

During the six months ended 30 June 2026, the issued number of ordinary shares of the Company has been increased by 3,131,510 and 2,289,100 upon the exercise of share options at the exercise price of HK$1.32 and HK$1.15 per share respectively. The total consideration received of approximately HK$6,766,000 was credited to the share capital with the amount of approximately HK$1,630,000 has been transferred from the share option reserve to the share capital.

18 Share-based employee compensation

The Company has adopted a share options scheme (the "**Scheme**"), which was approved by the equity shareholders on the extraordinary general meeting held on 30 April 2021.

Pursuant to the scheme, the maximum number of shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of approval of the Scheme at the extraordinary general meeting.

Participants of the Scheme shall be employees of the Company and include executive directors and senior management members (the "**Grantees**") of the Company, as well as core technical personnel and backbone management whom the board of directors considers will have a direct impact on the Company's overall operating performance and sustainable development.

On 30 April 2021 (the "**First Grant Date**") and 4 April 2022 (the "**Second Grant Date**"), the Company granted 143,540,000 and 28,710,000 share options to certain of its directors and employees for nil consideration at an exercise price of HK$1.32 and HK$1.15 per share respectively. The exercise price represents the highest of (i) the closing price as stated in the daily quotations sheet issued by the Stock Exchange on the First Grant Date and Second Grant Date; and (ii) the average closing price as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the First Grant Date and Second Grant Date. The options shall be vested to the Grantees during the period and in the respective proportions as follows:

(i) The first batch (being 33% of the share options granted) will be vested on the first trading day after 24 months from the grant date;

(ii) The second batch (being 33% of the share options granted) will be vested on the first trading day after 36 months from the grant date; and

(iii) The third batch (being 34% of the Share Options granted) will be vested on the first trading day after 48 months from the grant date.

The options are exercisable within a period of ten years from the grant dates. Each option gives the holder the right to subscribe for one ordinary share in the Company. Details of the Scheme are as set out in the Company's circular dated 13 April 2021.

All share-based employee compensation will be settled by the Company's own equity instruments. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

18. Share-based employee compensation *(Continued)*

Details of movements in share options were as follows:

	Six months ended 30 June			
	2026		2025	
	Number '000	**Weighted average exercise price HK$**	Number '000	Weighted average exercise price HK$
Outstanding at 1 January	**25,950**	**1.26**	58,941	1.28
Exercised	**(5,421)**	**1.25**	(11,476)	1.28
Forfeited	**(734)**	**1.15**	(20,657)	1.24
Outstanding at 30 June	**19,795**	**1.27**	26,808	1.26
Exercisable at 30 June	**19,676**	**1.27**	9,232	1.15

The weighted average share price for share options exercised during the six months ended 30 June 2026 at the date of exercise was HK$2.38 (six months ended 30 June 2025: HK$1.76).

As at 30 June 2026, the outstanding share options had a weighted average remaining contractual life of 5.1 years (31 December 2025: 6.2 years) and the range of exercise price was from HK$1.15 to HK$1.32 (31 December 2025: from HK$1.15 to HK$1.32). None of the share options were expired during six months ended 30 June 2026 (six months ended 30 June 2025: nil).

In total, HK$180,000 (six months ended 30 June 2025: HK$1,245,000) of employee compensation expenses and HK$304,000 (six months ended 30 June 2025: HK$6,119,000) of forfeiture of share options have been respectively recognised or credited in profit or loss for the six months ended 30 June 2026 and the corresponding amounts of which have been respectively credited or debited to "share option reserve". No liabilities were recognised in connection with share-based payment transactions.

19 Capital commitments

Capital commitments outstanding contracted but not provided for are as follows:

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Contracted for in respect of construction of vessels	**3,746,916**	3,447,498

20 Provisions and contingencies

As at 30 June 2026, the aggregate amount of outstanding financial guarantees issued to banks and financial institutions in respect of facilities granted to joint ventures that the Group could be required to be paid amounted to HK$2,336,972,000 and HK$4,439,140,000 (31 December 2025: HK$2,336,972,000 and HK$4,045,666,000) respectively if the guarantees were called upon the entirety. The guarantees will be released upon the end of the charter period. The outstanding financial guarantees in respect of utilised facilities as at 30 June 2026 and 31 December 2025 are analysed as below:

	As at 30 June 2026 HK$'000 (Unaudited)	As at 31 December 2025 HK$'000 (Audited)
Guarantees provided in respect of joint ventures' bank loans	**1,181,265**	1,371,173
Guarantees provided in respect of joint ventures' other borrowings	**1,590,883**	1,379,086
	2,772,148	2,750,259

As at 30 June 2026, among the guarantees provided in respect of the joint ventures' bank loans, the bank loans of HK$863,580,000 (31 December 2025: HK$863,580,000) were subject to joint and several guarantees provided by the joint venture partners.

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the condensed consolidated statement of financial position.

21 Related party transactions

The directors of the Company regard CSSC International Holding Company Limited, a company incorporated in Hong Kong with limited liabilities as the immediate holding company, which owns approximately 74.17% (31 December 2025: 74.24%) of the Company's issued ordinary shares as at 30 June 2026. The ultimate holding company of the Group is China Shipbuilding Group, a state-owned enterprise established in the PRC. China Shipbuilding Group itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

Related parties include China Shipbuilding Group and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China Shipbuilding Group as well as their close family members.

For the six months ended 30 June 2026 and 2025, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include bank deposits, bank borrowings and corresponding interest income and interest expenses and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in the condensed consolidated financial statements, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the six months ended 30 June 2026.

21.1 Transactions with related parties

The Group entered into the following related party transactions:

Transactions with fellow subsidiaries:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest income	**1,663**	1,997
Commission received	**–**	10,699
Rental and utilities expenses	**9,355**	8,579
Interest expense	**10,736**	–
Repayment of other borrowings	**5,668**	–

21 Related party transactions *(Continued)*

21.1 Transactions with related parties *(Continued)*

Transactions with joint ventures:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest income	**2,266**	10,113
Repayments from a joint venture	**9,839**	48,227
Advance to joint ventures	**30,898**	7,168

These transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

21.2 Key management personnel compensations

Key management includes the executive directors and senior management. The compensations paid or payable to key management for employee services are shown below:

	Six months ended 30 June	
	2026	2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Wages, salaries and bonuses and benefits in kind	**3,629**	2,526
Retirement benefit costs	**575**	553
Share-based payment expenses	**–**	145
	4,204	3,224

INDEPENDENT AUDITOR'S REPORT

bakertilly
天職國際

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

Opinion

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

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter

Lease arrangements

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

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

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

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

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

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

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

Key Audit Matters *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loan and lease receivables Refer to notes 2.11, 3.2(i), 4 and 17 to the consolidated financial statements. As at 31 December 2025, the carrying amounts of the Group's loan and lease receivables amounted to approximately HK$18,542,316,000 (net of provision for impairment loss of approximately HK$751,674,000). The balances of provision for impairment loss of loan and lease receivables represent the management's best estimates at the reporting date of the expected credit losses ("**ECL**") under HKFRS 9 "Financial Instruments". The Group considers the probability of default at initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period, and the ECL was calculated and provided based on the "three-stages" model by referring to the changes in credit quality since initial recognition. For loan and lease receivables classified into stage 1, the ECL is measured on a 12-month basis. For loan and lease receivables classified into stages 2 or 3, the ECL is measured on a lifetime basis. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated loss ratios and the default corrections between counterparties. The Group measures credit risk using Probability of Default ("**PD**"), Exposure at Default ("**EAD**") and Loss Given Default ("**LGD**").	We performed the following procedures to assess the impairment of loan and lease receivables prepared by management: • we evaluated the design and implementation and tested the operating effectiveness of controls over the approval, recording and credit monitoring of loan and lease receivables subject to ECL; • we tested the calculation of provision for impairment loss of loan and lease receivables; • we evaluated and challenged the methodologies for ECL for impairment assessment and assessed the reasonableness of significant judgements and assumptions; • we examined, on sample basis, financial and non-financial information and past due history of the lessees/borrowers and relevant external evidence as adopted by the management in the ECL assessment, and assessed the appropriateness of the management's identification of receivables with significant increase in credit risk since initial recognition and credit-impaired loan and lease receivables; • we examined key data inputs to the ECL models on selected samples, including historical data and data observed at the measurement date, to assess their accuracy, appropriateness and completeness;

Key Audit Matters *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loan and lease receivables *(Continued)* The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period, primarily including the following: (1) Consideration on whether the loan and lease receivables have experienced a significant increase in credit risk; (2) Identification of default and credit-impaired assets; (3) Inputs, assumptions and estimation techniques in measuring ECL (i.e. PD, EAD, LGD), including forward-looking information incorporated in the ECL (i.e. forecasted economic growth rates which reflect the general economic conditions of the industry in which the lessees/borrowers operate). Due to the significance of management's judgement and estimates applied in assessing the amount of ECL at the reporting date, we considered this as a key audit matter.	We performed the following procedures to assess the impairment of loan and lease receivables prepared by management: *(Continued)* • we reviewed the management's analysis for forward-looking information using forecasted economic growth rate, assessed the reasonableness and performed sensitivity analysis on possible scenarios; and • we re-performed management's calculation of the impairment loss assessment.

Other Matter

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

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 26 March 2026
Cheung Hon Pui
Practising certificate number P08297

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

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

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

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

Li Hongtao
Director

Liu Hui
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 General information

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

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

2 Basis of preparation and material accounting policy information

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

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

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

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

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

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

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Contracts referencing nature – dependent electricity	1 January 2026
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

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

2.2 Changes in accounting policies *(Continued)*

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

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

HKFRS 18, Presentation and disclosures in financial statements

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

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

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

2.3 Subsidiaries

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

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

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

2.4 Joint arrangements

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

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

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

2.5 Equity method

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

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

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

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

2.6 Investments in subsidiaries in separate financial statements

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

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

2.7 Segment reporting

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

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

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

2.8 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

2.9 Property, plant and equipment

Construction in progress

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

Other property, plant and equipment

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

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

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

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

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

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

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

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

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

2.10 Impairment of non-financial assets

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

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

2.11 Investments and other financial assets

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

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

2.11 Investments and other financial assets *(Continued)*

(ii) Recognition and derecognition *(Continued)*

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

(iii) Measurement

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

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from loan and lease receivables and other financial assets at amortised cost are included in revenue and other income using the effective interest method respectively. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (losses)/gains, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses or respective reversals, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

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

2.11 Investments and other financial assets *(Continued)*

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

***Debt instruments** (Continued)*

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

Equity instruments

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

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

Impairment

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

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

2.12 Offsetting financial instruments

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

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

2.13 Derivatives and hedging activities

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

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

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

Cash flow hedges that qualify for hedge accounting

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

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

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

Derivatives that do not qualify for hedge accounting

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

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

2.14 Cash and cash equivalents

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

2.15 Revenue and other income

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

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

(i) Revenue from contracts with customers

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

(a) Commission income

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

(ii) Revenue from other sources and other income

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

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

(c) Interest income other than finance lease income

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

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

2.16 Leases

Definition of a lease and the Group as a lessee

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

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

As a lessee

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

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

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

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

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

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

2.16 Leases *(Continued)*

As a lessee *(Continued)*

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

To determine the incremental borrowing rate, the Group:

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

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

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

As a lessor

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

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

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

2.16 Leases *(Continued)*

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

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

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

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

2.16 Leases *(Continued)*

Sale and leaseback transactions

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

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

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

2.17 Share capital

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

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

2.18 Other payables

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

2.19 Provisions

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

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

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

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

2.20 Borrowings and borrowing costs

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

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

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

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

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

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

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

2.21 Current and deferred income tax

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

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

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

2.21 Current and deferred income tax *(Continued)*

(i) Current income tax

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

(ii) Deferred income tax

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

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

Deferred income tax liabilities and assets are not recognised for:

- temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("**OECD**").

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

2.21 Current and deferred income tax *(Continued)*

(ii) Deferred income tax *(Continued)*

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

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

(iii) Investment allowances and similar tax incentives

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

2.22 Employee benefits

(i) Short-term obligations

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

(ii) Retirement benefits

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

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

2.22 Employee benefits *(Continued)*

(ii) Retirement benefits *(Continued)*

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

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

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

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

(iii) Share-based employee compensation

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

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

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

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

2.22 Employee benefits *(Continued)*

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

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

(iv) Profit-sharing and bonus plans

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

(v) Termination benefits

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

2.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

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

2.23 Earnings per share *(Continued)*

(ii) Diluted earnings per share

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

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

2.24 Dividend distribution

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

2.25 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 "Revenue from contracts with customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

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

2.26 Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

3 Financial risk management

3.1 Financial instruments by categories

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

Financial assets as at 31 December 2025	**At amortised cost HK$'000**	**At fair value HK$'000**	**Total HK$'000**
Loan and lease receivables	**18,542,316**	**–**	**18,542,316**
Derivative financial assets	**–**	**260,336**	**260,336**
Deposits and other receivables	**230,619**	**–**	**230,619**
Financial assets at FVTPL	**–**	**486,608**	**486,608**
Financial assets at FVOCI	**–**	**1,756,107**	**1,756,107**
Amounts due from joint ventures	**387,070**	**–**	**387,070**
Amounts due from non-controlling interests	**7,775**	**–**	**7,775**
Time deposits with maturity over three months	**88,692**	**–**	**88,692**
Cash and cash equivalents	**3,706,672**	**–**	**3,706,672**
Total	**22,963,144**	**2,503,051**	**25,466,195**

Financial assets as at 31 December 2024	At amortised cost HK$'000	At fair value HK$'000	Total HK$'000
Loan and lease receivables	20,714,833	–	20,714,833
Derivative financial assets	–	404,865	404,865
Deposits and other receivables	168,211	–	168,211
Financial assets at FVTPL	–	457,312	457,312
Financial assets at FVOCI	–	1,678,735	1,678,735
Amount due from an associate	37,810	–	37,810
Amounts due from joint ventures	275,218	–	275,218
Time deposits with maturity over three months	135,450	–	135,450
Cash and cash equivalents	1,773,896	–	1,773,896
Total	23,105,418	2,540,912	25,646,330

3 Financial risk management *(Continued)*

3.1 Financial instruments by categories *(Continued)*

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities: *(Continued)*

Financial liabilities as at 31 December 2025	**At amortised cost HK$'000**	**At fair value HK$'000**	**Total HK$'000**
Borrowings	**26,466,530**	**–**	**26,466,530**
Derivative financial liabilities	**–**	**25,563**	**25,563**
Amounts due to non-controlling interests	**127,965**	**–**	**127,965**
Other payables (excluding deposits received and accruals)	**311,524**	**–**	**311,524**
Lease liabilities	**315,275**	**–**	**315,275**
Total	**27,221,294**	**25,563**	**27,246,857**

Financial liabilities as at 31 December 2024	At amortised cost HK$'000	At fair value HK$'000	Total HK$'000
Borrowings	27,587,155	–	27,587,155
Derivative financial liabilities	–	195,801	195,801
Amounts due to non-controlling interests	131,884	–	131,884
Other payables (excluding deposits received and accruals)	702,474	–	702,474
Lease liabilities	348,311	–	348,311
Total	28,769,824	195,801	28,965,625

3 Financial risk management *(Continued)*

3.2 Financial risk factors

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

(i) Credit risk

The Group's credit risk are primarily attributable to loan and lease receivables, deposits and other receivables, financial assets at FVTPL and FVOCI – debt instruments, amounts due from an associate, joint ventures and non-controlling interests, time deposits and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In this respect, management considers the credit risk is significantly reduced. Except for financial assets at FVTPL – debt instruments, the Group performed impairment assessment for financial assets under ECL model.

The amounts due from an associate, joint ventures and non-controlling interests are considered by management to be fully recoverable with no significant increase in credit risk identified.

The credit risk on cash and cash equivalents and time deposits are placed in reputable financial institutions with sound credit ratings assigned by international credit rating agencies.

For deposits and other receivables and financial assets at FVOCI – debt instruments, management makes periodic collective assessments as well as individual assessment on the recoverability with no significant increase in credit risk identified, except for the other receivables of HK$523,905,000 that were transferred from loan and lease receivables during the year ended 31 December 2024.

The Group also issued financial guarantees to banks and other financial institutions for borrowings of its joint ventures. These guarantees are measured at ECL under the HKFRS 9. The Group assessed those joint ventures have strong financial capacity to meet the contractual cash flow obligation in the near future and hence, does not expect significant credit losses arising from these guarantees.

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) ***Credit risk*** *(Continued)*

Impairment allowance policies for loan and lease receivables

The Group applies ECL model for impairment assessment and considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the reporting period.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information, especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant increases in credit risk on other financial instruments of the same counterparty;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the counterparty.

To manage risk arising from loan and lease receivables, standardised credit management procedures are performed. For pre-approval processes, the Group optimises the review processes by using big data technology through its platform and system, including credit analysis, assessment of collectability of borrowers, monitoring the cash flows status, possibility of misconduct and fraudulent activities. In terms of credit examination management, specific policies and procedures are established to assess loans offering. For subsequent monitoring, the Group monitors the cash flows and operation status of each borrower. Once the loan was issued, all borrowers would be assessed by fraud examination model to prevent fraudulent behaviours.

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(i) Credit risk** (Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

For post-loan supervision, the Group establishes risk monitoring alert system through periodical monitoring. The estimation of credit exposure for risk management purposes is complex and requires use of models as the exposure varies with changes in market conditions, expected cash flows and passage of time.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using probability of default ("**PD**"), exposure at default ("**EAD**") and loss given default ("**LGD**"). This is consistent with the general approach used for the purposes of measuring ECL under HKFRS 9.

The ECL model for loan and lease receivables are summarised below:

- The ECL was calculated and provided based on the "three-stages" model by referring to the changes in credit quality since initial recognition.
- The loan and lease receivables that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.
- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.
- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to "Stage 3". The ECL is measured on lifetime basis.
- In Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) ***Credit risk*** *(Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

The key judgements and assumptions adopted by the Group are summarised below:

(1) Consideration on whether the loan and lease receivables have experienced a significant increase in credit risk

The Group considers whether the loan and lease receivables have experienced a significant increase in credit risk when backstop criteria have been met. A backstop is applied and the loan and lease receivables are considered to have experienced a significant increase in credit risk if any contractual payment of the counterparty is overdue.

(2) Identification of default and credit-impaired assets

The Group identifies a financial instrument as default, when the counterparty is overdue for more than 90 days. This has been applied to all loan and lease receivables held by the Group.

(3) Inputs, assumptions and estimation techniques in measuring ECL

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each portfolio. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summarised. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) ***Credit risk*** *(Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

The key judgements and assumptions adopted by the Group are summarised below: *(Continued)*

(4) Forward-looking information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the per capita disposable income of urban residents as the key economic variables impacting credit risk and ECL.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Provision for impairment loss

The provision for impairment loss recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to loan and lease receivables experiencing significant increases (or decreases) of credit risk in the period, and the subsequent "step up" (or "step down") between 12-month and lifetime ECL;

- Additional provisions for new financial instruments recognised, as well as releases for loan and lease receivables derecognised in the period; and

- Loan and lease receivables derecognised and write-offs of provisions related to assets that were written off during the period.

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(i) Credit risk** (Continued)*

Provision for impairment loss (Continued)

The following tables set out the changes in the provision for impairment loss of loan and lease receivables between the beginning and the end of the year:

	Stage 1 12-month ECL HK$'000	**Stage 2 Lifetime ECL (non-credit-impaired)** HK$'000	**Stage 3 Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
As at 1 January 2024	92,378	393,429	181,483	667,290
Transferred from Stage 2 to Stage 1	29,024	(29,024)	–	–
Transferred to other receivables	–	(424,363)	–	(424,363)
Net ECL allowance recognised/(reversed)	4,691	446,538	(4,261)	446,968
As at 31 December 2024	126,093	386,580	177,222	689,895
As at 1 January 2025	**126,093**	**386,580**	**177,222**	**689,895**
Transferred from Stage 1 to Stage 2	**(64,632)**	**64,632**	**–**	**–**
Transferred from Stage 2 to Stage 1	**10,726**	**(10,726)**	**–**	**–**
Write-off	**–**	**–**	**(17,537)**	**(17,537)**
Net ECL allowance (reversed)/recognised	**(7,801)**	**84,801**	**2,316**	**79,316**
As at 31 December 2025	**64,386**	**525,287**	**162,001**	**751,674**

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(i) Credit risk** (Continued)*

Provision for impairment loss (Continued)

The gross carrying amount of the loan and lease receivables sets out the significance to the changes is the provision above.

	Stage 1 12-month ECL HK$'000	Stage 2 Lifetime ECL (non-credit-impaired) HK$'000	Stage 3 Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 January 2024	20,570,820	3,649,319	181,483	24,401,622
Transferred from Stage 2 to Stage 1	366,976	(366,976)	–	–
Transferred to other receivables (note a)	–	(523,905)	–	(523,905)
Loan and lease receivables derecognised during the year other than write-off	(2,295,960)	(156,200)	–	(2,452,160)
Exchange rate realignments	(16,568)	–	(4,261)	(20,829)
As at 31 December 2024	18,625,268	2,602,238	177,222	21,404,728
As at 1 January 2025	**18,625,268**	**2,602,238**	**177,222**	**21,404,728**
Transferred from Stage 1 to Stage 2 (note b)	**(4,309,588)**	**4,309,588**	**–**	**–**
Transferred from Stage 2 to Stage 1	**167,679**	**(167,679)**	**–**	**–**
Write-off	**–**	**–**	**(17,537)**	**(17,537)**
Loan and lease receivables derecognised during the year other than write-off	**(1,774,463)**	**(359,848)**	**(2,316)**	**(2,136,627)**
Exchange rate realignments	**38,794**	**–**	**4,632**	**43,426**
As at 31 December 2025	**12,747,690**	**6,384,299**	**162,001**	**19,293,990**

Notes:

(a) During the year ended 31 December 2024, two finance lease agreements were terminated due to default in payment of the counterparties. Upon the termination, the loan and lease receivables were transferred to other receivables.

(b) During the year ended 31 December 2025, certain loan and lease receivables were transferred from Stage 1 to Stage 2 as a result of increase in credit risks since initial recognition. The internal credit rating of those lessees/borrowers were downgraded due to a deterioration of the forward-looking financial conditions.

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(i) Credit risk** (Continued)*

Write-off policy

The Group writes off loan and lease receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

The Group may write-off loan and lease receivables that are still subject to enforcement activity.

Modification

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. The Group considers the impact from such modification is not significant.

(ii) Liquidity risk

The Group is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board of directors when borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The tables below analyse the Group's financial assets and liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial assets and liabilities; and

(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(ii) ***Liquidity risk*** *(Continued)*

Financial assets

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 December 2025						
Derivative financial assets	**59,240**	**53,010**	**110,870**	**69,783**	**292,903**	**260,336**
Financial assets at FVTPL and FVOCI	**2,242,715**	**–**	**–**	**–**	**2,242,715**	**2,242,715**
Loan and lease receivables	**3,124,650**	**2,539,348**	**7,302,823**	**14,631,273**	**27,598,094**	**18,542,316**
Deposits and other receivables	**230,619**	**–**	**–**	**–**	**230,619**	**230,619**
Amounts due from non-controlling interests and joint ventures	**394,845**	**–**	**–**	**–**	**394,845**	**394,845**
Cash and cash equivalents and time deposits with maturity over three months	**3,795,364**	**–**	**–**	**–**	**3,795,364**	**3,795,364**
	9,847,433	**2,592,358**	**7,413,693**	**14,701,056**	**34,554,540**	**25,466,195**

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 December 2024						
Derivative financial assets	86,360	77,333	178,487	129,412	471,592	404,865
Financial assets at FVTPL and FVOCI	2,136,047	–	–	–	2,136,047	2,136,047
Loan and lease receivables	3,535,586	2,892,025	7,841,538	16,964,375	31,233,524	20,714,833
Deposits and other receivables	168,211	–	–	–	168,211	168,211
Amounts due from an associate and joint ventures	313,028	–	–	–	313,028	313,028
Cash and cash equivalents and time deposits with maturity over three months	1,909,346	–	–	–	1,909,346	1,909,346
	8,148,578	2,969,358	8,020,025	17,093,787	36,231,748	25,646,330

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(ii) Liquidity risk (Continued)

Financial liabilities

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 December 2025						
Borrowings	**15,830,519**	**1,873,563**	**8,094,582**	**2,885,153**	**28,683,817**	**26,466,530**
Derivative financial liabilities	**25,563**	**–**	**–**	**–**	**25,563**	**25,563**
Amounts due to non-controlling interests	**127,965**	**–**	**–**	**–**	**127,965**	**127,965**
Other payables (excluding deposits received and accruals)	**311,524**	**–**	**–**	**–**	**311,524**	**311,524**
Lease liabilities	**53,409**	**49,462**	**141,833**	**148,835**	**393,539**	**315,275**
	16,348,980	**1,923,025**	**8,236,415**	**3,033,988**	**29,542,408**	**27,246,857**
Financial guarantees contracts	**2,750,259**	**–**	**–**	**–**	**2,750,259**	**–**

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 December 2024						
Borrowings	11,179,712	7,835,845	4,513,704	7,064,602	30,593,863	27,587,155
Derivative financial liabilities	195,801	–	–	–	195,801	195,801
Amounts due to non-controlling interests	131,884	–	–	–	131,884	131,884
Other payables (excluding deposits received and accruals)	702,474	–	–	–	702,474	702,474
Lease liabilities	51,191	50,053	146,959	198,352	446,555	348,311
	12,261,062	7,885,898	4,660,663	7,262,954	32,070,577	28,965,625
Financial guarantees contracts	3,206,175	–	–	–	3,206,175	–

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(ii) Liquidity risk** (Continued)*

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the directors considered that it was not probable that the borrower of the loan would default the repayment of the loan and therefore no provision for the Group's obligation under the financial guarantees have been made.

(iii) Cash flows and fair value interest rate risk

The Group's exposure to interest rate risk arises primarily from its loan receivables and bank borrowings with floating interest rate which expose the Group to cash flow interest rate risk. The Group hedges the cash flow volatility risk as the result of the interest rate fluctuation through derivatives such as interest rate swap contracts. The Group switches the floating rate into fixed rate through interest rate swap contract to effectively match the future fixed lease income, and fix the interest spread. The interest rate swap settles at maturity. The Group will settle the difference between the fixed and floating interest rate on a net basis. The Group's hedge relationship between interest rate swaps and the designated hedged items were highly effective.

Interest rate profile

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

	2025 HK$'000	2024 HK$'000
Loan and lease receivables	**9,591,155**	10,996,232
Borrowings	**(11,776,190)**	(8,988,580)
	(2,185,035)	2,007,652

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(iii) Cash flows and fair value interest rate risk *(Continued)*

Instruments used by the Group

Swaps currently in place cover approximately 35% (2024: 34%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 0.72% and 3% (2024: 0.72% and 3%) per annum, and the variable rates of the loans are mainly at 3 month Secured Overnight Financing Rate ("**SOFR**") rate (2024: 3 month SOFR rate) which, at the end of the reporting period, was 4.01% (2024: 4.69%) per annum. The swap contracts require settlement of net interest receivable or payable every 3 months. The settlement dates coincide with or are close with the dates on which interest is payable on the underlying debt. The details and effects of the interest rate swaps on the Group's consolidated financial position and performance are as follows:

	2025 **HK$'000**	2024 HK$'000
Interest rate swaps designated as cash flow hedges		
Carrying amount	**210,576**	331,831
Notional amount	**3,030,562**	3,032,112
Hedge ratio	**1:1**	1:1
Weighted average hedged rate for the year	**1.60%**	1.58%
	Year	Year
Maturity date	**2028-2032**	2028-2032

Sensitivity analysis

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

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

3 Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(iv) Foreign currency risk

The Group has foreign currency income, expenses and fund remittances, which expose the Group to foreign currency risk. Since the fluctuation of US$ and HK$ is minimal under the Linked Exchange Rate System, the directors of the Company consider the Group mainly exposes to Euro ("**EUR**"), Singapore dollars ("**SGD**") and Renminbi ("**RMB**"). The Group manages the foreign exchange risks by performing regular reviews of the Group's net foreign exchange exposure.

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

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

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

	2025	2024
	HK$'000	HK$'000
EUR	**(7,324)**	(8,786)
SGD	**50**	(23)
RMB	**(244,325)**	(265,777)

* Less than HK$1,000

3 Financial risk management *(Continued)*

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to members, return capital to members, issue new shares or sell assets to reduce debt.

The Group monitors its capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "bank borrowings", "bonds" and "other borrowings" as disclosed in note 24 to the consolidated financial statements).

The gearing ratios as at 31 December 2025 and 2024 were as follows:

	2025 HK$'000	2024 HK$'000
Borrowings	**26,466,530**	27,587,155
Total equity	**15,133,823**	14,298,036
Gearing ratio	**1.75 times**	1.93 times

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with certain financial covenants relating to the Group's consolidated financial position and the following financial covenants relating to certain financial ratios:

- the debt to asset ratio must be not more than 85%; and
- interest service coverage ratio must be maintained at not less than 1.6 times.

The Group has complied with these covenants throughout the reporting period.

3 Financial risk management *(Continued)*

3.4 Fair value estimation

The three levels of a fair value hierarchy of financial instruments carried at fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and not using significant unobservable inputs (Level 2);
- Inputs for the asset or liability that are not based on observable market data (these are, significant unobservable inputs) (Level 3).

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Fair value hierarchy

The different levels of financial instruments carried at fair value have been defined as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required for measurement of fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Changes in Levels 2 and 3 fair values are analysed at the end of each reporting period during the semi-annually valuation discussion between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reason for the fair value movements.

There was no transfer among Level 1, 2 and 3 fair value hierarchy during the year.

3 Financial risk management *(Continued)*

3.4 Fair value estimation *(Continued)*

Fair value hierarchy *(Continued)*

The following table presents the Group's financial assets and financial liabilities that are measured at fair value:

	Note	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2025					
Financial assets					
Derivative financial assets	18	**–**	**260,336**	**–**	**260,336**
Financial assets at fair value through profit or loss	20	**–**	**486,608**	**–**	**486,608**
Financial assets at fair value through other comprehensive income	21	**1,756,107**	**–**	**–**	**1,756,107**
Financial liabilities					
Derivative financial liabilities	18	**–**	**(25,563)**	**–**	**(25,563)**
		1,756,107	**721,381**	**–**	**2,477,488**
At 31 December 2024					
Financial assets					
Derivative financial assets	18	–	404,865	–	404,865
Financial assets at fair value through profit or loss	20	–	457,312	–	457,312
Financial assets at fair value through other comprehensive income	21	1,678,735	–	–	1,678,735
Financial liabilities					
Derivative financial liabilities	18	–	(195,801)	–	(195,801)
		1,678,735	666,376	–	2,345,111

3 Financial risk management *(Continued)*

3.4 Fair value estimation *(Continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of cross currency swaps is the estimated amount that the Group would receive or pay to transfer the swap at the end of the reporting period, taking into account current exchange rates and the current creditworthiness of the swap counterparties.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to transfer the swap at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of debt instruments at FVOCI is determined by the aggregate amount of quoted bid prices of the listed debt instruments involved in wealth management portfolio.

The carrying values of the Group's financial assets and financial liabilities carried at amortised costs approximate their fair values due to their short-term maturities.

3.5 Offsetting financial assets and financial liabilities

There is no material offsetting, enforceable master netting arrangement and similar agreements entered into as at 31 December 2025 and 2024.

4 Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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

(i) Classification of leases

The Group has entered into certain agreements whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased vessels to the lessees, as the present values of the minimum lease payments of the lease amounts to at least substantially all of the fair value of the leased assets at the inception of the leases. Accordingly, the Group has derecognised the vessels from its consolidated statement of financial position and has instead, recognised as finance lease receivables. Otherwise, the Group recognises the vessels under operating lease in property, plant and equipment.

The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this has involved critical judgements by management. In particular, management assessed the lease term, the present value of minimum lease payments, the nature of leased assets, and that there were no ownership transfers and it is reasonably certain that no purchase options will be exercised, where applicable. The key judgements are in respect of the economic lives and fair values of the leased assets and the incremental borrowing rate in the calculation of the present value of minimum lease payments, and whether it is reasonably certain that the purchases option will be exercised. As at 31 December 2025, as set out in Notes 13 and 17.2 to the consolidated financial statements, the carrying amounts of vessels and construction in progress classified in property, plant and equipment and lease receivables are HK$14,890,934,000 (2024: HK$15,981,805,000), HK$641,044,000 (2024: HK$406,835,000) and HK$12,678,426,000 (2024: HK$14,331,654,000), respectively.

4 Significant accounting judgements and estimates *(Continued)*

(ii) Impairment loss for loan and lease receivables

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

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using PD, EAD and LGD.

The Group measures the loss allowance for loan and lease receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognised lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

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

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

(1) Consideration on whether the loan and lease receivables to have experienced a significant increase in credit risk;

(2) Identification of default and credit-impaired assets;

(3) Inputs, assumptions and estimation techniques in measuring ECL; and

(4) Forward-looking information incorporated in the ECL models.

Details of the inputs, assumptions and estimation techniques used in measuring ECL, and the carrying amounts of loan and lease receivables as at 31 December 2025 and 2024, are further disclosed in note 3.2(i) to the consolidated financial statements.

4 Significant accounting judgements and estimates *(Continued)*

(iii) Useful lives and residual value of property, plant and equipment

The Group estimates residual values of its vessels by reference to the lightweight tonnes of the vessels and the average demolition steel price of similar vessels in the market.

The Group estimates the useful life of its vessels with reference to the average historical useful life of similar vessels, their expected usage, expected repair and maintenance programme, and technical or commercial obsolescence arising from changes or improvements in the shipping market.

The carrying amount of vessels is disclosed in note 13 to the consolidated financial statements.

(iv) Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of property, plant and equipment is lower than its recoverable amounts which is the greater of its fair value less costs of disposal or its value-in-use. In determining the value-in-use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rate. The Group estimates the future cash flows based on certain assumptions, such as the future rental income and the expected growth in business. The carrying amount of property, plant and equipment is disclosed in note 13 to the consolidated financial statements.

(v) Income taxes

Significant management judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(vi) Estimation of the fair values of financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets. The carrying amounts of financial assets measured at fair value are disclosed in notes 20 and 21 to the consolidated financial statements.

4 Significant accounting judgements and estimates *(Continued)*

(vii) Lease term and discount rate determination

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the discount rate, the Group is required to exercise considerable judgement in relation to determining the discount rate taking into account the nature of the underlying asset and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

(viii) Impairment of investments in associates and joint ventures

The Group assesses whether there are any indicators of impairment for investments in associates and joint ventures at the end of each reporting period. Investments in associates and joint ventures are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investment in associates or joint ventures exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. When value-in-use calculations are undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose a discount rate commensurate with the associated risk in order to calculate the present values of those cash flows. The carrying amounts of investments in associates and joint ventures are disclosed in notes 16 and 15 to the consolidated financial statements, respectively.

5 Segment information and revenue

The CODM has been identified as the executive directors of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and have determined the operating segments based on these reports and analysed from a business perspective as follows:

Integrated shipping services

Integrated shipping services include operating lease services to customers and shipbroking services to shipbuilders and charterers. Operating lease refers to a leasing model whereby the lessor grants the right to use an asset to the lessee for a specified period and in return for periodic lease payments without substantially transfer of all the risks and rewards incidental to ownership of the leased vessels to the customers. Shipbroking services to shipbuilders includes introducing shipbuilders to interested purchasers and advising interested purchasers on vessel types, specifications and capabilities. Shipbroking services to charterers includes advising interested charterers to lease the vessels in the form of finance lease or operating lease or advising interested charterers on vessel types, specifications and capabilities.

5 Segment information and revenue *(Continued)*

Financing services

Financing services include finance lease services and loan borrowing services to customers. Finance lease refers to a leasing model whereby the lessor purchases an asset according to the lessee's specific requirements and choice of supplier or the lessor purchases an asset from the lessee, and then leases it to the lessee for periodic lease payments, at which substantially all the risks and rewards incidental to ownership of the leased assets were transferred to the lessee. Loan borrowings mainly include pre-delivery loans and secured loans. Pre-delivery loan services are offered as part of leasing services and to customers who require funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. Secured loan services are offered to customers to satisfy their funding needs and are generally secured by customers' vessels or assets.

The segment information provided to the executive directors for the years ended 31 December 2025 and 2024 are as follows:

The Group derives revenue from the following streams:

	2025 HK$'000	2024 HK$'000
Integrated shipping services		
– Operating lease services	**2,516,915**	2,235,972
– Shipbroking services	**16,583**	33,545
	2,533,498	2,269,517
Financing services		
– Finance lease services	**1,049,871**	1,219,700
– Loan borrowing services	**460,822**	545,152
	1,510,693	1,764,852
	4,044,191	4,034,369

Commission income received from charterer included in shipbroking services, is recognised over time and commission income received from shipbuilder, including in shipbroking services, is recognised at point in time.

For the year ended 31 December 2025, commission income included in shipbroking services are recognised at a point in time and over time amounting to HK$6,481,000 and HK$10,102,000 (2024: HK$1,852,000 and HK$31,693,000) respectively.

For the year ended 31 December 2025, revenue from non-lease component included in leasing services amounted to HK$292,651,000 (2024: HK$162,429,000).

5 Segment information and revenue *(Continued)*

For the year ended 31 December 2025, lease income relating to variable lease payments not included in the net investment in the lease amounted to HK$54,532,000 (2024: HK$165,086,000).

(i) Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by CODM internally. Accordingly, no segment assets and liabilities are presented.

(ii) Geographical information

The Group's revenue is substantially derived from the leasing services internationally and, accordingly, no analysis by geographical area is presented.

The Group's non-current assets, consisted of its property, plant and equipment, right-of-use assets, joint ventures and associates. The vessels (included in property, plant and equipment) are primarily utilised across geographical markets throughout the world. Accordingly, it is impractical to present the locations of the vessels by geographical areas and thus no analysis by geographical area is presented.

(iii) Information about major customers

Details of revenue from external customers individually contributed over 10% of the Group's revenue during the year are as follows:

	Note	**2025 HK$'000**	2024 HK$'000
Customer A in the loan borrowing services	(a)	**N/A**	414,589
Customer B in the finance lease services		**497,453**	454,274
Customer C in the operating lease services		**473,202**	446,978
Customer D in the operating lease services	(b)	**481,649**	N/A

Notes:

(a) The corresponding revenue did not individually contribute over 10% of the Group's revenue for the year ended 31 December 2025.

(b) The corresponding revenue did not individually contribute over 10% of the Group's revenue for the year ended 31 December 2024.

6 Other income

	2025 HK$'000	2024 HK$'000
Interest income from		
– financial assets at FVOCI	**63,952**	41,387
– bank deposits	**38,507**	32,784
– others	**13**	–
	102,472	74,171

7 Finance costs and bank charges

	2025 HK$'000	2024 HK$'000
Interest on bonds	**294,662**	343,642
Interest on bank borrowings	**402,276**	625,749
Interest on other borrowings	**78,982**	60,951
Interest on lease liabilities	**18,906**	20,975
Bank charges	**1,074**	5,741
	795,900	1,057,058
Less: Finance costs capitalised	**–**	(9,504)
	795,900	1,047,554

8 Profit from operations

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

	2025 HK$'000	2024 HK$'000
Depreciation on		
– property, plant and equipment	**660,720**	566,478
– right-of-use assets	**5,379**	12,238
Foreign exchange losses/(gains), net	**333,938**	(46,756)
Employee benefits expenses (note 10)	**107,285**	105,268
Gain on partial disposal of interests in an associate	**–**	(9,930)
Net unrealised gains on changes in fair value of financial assets at FVTPL	**(29,296)**	(28,895)
Net gain on disposal of debt instrument at fair value through other comprehensive income	**(34,936)**	–
Net gains on disposal of vessels and property, plant and equipment	**(103,563)**	(57,276)
Net gains on derecognition of finance lease receivables	**(33,670)**	(200,013)
Auditors' remuneration		
– audit services	**3,400**	4,875
– non-audit services	**780**	1,570

9 Income tax expense

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

Hong Kong China profits tax is provided at the rate of 16.5% (2024: 16.5%) based on the estimated assessable profits arising from Hong Kong China.

Mainland China corporate income tax is charged at the statutory rate of 25% (2024: 25%) based on the estimated assessable income as determined with the relevant tax rules and regulations in Mainland China.

Malta corporate income tax is charged at the statutory rate of 35% (2024: 35%) based on the estimated assessable income as determined with the relevant tax rules and regulations of Malta. Normally, six-sevenths of the tax paid would be deducted, taking the effective tax rate to be 5%.

Enterprises incorporated in other places are subject to income tax rates of 12.5% to 25% (2024: 12.5% to 25%) prevailing in the places in which these enterprises operated for the year ended 31 December 2025.

Income tax expense in the consolidated income statement represents:

	2025 **HK$'000**	2024 HK$'000
Current taxation		
– Hong Kong China profits tax	**14,596**	15,046
– Overseas taxation	**17,618**	21,197
– Top-up taxes under Pillar Two	**186,427**	–
Under/(over) provision in respect of prior years		
– Hong Kong China profits tax	**6,486**	(9,744)
– Overseas taxation	**11,029**	(70)
	236,156	26,429
Deferred tax		
– Origination and reversal of temporary differences (note 27)	**2,336**	(1,214)
Income tax expense	**238,492**	25,215

9 Income tax expense *(Continued)*

Reconciliation between income tax expense and profit before income tax at the applicable tax rate:

	2025 HK$'000	2024 HK$'000
Profit before income tax	**2,219,175**	2,180,358
Adjustments for:		
Share of results of joint ventures	**(265,253)**	(490,103)
Share of results of associates	**29,293**	12,056
	1,983,215	1,702,311
Calculated at tax rate of 16.5%	**327,231**	280,882
Effect of different tax rates in other countries	**(24,927)**	(18,832)
Tax effect of income not subject to tax	**(596,068)**	(719,396)
Tax effect of expenses not deductible for tax purpose	**328,314**	492,375
Under/(over) provision in prior years	**17,515**	(9,814)
Top-up tax under Pillar Two	**186,427**	–
Income tax expense	**238,492**	25,215

OECD Pillar Two model rules

In December 2021, OECD released the Pillar Two model rules (also referred to as the "**Global Anti-Base Erosion Rules**" or "**GloBE Rules**") to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million are subject to GloBE Rules. They are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be liable to pay a minimum effective tax rate of 15%.

The ultimate parent company of the Group, China State Shipbuilding Corporation Limited (中國船舶集團有限公司) ("**China Shipbuilding Group**") and its subsidiaries (collectively referred to as "**CSSC Group**"), has consolidated revenues exceeding EUR750 million and thus fall within the scope of GloBE Rules. Under these rules, the Group's profits derived from international shipping and certain related ancillary activities are exempted, while other non-qualifying profits will be subject to the minimum tax rate.

9 Income tax expense *(Continued)*

OECD Pillar Two model rules *(Continued)*

The Group is subject to the global minimum top-up tax under the GloBE rules which became effective from 1 January 2025 onwards such as in Hong Kong China. Based on the Group's assessment, top-up taxes are expected to arise and therefore, a top-up tax is accrued in the current period using the tax rate based on the estimated adjusted covered taxes and net globe income for the year. As the Group is assessed to be not a minority-owned constituent entity, if there is any potential top-up tax for CSSC Group, it is possible that relevant tax may be further allocated or recharged to respective entities of the CSSC Group that contribute to the top-up tax.

Based on the Group's best estimate, the Group has recognised a current tax expense of HK$186,427,000 related to the top-up tax for the year ended 31 December 2025 which is expected to be levied on the Company. The Group would continue to analyse and assess the impact brought by Pillar Two model rules.

The Group has applied the temporary mandatory exception from recognising and disclosing deferred tax assets and liabilities for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

10 Employee benefits expenses and five highest paid individuals

	2025 **HK$'000**	2024 HK$'000
Wages, salaries, other allowances and benefits in kind (including directors' emoluments)	**102,485**	93,227
Retirement benefit costs (note)	**9,217**	8,635
Share-based payment expenses	**(4,417)**	3,406
	107,285	105,268

Note:

At 31 December 2025 and 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

No director is included in the five highest paid individuals of the Group during the year ended 31 December 2025 (2024: nil).

10 Employee benefits expenses and five highest paid individuals *(Continued)*

The remuneration paid to the five (2024: five) highest individuals who are not the directors of the Company are as follows:

	2025 HK$'000	2024 HK$'000
Wages, salaries, other allowances and benefits in kind	**9,361**	11,169
Retirement benefit costs	**1,658**	1,800
	11,019	12,969

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following band is as follows:

	2025 HK$'000	2024 HK$'000
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**5**	2
HK$2,500,001 to HK$3,000,000	**–**	3

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2025 and 2024.

In addition to the above remuneration, certain highest paid individuals were granted share options under the share options schemes, details of which were disclosed in note 29.

11 Directors' emoluments

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

	Year ended 31 December 2025				
	Fees HK$'000	**Salaries allowances and benefits in kind HK$'000**	**Discretionary bonus (note ii) HK$'000**	**Employer's contribution to retirement contribution plans HK$'000**	**Total HK$'000**
Executive directors					
Li Hongtao (note i)	**–**	**713**	**880**	**298**	**1,891**
Liu Hui (notes i and vii)	**–**	**163**	**219**	**84**	**466**
Non-executive directors					
Zhang Yi (note vi)	**–**	**–**	**–**	**–**	**–**
Zhang Qipeng	**–**	**–**	**–**	**–**	**–**
Chi Benbin	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors					
Shing Mo Han Yvonne	**400**	**–**	**–**	**–**	**400**
Li Hongji	**400**	**–**	**–**	**–**	**400**
Wang Dennis	**400**	**–**	**–**	**–**	**400**
Total	**1,200**	**876**	**1,099**	**382**	**3,557**

	Year ended 31 December 2024				
	Fees HK$'000	Salaries allowances and benefits in kind HK$'000	Discretionary bonus (note ii) HK$'000	Employer's contribution to retirement contribution plans HK$'000	Total HK$'000
Executive directors					
Li Hongtao (notes i and ix)	–	498	737	173	1,408
Zhong Jian (notes i and viii)	–	227	776	96	1,099
Non-executive directors					
Zhang Yi	–	–	–	–	–
Zhang Qipeng	–	–	–	–	–
Chi Benbin	–	–	–	–	–
Independent non-executive directors					
Shing Mo Han Yvonne	400	–	–	–	400
Li Hongji	400	–	–	–	400
Wang Dennis	400	–	–	–	400
Total	1,200	725	1,513	269	3,707

11 Directors' emoluments *(Continued)*

Notes:

i. The remuneration represents remuneration received from the Group by these directors in their capacity as employees to the Company and no directors waived any emolument during the year ended 31 December 2025 (2024: nil).

ii. The bonus is determined with reference to the operating results, individual performance and comparable market statistics during both years.

iii. During the year ended 31 December 2025, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2024: nil). No consideration was provided to or receivable by third parties for making available directors' services (2024: nil). There are no loans, quasi loans or other dealings in favour of the directors, their controlled body corporate and connected entities (2024: nil). No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the Directors during the year ended 31 December 2025 (2024: nil).

iv. No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year. No director waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

v. In addition to the above emoluments, certain directors of the Company were granted share options under the share option scheme, details of which were disclosed in note 29.

vi. Ms. Zhang Yi resigned as the non-executive director on 23 June 2025.

vii. Mr. Liu Hui was appointed as an executive director on 25 September 2025.

viii. Ms. Zhong Jian resigned as the chairman and executive director on 23 May 2024.

ix. Mr. Li Hongtao was appointed as the chairman and executive director on 23 May 2024.

12 Earnings per share

The calculation of basic and diluted earnings per share attributable to equity shareholders of the Company is based on the following:

	2025 HK$'000	2024 HK$'000
Earnings		
Profit attributable to equity shareholders of the Company for the purposes of basic and diluted earnings per share	**1,845,236**	2,105,663
	Number '000	Number '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**6,195,190**	6,151,815
Effect of dilutive potential ordinary shares		
Share options issued by the Company	**10,431**	14,451
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**6,205,621**	6,166,266
	HK$	HK$
Earnings per share		
– Basic	**0.298**	0.342
– Diluted	**0.297**	0.341

13 Property, plant and equipment

	Construction in progress HK$'000	Vessels HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost						
At 1 January 2024	1,069,152	17,216,778	1,838	13,245	19,268	18,320,281
Additions	1,039,919	–	465	1,108	–	1,041,492
Transfers	(1,702,236)	1,702,236	–	–	–	–
Disposals	–	(423,642)	(1,819)	(1,147)	(1,034)	(427,642)
Exchange differences	–	–	(25)	(207)	(214)	(446)
At 31 December 2024 and 1 January 2025	**406,835**	**18,495,372**	**459**	**12,999**	**18,020**	**18,933,685**
Additions	**234,209**	**1,093**	**–**	**786**	**–**	**236,088**
Disposals	**–**	**(601,188)**	**–**	**(212)**	**–**	**(601,400)**
Exchange differences	**–**	**–**	**19**	**440**	**343**	**802**
At 31 December 2025	**641,044**	**17,895,277**	**478**	**14,013**	**18,363**	**18,569,175**
Accumulated depreciation						
At 1 January 2024	–	2,068,236	1,443	8,155	15,112	2,092,946
Charge for the year	–	561,863	75	1,448	3,092	566,478
Written back on disposals	–	(116,532)	(1,468)	(775)	(1,034)	(119,809)
Exchange differences	–	–	(15)	(104)	(187)	(306)
At 31 December 2024 and 1 January 2025	**–**	**2,513,567**	**35**	**8,724**	**16,983**	**2,539,309**
Charge for the year	**–**	**658,142**	**90**	**1,875**	**613**	**660,720**
Written back on disposals	**–**	**(167,366)**	**–**	**(187)**	**–**	**(167,553)**
Exchange differences	**–**	**–**	**3**	**294**	**262**	**559**
At 31 December 2025	**–**	**3,004,343**	**128**	**10,706**	**17,858**	**3,033,035**
Net carrying amount						
At 31 December 2025	**641,044**	**14,890,934**	**350**	**3,307**	**505**	**15,536,140**
At 31 December 2024	406,835	15,981,805	424	4,275	1,037	16,394,376

13 Property, plant and equipment *(Continued)*

Note:

Changes in accounting estimates on useful lives of three vessels:

During the year ended 31 December 2025, the Group reassessed the useful lives of the three vessels and considered that useful lives of three vessels shall be shortened to 12 years from 30 years taking into account the exercise of the vessel purchase options by the charterer.

The effect of these changes on actual and expected depreciation expenses was as follows:

	2025 HK$'000	**2026** HK$'000	**2027** HK$'000	**Total** HK$'000
Increase in depreciation expenses	72,864	193,762	140,045	406,671

14 Right-of-use assets

	HK$'000
Cost	
At 1 January 2024	68,351
Additions	3,998
Termination	(42,705)
Exchange differences	(504)
At 31 December 2024 and 1 January 2025	**29,140**
Additions	**9,938**
Lease modification	**230**
Termination	**(25,983)**
Exchange differences	**366**
At 31 December 2025	**13,691**
Accumulated depreciation	
At 1 January 2024	45,463
Charge for the year	12,238
Written back on termination	(40,162)
Exchange differences	(294)
At 31 December 2024 and 1 January 2025	**17,245**
Charge for the year	**5,379**
Written back on termination	**(17,074)**
Exchange differences	**162**
At 31 December 2025	**5,712**
Net carrying amount	
At 31 December 2025	**7,979**
At 31 December 2024	11,895

The Group leases various offices and apartments. Rental contracts are typically entered into for fixed periods of 2 to 4 years (2024: 3 to 8 years) without any extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

15 Interests in joint ventures

	2025 HK$'000	2024 HK$'000
At 1 January	**1,628,199**	1,469,330
Capital injection to a joint venture	**–**	5
Distributions from a joint venture	**–**	(112,536)
Share of results of joint ventures	**265,253**	490,103
Share of other comprehensive expense of joint ventures	**(19,737)**	(4,479)
Dividends received	**(240,792)**	(214,224)
At 31 December	**1,632,923**	1,628,199

As at 31 December 2025 and 2024, details of the Group's interests in joint ventures which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Company at 31 December 2025	2024	Principal activities
Sino Singapore Maritime Pte. Ltd.	Singapore	**50%**	50%	Vessel owning and chartering
Ocean Classic Limited	BVI	**50%**	50%	Vessel owning and chartering
Vista Shipping Pte. Limited	Singapore	**50%**	50%	Vessel owning and chartering
Sea Jade Investment Limited	Marshall Islands	**25%**	25%	Vessel owning and chartering
Ocean Jade Investment Limited	Marshall Islands	**25%**	25%	Vessel owning and chartering
Golden Pegasus Shipping Company Limited	Hong Kong	**50%**	50%	Vessel owning and chartering

All joint ventures have a year ended date on 31 December, which is consistent with the Group's practice.

Commitments of joint ventures in respect of construction of vessels as at 31 December 2025 attributable to the Group were HK$3,370,137,000 (2024: HK$3,682,504,000).

15 Interests in joint ventures *(Continued)*

Summarised financial information for material joint ventures

The tables below provide summarised financial information of the joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

	Sino Singapore Maritime Pte. Ltd.		Vista Shipping Pte. Limited	
	2025 HK$'000	2024 HK$'000	**2025 HK$'000**	2024 HK$'000
Current assets	**490,465**	895,989	**335,466**	352,996
Non-current assets	**1,512,241**	1,553,346	**3,217,084**	3,342,052
Current liabilities	**(100,442)**	(94,564)	**(224,845)**	(301,929)
Non-current liabilities	**(711,810)**	(800,183)	**(2,068,345)**	(2,393,052)
Revenue	**363,675**	628,432	**772,496**	878,414
Profit for the year	**156,282**	608,537	**259,933**	323,483
Other comprehensive expense	**(38,833)**	(8,959)	**(640)**	–
Total comprehensive income	**117,449**	599,578	**259,293**	323,483
Cash and cash equivalents	**337,328**	758,836	**121,070**	219,405
Current financial liabilities (excluding trade and other payables and provisions)	**(84,560)**	(94,460)	**(190,230)**	(246,012)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(711,810)**	(800,183)	**(2,068,345)**	(2,393,052)
Depreciation and amortisation	**(65,135)**	(79,883)	**(151,290)**	(145,809)
Gain on disposal of vessels	**–**	266,131	**–**	–
Interest income	**148**	503	**9,883**	10,451
Interest expense	**(52,857)**	(44,556)	**(142,214)**	(20,721)
Income tax expense	**(841)**	–	**3,896**	1,392

15 Interests in joint ventures *(Continued)*

Summarised financial information for material joint ventures *(Continued)*

Reconciliation of summarised financial information:

	Sino Singapore Maritime Pte. Ltd.		Vista Shipping Pte. Limited	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Opening net assets as at 1 January	**1,554,588**	1,608,530	**1,000,067**	676,584
Distribution to shareholders	**–**	(225,073)	**–**	–
Profit for the year	**156,282**	608,537	**259,933**	323,483
Other comprehensive expense	**(38,833)**	(8,959)	**(640)**	–
Dividends paid	**(481,583)**	(428,447)	**–**	–
Closing net assets as at 31 December	**1,190,454**	1,554,588	**1,259,360**	1,000,067
Interest in joint venture	**50%**	50%	**50%**	50%
Share of net assets	**595,227**	777,294	**629,680**	500,034
Carrying value	**595,227**	777,294	**629,680**	500,034

15 Interests in joint ventures *(Continued)*

Individually immaterial joint ventures

The aggregate financial information of the Group's joint ventures, which are individually immaterial, is as follows:

	2025 HK$'000	2024 HK$'000
Aggregate carrying amount of investments	**408,016**	350,871

	2025 HK$'000	2024 HK$'000
Share of profit for the year	**57,146**	24,093
Share of other comprehensive income for the year	**–**	–
Share of total comprehensive income for the year	**57,146**	24,093

16 Interests in associates

	2025 HK$'000	2024 HK$'000
At 1 January	**190,238**	97,372
Capital injection to an associate	**–**	111,284
Distributions from an associate	**–**	(8,060)
Share of results of associates	**(29,293)**	(12,056)
Share of other comprehensive income of associates	**13,130**	–
Partial disposal of interests in an associate	**–**	(858)
Dividends received	**–**	(645)
Exchange differences	**7,331**	3,201
At 31 December	**181,406**	190,238

16 Interests in associates *(Continued)*

As at 31 December 2025 and 2024, details of the Group's interests in associates which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Company at 31 December 2025	2024	Principal activities
Nor Solan I Pte. Ltd.	Singapore	**28%**	28%	Chartering services
Nor Solan II Pte. Ltd.	Singapore	**28%**	28%	Chartering services
Guoxin CSSC (Qing dao) Marine Technology Company Limited* 國信中船(青島)海洋科技有限公司	The PRC	**26%**	26%	Marine technology
Glory Shipping Pte. Ltd.#	Singapore	**N/A**	35%	Not yet commence business
CSSC SDARI Energy Saving Technology (Shanghai) Company Limited* 中船斯達瑞節能科技(上海)有限公司	The PRC	**20%**	20%	Energy saving technology
Zhendui Industrial Intelligent Technology Co., Ltd.* ("**Zhendui**") 震兌工業智能科技有限公司	The PRC	**14%**	14%	Marine technology

* The English name of the associates represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

\# The entity was deregistered in August 2025.

All associates have a year ended date on 31 December, which is consistent with the Group's practice.

Commitments of associates in respect of construction of vessels as at 31 December 2025 attributable to the Group were nil (2024: HK$15,522,000).

16 Interests in associates *(Continued)*

Individually immaterial associates

The aggregate financial information of the Group's associates, which are individually immaterial, is as follows:

	2025 HK$'000	2024 HK$'000
Aggregate carrying amount of investments	**181,406**	190,238

	2025 HK$'000	2024 HK$'000
Share of loss for the year	**(29,293)**	(12,056)
Share of other comprehensive income for the year	**13,130**	–
Share of total comprehensive expense for the year	**(16,163)**	(12,056)

17 Loan and lease receivables

	Note	As at 31 December 2025 Gross amount HK$'000	Allowance for impairment losses HK$'000	Net carrying amount HK$'000
Loan receivables	17.1	**5,939,497**	**(222,837)**	**5,716,660**
Lease receivables	17.2	**13,207,263**	**(528,837)**	**12,678,426**
Loans to joint ventures	17.3	**147,230**	**–**	**147,230**
		19,293,990	**(751,674)**	**18,542,316**

17 Loan and lease receivables *(Continued)*

	Note	As at 31 December 2024 Gross amount HK$'000	Allowance for impairment losses HK$'000	Net carrying amount HK$'000
Loan receivables	17.1	6,190,388	(72,067)	6,118,321
Lease receivables	17.2	14,949,482	(617,828)	14,331,654
Loans to joint ventures	17.3	264,858	–	264,858
		21,404,728	(689,895)	20,714,833

Movements in the Group's provision for impairment loss of loan and lease receivables are as follows:

	HK$'000
At 1 January 2024	667,290
Transferred to other receivables	(424,363)
Provision for the year, net	446,968
At 31 December 2024 and 1 January 2025	**689,895**
Written off	**(17,537)**
Provision for the year, net	**79,316**
At 31 December 2025	**751,674**

17 Loan and lease receivables *(Continued)*

17.1 Loan receivables

At 31 December 2025, loan receivables were interest-bearing at rates ranging from 4.5% to 8.8% (2024: 6.0% to 8.6%) per annum, repayable from 2026 to 2033 (2024: 2025 to 2033) and secured by the respective vessels and certain shares of borrowers, which owned the vessels.

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

	2025 HK$'000	2024 HK$'000
Within 1 year	**527,711**	508,881
After 1 year but within 2 years	**534,805**	513,080
After 2 years but within 5 years	**1,607,279**	1,638,340
Over 5 years	**3,046,865**	3,458,020
	5,716,660	6,118,321

17.2 Lease receivables

As at 31 December 2025, the Group's lease receivables were secured, interest-bearing at rates ranging from 6.2% to 10.7% (2024: 5.0% to 10.5%) per annum. Details of lease receivables as at 31 December 2025 and 2024 are as follows:

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

17 Loan and lease receivables *(Continued)*

17.2 Lease receivables *(Continued)*

Reconciliation between the gross investment in finance leases at the end of each reporting period and the present value of minimum lease payments receivable under such leases are set out below:

	2025 HK$'000	2024 HK$'000
Minimum lease payments receivable	**19,266,409**	21,740,247
Less: Unearned finance income related to minimum lease payments receivable	**(6,059,146)**	(6,790,765)
Present value of minimum lease payments receivable	**13,207,263**	14,949,482

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

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

17.3 Loans to joint ventures

As at 31 December 2025 and 2024, the amounts were unsecured, interest-bearing at 5.0% per annum and repayable on demand.

18 Derivative financial instruments

	2025 HK$'000	2024 HK$'000
Assets		
Interest rate swap – held for trading	**49,760**	73,034
Interest rate swap – cash flow hedges	**210,576**	331,831
	260,336	404,865
Liabilities		
Currency swap – held for trading	**–**	132,533
Cross currency swap – held for trading	**25,563**	63,268
	25,563	195,801

Interest rate swap

As at 31 December 2025, the Group has outstanding interest rate swap contracts, which will expire between December 2028 and April 2032 (2024: between December 2028 and April 2032) with notional amount of US$446,026,000, approximately equivalent to HK$3,470,080,000 (2024: US$451,925,000, approximately equivalent to HK$3,515,978,000) to exchange floating interest rates into fixed interest rates in a range of 0.72% to 3% (2024: 0.72% to 3%) per annum.

Currency swap

As at 31 December 2024, the Group had outstanding currency swap contracts with notional amount of US$204,499,000, approximately equivalent to HK$1,591,005,000 to mitigate exchange rate risks between RMB and USD. During the year ended 31 December 2025, all these currency swap contracts were expired. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in other (losses)/gains, net.

Cross currency swap

As at 31 December 2025 and 2024, the Group has outstanding cross currency swap contracts, which will expire in March 2026 with notional amount of US$125,000,000, approximately equivalent to HK$972,500,000 to mitigate exchange rate risks between RMB and USD. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in other (losses)/gains, net.

18 Derivative financial instruments *(Continued)*

Hedging reserve

The Group's hedging reserve disclosed in consolidated statement of changes in equity relate to the interest rate swaps that were designated as hedging instruments:

	Hedging reserve HK$'000
At 1 January 2024	(348,817)
Less: Changes in fair value of hedging instruments recognised in other comprehensive income	(104,868)
Reclassified from hedging reserve to profit or loss	135,705
At 31 December 2024 and 1 January 2025	**(317,980)**
Less: Changes in fair value of hedging instruments recognised in other comprehensive income	**33,349**
Reclassified from hedging reserve to profit or loss	**91,608**
At 31 December 2025	**(193,023)**

Amounts recognised in consolidated income statement

In addition to the amounts disclosed in the reconciliation of hedging reserve above, the following amounts were recognised in consolidated income statement and included in other (losses)/gains, net in relation to the derivatives:

	2025 HK$'000	2024 HK$'000
Net loss/(gain) on interest rate swap not qualifying as hedges	**4,876**	(20,747)
Hedge ineffectiveness of interest rate swap	**5,503**	(590)
Net (gain)/loss on currency swap not qualifying as hedges	**(21,989)**	65,998
Net (gain)/loss on cross currency swap not qualifying as hedges	**(37,706)**	31,513
	(49,316)	76,174

18 Derivative financial instruments *(Continued)*

Amounts recognised in consolidated income statement *(Continued)*

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed by using hypothetical derivative which has terms that mirror those of the hedged item. It may occur due to:

(a) the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan; and

(b) differences in critical terms between the interest rate swaps and loans.

Fair value measurement

Details of the methods and assumptions used in determining the fair value of derivatives are as set out in note 3.4.

19 Prepayments, deposits and other receivables

	2025 **HK$'000**	2024 HK$'000
Prepayments (note a)	**366,589**	45,846
Interest receivables	**28,045**	34,312
Other receivables (note b)	**202,574**	133,899
	597,208	214,057

Notes:

(a) As at 31 December 2025, the Group provided advance payments of HK$338,376,000 (2024: nil) to the third parties pursuant to the sales and leaseback agreements.

(b) As at 31 December 2025, included in other receivables is an amount of HK$99,542,000 (2024: HK$99,542,000) which was credit impaired as at the reporting date, with a gross amount of HK$523,905,020 (2024: HK$523,905,000) and provision for impairment loss of HK$424,363,000 (2024: HK$424,363,000).

The carrying amounts of these receivables approximate their fair values.

20 Financial assets at fair value through profit or loss

	2025 HK$'000	2024 HK$'000
Debt instruments – Investments in wealth management portfolio	**486,608**	457,312

The movements of financial assets at FVTPL are as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**457,312**	296,157
Additions	**–**	132,260
Net changes in fair value	**29,296**	28,895
At 31 December	**486,608**	457,312

21 Financial assets at fair value through other comprehensive income

	2025 HK$'000	2024 HK$'000
Debt instruments – listed debts	**1,756,107**	1,678,735

The movements in financial assets at FVOCI are as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**1,678,735**	427,768
Additions	**515,216**	1,204,463
Disposals	**(515,216)**	–
Net changes in fair value	**77,372**	46,504
At 31 December	**1,756,107**	1,678,735

22 Amounts due from/to associates, joint ventures and non-controlling interests

	2025 HK$'000	2024 HK$'000
Amount due from an associate	–	37,810
Amounts due from joint ventures	**387,070**	275,218
Amounts due from non-controlling interests	**7,775**	–

	2025 HK$'000	2024 HK$'000
Amounts due to non-controlling interests	**127,965**	131,884

The amounts due are non-trade in nature, unsecured, interest-free, recoverable/repayable on demand and denominated in US$.

23 Cash and cash equivalents and time deposits with maturity over three months

	2025 HK$'000	2024 HK$'000
Time deposits with maturity over three months	**88,692**	135,450
Cash at banks and on hand	**3,706,672**	1,773,896
	3,795,364	1,909,346

The carrying amounts of the Group's cash and cash equivalents and time deposits with maturity over three months are denominated in following currencies:

	2025 HK$'000	2024 HK$'000
EUR	**30,537**	48,549
HK$	**33,961**	16,164
RMB	**3,063,585**	1,104,911
SGD	**2,290**	3,375
US$	**664,991**	736,347
	3,795,364	1,909,346

The time deposits with original maturity over three months carried interests at prevailing market interest rates. The effective interest rate on deposits with banks as at 31 December 2025 is 3.85% (2024: 4.40%) per annum.

As at 31 December 2025, the bank balances of the Group denominated in RMB amounted to HK$3,063,585,000 (2024: HK$1,104,911,000). These bank balances are not freely convertible into other currencies, however, subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

24 Borrowings

	Note	2025 HK$'000	2024 HK$'000
Bank borrowings	24.1	**12,668,800**	12,829,276
Bonds	24.2	**11,548,088**	13,432,257
Other borrowings	24.3	**2,249,642**	1,325,622
		26,466,530	27,587,155

24.1 Bank borrowings

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

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

The exposure of the Group's borrowings are as follows:

	2025 HK$'000	2024 HK$'000
Fixed-rate borrowings	**2,149,080**	5,166,318
Variable-rate borrowings	**10,519,720**	7,662,958
	12,668,800	12,829,276

24 Borrowings *(Continued)*

24.1 Bank borrowings *(Continued)*

The effective interest rates of the borrowings of the Group as at 31 December 2025 and 2024 were as follows:

	2025 HK$'000	2024 HK$'000
Fixed-rate borrowings	**1.56% to 3.15% per annum**	2.00% to 3.91% per annum
Variable-rate borrowings	**2.05% to 5.94% per annum**	3.40% to 6.34% per annum

As at 31 December 2025, the Group's secured bank borrowings of HK$5,870,143,000 (2024: HK$6,799,689,000) were secured by loan and lease receivables of approximately HK$7,489,917,000 (2024: HK$8,195,672,000), shares of certain subsidiaries, floating charge on deposits of approximately HK$222,762,000 (2024: HK$253,003,000), general assignments, bareboat charterer assignments, intra-group loan assignments and property, plant and equipment of approximately HK$4,141,912,000 (2024: HK$4,296,098,000).

As at 31 December 2025, the Group's bank borrowings of HK$6,798,657,000 (2024: HK$6,029,587,000) were unsecured and guaranteed by the Company.

24.2 Bonds

In February 2020, the Group issued two guaranteed bonds of US$400,000,000 (equivalent to approximately HK$3,112,000,000) due in February 2025 and US$400,000,000 (equivalent to approximately HK$3,112,000,000) due in February 2030 and bearing interest at 2.5% per annum and 3% per annum respectively.

In July 2021, the Group issued one guaranteed bonds of US$500,000,000 (equivalent to approximately HK$3,890,000,000) due in July 2026 and bearing interest at 2.1% per annum.

In November 2025, the Group issued one guaranteed bonds of RMB1,000,000,000 (equivalent to approximately HK$1,108,941,000) due in November 2028 and bearing interest rate at 1.95% per annum.

The above guaranteed bonds were guaranteed by the Company and listed on the Stock Exchange.

24 Borrowings *(Continued)*

24.2 Bonds *(Continued)*

In March 2023, September 2023 and September 2024, the Company issued bonds of RMB1,000,000,000, RMB1,200,000,000 and RMB800,000,000 (equivalent to approximately HK$1,108,941,000, HK$1,330,730,000 and HK$887,153,000 respectively) due in March 2026, September 2026 and September 2029 and bearing interest at 3.3% per annum, 3.1% per annum and 2.36% per annum respectively. These bonds were listed on the PRC inter-bank Bond Market.

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

	2025 HK$'000	2024 HK$'000
Within 1 year	**6,439,994**	3,235,011
After 1 year but within 2 years	**–**	6,233,180
After 2 years but within 5 years	**5,108,094**	852,066
After 5 years	**–**	3,112,000
	11,548,088	13,432,257

24.3 Other borrowings

As at 31 December 2025, loans from a fellow subsidiary of HK$993,172,000 (2024: nil) were unsecured, interest-bearing at 2.11% per annum and repayable within 1 year.

As at 31 December 2025, loans from other third parties of HK$1,256,470,000 (2024: HK$1,325,622,000) were interest-bearing at 6.1% (2024: 6.39%) per annum, and secured by pre-delivery assignments, deed of charge over shares in certain subsidiaries, property, plant and equipment of HK$1,527,484,000 (2024: HK$1,586,801,000).

As at 31 December 2025 and 2024, the other borrowings were repayable as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	**1,074,568**	85,749
After 1 year but within 2 years	**64,801**	64,801
After 2 years but within 5 years	**194,404**	194,404
After 5 years	**915,869**	980,668
	2,249,642	1,325,622

25 Other payables and accruals

	2025 HK$'000	2024 HK$'000
Accruals	**28,461**	91,610
Deposits received	**542,889**	527,251
Other payables (note)	**311,524**	702,474
	882,874	1,321,335

Note:

Included in other payables is an amount of nil (2024: HK$657,551,000) which represented the portion of sale proceeds to be reimbursed to lessees of underlying vessels in certain leases that was early terminated during the year ended 31 December 2024.

The carrying amount of other payables and accruals are considered to be the same as their fair values, due to their short-term nature.

26 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2025 HK$'000	2024 HK$'000
Total minimum lease payments:		
Within one year	**53,409**	51,191
After 1 year but within 5 years	**191,295**	197,012
After five years	**148,835**	198,352
	393,539	446,555
Future finance charges	**(78,264)**	(98,244)
Present value of lease payments	**315,275**	348,311

	2025 HK$'000	2024 HK$'000
Present value of minimum lease payments:		
Within one year	**36,411**	32,157
After 1 year but within 5 years	**142,959**	139,809
After five years	**135,905**	176,345
	315,275	348,311

During the year ended 31 December 2025, the total cash outflows for the leases amounted to HK$58,856,000 (2024: HK$66,093,000).

27 Deferred tax

The movement during the year in the deferred tax is as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**3,795**	2,660
Recognised in profit or loss (note 9)	**(2,336)**	1,214
Exchange differences	**100**	(79)
At 31 December	**1,559**	3,795

The movements in deferred tax assets and liabilities during the years are as follows:

	ECL allowance HK$'000	**Tax losses** HK$'000	**Right-of-use assets** HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 January 2024	250	1,834	(1,008)	1,584	2,660
Recognised in profit or loss	3,558	(1,815)	678	(1,207)	1,214
Exchange differences	(53)	(19)	14	(21)	(79)
At 31 December 2024 and 1 January 2025	**3,755**	**–**	**(316)**	**356**	**3,795**
Recognised in profit or loss	**(2,334)**	**–**	**(1,628)**	**1,626**	**(2,336)**
Exchange differences	**98**	**–**	**(51)**	**53**	**100**
At 31 December 2025	**1,519**	**–**	**(1,995)**	**2,035**	**1,559**

At 31 December 2025, the Group did not recognise deferred tax assets in respect of tax losses of approximately HK$51,395,000 (2024: HK$89,512,000) due to the unpredictability of future profit streams. Subject to the agreement by Hong Kong tax authorities, such losses of HK$311,484,000 (2024: HK$542,495,000) do not expire under current tax legislation. The Group had no other material unrecognised deferred tax assets as at 31 December 2025. Deferred tax liabilities has not been recognised for withholding taxes that would be payable on the unremitted earnings of approximately HK$18,568,000 (2024: HK$25,454,000) that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such unremitted earnings in the unforeseeable future.

28 Share capital

	Numbers of shares ('000)	Share capital HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2024	6,136,878	6,615,789
Issuance of shares under share option scheme (note)	50,012	79,901
At 31 December 2024 and 1 January 2025	**6,186,890**	**6,695,690**
Issuance of shares under share option scheme (note)	**12,334**	**19,435**
At 31 December 2025	**6,199,224**	**6,715,125**

Note:

During the year, the issued number of share capital of the Company has been increased by approximately 9,253,000 and 3,081,000 ordinary shares respectively upon the exercise of share options at the exercise price of HK$1.32 per share and HK$1.15 per share respectively (2024: the issued number of share capital of the Company has been increased by approximately 42,655,000 and 7,357,000 ordinary shares respectively upon the exercise of share options at the exercise price of HK$1.32 per share and HK$1.15 per share respectively). The total consideration received of HK$15,758,000 (2024: HK$64,766,000) was credited to the share capital with the amount of HK$3,677,000 (2024: HK$15,135,000) has been transferred from the share option reserve to the share capital in accordance with the policy set out in note 2.22.

29 Share-based employee compensation

The Company has adopted a share options scheme (the "**Scheme**"), which was approved by the shareholders in the extraordinary general meeting held on 30 April 2021.

Pursuant to the Scheme, the maximum number of shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of approval of the Scheme at the extraordinary general meeting.

Participants of the Scheme shall be employees of the Company and include executive directors and senior management members (the "**Grantees**") of the Company, as well as core technical personnel and backbone management whom the board of directors considers will have a direct impact on the Company's overall operating performance and sustainable development.

29 Share-based employee compensation *(Continued)*

On 30 April 2021 (the "**First Grant Date**") and 4 April 2022 (the "**Second Grant Date**"), the Company granted 143,540,000 and 28,710,000 share options to certain of its directors and employees for nil consideration with an exercise price of HK$1.32 and HK$1.15 per share respectively. The exercise price represents the highest of (i) the closing price as stated in the daily quotations sheet issued by the Stock Exchange on the First and Second Grant Date; and (ii) the average closing price as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the First and Second Grant Date. The options shall be vested to the Grantees during the period and in the respective proportions as follows:

(i) The first batch (being 33% of the share options granted) will be vested on the first trading day after 24 months from the Grant Date;

(ii) The second batch (being 33% of the share options granted) will be vested on the first trading day after 36 months from the Grant Date; and

(iii) The third batch (being 34% of the Share Options granted) will be vested on the first trading day after 48 months from the Grant Date.

The options are exercisable within a period of ten years from the grant date. Each option gives the holder the right to subscribe for one ordinary share in the Company. Details of the Scheme are as set out in the Company's circular dated 13 April 2021.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Details of movements in share options during the year were as follows:

	2025		2024	
	Number '000	**Weighted average exercise price HK$**	Number '000	Weighted average exercise price HK$
Outstanding at 1 January	**58,941**	**1.26**	115,368	1.28
Exercised	**(12,334)**	**1.28**	(50,012)	1.29
Forfeited	**(20,657)**	**1.24**	(6,415)	1.31
Outstanding at 31 December	**25,950**	**1.26**	58,941	1.26

The weighted average share price for share options exercised during the year at the date of exercise was HK$1.87 (2024: HK$1.62). None of the share options were expired during the years ended 31 December 2025 and 2024.

29 Share-based employee compensation *(Continued)*

As at 31 December 2025, the outstanding share options had a weighted average remaining contractual life of 5.7 years (2024: 6.6 years).

The fair values of options granted were determined by using the Binomial Option Pricing Model that takes into account of factors specific to Scheme. The following principal assumptions were used in the valuation at the respective grant date:

	The First Grant Date	The Second Grant Date
Share price at date of grant	HK$1.32	HK$1.15
Exercise price	HK$1.32	HK$1.15
Expected volatility	44.2%	43.93%
Expected option life	10 years	10 years
Dividend yield	8.58%	7.5%
Risk-free interest rate	1.15%	2.24%
Post-vesting forfeiture rate	14.16% to 25.44%	12.81%

In total, reversal of employee compensation expenses amounted to HK$4,417,000 (2024: recognition of employee compensation expenses HK$3,406,000) has been recognised in profit or loss for the year ended 31 December 2025 and the corresponding amount of which has been debited (2024: credited) to "share option reserve" in equity. No liabilities were recognised in connection with share-based payment transactions.

Certain directors and highest paid individuals held share options during the year. The corresponding employee compensation expenses recognised or reversed for such options for the years ended 31 December 2025 and 2024, in accordance with the Group's accounting policy in note 2.22 was as follows:

(1) Mr. Zhong Jian, reversal of nil (2024: HK$717,000);

(2) The five (2024: five) highest paid individuals, recognition of HK$359,000 (2024: HK$1,421,000).

30 Related party transactions

The directors of the Company regard CSSC International Holding Company Limited as the immediate holding company, which owns approximately 74.24% (2024: 74.38%) of the Company's issued ordinary shares at 31 December 2025. The ultimate parent company of the Group is China Shipbuilding Group, a state-owned enterprise established in the PRC. China Shipbuilding Group itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

Related parties include China Shipbuilding Group and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China Shipbuilding Group as well as their close family members.

30 Related party transactions *(Continued)*

For the years ended 31 December 2025 and 2024, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include bank deposits, bank borrowings and the corresponding interest income and interest expenses and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities that are exempted from the disclosure requirement and the related party information shown elsewhere in these consolidated financial statements, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the years ended 31 December 2025 and 2024.

30.1 Transactions with related parties

Other than as disclosed in elsewhere of these consolidated financial statements, the Group entered into the following related party transactions during the year:

Transactions with fellow subsidiaries:

	2025	2024
	HK$'000	HK$'000
Interest income	**3,873**	741
Commission received	**16,299**	6,835
Rental and utilities expenses	**18,794**	19,341
Purchase of vessels and offshore equipment	**234,208**	2,970,086
Loan and accrued interests	**993,172**	–

Transactions with a joint venture:

	2025	2024
	HK$'000	HK$'000
Interest income	**3,815**	27,938

Transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

30 Related party transactions *(Continued)*

30.2 Balances with related parties

	2025 HK$'000	2024 HK$'000
Amounts due from		
– an associate	–	37,810
– joint ventures	**387,070**	275,218

	2025 HK$'000	2024 HK$'000
Loans to joint ventures	**147,230**	264,858
Borrowings from a fellow subsidiary	**993,172**	–

30.3 Key management personnel compensations

Key management includes executive directors and senior management. The compensations paid or payable to key management for employee services are shown below:

	2025 HK$'000	2024 HK$'000
Wages, salaries, bonuses and benefits in kind	**5,690**	11,629
Retirement benefit costs	**932**	2,228
Share-based payment expenses	**–**	1,469
	6,622	15,326

31 Note to consolidated statement of cash flows

31.1 Cash generated from operations

	Note	2025 HK$'000	2024 HK$'000
Profit before income tax		**2,219,175**	2,180,358
Adjustments for:			
– Finance costs	7	**795,900**	1,041,813
– Interest income	6	**(102,472)**	(74,171)
– Depreciation	8	**666,099**	578,716
– Net impairment losses on loan and lease receivables		**79,316**	446,968
– Share-based payment expenses		**(4,417)**	3,406
– Net gain on disposal of vessels and property, plant and equipment	8	**(103,563)**	(57,276)
– Share of results of joint ventures	15	**(265,253)**	(490,103)
– Share of results of associates	16	**29,293**	12,056
– Net gain on derecognition of finance lease receivables	8	**(33,670)**	(200,013)
– Net gain on early termination of leases as lessee		**(392)**	(452)
– Net unrealised (gains)/losses on changes in fair value of derivative financial instruments	18	**(49,316)**	76,174
– Net unrealised gains on changes in fair value of financial assets at FVTPL	8	**(29,296)**	(28,895)
– Net unrealised foreign exchange losses/(gains)		**484,059**	(104,383)
– Gain on partial disposal of interests in an associate	8	**–**	(9,930)
– Net gain on disposal of debt instrument at fair value through other comprehensive income	8	**(34,936)**	–
Operating profit before working capital		**3,650,527**	3,374,268
Decrease/(increase) in loan and lease receivables		**561,604**	(3,192,845)
(Increase)/decrease in prepayments, deposits and other receivables		**(444,314)**	969,814
Increase in amount due from non-controlling interests		**(6,425)**	–
(Decrease)/increase in other payables and accruals		**(439,535)**	889,483
Proceeds on derecognition of finance lease receivables		**1,523,745**	5,740,729
Net cash generated from operations		**4,845,602**	7,781,449

Material non-cash transactions:

(i) During the year ended 31 December 2024, the Group has entered into a head lease and sub-lease arrangement with third parties for two vessels, with amounts of HK$374,090,000 and HK$363,028,000 recognised as finance lease receivables and lease liabilities respectively at the initial recognition of the head lease and sub-lease arrangement.

(ii) During the year ended 31 December 2024, the Group has entered into an arrangement with a joint venture for net-settlement of balances between loan to the joint venture and amount due to the joint venture amounting to HK$207,794,000.

31 Note to consolidated statement of cash flows *(Continued)*

31.2 Changes in liabilities arising from financing activities

The table below set out the reconciliation of liabilities arising from financing activities:

	Borrowings HK$'000	Amount due to a joint venture HK$'000	Amounts due to non-controlling interests HK$'000	Lease liabilities HK$'000
As at 1 January 2024	31,333,427	207,794	162,383	23,956
Cash-flows:				
– Proceeds from issuance of bonds	874,410	–	–	–
– Proceeds of borrowings	9,320,321	–	–	–
– Repayment of borrowings	(13,710,888)	–	–	–
– Interests paid	(1,022,698)	–	–	–
– Capital element of lease liabilities paid	–	–	–	(39,592)
– Interest element of lease liabilities paid	–	–	–	(20,975)
– Repayment to non-controlling interests	–	–	(30,499)	–
Non-cash:				
– Foreign exchange adjustments	(237,759)	–	–	(83)
– Finance costs incurred	1,030,342	–	–	–
– Increase in lease liabilities from entering into new leases during the year	–	–	–	367,026
– Decrease in lease liabilities from lease modifications as lessee during the year	–	–	–	(2,996)
– Interest on lease liabilities	–	–	–	20,975
– Net-settlement of balances against loan to a joint venture	–	(207,794)	–	–
As at 31 December 2024 and 1 January 2025	**27,587,155**	**–**	**131,884**	**348,311**
Cash-flows:				
– Proceeds from issuance of bonds	**1,072,498**	**–**	**–**	**–**
– Redemption of bonds	**(3,112,000)**	**–**	**–**	**–**
– Proceeds of borrowings	**11,177,627**	**–**	**–**	**–**
– Repayment of borrowings	**(10,774,673)**	**–**	**–**	**–**
– Interests paid	**(726,243)**	**–**	**–**	**–**
– Capital element of lease liabilities paid	**–**	**–**	**–**	**(34,113)**
– Interest element of lease liabilities paid	**–**	**–**	**–**	**(18,906)**
– Repayment to non-controlling interests	**–**	**–**	**(3,919)**	**–**
Non-cash:				
– Foreign exchange adjustments	**466,246**	**–**	**–**	**210**
– Finance costs incurred	**775,920**	**–**	**–**	**–**
– Increase in lease liabilities from entering into new leases during the year	**–**	**–**	**–**	**9,938**
– Increase in lease liabilities from lease modifications as lessee during the year	**–**	**–**	**–**	**230**
– Decease in lease liabilities from early termination during the year	**–**	**–**	**–**	**(9,301)**
– Interest on lease liabilities	**–**	**–**	**–**	**18,906**
As at 31 December 2025	**26,466,530**	**–**	**127,965**	**315,275**

32 Operating lease arrangements

As lessor

For the years ended 31 December 2025 and 2024, the Group leases its vessels under operating lease arrangements, which leases negotiated for terms of 3 to 14 years. None of the leases includes contingent rentals.

At 31 December 2025 and 2024, the Group had total future minimum lease receivables under non-cancellable operating leases with its leases falling due as follows:

	2025 HK$'000	2024 HK$'000
Within one year	**2,217,698**	1,750,164
After 1 year but within 2 years	**1,776,220**	1,795,505
After 2 years but within 3 years	**1,327,245**	2,538,340
After 3 years but within 4 years	**1,174,744**	1,260,942
After 4 years but within 5 years	**1,178,040**	1,259,393
After five years	**3,716,475**	5,134,998
	11,390,422	13,739,342

33 Capital commitments

As at 31 December 2025 and 2024, capital commitments outstanding contracted but not provided for are as follows:

	2025 HK$'000	2024 HK$'000
Contracted for in respect of construction of vessels	**3,447,498**	2,495,991

34 Provisions and contingencies

As at 31 December 2025, the aggregate amount of outstanding financial guarantees issued to banks and financial institutions in respect of facilities granted to joint ventures that the Group could be required to be paid amounted to HK$2,336,972,000 and HK$4,045,666,000 (2024: HK$2,569,999,000 and HK$2,114,460,000) respectively if the guarantees were called upon the entirety. The guarantees will be released upon the end of the charter period. The outstanding financial guarantees has been utilised as at 31 December 2025 and 2024 are analysed as below:

	2025 **HK$'000**	2024 HK$'000
Guarantees provided in respect of joint ventures' bank loans	**1,371,173**	2,007,224
Guarantees provided in respect of joint ventures' other borrowings	**1,379,086**	1,198,951
	2,750,259	3,206,175

As at 31 December 2025, among the guarantees provided in respect of the joint ventures' bank loans, the bank loans of HK$863,580,000 (2024: HK$863,580,000) were jointly and severally guaranteed by the joint venture partners.

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the consolidated statement of financial position.

35 Reserves

(i) Investment revaluation reserve

Investment revaluation reserve represents the reserve of the fair value change from financial assets at FVOCI.

(ii) Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 18 for details. The cash flow hedge reserve is used to recognise effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 2.13.

(iii) Exchange reserve

Exchange reserve represents the exchange difference on translation of the foreign operations.

(iv) Other reserves

Other reserves represent the statutory surplus reserve and other reserve.

(v) Share option reserve

Share option reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2.22.

36 Dividends

	2025 HK$'000	2024 HK$'000
Dividends approved and paid:		
Interim dividend of HK5 cents (2024: HK3 cents) per ordinary share	**309,961**	184,844
Final dividend in respect of the year ended 31 December 2024 of HK10.4 cents (2023: HK9 cents) per ordinary share	**644,630**	553,778
	954,591	738,622
Dividend proposed:		
Final dividend in respect of the year ended 31 December 2025 of HK5 cents (2024: HK10.4 cents) per ordinary Share	**309,961**	643,437

On 6 January 2026, the board of directors has declared a special dividend of HK6 cents per ordinary share, such special dividend amounting to HK$371,953,000 has not been recognised as liability as at 31 December 2025.

37 Investments in subsidiaries

Particulars of the Company's material subsidiaries are as follows:

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
CP Chongqing Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CP Nanjing Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CP Shenzhen Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CSSC Financial Leasing (Shanghai) Company Limited*# (中船融資租賃(上海)有限公司)	The PRC	RMB300,000,000	**100%**	100%	Finance leasing
CSSC Financial Leasing (Guangzhou) Company Limited*# (中船融資租賃(廣州)有限公司)	The PRC	RMB200,000,000	**100%**	100%	Finance leasing
CSSC Financial Leasing (Tianjin) Company Limited*# (中船融資租賃(天津)有限公司)	The PRC	RMB500,000,000	**100%**	100%	Finance leasing
CHC First Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
CHC Second Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
CHC Third Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
Kylin Offshore Engineering Pte Ltd.	Singapore	SGD5,000,000	**70%**	70%	Marine engineering business
Fortune Lianjiang Shipping S.A.	Marshall Islands	US$100	**100%**	100%	Loan borrowings
Shenjiamen Shipping S.A (note 1)	Marshall Islands	US$100	**N/A**	100%	Finance leasing
Zhujiajian Shipping S.A. (note 1)	Marshall Islands	US$100	**N/A**	100%	Finance leasing
CP Jinan Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Xian Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Hangzhou Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Fuzhou Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
Fortune Nansha Shipping Limited	Hong Kong	HK$1	**100%**	100%	Loan borrowings
Fortune Xuanyuan Shipping Limited (note 1)	Marshall Islands	US$100	**N/A**	100%	Finance leasing
Fortune East Sea Holding Company Limited	BVI	US$100	**100%**	100%	Loan borrowings and investment holding

37 Investments in subsidiaries *(Continued)*

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune Bec V Shipping Limited	Cyprus	EUR$1,000	**100%**	100%	Finance leasing
Fortune Bec VI Shipping Limited	Cyprus	EUR$1,000	**100%**	100%	Finance leasing
CP Chartering Company Limited	BVI	US$1	**75%**	75%	Operating leasing
Fortune Guangzhou Shipping Limited (note 1)	Marshall Islands	US$100	**N/A**	100%	Finance leasing
Fortune Central Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune CD Prometheus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Gentle Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Grit Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Shanghai Shipping Limited (note 1)	Marshall Islands	US$100	**N/A**	100%	Finance leasing
CSSC Capital 2015 Limited	BVI	US$100	**100%**	100%	Bond issuing
Fortune Changchun Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Great Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Lantau Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Leopard Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pingtan Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Power Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Shenyang Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Tsingyi Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune VGAS Shipping I Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune VGAS Shipping II Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune VGAS Shipping III Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing

37 Investments in subsidiaries *(Continued)*

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune VGAS Shipping IV Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune Wanchai Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Chem1 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem2 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem3 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem4 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem5 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem6 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MGAS I Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MGAS II Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MC Hercules Shipping Limited	BVI	US$100	**100%**	100%	Finance leasing
Fortune MC Titan Shipping Limited	BVI	US$100	**100%**	100%	Finance leasing
Fortune Suqian Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Changle Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Teddy Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Civilization Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Equality Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Freedom Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Integrity Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion I Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion II Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion III Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion IV Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Matthew Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Grus Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing

37 Investments in subsidiaries *(Continued)*

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune Ephesians Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Dongming Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Elsa Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Faith HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Falcon HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fame HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fighter HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Focus HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Force Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fortune HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Freedom HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Frontier HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fusion HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Future 13KMPPF900HL Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fortune Capricorn Holding Limited	BVI	US$100	**100%**	100%	Investment holding
Fortune Chengdu Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Chongqing Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Eris Holding Company Limited	BVI	US$185,000,100	**100%**	100%	Investment holding
Fortune Geneva Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune HLC Shipping Limited	Liberia	US$100	**100%**	100%	Finance leasing
Fortune Idea Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Image Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing

37 Investments in subsidiaries *(Continued)*

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune Leo Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Vision Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Xinhang Shipping Pte. Limited	Singapore	US$50,000	**100%**	100%	Finance leasing
Fortune Xintian Shipping Pte. Limited	Singapore	US$50,000	**100%**	100%	Finance leasing
CA Civilization Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Equality Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Freedom Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Integrity Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Harmony Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Honor Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Peace Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Valor Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
Fortune Ropax I Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Ropax II Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Clean Energy 2023 Holding Limited	Marshall Islands	US$50,000	**100%**	100%	Investment holding
Fortune Energetic I Shipping Co., Ltd.	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Energetic II Shipping Co., Ltd.	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Visionary Holding Company Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Fortune Osmanthus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Lily Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Ping Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune AN Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Coconut Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Citrus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pineapple Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing

37 Investments in subsidiaries *(Continued)*

Name	Country/place of incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interests held at 31 December		Principal activities
			2025	2024	
Fortune Lychee Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune COLLIE Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Magnificent Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Nanjing Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Zurich Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Shanghai Jiahang Ship Leasing Co., Ltd.*# (上海佳杭船舶租賃有限公司)	The PRC	RMB100,000	**100%**	100%	Finance leasing
Fortune Pillar Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Vcontainer Carriers Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Fortune Kunlun1 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Kunlun2 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pandas I Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing
Fortune Pandas II Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing
Fortune Pandas III Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing
Fortune Propulsion shipping Limited	Hong Kong	HK$100	**100%**	N/A	Operating leasing
Fortune Prosperity Shipping Limited	Hong Kong	HK$100	**100%**	N/A	Operating leasing

Notes:

(1) The entities were deregistered during the year ended 31 December 2025.

(2) All companies now comprising the Group have adopted 31 December as their financial year end date.

* The English name of these subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

\# These subsidiaries were registered in the PRC as a wholly foreign owned enterprise.

38 Statement of financial position and reserve movements of the Company

Statement of financial position of the Company

	2025 HK$'000	2024 HK$'000
Assets		
Property, plant and equipment	**174**	1,352
Right-of-use asset	**–**	10,632
Interests in subsidiaries	**2,653,540**	2,652,589
Interests in associate	**–**	272
Loan receivables	**–**	385,888
Derivative financial assets	**213,921**	246,936
Prepayments, deposits and other receivables	**6,736**	8,926
Amounts due from subsidiaries	**16,723,488**	19,623,051
Amounts due from fellow subsidiaries	**–**	126
Amount due from a joint venture	**59,555**	–
Cash and bank balances	**2,728,544**	1,373,749
Total assets	**22,385,958**	24,303,521
Liabilities		
Income tax payables	**186,427**	–
Borrowings	**10,173,358**	9,268,234
Derivative financial liabilities	**25,563**	195,801
Amounts due to subsidiaries	**1,145,243**	4,090,623
Amount due to a joint venture	**–**	99,834
Lease liabilities	**–**	11,002
Other payables and accruals	**46,733**	4,570
Total liabilities	**11,577,324**	13,670,064
Net assets	**10,808,634**	10,633,457
EQUITY		
Share capital	**6,715,125**	6,695,690
Reserves	**4,093,509**	3,937,767
Total equity	**10,808,634**	10,633,457

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 26 March 2026 and was signed on its behalf.

Li Hongtao
Director

Liu Hui
Director

38 Statement of financial position and reserve movements of the Company *(Continued)*

Reserve movement of the Company

	Other reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 January 2024	(4,296)	(31,741)	601,266	27,488	592,717
Profit for the year	–	–	4,095,401	–	4,095,401
Total comprehensive income for the year	–	–	4,095,401	–	4,095,401
Issues of shares under share option scheme	–	–	–	(15,135)	(15,135)
Equity settled share-based payments	–	–	–	3,406	3,406
Dividends (note 36)	–	–	(738,622)	–	(738,622)
At 31 December 2024	(4,296)	(31,741)	3,958,045	15,759	3,937,767
At 1 January 2025	**(4,296)**	**(31,741)**	**3,958,045**	**15,759**	**3,937,767**
Profit for the year	**–**	**–**	**1,118,427**	**–**	**1,118,427**
Total comprehensive income for the year	**–**	**–**	**1,118,427**	**–**	**1,118,427**
Issues of shares under share option scheme	**–**	**–**	**–**	**(3,677)**	**(3,677)**
Equity settled share-based payments	**–**	**–**	**–**	**(4,417)**	**(4,417)**
Dividends (note 36)	**–**	**–**	**(954,591)**	**–**	**(954,591)**
At 31 December 2025	**(4,296)**	**(31,741)**	**4,121,881**	**7,665**	**4,093,509**

39 Events after reporting period

(a) Issuance of convertible bonds

On 28 January 2026, the Group issued guaranteed convertible bonds of HK$2,338,000,000 due in January 2031 and bearing interest at 0.75% per annum. Details of the guaranteed convertible bonds are set out in the Company's announcement dated 29 January 2026.

(b) Sale and leaseback transaction of four vessels

On 4 March 2026, the Group entered into agreements with independent third parties (the "**Charterers**") for acquisition of four vessels at a total consideration of US$103,520,000 (equivalent to HK$805,386,000). Pursuant to the agreements, the Group agreed to lease back those vessels to the Charterers at a total estimated charterhire of approximately US$140,725,000 (equivalent to HK$1,094,841,000) for a period of 10 years (the "**Charter Period**"). Upon expiration of the Charter Period, the Charterers are obliged to purchase the vessels. The vessels are expected to be delivered in July 2028, January 2029, March 2029 and May 2029 respectively. Details of the agreements are set out in the Company's announcement dated 4 March 2026.

INDEPENDENT AUDITOR'S REPORT



Grant Thornton
致同

To the members of CSSC (Hong Kong) Shipping Company Limited
(incorporated in Hong Kong with limited liability)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of CSSC (Hong Kong) Shipping Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 98 to 204, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
Lease arrangements Refer to notes 2.14 and 4 to the consolidated financial statements. Management assessed the classification of leases in accordance with Hong Kong Financial Reporting Standard 16 "Leases". The Group has entered into certain agreements whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased vessels to the lessees/borrowers, as the present values of the minimum lease payments of the lease amounts to at least substantially all of the fair value of the leased assets at the inception of the leases. Accordingly, the Group has excluded the vessels from its consolidated statements of financial position and has instead, recognised finance lease receivables. Otherwise the Group includes the vessels under operating lease in property, plant and equipment. The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease which involves critical judgments by management. In particular, management assessed the lease term, the present value of minimum lease payments, the nature of leased assets, and that there were no ownership transfers and no purchase options at the end of the lease terms. The key judgments are in respect of the economic lives and fair values of the leased assets, the discount rate in the calculation of the present value of minimum lease payments and whether the purchase option will be exercised. Due to the significance of management's judgments and estimates applied in assessing the classification of leases, we considered this as a key audit matter.	We performed the following procedures to assess management's classification of leases: • examined the lease agreements and discussed with management the key terms in order to identify any inconsistency from our understanding; • performed the following procedures for the appropriateness of the judgments made by management in the determination of lease classification on a sample basis: – assessed the impact of the agreed terms in the lease agreements on the classification; – tested the mathematical accuracy of the present value of minimum lease payment calculation and verified relevant input data (i.e. lease terms, lease payments and lease period) to the agreements; – assessed the reasonableness of the discount rate of the respective lease arrangement; – evaluated the appropriateness of the economic lives and the fair value of leased assets with reference to similar types of assets in the market; and – assessed the existence of the purchase option under the lease arrangement by checking to the lease agreements and possibility of lessees/borrowers to exercise such option by comparing the rate to exercise to the current market rate.

Key Audit Matters *(Continued)*

Key Audit Matter	How the matter was addressed in our audit
Impairment of loan and lease receivables	
Refer to notes 2.8, 3.2(i), 4 and 17 to the consolidated financial statements. As at 31 December 2024, the net carrying amounts of the Group's loan and lease receivables amounted to approximately HK$20,714,833,000, in which provision for impairment loss of approximately HK$689,895,000 were recorded. The balances of provision for impairment loss of loan and lease receivables represent the management's best estimates at the reporting date of the expected credit losses ("**ECL**") under Hong Kong Financial Reporting Standard 9 "Financial Instruments". The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period, and the ECL was calculated and provided based on the "three-stages" model by referring to the changes in credit quality since initial recognition. For loan and lease receivables classified into stage 1, the ECL is measured on a 12-month basis. For loan and lease receivables classified into stages 2 and 3, the ECL is measured on a lifetime basis. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using Probability of Default ("**PD**"), Exposure at Default ("**EAD**") and Loss Given Default ("**LGD**").	We performed the following procedures to assess the impairment of loan and lease receivables prepared by management: • we understood the process for identification of impairment indicators and tested the calculation of provision for impairment loss of loan and lease receivables; • we selected samples, in consideration of the financial information and non-financial information of the lessees/borrowers, relevant external evidence and other factors, to assess the appropriateness of the management's identification of receivables with significant increase in credit risk since initial recognition and credit-impaired loan and lease receivables; • we reviewed the methodologies for ECL for impairment assessment and assessed the reasonableness of significant judgments and assumptions including, inputs, assumptions and estimation techniques. We tested whether or not the measurement methods reflect the methodologies documented by management; • we examined major data inputs to the ECL models on selected samples, including historical data and data at the measurement date, to assess their accuracy and completeness; and • for loan and lease receivables in stages 2 and 3, we examined, on a sample basis, financial information of the lessees/borrowers and other available information.

Key Audit Matters *(Continued)*

Key Audit Matter	How the matter was addressed in our audit
Impairment of loan and lease receivables *(Continued)* The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period, primarily including the following: (1) Consideration on whether the loan and lease receivables have experienced a significant increase in credit risk; (2) Identification of default and credit-impaired assets; (3) Inputs, assumptions and estimation techniques in measuring ECL (i.e. PD, EAD, LGD); and (4) Forward-looking information incorporated in the ECL (i.e. forecasted economic growth rates which reflect the general economic conditions of the industry in which the lessees/borrowers operate). Due to the significance of management's judgment and estimates applied in assessing the amount of ECL at the reporting date, we considered this as a key audit matter.	• we reviewed the management's analysis for forward-looking information using forecasted economic growth rate, assessed the reasonableness and performed sensitivity analysis on possible scenarios.

Other Information

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

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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

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

26 March 2025

Lam Yau Hing
Practising Certificate No.: P06622

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	5	**4,034,369**	3,626,148
Other income	6	**74,171**	65,589
Other gains, net		**332,500**	53,402
Expenses			
Finance costs and bank charges	7	**(1,047,554)**	(1,106,305)
Provision for impairment loss of loan and lease receivables, net	17	**(446,968)**	(91,167)
Depreciation		**(578,716)**	(492,937)
Employee benefits expenses	10	**(105,268)**	(106,306)
Vessel operating costs		**(398,436)**	(310,838)
Other operating expenses		**(161,787)**	(90,133)
Total expenses		**(2,738,729)**	(2,197,686)
Profit from operations	8	**1,702,311**	1,547,453
Share of results of joint ventures	15	**490,103**	426,653
Share of results of associates	16	**(12,056)**	(30,285)
Profit before income tax		**2,180,358**	1,943,821
Income tax expense	9	**(25,215)**	(32,154)
Profit for the year		**2,155,143**	1,911,667
Profit for the year attributable to:			
Equity holders of the Company		**2,105,663**	1,901,606
Non-controlling interests		**49,480**	10,061
		2,155,143	1,911,667
Earnings per share (HK$)	12		
Basic		**0.342**	0.310
Diluted		**0.341**	0.310

The notes on pages 105 to 204 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**2,155,143**	1,911,667
Other comprehensive income/(expense) for the year		
Items that will be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of foreign operations	**22,814**	(24,070)
– Share of other comprehensive income of joint ventures, net	**(4,479)**	(14,574)
– Fair value change of financial assets at fair value through other comprehensive income (debt instruments)	**46,504**	484
– Fair value change of derivative financial instruments (cash flow hedges)	**104,868**	(173,158)
– Reclassification adjustment from hedging reserve to profit or loss	**(135,705)**	119,569
Total other comprehensive income/(expense) for the year	**34,002**	(91,749)
Total comprehensive income for the year	**2,189,145**	1,819,918
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**2,139,699**	1,809,858
Non-controlling interests	**49,446**	10,060
	2,189,145	1,819,918

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Property, plant and equipment	13	**16,394,376**	16,227,335
Right-of-use assets	14	**11,895**	22,888
Interests in joint ventures	15	**1,628,199**	1,469,330
Interests in associates	16	**190,238**	97,372
Loan and lease receivables	17	**20,714,833**	23,734,332
Derivative financial assets	18	**404,865**	424,226
Prepayments, deposits and other receivables	19	**214,057**	1,161,296
Financial assets at fair value through profit or loss	20	**457,312**	296,157
Financial assets at fair value through other comprehensive income	21	**1,678,735**	427,768
Deferred tax assets	27	**4,111**	3,668
Amount due from an associate	22	**37,810**	24,740
Amounts due from joint ventures	22	**275,218**	109,197
Amounts due from fellow subsidiaries	22	**–**	3,186
Time deposits with maturity over three months	23	**135,450**	198,915
Pledged time deposits	23	**–**	5,144
Cash and cash equivalents	23	**1,773,896**	938,005
Total assets		**43,920,995**	45,143,559
LIABILITIES			
Income tax payables		**38,157**	53,485
Borrowings	24	**27,587,155**	31,333,427
Derivative financial liabilities	18	**195,801**	98,291
Deferred tax liabilities	27	**316**	1,008
Amount due to a joint venture	22	**–**	207,794
Amounts due to non-controlling interests	22	**131,884**	162,383
Other payables and accruals	25	**1,321,335**	433,304
Lease liabilities	26	**348,311**	23,956
Total liabilities		**29,622,959**	32,313,648
Net assets		**14,298,036**	12,829,911

	Note	**2024 HK$'000**	2023 HK$'000
EQUITY			
Share capital	29	**6,695,690**	6,615,789
Reserves		**7,485,431**	6,096,083
		14,181,121	12,711,872
Non-controlling interests		**116,915**	118,039
Total equity		**14,298,036**	12,829,911

The consolidated financial statements on pages 98 to 204 were approved by the Board of Directors on 26 March 2025 and were signed on its behalf.

LI HONGTAO
Director

SHING MO HAN YVONNE
Director

The notes on pages 105 to 204 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company									
	Share capital HK$'000	Investment revaluation reserve HK$'000	Hedging reserve HK$'000	Other reserves HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2024	**6,615,789**	**(141)**	**348,817**	**70,979**	**27,488**	**(120,971)**	**5,769,911**	**12,711,872**	**118,039**	**12,829,911**
Profit for the year	–	–	–	–	–	–	2,105,663	2,105,663	49,480	2,155,143
Other comprehensive income/(expense) for the year	–	46,504	(30,837)	(4,479)	–	22,848	–	34,036	(34)	34,002
Total comprehensive income for the year	–	46,504	(30,837)	(4,479)	–	22,848	2,105,663	2,139,699	49,446	2,189,145
Appropriations to statutory surplus reserve	–	–	–	1,498	–	–	(1,498)	–	–	–
Transactions with equity holders:										
– Issuance of shares under share option scheme (note 29)	79,901	–	–	–	(15,135)	–	–	64,766	–	64,766
– Dividends (note 37)	–	–	–	–	–	–	(738,622)	(738,622)	–	(738,622)
Transactions with non-controlling interests:										
– Dividends	–	–	–	–	–	–	–	–	(50,570)	(50,570)
Equity settled share-based payments	–	–	–	–	3,406	–	–	3,406	–	3,406
At 31 December 2024	**6,695,690**	**46,363**	**317,980**	**67,998**	**15,759**	**(98,123)**	**7,135,454**	**14,181,121**	**116,915**	**14,298,036**
At 1 January 2023	6,614,466	(505)	402,406	83,957	25,998	(96,902)	4,483,532	11,512,952	129,374	11,642,326
Profit for the year	–	–	–	–	–	–	1,901,606	1,901,606	10,061	1,911,667
Other comprehensive income/(expense) for the year	–	484	(53,589)	(14,574)	–	(24,069)	–	(91,748)	(1)	(91,749)
Total comprehensive income for the year	–	484	(53,589)	(14,574)	–	(24,069)	1,901,606	1,809,858	10,060	1,819,918
Appropriations to statutory surplus reserve	–	–	–	1,596	–	–	(1,596)	–	–	–
Disposal of debt instruments at fair value through other comprehensive income (recycling)	–	(120)	–	–	–	–	–	(120)	–	(120)
Transactions with equity holders:										
– Issuance of shares under share option scheme (note 29)	1,323	–	–	–	(251)	–	–	1,072	–	1,072
– Dividends (note 37)	–	–	–	–	–	–	(613,631)	(613,631)	–	(613,631)
Transactions with non-controlling interests:										
– Dividends	–	–	–	–	–	–	–	–	(21,395)	(21,395)
Equity settled share-based payments	–	–	–	–	1,741	–	–	1,741	–	1,741
At 31 December 2023	6,615,789	(141)	348,817	70,979	27,488	(120,971)	5,769,911	12,711,872	118,039	12,829,911

The notes on pages 105 to 204 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Net cash generated from operations	32.1	**7,781,449**	537,855
Interest received		**49,526**	60,902
Interest paid		**(1,022,698)**	(1,044,383)
Income tax refunded		**1,648**	4,073
Income tax paid		**(41,614)**	(10,617)
Net cash generated from/(used in) operating activities		**6,768,311**	(452,170)
Cash flows from investing activities			
Investment in a joint venture		**(5)**	–
Investment in an associate		**(111,284)**	(76,507)
Distribution from investment in a joint venture		**112,536**	–
Distribution from investment in an associate		**8,060**	–
Decrease/(Increase) in time deposits with maturity over three months		**63,465**	(121)
Decrease in pledged time deposits		**5,144**	2,484
Payment of purchase of vessels and property, plant and equipment		**(1,031,988)**	(2,626,111)
Proceeds from disposal of vessels and property, plant and equipment		**365,109**	176,465
Dividend received from a joint venture		**214,224**	36,566
Dividend received from an associate		**645**	–
Payment for purchase of financial assets at fair value through profit or loss		**(132,260)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	217,902
Payment for purchase of financial assets at fair value through other comprehensive income		**(1,204,463)**	(427,900)
Proceeds from disposal of financial assets at fair value through other comprehensive income		**–**	95,094
Proceeds from settlement of derivative financial instruments		**9,861**	24,147
Decrease in loans to joint ventures		**288,674**	97,459
Decrease/(Increase) in amounts due from fellow subsidiaries		**3,186**	(1,139)
(Increase)/Decrease in amounts due from associates		**(13,070)**	4,975
Increase in amounts due from joint ventures		**(166,021)**	(56,405)
Proceeds from disposal of partial interests in investment in an associate		**10,788**	–
Net cash used in investing activities		**(1,577,399)**	(2,533,091)

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from financing activities			
Proceeds from issuance of bonds	32.2	**874,410**	2,389,067
Proceeds from borrowings	32.2	**9,320,321**	15,077,111
Repayment of borrowings	32.2	**(13,710,888)**	(14,083,140)
Payment of lease liabilities	32.2	**(60,567)**	(17,022)
Proceeds from shares issued under share option scheme		**64,765**	1,072
Dividends paid to equity holders of the Company		**(738,622)**	(613,631)
Dividends paid to non-controlling interests		**(50,570)**	(21,395)
Proceeds from a joint venture during the year	32.2	**–**	622
Proceeds from non-controlling interests during the year	32.2	**–**	–
Repayment to non-controlling interests during the year	32.2	**(30,499)**	(5,746)
Net cash (used in)/generated from financing activities		**(4,331,650)**	2,726,938
Net increase/(decrease) in cash and cash equivalents		**859,262**	(258,323)
Cash and cash equivalents at 1 January		**938,005**	1,181,458
Effect of foreign exchange rate changes on cash and cash equivalents		**(23,371)**	14,870
Cash and cash equivalents at 31 December	23	**1,773,896**	938,005

The notes on pages 105 to 204 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. General information

CSSC (Hong Kong) Shipping Company Limited (the "**Company**") is a limited liability company incorporated in Hong Kong. The registered office and its principal place of business is located at Room 1801, 18th Floor, Worldwide House, No. 19 Des Voeux Road Central, Central, Hong Kong. Shares of the Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**The Stock Exchange**") on 17 June 2019.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in provision of integrated shipping services (including operating lease services and ship brokerage services) and financing services (including finance lease services and loan borrowings).

These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2025.

2. Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated and the adoption of new and amended Hong Kong Financial Reporting Standards ("**HKFRSs**") and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 2.1.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the requirements of the Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange. The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities as specified below which are stated at fair value.

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

2. Summary of material accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Amended HKFRSs that are effective for annual period beginning on 1 January 2024

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Except for those mentioned below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKFRS 16 "Lease Liability in a Sale and Leaseback"

In September 2022, the HKICPA finalised narrow-scope amendments to the requirements for sale and leaseback transactions in HKFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines lease payments and revised lease payments in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

This new policy did not result in a change in the Group's accounting policy for its sale and leaseback transactions since the transfer of assets does not meet the requirements for a sale in HKFRS 15 Revenue from Contracts with Customers, there is no sale and the transaction is accounted for as a financing arrangement under HKFRS 9 Financial Instruments.

2. Summary of material accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but not yet effective and have not been early adopted by the Group.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5

HKFRS 18 will replace HKAS 1 "Presentation of Financial Statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

2. Summary of material accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5 (Continued)

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of HKFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit;

  – Foreign exchange differences currently aggregated in the line item "Other gains, net" in profit from operations might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.

  – HKFRS 18 has specific requirements on the category in which derivative gains or losses are recognised which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.

- The line items presented on the primary financial statements might change as a result of the application of the concept of "useful structured summary" and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the Group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position;

- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged, however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

  – management-defined performance measures;

  – a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and

  – for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

2. Summary of material accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

HKFRS 18 "Presentation and Disclosure in Financial Statements" and related amendments to Hong Kong Interpretation 5 (Continued)

- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

2.2 Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

Associates

Associates are all entities over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investees but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

2. Summary of material accounting policies *(Continued)*

2.2 Principles of consolidation and equity accounting *(Continued)*

Joint ventures

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

Equity method

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

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

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.7.

2.3 Separate financial statements

On the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.4 Segment reporting

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

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

2. Summary of material accounting policies *(Continued)*

2.5 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the "**functional currency**"). United States dollars ("**US$**") is the functional currency of the Company and its major subsidiaries. The financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Group's presentation currency.

Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within finance costs. All other foreign exchange gains and losses are presented in profit or loss on a net basis within other income and other gains.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

Group companies

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

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

2. Summary of material accounting policies *(Continued)*

2.5 Foreign currency translation *(Continued)*

Group companies *(Continued)*

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates prevailing at the end of the reporting period.

2.6 Property, plant and equipment

Construction in progress

Construction in progress represents vessel under construction which is carried at cost less any accumulated impairment losses. Construction in progress includes construction expenditure incurred, borrowing costs and other direct costs attributable to the construction. On completion, the construction in progress is transferred to vessel. No depreciation is provided for construction in progress.

Other property, plant and equipment

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

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Vessels	30 years
Motor vehicles	5 years
Office equipment	3 years
Leasehold improvements	Over the lease term

2. Summary of material accounting policies *(Continued)*

2.6 Property, plant and equipment *(Continued)*

Other property, plant and equipment *(Continued)*

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.7 Impairment of non-financial assets

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

2. Summary of material accounting policies *(Continued)*

2.8 Investments and other financial assets

Classification

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

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

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

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

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

Recognition and derecognition

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

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

2. Summary of material accounting policies *(Continued)*

2.8 Investments and other financial assets *(Continued)*

Measurement

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

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through consolidated statement of comprehensive income, except for the recognition of impairment losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in consolidated statement of comprehensive income is reclassified from equity to profit or loss.

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

2. Summary of material accounting policies *(Continued)*

2.8 Investments and other financial assets *(Continued)*

Equity instruments

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

Changes in the fair value of financial assets at FVTPL are recognised in other gains in the consolidated income statements as applicable. Impairment losses (and reversal of impairment losses) on debt investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

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

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

2.9 Offsetting financial instruments

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

2. Summary of material accounting policies *(Continued)*

2.10 Derivatives and hedging activities

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

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

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 18. Movements in the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity.

Cash flow hedges that qualify for hedge accounting

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

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

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

Derivatives that do not qualify for hedge accounting

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

2. Summary of material accounting policies *(Continued)*

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash at bank and on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognises revenue when the contract of services transferred to customer, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Finance lease income – refer to note 2.14(i).

Operating lease income – refer to note 2.14(ii).

Interest income – recognised using the effective interest method, refer to note 2.26.

Dividend income – recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

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

2.13 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross as other income in the consolidated income statement.

2. Summary of material accounting policies *(Continued)*

2.14 Leases

Definition of a lease and the Group as a lessee

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

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

As a lessee

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

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

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

2. Summary of material accounting policies *(Continued)*

2.14 Leases *(Continued)*

As a lessee *(Continued)*

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

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

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

To determine the incremental borrowing rate, the Group:

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

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

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

2. Summary of material accounting policies *(Continued)*

2.14 Leases *(Continued)*

As a lessor

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

(i) Finance lease

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

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

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

2. Summary of material accounting policies *(Continued)*

2.14 Leases *(Continued)*

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

(ii) Operating lease

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

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

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

2.15 Share capital

Ordinary shares are classified as equity.

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

2.16 Other payables

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

2.17 Amounts due to fellow subsidiaries, a joint venture and non-controlling interests

They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2. Summary of material accounting policies *(Continued)*

2.18 Provisions

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

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

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

2.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2. Summary of material accounting policies *(Continued)*

2.20 Borrowing costs

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

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

Other borrowing costs are expensed in the period in which they are incurred.

2.21 Current and deferred income tax

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

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries or jurisdiction where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

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

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2. Summary of material accounting policies *(Continued)*

2.21 Current and deferred income tax *(Continued)*

***Deferred income tax** (Continued)*

Deferred income tax liabilities and assets are not recognised for:

– temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development ("**OECD**").

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

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

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

Investment allowances and similar tax incentives

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

2. Summary of material accounting policies *(Continued)*

2.22 Employee benefits

Retirement benefits

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

(a) Defined contribution plans

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

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

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

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

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

(b) Defined benefit plans

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

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

2. Summary of material accounting policies *(Continued)*

2.22 Employee benefits *(Continued)*

Retirement benefits *(Continued)*

(b) Defined benefit plans (Continued)

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in employee benefits expenses.

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Short-term obligations

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

2. Summary of material accounting policies *(Continued)*

2.22 Employee benefits *(Continued)*

Share-based employee compensation

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

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

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

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

Profit-sharing and bonus plans

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

2. Summary of material accounting policies *(Continued)*

2.22 Employee benefits *(Continued)*

Termination benefits

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

2.23 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

2.24 Dividend income

Dividends are received from financial assets measured at FVTPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2. Summary of material accounting policies *(Continued)*

2.25 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.26 Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 6 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.27 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under HKFRS 9; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.28 Asset held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of derecognition.

Asset are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

2. Summary of material accounting policies *(Continued)*

2.29 Related parties

For the purposes of these consolidated financial statements, 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 if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if 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 an associate or joint venture of a member of a group of which the other entity is a member).

(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).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

3. Financial risk management

3.1. Financial instruments by category

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

Financial assets as at 31 December 2024	**Amortised cost HK$'000**	**Financial assets at fair value HK$'000**	**Total HK$'000**
Derivative financial assets	**–**	**404,865**	**404,865**
Financial assets at fair value through profit or loss	**–**	**457,312**	**457,312**
Financial assets at fair value through other comprehensive income	**–**	**1,678,735**	**1,678,735**
Loan and lease receivables	**20,714,833**	**–**	**20,714,833**
Other receivables (excluding prepayments)	**168,211**	**–**	**168,211**
Amount due from an associate	**37,810**	**–**	**37,810**
Amounts due from joint ventures	**275,218**	**–**	**275,218**
Time deposits with maturity over three months	**135,450**	**–**	**135,450**
Cash and cash equivalents	**1,773,896**	**–**	**1,773,896**
Total	**23,105,418**	**2,540,912**	**25,646,330**

Financial assets as at 31 December 2023	Amortised cost HK$'000	Financial assets at fair value HK$'000	Total HK$'000
Derivative financial assets	–	424,226	424,226
Financial assets at fair value through profit or loss	–	296,157	296,157
Financial assets at fair value through other comprehensive income	–	427,768	427,768
Loan and lease receivables	23,734,332	–	23,734,332
Other receivables (excluding prepayments)	216,296	–	216,296
Amounts due from associates	24,740	–	24,740
Amounts due from joint ventures	109,197	–	109,197
Amounts due from fellow subsidiaries	3,186	–	3,186
Time deposits with maturity over three months	198,915	–	198,915
Pledged time deposits	5,144	–	5,144
Cash and cash equivalents	938,005	–	938,005
Total	25,229,815	1,148,151	26,377,966

3. Financial risk management *(Continued)*

3.1. Financial instruments by category *(Continued)*

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities: *(Continued)*

Financial liabilities as at 31 December 2024	**Financial liabilities at amortised cost HK$'000**	**Financial liabilities at fair value HK$'000**	**Total HK$'000**
Borrowings	**27,587,155**	**–**	**27,587,155**
Derivative financial liabilities	**–**	**195,801**	**195,801**
Amounts due to non-controlling interests	**131,884**	**–**	**131,884**
Other payables and accruals (excluding deposits received)	**794,084**	**–**	**794,084**
Lease liabilities	**348,311**	**–**	**348,311**
Total	**28,861,434**	**195,801**	**29,057,235**

Financial liabilities as at 31 December 2023	Financial liabilities at amortised cost HK$'000	Financial liabilities at fair value HK$'000	Total HK$'000
Borrowings	31,333,427	–	31,333,427
Derivative financial liabilities	–	98,291	98,291
Amount due to a joint venture	207,794	–	207,794
Amounts due to non-controlling interests	162,383	–	162,383
Other payables and accruals (excluding deposits received)	88,136	–	88,136
Lease liabilities	23,956	–	23,956
Total	31,815,696	98,291	31,913,987

3. Financial risk management *(Continued)*

3.2 Financial risk factors

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

(i) Credit risk

The Group's credit risk are primarily attributable to financial instruments, loan and lease receivables, deposits and other receivables, amounts due from joint ventures and associates, time deposits, pledged time deposits, financial assets at FVOCI – debt instruments, and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In this respect, management considers the credit risk is significantly reduced.

The amounts due from joint ventures, and associates are considered by management to be fully recoverable with no significant increase in credit risk identified.

The credit risk on cash and cash equivalents and time deposits are placed in reputable financial institutions with sound credit ratings assigned by international credit rating agencies.

For deposits and other receivables and financial assets at FVOCI – debt instruments, management makes periodic collective assessments as well as individual assessment on the recoverability with no significant increase in credit risk identified.

The Group also issued financial guarantees to banks and other financial institutions for borrowings of its joint ventures. These guarantees are subject to ECL under the HKFRS 9. The Group assessed those joint ventures have strong financial capacity to meet the contractual cash flow obligation in the near future and hence, does not expect significant credit losses arising from these guarantees.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) ***Credit risk*** *(Continued)*

Impairment allowance policies for loan and lease receivables

The Group applies ECL model for impairment assessment and considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. No significant credit risk is conscious for the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counter party's ability to meet its obligations
- actual or expected significant changes in the operating results of the counter party
- significant increases in credit risk on other financial instruments of the same counter party
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the counter party, including changes in the payment status of borrower in the Group and changes in the operating results of the counter party

To manage risk arising from loan and lease receivables, standardised credit management procedures are performed. For pre-approval investigation, the Group optimises the review process by using big data technology through its platform and system, including credit analysis, assessment of collectability of borrowers, monitoring the cash flow status, possibility of misconduct and fraudulent activities. In terms of credit examining management, specific policies and procedures are established to assess loans offering. For subsequent monitoring, the Group monitors the cash flow and operation status of each borrowers. Once the loan was issued, all borrowers would be assessed by fraud examination model to prevent fraudulent behaviours.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) ***Credit risk*** *(Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

In post-loan supervision, the Group establishes risk monitoring alert system through periodical monitoring. The estimation of credit exposure for risk management purposes is complex and requires use of models as the exposure varies with changes in market conditions, expected cash flows and passage of time.

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using Probability of Default ("**PD**"), Exposure at Default ("**EAD**") and Loss Given Default ("**LGD**"). This is consistent with the general approach used for the purposes of measuring ECL under HKFRS 9.

ECL model for loan and lease receivables, as summarised below:

- The ECL was calculated and provided based on the "three-stages" model by referring to the changes in credit quality since initial recognition.
- The loan and lease receivables that is not credit-impaired on initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.
- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.
- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to "Stage 3". The ECL is measured on lifetime basis.
- In Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) ***Credit risk*** *(Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below:

(1) Consideration on whether the loan and lease receivables to have experienced a significant increase in credit risk

The Group considers whether the loan and lease receivables to have experienced a significant increase in credit risk when backstop criteria have been met. A backstop is applied and the loan and lease receivables considered to have experienced a significant increase in credit risk if the borrower is past due on its contractual payments.

(2) Identification of default and credit-impaired assets

The Group identifies a financial instrument as in default, when the borrower is more than 90 days past due on its contractual payments. This has been applied to all loan and lease receivables held by the Group.

(3) Inputs, assumptions and estimation techniques in measuring ECL

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The ECL are the discounted product of the PD, EAD, and LGD.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each portfolio. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summarised. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) ***Credit risk*** *(Continued)*

Impairment allowance policies for loan and lease receivables (Continued)

The key judgments and assumptions adopted by the Group in addressing the requirements of the standard are discussed below: *(Continued)*

(4) Forward-looking information incorporated in the ECL models

The calculation of ECL incorporates forward-looking information. The Group has performed historical analysis and identified the per capita disposable income of urban residents as the key economic variables impacting credit risk and ECL.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Provision for impairment loss

The provision for impairment loss recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to loan and lease receivables experiencing significant increases (or decreases) of credit risk in the period, and the subsequent "step up" (or "**step down**") between 12-month and lifetime ECL;

- Additional provisions for new financial instruments recognised, as well as releases for loan and lease receivables derecognised in the period;

- Loan and lease receivables derecognised and write-offs of provisions related to assets that were written off during the period.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Provision for impairment loss (Continued)

The following tables explain the changes in the provision for impairment loss of loan and lease receivables between the beginning and the end of the year:

	Stage 1 12-month ECL HK$'000	**Stage 2 Lifetime ECL** HK$'000	**Stage 3 Lifetime ECL** HK$'000	**Total** HK$'000
Provision for impairment loss of loan and lease receivables as at 1 January 2024	**92,378**	**393,429**	**181,483**	**667,290**
Transfer from stage 2 to stage 1	**29,024**	**(29,024)**	**–**	**–**
Transfer from stage 2 to other receivables	**–**	**(424,363)**	**–**	**(424,363)**
Net ECL allowance recognised/(reversed)	**4,691**	**446,538**	**(4,261)**	**446,968**
Provision for impairment loss of loan and lease receivables as at 31 December 2024	**126,093**	**386,580**	**177,222**	**689,895**
Provision for impairment loss of loan and lease receivables as at 1 January 2023	135,631	254,098	186,394	576,123
Transfer from stage 1 to stage 2	(1,993)	1,993	–	–
Transfer from stage 2 to stage 1	51,749	(51,749)	–	–
Net ECL allowance recognised/(reversed)	(93,009)	189,087	(4,911)	91,167
Provision for impairment loss of loan and lease receivables as at 31 December 2023	92,378	393,429	181,483	667,290

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) ***Credit risk*** *(Continued)*

Provision for impairment loss (Continued)

The gross carrying amount of the loan and lease receivables explains the significance to the changes is the provision above.

	Stage 1 12-month ECL HK$'000	**Stage 2 Lifetime ECL** HK$'000	**Stage 3 Lifetime ECL** HK$'000	**Total** HK$'000
Loan and lease receivables as at 1 January 2024	**20,570,820**	**3,649,319**	**181,483**	**24,401,622**
Transfer from stage 2 to stage 1	**366,976**	**(366,976)**	**–**	**–**
Transfer from stage 2 to other receivables	**–**	**(523,905)**	**–**	**(523,905)**
Loan and lease receivables derecognised during the year other than write-off	**(2,295,960)**	**(156,200)**	**–**	**(2,452,160)**
Exchange rate realignment	**(16,568)**	**–**	**(4,261)**	**(20,829)**
Loan and lease receivables as at 31 December 2024	**18,625,268**	**2,602,238**	**177,222**	**21,404,728**
Loan and lease receivables as at 1 January 2024	17,882,955	3,116,292	187,176	21,186,423
Transfer from stage 1 to stage 2	(353,866)	353,866	–	–
Transfer from stage 2 to stage 1	344,143	(344,143)	–	–
Loan and lease receivables originated/ (derecognised) during the year other than write-off	2,712,729	523,304	(4,911)	3,231,122
Exchange rate realignment	(15,141)	–	(782)	(15,923)
Loan and lease receivables as at 31 December 2023	20,570,820	3,649,319	181,483	24,401,622

Write-off policy

The Group writes off loan and lease receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity.

The Group may write-off loan and lease receivables that are still subject to enforcement activity.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(i) Credit risk *(Continued)*

Modification

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. The Group considers the impact from such modification is not significant.

(ii) Liquidity risk

The Group is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board of directors when borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The tables below analyse the Group's financial assets and liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial assets and liabilities, and

(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(ii) Liquidity risk** (Continued)*

Financial assets

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	After 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amounts HK$'000
As at 31 December 2024						
Derivative financial assets	**404,865**	–	–	–	**404,865**	**404,865**
Financial assets at fair value through profit or loss and other comprehensive income	**2,136,047**	–	–	–	**2,136,047**	**2,136,047**
Loan and lease receivables	**3,535,586**	**2,892,025**	**7,841,538**	**16,964,375**	**31,233,524**	**20,714,833**
Other receivables (excluding prepayments)	**168,211**	–	–	–	**168,211**	**168,211**
Amounts due from associates and joint ventures	**313,028**	–	–	–	**313,028**	**313,028**
Cash and cash equivalents and time deposits with maturity over three months	**1,909,346**	–	–	–	**1,909,346**	**1,909,346**
	8,467,083	**2,892,025**	**7,841,538**	**16,964,375**	**36,165,021**	**25,646,329**

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	After 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amounts HK$'000
As at 31 December 2023						
Derivative financial assets	424,226	–	–	–	424,226	424,226
Financial assets at fair value through profit or loss and other comprehensive income	723,925	–	–	–	723,925	723,925
Loan and lease receivables	5,044,512	3,289,929	10,872,380	13,944,984	33,151,805	23,734,332
Other receivables (excluding prepayments)	216,296	–	–	–	216,296	216,296
Amounts due from associates, joint ventures and fellow subsidiaries	137,123	–	–	–	137,123	137,123
Cash and cash equivalents and time deposits with maturity over three months	1,136,920	–	–	–	1,136,920	1,136,920
Pledged time deposits	5,144	–	–	–	5,144	5,144
	7,688,146	3,289,929	10,872,380	13,944,984	35,795,439	26,377,966

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(ii) Liquidity risk** (Continued)*

Financial liabilities

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	After 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amounts HK$'000
As at 31 December 2024						
Borrowings	**11,179,712**	**7,835,845**	**4,513,704**	**7,064,602**	**30,593,863**	**27,587,155**
Derivative financial liabilities	**195,801**	**–**	**–**	**–**	**195,801**	**195,801**
Amounts due to non-controlling interests	**131,884**	**–**	**–**	**–**	**131,884**	**131,884**
Other payables and accruals (excluding deposits received)	**794,084**	**–**	**–**	**–**	**794,084**	**794,084**
Lease liabilities	**51,191**	**50,053**	**146,959**	**198,352**	**446,555**	**348,311**
	12,352,672	**7,885,898**	**4,660,663**	**7,262,954**	**32,162,187**	**29,057,235**
Financial guarantees issued						
Maximum amount guaranteed	**6,810,604**	**–**	**–**	**–**	**6,810,604**	**–**

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	After 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amounts HK$'000
As at 31 December 2023						
Borrowings	9,216,103	7,742,027	11,797,982	6,119,401	34,875,513	31,333,427
Derivative financial liabilities	98,291	–	–	–	98,291	98,291
Amounts due to a joint venture and non-controlling interests	370,177	–	–	–	370,177	370,177
Other payables and accruals (excluding deposits received)	88,136	–	–	–	88,136	88,136
Lease liabilities	13,490	4,607	4,572	3,556	26,225	23,956
	9,786,197	7,746,634	11,802,554	6,122,957	35,458,342	31,913,987
Financial guarantees issued						
Maximum amount guaranteed	5,280,084	–	–	–	5,280,084	–

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(ii) Liquidity risk *(Continued)*

Financial liabilities (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the directors considered that it was not probable that the borrower of the loan would default the repayment of the loan and therefore no provision for the Group's obligation under the guarantee has been made.

(iii) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises primarily from its loan receivables and bank borrowings with floating interest rate which expose the Group to cash flow interest rate risk. The Group hedges the cash flow volatility risk as the result of the interest rate fluctuation through derivatives such as interest rate swap contracts. The Group switches the floating rate into fixed rate through interest rate swap contract to effectively match the future fixed lease income, and fix the interest spread. The interest rate swap settles at maturity. The Group will settle the difference between the fixed and floating interest rate on a net basis. The Group's hedge relationship between interest rate swaps and the designated hedged items were highly effective.

Interest rate profile

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

	2024 HK$'000	2023 HK$'000
Loan and lease receivables	**10,996,232**	16,511,380
Borrowings	**8,988,580**	15,904,429

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(iii) Cash flow and fair value interest rate risk *(Continued)*

Instruments used by the Group

Swaps currently in place cover approximately 34% (2023: 21%) of the variable loan principal outstanding. The fixed interest rates of the swaps range between 0.72% and 3% (2023: 0.72% and 3%), and the variable rates of the loans are mainly at 3 month SOFR rate (2023: 3 month SOFR rate) which, at the end of the reporting period, was 4.69% (2023: 5.36%). The swap contracts require settlement of net interest receivable or payable every 3 months. The settlement dates coincide with or are close with the dates on which interest is payable on the underlying debt. The details and effects of the interest rate swaps on the Group's consolidated financial position and performance are as follows:

	2024 HK$'000	2023 HK$'000
Interest rate swaps designated as cash flow hedges		
Carrying amount	**331,831**	346,921
Notional amount	**3,032,112**	3,342,905
Hedge ratio	**1:1**	1:1
Weighted average hedged rate for the year	**1.58%**	1.59%
	Year	Year
Maturity date	**2028-2032**	2028-2032

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after taxation and retained profits by approximately HK$16,764,000 (2023: HK$5,068,000). Other components of equity would not be affected by the changes in interest rates.

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

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

(iv) Foreign currency risk

The Group has foreign currency income, expenses and fund remittances, which expose the Group to foreign currency risk. Since the fluctuation of US$ and HK$ is minimal under the Linked Exchanged Rate System, the directors of the Company consider the Group mainly exposes to Euro ("**EUR**"), Singapore dollars ("**SGD**") and Renminbi ("**RMB**"). The Group manages the foreign exchange risks by performing regular reviews of the Group's net foreign exchange exposure.

The carrying amounts of the Group's significant foreign currency denominated financial assets and liabilities as at 31 December 2024 and 2023, translated into Hong Kong dollars at the closing rates, are as follows:

	As at 31 December 2024			As at 31 December 2023		
	EUR	**SGD**	**RMB**	EUR	SGD	RMB
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Loan and lease receivables	**948,148**	**–**	**955,093**	1,306,589	–	703,829
Prepayments, deposits and other receivables	**–**	**–**	**22,850**	–	–	9,086
Cash and cash equivalents	**48,549**	**3,375**	**1,104,911**	25,875	3	580,067
Other payables and accruals	**(6,983)**	**(3,925)**	**(39,586)**	(21,249)	–	(46,788)
Borrowings	**(1,200,167)**	**–**	**(8,409,179)**	(1,225,510)	–	(5,248,204)
Net exposure	**(210,453)**	**(550)**	**(6,365,911)**	85,705	3	(4,002,010)

3. Financial risk management *(Continued)*

3.2 Financial risk factors *(Continued)*

***(iv) Foreign currency risk** (Continued)*

The following table details the Group's sensitivity to a 5% increase in the relevant functional currencies against HK$ as at 31 December 2024. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation for 5% change in foreign currency rates during the year. A positive/negative number indicates an increase/a decrease in profit for the year where respective functional currencies strengthening 5% as at 31 December 2024. During the year, for a 5% weakening of respective functional currencies against HK$, there would be an equal but opposite impact on the profit for the year.

	2024 HK$'000	2023 HK$'000
EUR	**(8,786)**	3,578
SGD	**(23)**	–*
RMB	**(265,777)**	(167,084)

* Less than HK$1,000

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

The Group monitors its capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including "bank borrowings", "bonds" and "other borrowings" as disclosed in note 24 to the consolidated financial statements).

3. Financial risk management *(Continued)*

3.3 Capital risk management *(Continued)*

The gearing ratios as at 31 December 2024 and 2023 were as follows:

	2024 HK$'000	2023 HK$'000
Borrowings	**27,587,155**	31,333,427
Total equity	**14,298,036**	12,829,911
Gearing ratio	**1.9 times**	2.4 times

Loan covenants

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- the debt to asset ratio must be not more than 85%, and
- the ratio of net finance cost to earnings before interest, tax, depreciation and amortisation ("**EBITDA**") must be not more than 62%.

The Group has complied with these covenants throughout the reporting period.

3.4 Fair value estimation

The three levels of a fair value hierarchy of financial instruments carried at fair value have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and not using significant unobservable inputs (level 2);
- Inputs for the asset or liability that are not based on observable market data (these are, significant unobservable inputs) (level 3).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3. Financial risk management *(Continued)*

3.4 Fair value estimation *(Continued)*

The following table presents the Group's financial assets and financial liabilities that are measured at fair value as at:

Fair value hierarchy

	Notes	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2024					
Financial assets					
Derivative financial assets	18	**–**	**404,865**	**–**	**404,865**
Financial assets at fair value through profit or loss	20	**–**	**457,312**	**–**	**457,312**
Financial assets at fair value through other comprehensive income	21	**1,678,735**	**–**	**–**	**1,678,735**
Total financial assets at fair values		**1,678,735**	**862,177**	**–**	**2,540,912**
At 31 December 2023					
Financial assets					
Derivative financial assets	18	–	424,226	–	424,226
Financial assets at fair value through profit or loss	20	–	296,157	–	296,157
Financial assets at fair value through other comprehensive income	21	427,768	–	–	427,768
Total financial assets at fair values		427,768	720,383	–	1,148,151

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3. Financial risk management *(Continued)*

3.4 Fair value estimation *(Continued)*

Fair value hierarchy *(Continued)*

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

There was no transfer among level 1, 2 and 3 during the year.

The carrying values of the Group's financial assets and financial liabilities carried at amortised costs approximate their fair values due to their short-term maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

3.5 Offsetting financial assets and financial liabilities

There is no material offsetting, enforceable master netting arrangement and similar agreements as at 31 December 2024 and 2023.

4. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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

Classification of leases

The Group has entered into certain agreements whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased vessels to the lessees/borrowers, as the present values of the minimum lease payments of the lease amounts to at least substantially all of the fair value of the leased assets at the inception of the leases. Accordingly, the Group has excluded the vessels from its consolidated statement of financial position and has instead, recognised as finance lease receivables. Otherwise, the Group includes the vessels under operating lease in property, plant and equipment.

The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant arrangements relating to the lease and this has involved critical judgments by management. In particular, management assessed the lease term, the present value of minimum lease payments, the nature of leased assets, and that there were no ownership transfers and no purchase options at the end of the lease terms. The key judgments are in respect of the economic lives and fair values of the leased assets and the incremental borrowing rate in the calculation of the present value of minimum lease payments, and whether the purchases option will be exercised. As set out in notes 13 and 17.2 to the consolidated financial statements, vessels in property, plant and equipment and lease receivables consist of leasing during 2024 and 2023. As at 31 December 2024, the carrying amounts of vessels and construction in progress in property, plant and equipment and lease receivables are HK$15,981,805,000 (2023: HK$15,148,542,000), HK$406,835,000 (2023: HK$1,069,152,000) and HK$14,331,654,000 (2023: HK$16,526,516,000), respectively.

4. Significant accounting judgments and estimates *(Continued)*

Impairment loss for loan and lease receivables

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

The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default corrections between counterparties. The Group measures credit risk using PD, EAD and LGD.

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

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

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

(1) Consideration on whether the loan and lease receivables to have experienced a significant increase in credit risk,

(2) Identification of default and credit-impaired assets,

(3) Inputs, assumptions and estimation techniques in measuring ECL, and

(4) Forward-looking information incorporated in the ECL models.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL, and the carrying amounts of loan and lease receivables as at 31 December 2024, are disclosed in further detail in note 3.2(i) to the consolidated financial statements.

4. Significant accounting judgments and estimates *(Continued)*

Useful lives and residual value of property, plant and equipment

The Group estimates residual values of its vessels by reference to the lightweight tonnes of the vessels and the average demolition steel price of similar vessels in the market.

The Group estimates the useful life of its vessels with reference to the average historical useful life of similar vessels, their expected usage, expected repair and maintenance programme, and technical or commercial obsolescence arising from changes or improvements in the shipping market.

The carrying amount of vessels is disclosed in note 13 to the consolidated financial statements.

Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of property, plant and equipment is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgments are applied in determining these future cash flows and the discount rate. The Group estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business. The carrying amount of property, plant and equipment is disclosed in note 13 to the consolidated financial statements.

Income taxes

Significant management judgments on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Estimation of the fair values of financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets. The carrying amounts of financial assets measured at fair value are disclosed in notes 20 and 21 to the consolidated financial statements.

Lease term and discount rate determination

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the discount rate, the Group is required to exercise considerable judgment in relation to determining the discount rate taking into account the nature of the underlying asset and the terms and conditions of the leases, at both the commencement date and the effective date of the modification.

4. Significant accounting judgments and estimates *(Continued)*

Impairment of investments in associates and joint ventures

The Group assesses whether there are any indicators of impairment for investments in associates and joint ventures at the end of each reporting period. Investments in associates and joint ventures are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of investment in associates or joint ventures exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, the Group must estimate the present values of cash flows expected to arise from continuing to hold the investments and choose a discount rate commensurate with the associated risk in order to calculate the present values of those cash flows. The carrying amounts of investments in associates and joint ventures are disclosed in notes 16 and 15 to the consolidated financial statements, respectively.

5. Segment information and revenue

The chief operating decision maker ("**CODM**") has been identified as the executive director of the Company. The executive directors review the Group's internal reporting in order to assess performance and allocate resources.

During the year, the Group changed its identification of reportable segments. The Group combined income from operating lease services and shipbroking services to the integrated shipping services segment; and combined income from finance lease services and loan borrowing services to the financing services segment. In the opinion of the directors, the revised basis of segment identification provides a more appropriate presentation of segment information and reflects the changes in CODM's review on the Group's internal reporting of performance assessment and resources allocation. Prior year's segment information has been restated for comparative purposes.

Management has determined the operating segments based on these reports and analysed from a business perspective: (i) integrated shipping services and (ii) financing services.

Integrated shipping services

Integrated shipping services include operating lease services to the Group's customers and shipbroking services to shipbuilders and charterers. Operating lease refers to a leasing model whereby the lessor grants the right to use an asset to the lessee for a specified period and in return for periodic lease payments. Shipbroking services to shipbuilders includes recommending shipbuilders to interested purchasers and advising interested purchasers on vessel types, specifications and capabilities. Shipbroking services to charterers includes advising interested charterers to lease the vessels in form of finance lease and operating lease and advising interested charterers on vessel types, specifications and capabilities.

Financing services

Financing services include finance lease services and loan borrowing services to the Group's customers. Finance lease refers to a leasing model whereby the lessor purchases an asset according to the lessee's specific requirements and choice of supplier or the lessor purchases an asset from the lessee, and then leases it to the lessee for periodic lease payments. Loan borrowings mainly include pre-delivery loans and secured loans. Pre-delivery loan services are offered as part of leasing services and to customers who require funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. Secured loan services are offered to customers to satisfy their funding needs and are generally secured by customers' vessels or assets.

5. Segment information and revenue *(Continued)*

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

The Group derives revenue from the following:

	2024 HK$'000	2023 HK$'000 (Restated)
Integrated shipping services		
– Operating lease services	**2,235,972**	1,819,906
– Shipbroking services	**33,545**	28,372
	2,269,517	1,848,278
Financing services		
– Finance lease services	**1,219,700**	1,171,775
– Loan borrowing services	**545,152**	606,095
	1,764,852	1,777,870
	4,034,369	3,626,148

Commission income received from charterer included in shipbroking services, is recognised over time and commission income received from shipbuilder, including in shipbroking services, is recognised at point in time during the year.

For the year ended 31 December 2024, commission income included in shipbroking services are recognised at a point in time and over time amounting to HK$1,852,000 and HK$31,693,000 (2023: HK$8,646,000 and HK$19,726,000) respectively.

For the year ended 31 December 2024, revenue from non-lease component included in leasing services amounting to HK$162,429,000 (2023: HK$193,714,000).

For the year ended 31 December 2024, lease income relating to variable lease payments not included in the net investment in the lease amounted to HK$165,086,000 (2023: HK$438,880,000).

5. Segment information and revenue *(Continued)*

Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by CODM internally. Accordingly, no segment assets and liabilities are presented.

Geographic information

During the year, the Group provided a majority of leasing services and financing and other services to customers mainly located in the PRC, Asia, United States and Europe.

The Group's assets, consisted of its property, plant and equipment, right-of-use assets, joint ventures and associates. The vessels (included in property, plant and equipment) are primarily utilised across geographical markets throughout the world. Accordingly, it is impractical to present the locations of the vessels by geographical areas and thus no analysis by geographical area is presented.

Information about major customers

Details of revenue from external customers individually contributed over 10% of the Group's revenue during the year are as follows:

	2024	2023
	HK$'000	HK$'000
Customer A in the loan borrowings services	**414,589**	449,966
Customer B in the operating lease services (note a)	**454,274**	N/A
Customer C in the finance lease services	**446,978**	437,223
Customer D in the operating lease services (note b)	**N/A**	405,327

Notes:

(a) The corresponding revenue did not individual contribute over 10% of the Group's revenue for the year ended 31 December 2023.

(b) The corresponding revenue did not individual contribute over 10% of the Group's revenue for the year ended 31 December 2024.

6. Other income

Other income recognise during the year are as follows:

	2024 HK$'000	2023 HK$'000
Interest income from		
– financial assets at fair value through profit or loss	–	7,867
– financial assets at fair value through other comprehensive income	**41,387**	19,705
– bank deposits	**32,784**	33,621
Government subsidies	–	4,396
	74,171	65,589

7. Finance costs and bank charges

	2024 HK$'000	2023 HK$'000
Interest and charges on bonds	**343,642**	301,460
Interest and charges on bank borrowings	**625,749**	862,908
Interest and charges on other borrowings	**60,951**	2,898
Interest on lease liabilities	**20,975**	1,195
Bank charges	**5,741**	4,538
	1,057,058	1,172,999
Less: finance costs capitalised	**(9,504)**	(66,694)
	1,047,554	1,106,305

8. Profit from operations

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

	2024 HK$'000	2023 HK$'000
Depreciation on		
– property, plant and equipment	**566,478**	477,742
– right-of-use assets	**12,238**	15,195
Foreign exchange gain, net	**(46,756)**	(981)
Employee benefits expenses (note 10)	**105,268**	106,306
Gain on disposal of partial interests in an associate (note 16)	**(9,930)**	–
Net unrealised gain on changes in fair value of financial assets at fair value through profit or loss	**(28,895)**	(21,374)
Net gain on disposal of debt instruments at fair value through other comprehensive income (recycling)	**–**	(120)
Net gain on disposal of vessels and property, plant and equipment	**(57,276)**	(26,206)
Net gain on de-recognition of finance lease receivables	**(200,013)**	(122,419)
Auditors' remuneration		
– audit services	**4,875**	4,472
– non-audit services	**1,570**	1,425

9. Income tax expense

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

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

PRC corporate income tax is charged at the statutory rate of 25% (2023: 25%) based on the estimated assessable income as determined with the relevant tax rules and regulations of the PRC.

Malta corporate income tax is charged at the statutory rate of 35% (2023: 35%) of the estimated assessable income as determined with the relevant tax rules and regulations of Malta. Normally, 6/7 of the tax paid would be deducted, taking the effective tax rate to be 5%.

Income tax expense in the consolidated income statement represents:

	2024 **HK$'000**	2023 HK$'000
Current taxation		
– Hong Kong profits tax	**15,046**	10,978
– Overseas taxation	**21,197**	22,106
(Over)/Under provision in respect of prior years		
– Hong Kong profits tax	**(9,744)**	562
– Overseas taxation	**(70)**	(2,875)
	26,429	30,771
Deferred tax		
– Origination and reversal of temporary differences (note 27)	**(1,214)**	1,383
Income tax expense	**25,215**	32,154

9. Income tax expense *(Continued)*

Reconciliation between income tax expense and profit before income tax at the applicable tax rate:

	2024 HK$'000	2023 HK$'000
Profit before income tax	**2,180,358**	1,943,821
(Less)/Add:		
Share of results of joint ventures	**(490,103)**	(426,653)
Share of results of associates	**12,056**	30,285
	1,702,311	1,547,453
Calculated at tax rate of 16.5%	**280,882**	255,330
Effect of different tax rates in other countries	**(18,832)**	(29,440)
Tax effect of income not subject to tax	**(719,396)**	(547,232)
Tax effect of expenses not deductible for tax purpose	**492,375**	341,586
Tax effect of tax losses not recognised	**–**	14,223
Over-provision in prior years	**(9,814)**	(2,313)
Income tax expense	**25,215**	32,154

OECD Pillar Two Model Rules

In December 2021, OECD released the Pillar Two Model Rules (also referred to as the "**Global Anti-Base Erosion**" or "**GloBE**" Rules) to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million are subject to GloBE Rules. They are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be liable to pay a minimum effective tax rate of 15%.

The Group, together with China State Shipbuilding Corporation Limited (中國船舶集團有限公司) ("**China Shipbuilding Group**"), has consolidated revenues exceeding EUR750 million and thus fall within the scope of GloBE Rules. Under these rules, the Group's profits derived from international shipping and certain related ancillary activities are exempted, while other non-qualifying profits will be subject to the minimum tax rate. For the year ended 31 December 2024, the Income Inclusion Rule ("**IIR**") under GloBE Rules are only applicable in Cyprus among all the jurisdictions in which the Group operates, and the related current tax expense is assessed to be immaterial.

The Group also applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and would account for the tax as current tax when incurred, as provided in the Amendments to HKAS12 issued in July 2023.

9. Income tax expense *(Continued)*

OECD Pillar Two Model Rules *(Continued)*

Hong Kong has released the draft legislation to implement Pillar Two Model Rules domestically, but the rules have not yet been substantively enacted as of the date of this report. Subject to the approval of the Legislative Council, the rules which consist of the IIR and the Hong Kong Minimum Top-up Tax ("**HKMTT**") will apply retrospectively from 1 January 2025 onwards. This will bring the whole of the Group under the Pillar Two Model Rules for the accounting year ending 31 December 2025. For other jurisdictions where Pillar Two Model Rules have been enacted or substantively enacted as of the date of this report and are applicable to the Group from 1 January 2025 onwards, such as Singapore, the current tax exposure estimated based on the Group's financial information is assessed to be immaterial.

As the Group is assessed to be not a minority-owned constituent entity, if there is any potential top-up tax for China Shipbuilding Group and its subsidiaries ("**CSSC Group**"), it is possible that relevant tax may be further allocated or recharged to respective entities of the CSSC Group that contribute to the top-up tax. The GloBE Rules are highly complicated and would involve interpretation of laws as well as inputs from upstream entities (i.e. CSSC Group), hence, the relevant quantitative impact of application of GloBE Rules is not yet reasonably estimable. The Group would continue to analyse and assess the impact brought by Pillar Two Model Rules.

10. Employee benefits expenses and five highest paid individuals

	2024 HK$'000	2023 HK$'000
Wages, salaries, other allowances and benefits in kind (including directors' emoluments)	**93,227**	97,124
Retirement benefit costs (Note)	**8,635**	7,441
Share-based payment expenses	**3,406**	1,741
	105,268	106,306

Note:

At 31 December 2024 and 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

For the years ended 31 December 2024 and 2023, there is no director within the five highest paid individuals.

10. Employee benefits expenses and five highest paid individuals *(Continued)*

The remuneration paid to the five (2023: five) highest individuals are as follows:

	2024 HK$'000	2023 HK$'000
Wages, salaries, other allowances and benefits in kind	**11,169**	12,210
Retirement benefit costs	**1,800**	1,706
	12,969	13,916

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

	2024 HK$'000	2023 HK$'000
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**2**	1
HK$2,500,001 to HK$3,000,000	**3**	3
HK$3,000,001 to HK$3,500,000	**–**	1

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2024 and 2023.

In addition to the above remuneration, certain highest paid individuals were granted share options under the share option scheme, details of which were disclosed in note 30.

11. Benefits and Interests of Directors (Disclosures Required by Section 383(1) of the Companies Ordinance (Cap. 622), Part 2 of the Companies (Disclosure of Information About Benefits of Directors) Regulation (Cap. 622g) and Listing Rules)

The remuneration of every director are set out below:

	Year ended 31 December 2024				
Name of Directors	**Fees HK$'000**	**Salaries and allowances HK$'000**	**Discretionary bonus (note ii) HK$'000**	**Employer's contribution to retirement benefit scheme HK$'000**	**Total HK$'000**
Chairman and Executive Director					
LI HONGTAO (note i and ix)	–	**498**	**737**	**173**	**1,408**
ZHONG JIAN (note i and viii)	–	**227**	**776**	**96**	**1,099**
Non-Executive Directors					
ZHANG YI	–	–	–	–	–
ZHANG QIPENG	–	–	–	–	–
CHI BENBIN (note vii)	–	–	–	–	–
Independent Non-Executive Directors					
SHING MO HAN YVONNE	**400**	–	–	–	**400**
LI HONGJI	**400**	–	–	–	**400**
WANG DENNIS	**400**	–	–	–	**400**
Total	**1,200**	**725**	**1,513**	**269**	**3,707**

	Year ended 31 December 2023				
Name of Directors	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus (note ii) HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Chairman and Executive Director					
ZHONG JIAN (note i)	–	923	330	351	1,604
Non-Executive Directors					
ZOU YUANJING (note vi)	–	–	–	–	–
ZHANG YI	–	–	–	–	–
ZHANG QIPENG	–	–	–	–	–
CHI BENBIN (note vii)	–	–	–	–	–
Independent Non-Executive Directors					
SHING MO HAN YVONNE	400	–	–	–	400
LI HONGJI	400	–	–	–	400
WANG DENNIS	400	–	–	–	400
Total	1,200	923	330	351	2,804

11. Benefits and Interests of Directors (Disclosures Required by Section 383(1) of the Companies Ordinance (Cap. 622), Part 2 of the Companies (Disclosure of Information About Benefits of Directors) Regulation (Cap. 622g) and Listing Rules) *(Continued)*

Notes:

i. The remuneration represents remuneration received from the Group by these directors in their capacity as employees to the Company and no directors waived any emolument during the year ended 31 December 2024 (2023: nil).

ii. The bonus is determined with reference to the operating results, individual performance and comparable market statistics during both years.

iii. During the year ended 31 December 2024, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2023: nil). No consideration was provided to or receivable by third parties for making available directors' services (2023: nil). There are no loans, quasi loans or other dealings in favour of the directors, their controlled body corporate and connected entities (2023: nil). No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the Directors during the year ended 31 December 2024 (2023: nil).

iv. No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the year. No director waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

v. In addition to the above emoluments, certain directors of the Company were granted share options under the share option scheme, details of which were disclosed in note 30.

vi. Mr. Zou Yuanjing resigned as a non-executive director of the Company with effect from 24 February 2023.

vii. Mr. Chi Benbin was appointed as the Company's non-executive director on 24 February 2023.

viii. Ms. Zhong Jian resigned as the chairman and executive director on 23 May 2024.

ix. Mr. Li Hongtao was appointed as the chairman and executive director on 23 May 2024.

12. Earnings per share

The calculation of basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	2024 HK$'000	2023 HK$'000
Earnings		
Profit attributable to equity holders of the Company for the purposes of basic and diluted earnings per share	**2,105,663**	1,901,606
	Number '000	Number '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**6,151,815**	6,136,346
Effect of dilutive potential ordinary shares		
Share options issued by the Company	**14,451**	1,490
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**6,166,266**	6,137,836
	HK$	HK$
Earnings per share		
Basic	**0.342**	0.310
Diluted	**0.341**	0.310

The calculation of the diluted earnings per share for the year ended 31 December 2023 has not taken into account the effect of the share options of the Company granted on 30 April 2021 as they are considered as anti-dilutive.

13. Property, plant and equipment

	Construction in progress HK$'000	Vessels HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
Cost						
At 1 January 2024	**1,069,152**	**17,216,778**	**1,838**	**13,245**	**19,268**	**18,320,281**
Additions	**1,039,919**	**–**	**465**	**1,108**	**–**	**1,041,492**
Transfers	**(1,702,236)**	**1,702,236**	**–**	**–**	**–**	**–**
Disposals	**–**	**(423,642)**	**(1,819)**	**(1,147)**	**(1,034)**	**(427,642)**
Exchange differences	**–**	**–**	**(25)**	**(207)**	**(214)**	**(446)**
At 31 December 2024	**406,835**	**18,495,372**	**459**	**12,999**	**18,020**	**18,933,685**
Accumulated depreciation						
At 1 January 2024	**–**	**2,068,236**	**1,443**	**8,155**	**15,112**	**2,092,946**
Charge for the year	**–**	**561,863**	**75**	**1,448**	**3,092**	**566,478**
Written back on disposals	**–**	**(116,532)**	**(1,468)**	**(775)**	**(1,034)**	**(119,809)**
Exchange differences	**–**	**–**	**(15)**	**(104)**	**(187)**	**(306)**
At 31 December 2024	**–**	**2,513,567**	**35**	**8,724**	**16,983**	**2,539,309**
Net carrying amount At 31 December 2024	**406,835**	**15,981,805**	**424**	**4,275**	**1,037**	**16,394,376**
Cost						
At 1 January 2023	3,160,998	14,410,507	1,880	8,351	19,714	17,601,450
Additions	2,671,672	16,109	–	5,021	3	2,692,805
Transfers	(4,707,432)	3,001,440	–	–	–	(1,705,992)
Disposals	–	(211,278)	–	(5)	(222)	(211,505)
Written off	(56,086)	–	–	–	–	(56,086)
Exchange differences	–	–	(42)	(122)	(227)	(391)
At 31 December 2023	1,069,152	17,216,778	1,838	13,245	19,268	18,320,281
Accumulated depreciation						
At 1 January 2023	–	1,658,240	1,394	6,376	10,688	1,676,698
Charge for the year	–	471,015	81	1,856	4,790	477,742
Written back on disposals	–	(61,019)	–	(5)	(222)	(61,246)
Exchange differences	–	–	(32)	(72)	(144)	(248)
At 31 December 2023	–	2,068,236	1,443	8,155	15,112	2,092,946
Net carrying amount At 31 December 2023	1,069,152	15,148,542	395	5,090	4,156	16,227,335

14. Right-of-use assets

	HK$'000
Cost	
At 1 January 2024	**68,351**
Addition	**3,998**
Written off	**(42,705)**
Exchange differences	**(504)**
At 31 December 2024	**29,140**
Accumulated depreciation	
At 1 January 2024	**45,463**
Charge for the year	**12,238**
Written off	**(40,162)**
Exchange differences	**(294)**
At 31 December 2024	**17,245**
Net carrying amount	
At 31 December 2024	**11,895**
Cost	
At 1 January 2023	63,214
Addition	10,077
Written off	(4,450)
Exchange differences	(490)
At 31 December 2023	68,351
Accumulated depreciation	
At 1 January 2023	34,974
Charge for the year	15,195
Written off	(4,450)
Exchange differences	(256)
At 31 December 2023	45,463
Net carrying amount	
At 31 December 2023	22,888

14. Right-of-use assets *(Continued)*

The Group leases various offices and apartments. Rental contracts are typically entered into for fixed periods of 3 to 8 years without any extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

15. Interests in joint ventures

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**1,469,330**	1,093,817
Capital injection to a joint venture	**5**	–
Distribution from a joint venture	**(112,536)**	–
Share of results of joint ventures	**490,103**	426,653
Share of other comprehensive income of joint ventures, net	**(4,479)**	(14,574)
Dividends received	**(214,224)**	(36,566)
At the end of the year	**1,628,199**	1,469,330

As at 31 December 2024 and 2023, details of the Group's interests in joint ventures which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	**Place of incorporation/ registration and operation**	**Percentage of equity attributable to the Company at 31 December 2024**	2023	**Principal activities**
Sino Singapore Maritime Pte. Ltd.	Singapore	**50%**	50%	Vessel owning and chartering
Ocean Classic Limited	British Virgin Islands ("**BVI**")	**50%**	50%	Vessel owning and chartering
Vista Shipping Pte. Limited	Singapore	**50%**	50%	Vessel owning and chartering
Sea Jade Investment Limited	Marshall Islands	**25%**	25%	Vessel owning and chartering
Ocean Jade Investment Limited	Marshall Islands	**25%**	N/A	Vessel owning and chartering
Golden Pegasus Shipping Company Limited	Hong Kong	**50%**	N/A	Vessel owning and chartering

All joint ventures have a reporting date of 31 December.

15. Interests in joint ventures *(Continued)*

Summarised financial information for material joint ventures

The tables below provide summarised financial information of the joint venture that is material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Sino Singapore Maritime Pte. Ltd. 2024 HK$'000
Current assets	**895,989**
Non-current assets	**1,553,346**
Current liabilities	**(94,564)**
Non-current liabilities	**(800,183)**
Revenue	**628,432**
Profit for the year	**608,537**
Other comprehensive income	**(8,959)**
Total comprehensive income	**599,578**
Cash and cash equivalents	**758,836**
Current financial liabilities (excluding trade and other payables and provisions)	**(94,460)**
Non-current financial liabilities (excluding trade and other payables and provisions)	**(800,813)**
Depreciation and amortisation	**(79,883)**
Gain on disposal of vessels	**266,131**
Interest income	**503**
Interest expense	**(44,556)**
Income tax expense	**–**

Reconciliation of summarised financial information:

	Sino Singapore Maritime Pte. Ltd. 2024 HK$'000
Opening net assets as at 1 January	**1,608,530**
Distribution to shareholders	**(225,073)**
Profit for the year	**608,537**
Other comprehensive expense	**(8,959)**
Dividend paid	**(428,447)**
Closing net assets as at 31 December	**1,554,588**
Interest in joint venture	**50%**
Share of net assets	**777,294**
Carrying value	**777,294**

15. Interests in joint ventures *(Continued)*

Summarised financial information for material joint ventures *(Continued)*

	Sino Singapore Maritime Pte. Ltd. 2023 HK$'000
Current assets	783,773
Non-current assets	2,158,008
Current liabilities	(123,237)
Non-current liabilities	(1,210,014)
Revenue	648,269
Profit for the year	372,875
Other comprehensive income	(29,148)
Total comprehensive income	343,727
Cash and cash equivalents	477,089
Current financial liabilities (excluding trade and other payables and provisions)	112,059
Non-current financial liabilities (excluding trade and other payables and provisions)	1,210,014
Depreciation and amortisation	(92,318)
Interest income	118
Interest expense	(53,524)
Income tax expense	–

Reconciliation of summarised financial information:

	Sino Singapore Maritime Pte. Ltd. 2023 HK$'000
Opening net assets as at 1 January	1,337,935
Profit for the year	372,875
Other comprehensive expense	(29,148)
Dividend paid	(73,132)
Closing net assets as at 31 December	1,608,530
Interest in joint venture	50%
Share of net assets	804,265
Carrying value	804,265

15. Interests in joint ventures *(Continued)*

The aggregate amount of the Group's share of results of its joint ventures, which are individually immaterial, is as follows:

	2024 HK$'000	2023 HK$'000
Aggregate carrying amount of individual joint ventures in the consolidated financial statements	**850,905**	665,065

	2024 HK$'000	2023 HK$'000
Net profit for the year	**185,835**	240,216
Other comprehensive income for the year	**–**	–

Commitments of joint ventures in respect of construction of vessels as at 31 December 2024 attributable to the Group were HK$3,682,504,000 (2023: HK$1,902,705,000).

16. Interests in associates

The aggregate amount of the Group's share of results of its associates, which are individually immaterial, is as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**97,372**	52,429
Capital injection to an associate	**111,284**	76,507
Distribution from an associate	**(8,060)**	–
Share of results of associates	**(12,056)**	(30,285)
Disposal of partial interests in an associate	**(858)**	–
Dividends received	**(645)**	–
Exchange differences	**3,201**	(1,279)
At the end of the year	**190,238**	97,372

16. Interests in associates *(Continued)*

As at 31 December 2024 and 2023, details of the Group's interests in associates which are unlisted corporate entities whose quoted market price is not available, are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Company at 31 December 2024	2023	Principal activities
Nor Solan I Pte. Ltd.	Singapore	**28%**	28%	Chartering services
Nor Solan II Pte. Ltd.	Singapore	**28%**	28%	Chartering services
Guoxin CSSC (Qing dao) Marine Technology Company Limited* 國信中船(青島)海洋科技有限公司	The PRC	**26%**	26%	Marine technology
Glory Shipping Pte. Ltd.	Singapore	**35%**	35%	Not yet commence business
CSSC SDARI Energy Saving Technology (Shanghai) Company Limited* 中船斯達瑞節能科技(上海)有限公司	The PRC	**20%**	20%	Energy saving technology
Zhendui Industrial Intelligent Technology Co., Ltd.* ("**Zhendui**") 震兌工業智能科技有限公司	The PRC	**14%**	16%	Marine technology

* The English name of the associates represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

Commitments of associates in respect of construction of vessels as at 31 December 2024 attributable to the Group were HK$15,522,000 (2023: HK$127,875,000).

All associates have a reporting date of 31 December.

17. Loan and lease receivables

	Notes	As at 31 December 2024 Gross amount HK$'000	Allowance for impairment losses HK$'000	Net carrying amount HK$'000
Loan borrowings	17.1	**6,190,388**	**(72,067)**	**6,118,321**
Lease receivables	17.2	**14,949,482**	**(617,828)**	**14,331,654**
Loans to joint ventures	17.3	**264,858**	**–**	**264,858**
		21,404,728	**(689,895)**	**20,714,833**

	Notes	As at 31 December 2023 Gross amount HK$'000	Allowance for impairment losses HK$'000	Net carrying amount HK$'000
Loan borrowings	17.1	6,553,344	(90,594)	6,462,750
Lease receivables	17.2	17,103,212	(576,696)	16,526,516
Loans to joint ventures	17.3	745,066	–	745,066
		24,401,622	(667,290)	23,734,332

Movements in the Group's provision for impairment loss of loan and lease receivables are as follows:

	HK$'000
At 1 January 2023	576,123
Provision for the year	284,823
Reversal during the year	(193,656)
At 31 December 2023 and 1 January 2024	667,290
Provision for the year	568,035
Transfer to other receivables	(424,363)
Reversal during the year	(121,067)
At 31 December 2024	689,895

17. Loan and lease receivables *(Continued)*

17.1 Loan borrowings

As at 31 December 2024, loan borrowings were secured, interest bearing at rates ranging from 6.0% to 8.6% (2023: 6.8% to 9.3%) per annum and repayable from 2025 to 2033 (2023: 2024 to 2033). The loan receivables are secured by the respective vessel and certain shares of borrowers, which owned the vessel.

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

	2024 HK$'000	2023 HK$'000
Within 1 year	**508,881**	584,672
After 1 year but within 2 years	**513,080**	650,230
After 2 years but within 5 years	**1,638,340**	4,028,080
Over 5 years	**3,458,020**	1,199,768
	6,118,321	6,462,750

17.2 Lease receivables

As at 31 December 2024, the Group's finance lease receivables were secured, interest bearing at rates ranging from 5% to 10.5% (2023: 5% to 11.3%). Details of lease receivables as at 31 December 2024 and 2023 are as follows:

	2024 HK$'000	2023 HK$'000
Gross investment in finance leases	**21,740,247**	23,766,703
Less: unearned finance income	**(6,790,765)**	(6,664,899)
Net investments in finance leases	**14,949,482**	17,101,804
Operating lease receivables	**–**	1,408
Gross lease receivables	**14,949,482**	17,103,212
Less: accumulated allowance for impairment	**(617,828)**	(576,696)
Net lease receivables	**14,331,654**	16,526,516

17. Loan and lease receivables *(Continued)*

17.2 Lease receivables *(Continued)*

Reconciliation between the gross investment in finance leases at the end of each reporting period and the present value of minimum lease payments receivable under such leases are set out below.

	2024 HK$'000	2023 HK$'000
Minimum lease payments receivable	**21,740,247**	23,766,703
Less: unearned finance income related to minimum lease payments receivable	**(6,790,765)**	(6,664,899)
Present value of minimum lease payments receivable	**14,949,482**	17,101,804

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings as at 31 December 2024 and 2023.

	2024 HK$'000	2023 HK$'000
Gross investment in finance leases		
– Within 1 year	**2,282,154**	3,112,583
– After 1 year but within 2 years	**1,911,284**	2,193,153
– After 2 years but within 3 years	**1,903,541**	2,275,526
– After 3 years but within 4 years	**1,672,337**	2,036,069
– After 4 years but within 5 years	**1,566,267**	1,673,765
– Over 5 years	**12,404,664**	12,475,607
	21,740,247	23,766,703

17.3 Loans to joint ventures

As at 31 December 2024, the amount was unsecured, interest bearing at 8.4% per annum and repayable on demand.

As at 31 December 2023, except for loan to a joint venture of HK$359,178,000 which was unsecured, interest bearing at 8.4% per annum and repayable on demand, the remaining balances were unsecured, interest-free and repayable on demand.

18. Derivative financial instruments

	2024 HK$'000	2023 HK$'000
Assets		
Interest rate swap – held for trading	**73,034**	77,305
Interest rate swap – cash flow hedges	**331,831**	346,921
	404,865	424,226
Liabilities		
Currency swap – held for trading	**132,533**	66,535
Cross currency swap – held for trading	**63,268**	31,756
	195,801	98,291

Interest rate swap

As at 31 December 2024, the Group has outstanding interest rate swap contracts, which will expire between December 2028 and April 2032 (2023: between December 2028 and April 2032) with notional amount of US$451,925,000, approximately equivalent to HK$3,515,978,000 (2023: US$497,573,000, approximately equivalent to HK$3,871,119,000) to exchange floating interest rates into fixed interest rates in a range of 0.72% to 3% (2023: 0.72% to 3%).

Currency swap

As at 31 December 2024 and 2023, the Group has outstanding currency swap contracts, which will expire in December 2025 with notional amount of US$204,499,000, approximately equivalent to HK$1,591,005,000 to mitigate exchange rate risks between RMB and USD. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in other gains, net.

Cross currency swap

As at 31 December 2024 and 2023, the Group has outstanding cross currency swap contracts, which will expire in March 2026 with notional amount of US$125,000,000, approximately equivalent to HK$972,500,000 to mitigate exchange rate risks between RMB and USD. These forward contracts did not satisfy the requirements for hedge accounting, the fair value changes of which were recognised in other gains, net.

18. Derivative financial instruments *(Continued)*

Hedging reserves

The Group's hedging reserves disclosed in consolidated statement of changes in equity relate to the following hedging instruments:

	Hedging reserves HK$'000
At 1 January 2023	(402,406)
Less: Changes in fair value of hedging instrument recognised in other comprehensive income	173,158
Reclassified from hedging reserve to profit or loss	(119,569)
At 31 December 2023 and 1 January 2024	**(348,817)**
Less: Changes in fair value of hedging instrument recognised in other comprehensive income	**(104,868)**
Reclassified from hedging reserve to profit or loss	**135,705**
At 31 December 2024	**(317,980)**

Amounts recognised in consolidated income statement

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognised in consolidated income statement in relation to derivatives:

	2024 HK$'000	2023 HK$'000
Net unrealised gain on interest rate swap not qualifying as hedges included in other gains, net	**(20,747)**	(9,600)
Hedge ineffectiveness of interest rate swap – amount recognised in other gains, net	**(590)**	19,456
Net unrealised loss on currency swap not qualifying as hedges included in other gains, net	**65,998**	66,534
Net unrealised loss on cross currency swap not qualifying as hedges included in other gains, net	**31,513**	31,756
	76,174	108,146

18. Derivative financial instruments *(Continued)*

Amounts recognised in consolidated income statement *(Continued)*

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed by using hypothetical derivative which has terms that mirror those of the hedged item. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan, and
- differences in critical terms between the interest rate swaps and loans.

Fair value measurement

Details of the methods and assumptions used in determining the fair value of derivatives are as set out in note 3.4.

19. Prepayments, deposits and other receivables

	2024 HK$'000	2023 HK$'000
Prepayments (note a)	**45,846**	945,000
Interest receivables	**34,312**	9,667
Other receivables (note b)	**133,899**	206,629
	214,057	1,161,296

Notes:

(a) As at 31 December 2023, included in prepayments is an amount of HK$928,000,000 represents prepayments to a fellow subsidiary for acquisition of vessels for finance lease purposes.

(b) As at 31 December 2024, included in other receivables is an amount of HK$99,542,000 which was credit impaired as at the reporting date, with a gross amount of HK$523,905,000 and provision for impairment loss of HK$424,363,000.

As at 31 December 2023, proceeds from disposal of financial assets at fair value through profit or loss included in other receivables amounted to HK$194,041,000.

The carrying amounts of these receivables of the Group approximate their fair values.

20. Financial assets at fair value through profit or loss

	2024 HK$'000	2023 HK$'000
Investments in wealth management portfolio	**457,312**	296,157

The movements of financial assets at fair value through profit or loss are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**296,157**	686,726
Additions	**132,260**	–
Disposals	**–**	(411,943)
Net changes in fair value	**28,895**	21,374
At 31 December	**457,312**	296,157

21. Financial assets at fair value through other comprehensive income

	2024 HK$'000	2023 HK$'000
Debt instruments – listed debts	**1,678,735**	427,768

The movements in financial assets at fair value through other comprehensive income are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**427,768**	94,478
Additions	**1,204,463**	427,900
Disposals	**–**	(95,094)
Net changes in fair value	**46,504**	484
At 31 December	**1,678,735**	427,768

22. Amounts due from/to associates, fellow subsidiaries, joint ventures and non-controlling interests

	2024 HK$'000	2023 HK$'000
Amount due from an associate	**37,810**	24,740
Amounts due from joint ventures	**275,218**	109,197
Amounts due from fellow subsidiaries	**–**	3,186

	2024 HK$'000	2023 HK$'000
Amount due to a joint venture	**–**	207,794
Amounts due to non-controlling interests	**131,884**	162,383

The amount due from an associate is unsecured, interest free, repayable on demand and denominated in US$, which is non-trade nature.

The amounts due from/to joint ventures are unsecured, interest free, repayable on demand and denominated in US$, which are non-trade nature.

The amounts due from fellow subsidiaries are unsecured, interest free, repayable on demand and are denominated in US$, which are non-trade nature.

The amounts due to non-controlling interests are unsecured, interest free, repayable on demand and denominated in US$, which are non-trade nature.

23. Cash and cash equivalents, time deposits with maturity over three months and pledged time deposits

	2024 HK$'000	2023 HK$'000
Time deposits with maturity over three months	**135,450**	198,915
Pledged time deposits	**–**	5,144
Cash at bank and on hand	**1,773,896**	938,005
Total	**1,909,346**	1,142,064

The carrying amounts of the Group's cash and cash equivalents, time deposits with maturity over three months and pledged time deposits are denominated in following currencies:

	2024 HK$'000	2023 HK$'000
EUR	**48,549**	25,875
HK$	**16,164**	14,930
RMB	**1,104,911**	580,067
SGD	**3,375**	3
US$	**736,347**	521,189
	1,909,346	1,142,064

The time deposits with original maturity over three months carried interests at prevailing market interest rates. The effective interest rate on deposits with bank as at 31 December 2024 is 4.40% (2023: from 3.15% to 5.64%) per annum.

The pledged time deposits carried interests at fixed interest rates. The effective interest rate on pledged time deposits as at 31 December 2023 is 5.34% per annum.

As at 31 December 2024, the bank balances of the Group denominated in RMB amounted to HK$1,104,911,000 (2023: HK$580,067,000). These bank balances are not freely convertible into other currencies, however, subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. Borrowings

	2024 HK$'000	2023 HK$'000
Bank borrowings	**12,829,276**	18,436,045
Bonds	**13,432,257**	12,625,506
Other borrowings	**1,325,622**	271,876
	27,587,155	31,333,427

24.1 Bank borrowings

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

	2024 HK$'000	2023 HK$'000
On demand or within 1 year	**7,142,694**	8,076,673
After 1 year but within 2 years	**904,795**	3,842,427
After 2 years but within 5 years	**2,340,630**	4,343,723
After 5 years	**2,441,157**	2,173,222
	12,829,276	18,436,045

The interest rates of the borrowings of the Group as at 31 December 2024 were as follows:

	2024 HK$'000	2023 HK$'000
Bank borrowings	**From 2.0% to 6.39%**	From 3.1% to 7.15%

As at 31 December 2024, the Group's secured bank borrowings of HK$6,799,689,000 (2023: HK$5,625,430,000) were secured by loan and lease receivables of approximately HK$9,620,851,000 (2023: HK$7,431,473,000), shares of certain subsidiaries, floating charge on deposits of approximately HK$253,003,000 (2023: HK$229,568,000), pledged deposits of nil (2023: HK$5,144,000), general assignments, bareboat charterer assignments, intra-group loan assignments and property, plant and equipment of approximately HK$2,870,919,000 (2023: HK$3,616,288,000).

As at 31 December 2024, the Group's bank borrowings of HK$6,029,587,000 (2023: HK$12,810,615,000) were unsecured and guaranteed by the Company.

24. Borrowings *(Continued)*

24.2 Bonds

In February 2020, the Group issued two guaranteed bonds of US$400,000,000 (approximately HK$3,112,000,000) due February 2025 and US$400,000,000 (approximately HK$3,112,000,000) due February 2030 bearing interest at 2.5% and 3% respectively.

In July 2021, the Group issued guaranteed bonds of US$500,000,000 (approximately HK$3,890,000,000) due July 2026 bearing interest at 2.1%.

The above guaranteed bonds were guaranteed by the Company and listed on The Stock Exchange of Hong Kong Limited.

In March 2023, September 2023 and September 2024, the Company issued bonds of RMB1,000,000,000, RMB1,200,000,000 and RMB800,000,000 (approximately HK$1,106,394,000, HK$1,282,673,000 and HK$852,066,000 respectively) due March 2026, September 2026 and September 2029 bearing interest at 3.3%, 3.1% and 2.36% respectively. These bonds were listed on the PRC inter-bank Bond Market.

As at 31 December 2024, the bonds were repayable as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year	**3,235,011**	111,843
After 1 year but within 2 years	**6,233,180**	3,112,000
After 2 years but within 5 years	**852,066**	6,289,663
After 5 years	**3,112,000**	3,112,000
	13,432,257	12,625,506

24.3 Other borrowings

As at 31 December 2024, the Group's secured other borrowings of HK$1,325,622,000 (2023: HK$271,876,000) bearing interest at 6.39% (2023: 7.06%) were secured by pre-delivery assignments, deed of charge over shares in certain subsidiaries, property, plant and equipment of HK$1,586,801,000 (2023: HK$568,034,000).

As at 31 December 2024, the other borrowings were repayable as follows:

	2024 HK$'000	2023 HK$'000
Within 1 year	**85,749**	2,898
After 1 year but within 2 years	**64,801**	–
After 2 years but within 5 years	**194,404**	–
After 5 years	**980,668**	268,978
	1,325,622	271,876

25. Other payables and accruals

	2024 HK$'000	2023 HK$'000
Accruals	**91,610**	5,161
Deposits received	**527,251**	345,168
Other payables (note)	**702,474**	82,975
	1,321,335	433,304

Note:

As at 31 December 2024, included in other payables is an amount of HK$657,551,000 represents the portion of sale proceeds to be reimbursed to lessees of underlying vessels in certain leases that being early terminated during the year.

The carrying amount of other payables and accruals are considered to be the same as their fair values, due to their short-term nature.

26. Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2024 HK$'000	2023 HK$'000
Total minimum lease payments:		
Due within one year	**51,191**	13,490
Due in the second to fifth year	**197,012**	9,179
Due after five years	**198,352**	3,556
	446,555	26,225
Future finance charges	**(98,244)**	(2,269)
Present value of lease payments	**348,311**	23,956

	2024 HK$'000	2023 HK$'000
Present value of minimum lease payments:		
Due within one year	**32,157**	12,747
Due in the second to fifth year	**139,809**	7,867
Due after five years	**176,345**	3,342
	348,311	23,956

During the year ended 31 December 2024, the total cash outflows for the leases amounted to HK$66,093,000 (2023: HK$17,022,000).

27. Deferred tax

The movement during the year in the deferred tax assets is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**2,660**	4,125
Recognised in profit or loss (note 9)	**1,214**	(1,383)
Exchange differences	**(79)**	(82)
At 31 December	**3,795**	2,660

The movements in deferred tax assets and liabilities during the years are as follows:

Deferred tax assets

	ECL allowance HK$'000	**Tax losses** HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 January 2023	2,184	1,941	–	4,125
Recognised in profit or loss	(1,898)	(65)	1,595	(368)
Exchange differences	(36)	(42)	(11)	(89)
At 31 December 2023 and 1 January 2024	250	1,834	1,584	3,668
Recognised in profit or loss	3,558	(1,815)	(1,207)	536
Exchange differences	(53)	(19)	(21)	(93)
At 31 December 2024	**3,755**	**–**	**356**	**4,111**

Deferred tax liabilities

	Right-of-use assets HK$'000
At 1 January 2023	–
Recognised in profit or loss	(1,015)
Exchange differences	7
At 31 December 2023 and 1 January 2024	(1,008)
Recognised in profit or loss	678
Exchange differences	14
At 31 December 2024	(316)

27. Deferred tax *(Continued)*

At 31 December 2024, the Group did not recognise deferred tax assets in respect of tax losses of approximately HK$89,512,000 (2023: HK$56,972,000) due to the unpredictability of future profit streams. Subject to the agreement by Hong Kong tax authorities, such losses of HK$542,495,000 (2023: HK$345,288,000) do not expire under current tax legislation. The Group had no other significant un-provided deferred taxation as at 31 December 2024. Deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such unremitted earnings in the unforeseeable future.

28. Long service payment obligations

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of HK$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on the Transition Date. Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK$390,000 per employee. If an employee's total benefit payment exceeds HK$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in note 2.22 to the consolidated financial statements.

29. Share capital

	Numbers of shares ('000)	Share capital HK$'000
Ordinary shares, issued and fully paid:		
At 1 January 2023	6,136,066	6,614,466
Issuance of shares under share option scheme (Note)	812	1,323
At 31 December 2023 and 1 January 2024	6,136,878	6,615,789
Issuance of shares under share option scheme (Note)	50,012	79,901
At 31 December 2024	6,186,890	6,695,690

Note:

During the year, the issued number of share capital of the Company has been increased by approximately 42,655,000 and 7,357,000 ordinary shares respectively upon the exercise of share options at the exercise price of HK$1.32 per share and HK$1.15 per share respectively (2023: the issued number of share capital of the Company has been increased by approximately 812,000 ordinary shares upon the exercise of share options at the exercise price of HK$1.32 per share). The total consideration received of HK$64,766,000 (2023: HK$1,072,000) was credited to the share capital with the amount of HK$15,135,000 (2023: HK$251,000) has been transferred from the share option reserve to the share capital in accordance with the policy set out in note 2.22.

30. Share-based employee compensation

The Company has adopted a share option scheme (the "**Scheme**"), which was approved by the shareholders on the extraordinary general meeting held on 30 April 2021.

Pursuant to which, the maximum number of shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of approval of the Scheme at the extraordinary general meeting.

Participants of the Scheme shall be employees of the Company and include executive directors and senior management members (the "**Grantees**") of the Company, as well as core technical personnel and backbone management whom the board of directors considers will have a direct impact on the Company's overall operating performance and sustainable development.

30. Share-based employee compensation *(Continued)*

On 30 April 2021 (the "**First Grant Date**") and 4 April 2022 (the "**Second Grant Date**"), the Company granted 143,540,000 and 28,710,000 share options to certain of its directors and employees for nil consideration at an exercise price of HK$1.32 and HK$1.15 per share respectively. The exercise price represents the highest of (i) the closing price as stated in the daily quotations sheet issued by the Stock Exchange on the First and Second Grant Date; and (ii) the average closing price as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the First and Second Grant Date. The options shall be vested to the Grantees during the period and in the respective proportions as follows:

(i) The first batch (being 33% of the share options granted) will be vested on the first trading day after 24 months from the Grant Date;

(ii) The second batch (being 33% of the share options granted) will be vested on the first trading day after 36 months from the Grant Date; and

(iii) The third batch (being 34% of the Share Options granted) will be vested on the first trading day after 48 months from the Grant Date.

The options are exercisable within a period of ten years from the Grant Date. Each option gives the holder the right to subscribe for one ordinary share in the Company. Details of the Scheme are as set out in the Company's circular dated 13 April 2021.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Details of movements in share options during the year were as follows:

	2024		2023	
	Number '000	**Weighted average exercise price HK$**	Number '000	Weighted average exercise price HK$
Outstanding at 1 January	**115,368**	**1.28**	116,180	1.28
Exercised	**(50,012)**	**1.29**	(812)	1.32
Forfeited	**(6,415)**	**1.31**	–	–
Outstanding at 31 December	**58,941**	**1.26**	115,368	1.28

The weighted average share price for share options exercised during the year at the date of exercise was HK$1.62 (2023: HK$1.45). None of the share options were expired during the years ended 31 December 2024 and 2023.

As at 31 December 2024, the outstanding share options had a weighted average remaining contractual life of 6.6 years (2023: 7.6 years).

30. Share-based employee compensation *(Continued)*

The fair values of options granted were determined by using the Binomial Option Pricing Model that takes into account of factors specific to the share incentive plans. The following principal assumptions were used in the valuation at the respective grant date:

	The First Grant Date	The Second Grant Date
Share price at date of grant	HK$1.32	HK$1.15
Exercise price at date of grant	HK$1.32	HK$1.15
Expected volatility	44.2%	43.93%
Expected option life	10 years	10 years
Dividend yield	8.58%	7.5%
Risk-free interest rate	1.15%	2.24%
Post-vesting forfeiture rate	14.16% to 25.44%	12.81%

In total, HK$3,406,000 (2023: HK$1,741,000) of employee compensation expenses has been recognised in profit or loss for the year ended 31 December 2024 and the corresponding amount of which has been credited to "share option reserve" in equity. No liabilities were recognised in connection with share-based payment transactions.

Certain directors and highest paid individuals held share options during the year. The related charge reversed or recognised for such options for the year ended 31 December 2024, estimated in accordance with the Group's accounting policy in note 2.22 was as follows:

(1) Mr. Zhong Jian, reversal of HK$717,000 (2023: recognition of HK$877,000);

(2) The five (2023: five) highest paid individuals, recognition of HK$1,421,000 (2023: recognition of HK$864,000).

31. Related party transactions

The directors of the Company regard CSSC International Holding Company Limited as the immediate holding company, which owns approximately 74% (2023: 75%) of the Company's issued ordinary shares at 31 December 2024. The ultimate parent company of the Group is China Shipbuilding Group, a state-owned enterprise established in the PRC. China Shipbuilding Group itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

Related parties include China Shipbuilding Group and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China Shipbuilding Group as well as their close family members.

31. Related party transactions *(Continued)*

For the years ended 31 December 2024 and 2023, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include bank deposits, bank borrowings and the corresponding interest income and interest expenses and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in these consolidated financial statements, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year ended 31 December 2024.

31.1 Transaction with related parties

Other than as disclosed in elsewhere of these consolidated financial statements, the Group entered into the following related party transactions during the year:

Transactions with fellow subsidiaries:

	2024 HK$'000	2023 HK$'000
Interest income	**741**	–
Commission received	**6,835**	8,479
Rental and utilities expenses	**19,341**	17,993
Purchase of vessels and offshore equipment	**–**	2,604,978

Transaction with a joint venture:

	2024 HK$'000	2023 HK$'000
Interest income	**27,938**	39,178

Transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

31. Related party transactions *(Continued)*

31.2 Balances with related parties

	2024 HK$'000	2023 HK$'000
Amounts due from		
– associates	**37,810**	24,740
– joint ventures	**275,218**	109,197
– fellow subsidiaries	**–**	3,186
Loans to joint ventures	**264,858**	745,066
Amounts due to		
– a joint venture	**–**	207,794
– non-controlling interests	**131,884**	162,383

31.3 Key management personnel compensations

Key management includes executive directors and senior management. The compensations paid or payable to key management for employee services are shown below:

	2024 HK$'000	2023 HK$'000
Wages, salaries and bonuses	**11,629**	12,365
Retirement benefit costs	**2,228**	2,057
Share-based payment expenses	**1,469**	1,741
	15,326	16,163

32. Note to consolidated statement of cash flows

32.1 Reconciliation from profit before income tax to net cash generated from operations

	2024 HK$'000	2023 HK$'000
Profit before income tax	**2,180,358**	1,943,821
Adjustments for		
– Finance costs	**1,041,813**	1,101,767
– Interest income	**(74,171)**	(61,193)
– Depreciation	**578,716**	492,937
– Provision for impairment loss of loan and lease receivables, net	**446,968**	91,167
– Share-based payment expenses	**3,406**	1,741
– Net gain on disposal of vessels and property, plant and equipment	**(57,276)**	(26,206)
– Loss on written off of property, plant and equipment	**–**	56,086
– Share of results of associates	**12,056**	30,285
– Share of results of joint ventures	**(490,103)**	(426,653)
– Net gain on de-recognition of finance lease receivables	**(200,013)**	(122,419)
– Net gain on early termination of leases as lessee	**(452)**	–
– Net unrealised loss on changes in fair value of derivative financial instruments	**76,174**	108,146
– Net unrealised gain on changes in fair value of financial assets at fair value through profit or loss	**(28,895)**	(21,374)
– Net unrealised foreign exchange gain	**(104,383)**	–
– Gain on disposal of partial interests in investment in an associate	**(9,930)**	–
Operating profit before working capital charges	**3,374,268**	3,168,105
Increase in loan and lease receivables	**(3,192,845)**	(4,810,882)
Increase in prepayments, deposits and other receivables	**969,814**	(488,668)
Increase/(Decrease) in other payables and accruals	**889,483**	(217,736)
Proceeds on de-recognition of finance lease receivables	**5,740,729**	2,887,036
Net cash generated from operations	**7,781,449**	537,855

Material non-cash transactions

(i) During the year ended 31 December 2024, the Group has entered into a head lease and sub-lease arrangement with third parties for two vessels, with amounts of HK$374,090,000 and HK$363,028,000 recognised as finance lease receivables and lease liabilities respectively at the initial recognition of the head lease and sub-lease arrangement.

(ii) During the year ended 31 December 2024, the Group has entered into an arrangement with a joint venture for net-settlement of balances between loan to the joint venture and amount due to the joint venture amounting to HK$207,794,000.

(iii) During the year ended 31 December 2023, the Group has transferred from property, plant and equipment to lease receivables and prepayments, amounting to HK$1,263,858,000 and HK$442,134,000 respectively.

32. Note to consolidated statement of cash flows *(Continued)*

32.2 Net debt reconciliation

The table below set out the reconciliation of liabilities arising from financing activities:

	Borrowings HK$'000	Amount due to a joint venture HK$'000	Amounts due to non-controlling interests HK$'000	Lease liabilities HK$'000
As at 1 January 2023	27,788,264	207,172	168,227	29,962
Cash-flows:				
– Proceeds from issuance of bonds	2,389,067	–	–	–
– Proceeds of borrowings	15,077,111	–	–	–
– Repayment of borrowings	(14,083,140)	–	–	–
– Interests paid	(1,044,383)	–	–	–
– Principle element of lease liabilities paid	–	–	–	(15,827)
– Interest element of lease liabilities paid	–	–	–	(1,195)
– Proceeds during the year	–	622	–	–
– Repayment during the year	–	–	(5,746)	–
Non-cash:				
– Foreign exchange adjustments	39,242	–	(98)	(256)
– Finance costs incurred	1,167,266	–	–	–
– Increase in lease liabilities from entering into new leases during the year	–	–	–	10,077
– Interest on lease liabilities	–	–	–	1,195
As at 31 December 2023 and 1 January 2024	**31,333,427**	**207,794**	**162,383**	**23,956**
Cash-flows:				
– Proceeds from issuance of bonds	**874,410**	**–**	**–**	**–**
– Proceeds of borrowings	**9,320,321**	**–**	**–**	**–**
– Repayment of borrowings	**(13,710,888)**	**–**	**–**	**–**
– Interests paid	**(1,022,698)**	**–**	**–**	**–**
– Principle element of lease liabilities paid	**–**	**–**	**–**	**(39,592)**
– Interest element of lease liabilities paid	**–**	**–**	**–**	**(20,975)**
– Repayment during the year	**–**	**–**	**(30,499)**	**–**
Non-cash:				
– Foreign exchange adjustments	**(237,759)**	**–**	**–**	**(83)**
– Finance costs incurred	**1,030,342**	**–**	**–**	**–**
– Increase in lease liabilities from entering into new leases during the year	**–**	**–**	**–**	**367,026**
– Decrease in lease liabilities from lease modifications as lessee during the year	**–**	**–**	**–**	**(2,996)**
– Interest on lease liabilities	**–**	**–**	**–**	**20,975**
– Net-settlement of balances against loan to a joint venture	**–**	**(207,794)**	**–**	**–**
As at 31 December 2024	**27,587,155**	**–**	**131,884**	**348,311**

33. Operating lease arrangements

As lessor

For the years ended 31 December 2024 and 2023, the Group leases its vessels under operating lease arrangements, which leases negotiated for terms of 3 to 14 years. None of the leases includes contingent rentals.

At 31 December 2024, the Group had total future minimum lease receivables under non-cancellable operating leases with its leases falling due as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**1,750,164**	1,860,158
After 1 year but within 2 years	**1,795,505**	1,860,564
After 2 years but within 3 years	**2,538,340**	1,668,360
After 3 years but within 4 years	**1,260,942**	1,505,467
After 4 years but within 5 years	**1,259,393**	1,386,924
After five years	**5,134,998**	6,072,956
	13,739,342	14,354,429

34. Capital commitments

As at 31 December 2024, capital commitments outstanding contracted but not provided for are as follows:

	2024 HK$'000	2023 HK$'000
Contracted for in respect of construction of vessels	**2,495,991**	3,109,600

35. Provisions and contingencies

The financial guarantees issued by the Group as at 31 December 2024 are analysed as below:

	2024 HK$'000	2023 HK$'000
Guarantees provided in respect of joint ventures' bank loans	**2,007,224**	2,083,732
Guarantees provided in respect of joint ventures' other borrowings	**1,198,951**	893,673
	3,206,175	2,977,405

As at 31 December 2024, among the guarantees provided in respect of the joint ventures' bank loans, HK$586,515,000 (2023: HK$701,659,000) were jointly and severally guaranteed by the joint venture partners.

As at 31 December 2024, the Group has an outstanding guarantee up to a maximum amount of US$875,399,000 approximately HK$6,810,604,000 (2023: US$678,674,000 approximately HK$5,280,084,000) for the punctual performance of the joint ventures in respect of their respective obligations, duties and liabilities of other borrowings. The guarantees will be released upon the end of the charter period.

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the consolidated statement of financial position.

36. Reserves

36.1 Investment revaluation reserve

Investment revaluation reserve represents the reserve of the fair value change from financial assets at fair value through other comprehensive income.

36.2 Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 18 for details. The cash flow hedge reserve is used to recognise effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 2.10.

36.3 Exchange reserve

Exchange reserve represents the exchange difference on translation of the foreign operations.

36.4 Other reserves

Other reserves represent the statutory surplus reserve and other reserve.

36.5 Share option reserve

Share option reserve represents the portion of the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2.22.

37. Dividends

	2024 HK$'000	2023 HK$'000
Dividends approved and paid:		
Interim dividend of HK3 cents (2023: HK3 cents) per ordinary share	**184,844**	184,106
Final dividend in respect of the year ended 31 December 2023 of HK9 cents (2022: HK7 cents) per ordinary share	**553,778**	429,525
	738,622	613,631
Dividend proposed:		
Final dividend in respect of the year ended 31 December 2024 of HK10.4 cents (2023: HK9 cents) per ordinary share	**643,437**	552,319

At the board meeting held on 26 March 2025, the board has declared final dividend of HK10.4 cents per share, and the final dividend is declared after reporting period, such dividend has not been recognised as liability as at 31 December 2024.

38. Investments in subsidiaries

Particulars of the Company's material subsidiaries are as follows:

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December		Principal activities
			2024	2023	
CP Guangzhou Shipping S.A.@	Marshall Islands	US$500	**N/A**	75%	Operating leasing
CP Tianjin Shipping S.A.@	Marshall Islands	US$500	**N/A**	75%	Operating leasing
CP Chongqing Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CP Nanjing Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CP Shenzhen Shipping S.A.	Marshall Islands	US$500	**75%**	75%	Operating leasing
CSSC Financial Leasing (Shanghai) Company Limited*# (中船融資租賃(上海)有限公司)	The PRC	RMB300,000,000	**100%**	100%	Finance leasing
CSSC Financial Leasing (Guangzhou) Company Limited*# (中船融資租賃(廣州)有限公司)	The PRC	RMB200,000,000	**100%**	100%	Finance leasing
CSSC Financial Leasing (Tianjin) Company Limited*# (中船融資租賃(天津)有限公司)	The PRC	RMB500,000,000	**100%**	100%	Finance leasing
CHC First Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
CHC Second Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
CHC Third Shipping S.A.	Marshall Islands	US$1	**100%**	100%	Operating leasing
Kylin Offshore Engineering Pte Ltd.	Singapore	SGD5,000,000	**70%**	70%	Marine engineering business
Fortune Lianjiang Shipping S.A.	Marshall Islands	US$100	**100%**	100%	Loan borrowings
Shenjiamen Shipping S.A	Marshall Islands	US$100	**100%**	100%	Finance leasing
Zhujiajian Shipping S.A.	Marshall Islands	US$100	**100%**	100%	Finance leasing
CP Jinan Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Xian Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Hangzhou Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
CP Fuzhou Shipping S.A.	Marshall Islands	–	**100%**	100%	Operating leasing
Fortune Nansha Shipping Limited	Hong Kong	HK$1	**100%**	100%	Loan borrowings
Fortune Xuanyuan Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December		Principal activities
			2024	2023	
Fortune East Sea Holding Company Limited	BVI	US$100	**100%**	100%	Loan borrowings and investment holding
Fortune Bec IV Shipping Limited	Cyprus	EUR$1,000	**100%**	100%	Finance leasing
Fortune Bec V Shipping Limited	Cyprus	EUR$1,000	**100%**	100%	Finance leasing
Fortune Bec VI Shipping Limited	Cyprus	EUR$1,000	**100%**	100%	Finance leasing
CP Chartering Company Limited	BVI	US$1	**75%**	75%	Operating leasing
Fortune Guangzhou Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune May Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune July Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Central Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune CD Prometheus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Gentle Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Grit Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Shanghai Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
CSSC Capital 2015 Limited	BVI	US$100	**100%**	100%	Bond issuing
Fortune Changchun Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Crete Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Great Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Lantau Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Leopard Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pingtan Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Power Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Shenyang Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Tsingyi Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune VGAS Shipping I Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December		Principal activities
			2024	2023	
Fortune VGAS Shipping II Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune VGAS Shipping III Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune VGAS Shipping IV Pte Ltd.	Singapore	SGD100	**100%**	100%	Finance leasing
Fortune Wanchai Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Chem1 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem2 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem3 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem4 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem5 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Chem6 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MGAS I Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MGAS II Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MC Hercules Shipping Limited	BVI	US$100	**100%**	100%	Finance leasing
Fortune MC Titan Shipping Limited	BVI	US$100	**100%**	100%	Finance leasing
Fortune Santorini Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Suqian Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Changle Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Teddy Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Civilization Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Equality Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Freedom Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Integrity Carriers Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion I Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion II Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Sealion III Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December		Principal activities
			2024	2023	
Fortune Sealion IV Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Matthew Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Grus Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Ephesians Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Dongming Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Elsa Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Faith HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Falcon HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fame HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fighter HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Focus HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Force Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fortune HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Freedom HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Frontier HLMPP Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fusion HLMPP Shipping Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Future 13KMPPF900HL Maritime Limited	Malta	EUR1,200	**100%**	100%	Operating leasing
Fortune Capricorn Holding Limited	BVI	US$100	**100%**	100%	Investment holding
Fortune Car Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Chengdu Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Chongqing Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Eris Holding Company Limited	BVI	US$185,000,100	**100%**	100%	Investment holding
Fortune Geneva Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune HLC Shipping Limited	Liberia	US$100	**100%**	100%	Finance leasing
Fortune Idea Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December		Principal activities
			2024	2023	
Fortune Image Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Jinhua Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Leo Shipping Limited	Marshall Islands	US$100	**100%**	100%	Operating leasing
Fortune Vision Shipping Limited	Marshall Islands	US$100	**100%**	100%	Finance leasing
Fortune Xinhang Shipping Pte. Limited	Singapore	US$50,000	**100%**	100%	Finance leasing
Fortune Xintian Shipping Pte. Limited	Singapore	US$50,000	**100%**	100%	Finance leasing
CA Civilization Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Equality Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Freedom Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Integrity Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Harmony Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Honor Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Peace Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
CA Valor Shipping Limited	Liberia	US$100	**60%**	60%	Operating leasing
Fortune Ropax I Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Ropax II Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune MGLNG Shipping Company Limited	Libera	US$500	**100%**	100%	Finance leasing
Fortune Clean Energy 2023 Holding Limited	Marshall Islands	US$50,000	**100%**	100%	Investment holding
Fortune Energetic I Shipping Co., Ltd.	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Energetic II Shipping Co., Ltd.	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Visionary Holding Company Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Fortune Osmanthus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Lily Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Ping Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune AN Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing

38. Investments in subsidiaries *(Continued)*

Name	Country/place of Incorporation/establishment	Issued and fully paid share capital/ registered capital	Effective interest held at 31 December		Principal activities
			2024	2023	
Fortune Coconut Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Citrus Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pineapple Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Lychee Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune COLLIE Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Magnificent Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Nanjing Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Zurich Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Shanghai Jiahang Ship Leasing Co., Ltd.*# (上海佳杭船舶租賃有限公司)	The PRC	RMB100,000	**100%**	100%	Finance leasing
Fortune Pillar Shipping Limited	Hong Kong	HK$100	**100%**	100%	Operating leasing
Fortune Vcontainer Carriers Limited	Hong Kong	HK$100	**100%**	100%	Investment holding
Fortune Kunlun1 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Kunlun2 Shipping Limited	Hong Kong	HK$100	**100%**	100%	Finance leasing
Fortune Pandas I Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing
Fortune Pandas II Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing
Fortune Pandas III Pte Limited	Singapore	SGD50,000	**100%**	100%	Finance leasing

Notes:

All companies now comprising the Group have adopted 31 December as their financial year end date.

* The English name of these subsidiaries represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

\# These subsidiaries were registered in the PRC as a wholly foreign owned enterprise.

@ These subsidiaries were dissolved during the year ended 31 December 2024.

39. Statement of financial position and reserve movements of the company

	2024 HK$'000	2023 HK$'000
ASSETS		
Property, plant and equipment	**1,352**	3,162
Right-of-use asset	**10,632**	17,068
Interests in subsidiaries	**2,652,589**	995,838
Interests in associate	**272**	272
Loan receivables	**385,888**	408,157
Derivative financial assets	**246,936**	340,341
Prepayments, deposits and other receivables	**8,926**	–
Amounts due from subsidiaries	**19,623,051**	25,941,029
Amounts due from fellow subsidiaries	**126**	1,778
Cash and bank balances	**1,373,749**	173,199
Total assets	**24,303,521**	27,880,844
LIABILITIES		
Borrowings	**9,268,234**	15,252,334
Derivative financial liabilities	**195,801**	98,291
Amounts due to subsidiaries	**4,090,623**	5,198,778
Amount due to joint venture	**99,834**	99,834
Amount due to fellow subsidiaries	**–**	18
Lease liabilities	**11,002**	17,619
Other payables and accruals	**4,570**	5,464
Total liabilities	**13,670,064**	20,672,338
Net assets	**10,633,457**	7,208,506
EQUITY		
Share capital	**6,695,690**	6,615,789
Reserves	**3,937,767**	592,717
Total equity	**10,633,457**	7,208,506

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2025 and was signed on its behalf.

LI HONGTAO
Director

SHING MO HAN YVONNE
Director

39. Statement of financial position and reserve movements of the company *(Continued)*

Reserve movement of the Company

	Investment revaluation reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Share option reserve HK$'000	Total HK$'000
At 1 January 2024	**–**	**(4,296)**	**(31,741)**	**601,266**	**27,488**	**592,717**
Profit for the year	**–**	**–**	**–**	**4,095,401**	**–**	**4,095,401**
Total comprehensive income for the year	**–**	**–**	**–**	**4,095,401**	**–**	**4,095,401**
Issues of new shares under option scheme	**–**	**–**	**–**	**–**	**(15,135)**	**(15,135)**
Equity settled share-based payments	**–**	**–**	**–**	**–**	**3,406**	**3,406**
Dividends (Note 37)	**–**	**–**	**–**	**(738,622)**	**–**	**(738,622)**
At 31 December 2024	**–**	**(4,296)**	**(31,741)**	**3,958,045**	**15,759**	**3,937,767**
At 1 January 2023	(505)	(4,296)	(31,688)	721,042	25,998	710,551
Profit for the year	–	–	–	493,855	–	493,855
Other comprehensive expense for the year	625	–	(53)	–	–	572
Total comprehensive income for the year	625	–	(53)	493,855	–	494,427
Disposal of debt instruments at fair value through other comprehensive (recycling)	(120)	–	–	–	–	(120)
Issues of new shares under option scheme	–	–	–	–	(251)	(251)
Equity settled share-based payments	–	–	–	–	1,741	1,741
Dividends (Note 37)	–	–	–	(613,631)	–	(613,631)
At 31 December 2023	–	(4,296)	(31,741)	601,266	27,488	592,717

ISSUER

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