



中遠海運發展股份有限公司

COSCO SHIPPING Development Co., Ltd.

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

Stock Code: 2866



SHIPPING INDUSTRY AND FINANCE OPERATOR

2025 INTERIM REPORT

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Corporate Information

DIRECTORS

EXECUTIVE DIRECTOR

Mr. Zhang Mingwen (*Chairman of the Board*)

NON-EXECUTIVE DIRECTORS

Mr. Ip Sing Chi

Ms. Zhang Xueyan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

Mr. Wu Daqi

SUPERVISORS

Mr. Ye Hongjun (*Chairman*)

Mr. Zuo Zhenyong

Mr. Zhao Xiaobo

EXECUTIVE COMMITTEE

Mr. Zhang Mingwen (*Chairman*)

INVESTMENT STRATEGY COMMITTEE

Mr. Zhang Mingwen (*Chairman*)

Mr. Ip Sing Chi

Ms. Zhang Xueyan

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

RISK AND COMPLIANCE MANAGEMENT COMMITTEE

Mr. Wu Daqi (*Chairman*)

Mr. Shao Ruiqing

Mr. Chan Kwok Leung

AUDIT COMMITTEE

Mr. Shao Ruiqing (*Chairman*)

Ms. Zhang Xueyan

Mr. Chan Kwok Leung

REMUNERATION COMMITTEE

Mr. Shao Ruiqing (*Chairman*)

Mr. Chan Kwok Leung

Mr. Wu Daqi

NOMINATION COMMITTEE

Mr. Chan Kwok Leung (*Chairman*)

Mr. Zhang Mingwen

Ms. Zhang Xueyan

Mr. Shao Ruiqing

Mr. Wu Daqi

CHIEF ACCOUNTANT

Mr. Hu Haibing

COMPANY SECRETARY

Mr. Cai Lei

AUTHORISED REPRESENTATIVES

Mr. Zhang Mingwen

Mr. Cai Lei

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SHINEWING (HK) CPA Limited

DOMESTIC AUDITOR

ShineWing Certified Public Accountants LLP

Corporate Information

LEGAL ADVISERS

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

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL BANKERS

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

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FAX NUMBER

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COMPANY WEBSITE

<http://development.coscoshipping.com>

H SHARE LISTING PLACE

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

LISTING DATE

16 June 2004

NUMBER OF H SHARES IN ISSUE

3,445,672,000 H Shares⁽¹⁾

BOARD LOT (H SHARES)

1,000 Shares

HONG KONG STOCK EXCHANGE STOCK CODE

02866

A SHARE LISTING PLACE

Shanghai Stock Exchange

LISTING DATE

12 December 2007

NUMBER OF A SHARES IN ISSUE

9,751,983,820 A Shares⁽¹⁾

BOARD LOT (A SHARES)

100 Shares

SHANGHAI STOCK EXCHANGE STOCK CODE

601866

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

Note:

(1) The number of such shares represents the number of shares held by the Company as of the date of this report

Financial Highlights (Under HKFRS Accounting Standards)

For the six months ended 30 June 2025 (the “**Period**”)

- Revenue amounted to RMB12,159,349,000
- Profit before tax from continuing operations amounted to RMB1,273,543,000
- Profit for the period attributable to owners of the Company amounted to RMB970,365,000
- Basic earnings per share attributable to ordinary equity holders of the Company amounted to RMB0.0729
- Declared the payment of an interim dividend of RMB0.022 per share

Management Discussion and Analysis

I. DEVELOPMENT STRATEGY

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

In terms of container manufacturing business, the Company will advance continuous upgrades of intelligent manufacturing, leverage technological innovation and green and low-carbon transformation to establish advantages in cost, product and technology. By deepening synergies between container leasing and manufacturing and enhancing the "container+" customization capabilities, the Company will strengthen its core competitiveness of the trinity of "standard containers + reefer containers + special containers" to build a world-leading logistics equipment technology enterprise.

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

In terms of shipping leasing business, the Company will actively seize opportunities from the green and low-carbon transformation of the shipping industry. By optimizing internal and external resources allocation and actively collaborating with shipping industry chain partners, the Company will focus on service needs in all aspects and throughout the whole life cycle of various shipping assets, strengthen its "purchase, lease, finance and sale" industrial-financial service capabilities, and deliver premium solutions for shipping development, so as to continue to solidify its leading position in the ship leasing industry in China.

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

Management Discussion and Analysis

II. DISCUSSION AND ANALYSIS OF THE OPERATIONS OF THE GROUP DURING THE REPORTING PERIOD

(1) INDUSTRIAL ENVIRONMENT

Since 2025, the world economy and global trade have shown complex and changing trends. Under the frequent disturbances of multiple factors such as tariff policies and geopolitical situations, the global industrial and supply chain landscape has undergone further adjustments. While the shipping market experienced cyclical fluctuations, it demonstrated strong development resilience and transformation momentum.

In terms of the container leasing and manufacturing market, due to the combined influence of multiple factors, overall market demand is steadily being released while showing certain fluctuations. The growth of new shipping capacity in the container transportation industry, the demand for old container renewal, and the expansion of multi-scenario container applications still provided a strong support for the container market. In terms of the ship leasing market, the demand for ship leasing is subject to the combined influence of multiple factors, including the global economic environment, trade policies and interest rates in the capital market. Meanwhile, driven by the world-wide implementation of environmental protection policies, the green and low-carbon transformation process of the shipping industry has been accelerating, thus the demand for updating and upgrading of vessels has further increased.

(2) PRINCIPAL BUSINESSES

With a focus on shipping and logistics industry, the Company concentrated on the integrated development with container manufacturing, container leasing and shipping leasing as the core businesses and underpinned by investment management. The Company continued to promote the implementation and effectiveness of multiple key initiatives for high-quality development, focusing on deepening reform and innovation, cultivating new-quality productive forces, building core competitive advantages through industrial and financial synergy, striving to grow into a world-class industry-finance operator in the shipping industry with COSCO SHIPPING's characteristics.

1. Container manufacturing business

COSCO SHIPPING Development is engaged in the research, development, production and sales of international standard dry cargo containers, refrigerated containers and special containers through its wholly-owned subsidiary Shanghai Universal Logistics Equipment Co., Ltd. The Company is the second largest container manufacturer in the world, and its customers include world-renowned liner companies and major container leasing companies. Meanwhile, the Company has deepened the synergy of container leasing and manufacturing, enhanced the core competitiveness by technological innovation, green and low-carbon transformation to build a world-class logistics equipment technology enterprise.

2. Container leasing business

COSCO SHIPPING Development is engaged in container leasing, management and sales through its wholly-owned subsidiary Florens International Limited, with operating scale among the top in the industry and business all over the world. The Company continued to strengthen its ability to operate assets in full-life cycle services for containers, optimize the globalization of its business network and focus on digital empowerment, forging unique leasing and manufacturing synergy and influence in the container field.

Management Discussion and Analysis

3. Shipping leasing business

COSCO SHIPPING Development mainly focuses on operating lease and financing lease of various vessels such as container vessels and dry bulk cargo vessels, and ranks among the tops in the domestic market in terms of industrial vessel leasing. The Company grasped the opportunity of green and low-carbon transformation of the shipping industry, optimized the allocation of internal and external resources, effectively leveraged on the synergistic effect of industry and finance, and focused on service needs in all aspects and throughout the whole life cycle of various shipping assets, so as to provide high-quality solutions for the development of fleet in the shipping industry.

4. Investment management business

Focusing on its principal business of shipping and logistics, COSCO SHIPPING Development strengthened the integration of industry and finance, continuously optimized its investment portfolio. Meanwhile, we grasped the development opportunities of the shipping industry, explored investment opportunities in digital intelligence and green development and strived to achieve the synergistic development of capital and industry.

(III) REVIEW OF OPERATIONS

In the first half of 2025, the global economy showed a pattern of divergence and restructuring, while risk factors such as global trade policies and geopolitical tensions accelerated the adjustment of global supply chains. In this complex and volatile market environment, the shipping industry maintained its development resilience, seeking new equilibrium amid transformation and continuously uncovering transformation opportunities under the green and low-carbon trend. The Company further tapped into its potential, operated prudently, focused on strengthening industry chain synergy, continuously released the momentum of technological innovation, and strived to enhance the effectiveness of market value management, thereby further reinforcing the core functions of “industry-finance-investment,” forging further advancement in value realisation, and taking sustainable high-quality development to the next level.

1. FOCUSING ON STEADY PROGRESS TO STRENGTHEN COMPETITIVE ADVANTAGES

The Company focused on efficiency, scale and industry chain synergy, producing notable results in market development. Each segment continuously enhanced its professional capabilities in industry-finance services, made new breakthroughs in expanding business growth, and drove steady improvements in both efficiency and scale.

The container manufacturing segment captured the replacement demand in the new container market, precisely identified customer needs, innovated business models, and strengthened industry chain collaboration by integrating shipping route and yard resources, thereby further enhancing service quality and efficiency, consolidating market share expansion, and reinforcing brand influence. At the same time, by leveraging market insights, it deepened efforts in niche areas, continuously expanded its competitive advantages in the arena of special containers, including energy storage containers, housing containers and folding containers, and cultivated new momentum for the expansion of market breadth.

The container leasing segment further deepened synergies between leasing and manufacturing, expanded the coverage of container delivery networks and enhanced customer service capabilities, while enriching its product portfolio, with the scale of reefer containers and special containers growing effectively. By adhering to a key account strategy, the segment continued to reinforce cooperation with international container leasing clients, further deepened its cooperative partnership with major global shipowners and aggressively expanded the new container leasing business.

Management Discussion and Analysis

The shipping leasing segment fully leveraged its advantages in the shipping industry, focusing on business opportunities across the full lifecycle of shipping assets. It advanced industry-finance integration projects for 10 methanol-and ammonia-ready bulk carriers of 210,000 DWT, 4 asphalt carriers, and 1 LNG carrier, enhancing both the quantity and quality of ship asset allocation and further improving the diversity of ship types. The Company's ship asset scale ranked among the top in the industry-related ship leasing sector, with its market position steadily strengthened.

2. STRENGTHENING TECHNOLOGY LEADERSHIP TO FOSTER INNOVATION MOMENTUM

First, green and low-carbon development was further strengthened. The world's first "Container CFP&EPD Label" was launched, and all six container plants of the Company obtained CFP&EPD reports for their core products. Green and low-carbon labels have been affixed to over 80,000 containers, realising a closed loop of "carbon data storage – green certification – low-carbon shipping logistics". The Company promoted energy-saving and environmentally friendly modification of equipment and processes, green energy transition, and application of new low-carbon and eco-friendly materials, further driving green and low-carbon upgrading. Second, digital transformation continued to progress. In the container manufacturing segment, multiple functions of the container management cloud platform were optimised; in the container leasing segment, the collaborative function for new container inventory across the industrial chain was further improved, and AI scenarios such as knowledge base Q&A and automatic Booking order creation were developed. The research on the intelligent dispatch model and the retired container disposal platform project won the second prize and the third prize respectively at the 5th Information Technology Application Skills Competition organised by the China Information Industry Association (中國信息協會). The dual-centre disaster recovery system construction was selected as a typical case of "Central State-owned Enterprises Cloud Disaster Recovery Pioneers" (央國企雲容災領航者典型案例) in 2025. In the shipping leasing segment, the vessel digital operation and management platform developed visualised analysis systems covering financial indicators and risk management. Third, new progress was made in scientific and technological innovation and intelligent manufacturing. In the first half of the year, R&D investment was further intensified, with a total of 189 patents applied for and granted, including 22 invention patents. DFIC Qingdao and DFIC Jinzhou obtained the Level 3 certification of Intelligent Manufacturing Capability Maturity Model. Innovation achievements were recognised with multiple honours at the 7th National Equipment Management and Technological Innovation Achievement Exchange Conference (第七屆全國設備管理與技術創新成果交流大會), among which DFIC Ningbo's project "Application of Intelligent Manufacturing System for Containers" won the first prize.

3. ENHANCING VALUE REALIZATION AND REFINING ESG GOVERNANCE

The Company has remained focused on value enhancement and on enhancing investor returns. Against the backdrop of capital market volatility, we conveyed to the market our firm confidence in the Company's future development by carrying out two successive rounds of A+H share repurchases. As a result, a total of approximately 349 million shares were repurchased, with a repurchase amount of approximately RMB510 million, effectively stabilising market expectations. With confidence in its steady operations ahead, the Company continued to initiate another round of share repurchase. Meanwhile, it has adhered to optimising its investor return mechanism and implemented an interim dividend distribution of RMB0.022 per share in 2025, balancing stability and timeliness in investor returns. The Company has been selected for the S&P Global "Sustainability Yearbook" for three consecutive years and once again honoured as the "Industry's Most Improved Company", demonstrating its ESG achievements. In addition, the Company has proceeded with the second batch of assistance projects in Tibet, further applying its technical advantages in special containers to support the construction of a "Teachers' Home" on the plateau and a cultural tourism service station along a national highway, fulfilling its social responsibility as a central state-owned enterprise.

Management Discussion and Analysis

4. PROMOTING QUALITY, EFFICIENCY AND RETURNS TO IMPROVE THE QUALITY OF LISTED COMPANIES

The Company has actively launched the “Promoting Quality, Efficiency and Returns” initiative, leveraging its strategic positioning in “industry, finance and investment”, continuously expanding within the distinctive shipping industry-finance sector, strengthening organic growth, and enhancing core competitiveness. It has focused on cultivating and developing new quality productivity in shipping industry-finance, enhancing “Container+” customisation capabilities, accelerating the construction of digital factories and digital operation platforms, and optimising the global layout of its operational network. At the same time, the Company has strengthened green production, expanded green business, incubated green assets, and innovated green financing, fully leveraging the value of green transformation to enhance its sustainable development capabilities. The Company has remained attentive to investor returns and emphasised communication with investors. By establishing new quality management and improving management effectiveness, and making full use of various traditional and innovative financing tools such as bonds and green low-carbon special loans, the Company has tapped into the potential for cost reduction and efficiency improvement, thereby further enhancing the quality of the listed company.

In addition, the Company has further strengthened risk prevention and control, deepened the implementation of safety production responsibilities to consolidate the safety foundation for high-quality development, and upheld a talent-driven strategy to build robust human capital support for high-quality development.

(IV) OUTLOOK

In the second half of the year, the global trade landscape remains in a state of ongoing adjustment and evolution, with global supply chains disrupted by multiple factors and presenting a complex and volatile situation. In contrast, China’s economic fundamentals remain solid, with numerous advantages, strong resilience, and considerable potential, and the supportive conditions and underlying trends for long-term positive development remain unchanged. Faced with market uncertainties and transformational opportunities, we will proactively embrace change, further strengthen our determination to maintain development stability, focus on our core responsibilities and businesses, and promote stability through progress and create a new development landscape. We will continue to deepen the construction of industry-finance professional capabilities and build the core competitiveness of the industry-finance brand; accelerate the pace of technological innovation to cultivate new quality productive forces in shipping industry-finance; enhance corporate governance effectiveness; and empower value realisation through multiple dimensions, thereby consolidating momentum and gathering strength for the start of the “15th Five-Year Plan” journey.

Management Discussion and Analysis

III. FINANCIAL REVIEW OF THE GROUP

The Group recorded revenue of RMB12,159,349,000 during the Period, representing an increase of 4.29% as compared with the revenue of RMB11,659,244,000 for the same period of last year; profit before income tax from continuing operations amounted to RMB1,273,543,000, representing an increase of 59.28% as compared with the profit of RMB799,549,000 for the same period of last year; profit for the Period attributable to owners of the Company amounted to RMB970,365,000, representing an increase of 8.36% as compared with the profit of RMB895,488,000 for the same period of last year.

Analysis of segment businesses is as follows:

Unit: RMB'000

Continuing operations Segment	Revenue			Cost		
	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Change (%)	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Change (%)
Container manufacturing business	10,864,042	9,681,231	12.22	10,116,046	9,166,581	10.36
Container leasing business	2,605,832	2,576,017	1.16	1,594,415	1,553,827	2.61
Shipping leasing business	1,047,133	1,174,852	(10.87)	352,578	427,803	(17.58)
Investment management business	15,982	6,974	129.17	–	–	–
Offset amount	(2,373,640)	(1,779,830)	33.36	(2,239,960)	(1,722,022)	30.08
Total	12,159,349	11,659,244	4.29	9,823,079	9,426,189	4.21

1. ANALYSIS OF CONTAINER MANUFACTURING BUSINESS

1) Operating Revenue

For the six months ended 30 June 2025, the Group's container manufacturing business realized operating revenue of RMB10,864,042,000, representing a year-on-year increase of 12.22% as compared with the revenue of RMB9,681,231,000 for the same period of last year, mainly due to the year-on-year increase in the sales volume of containers driven by the rising container transportation market influenced by the interplay of multiple factors. During the Period, the aggregate container sales was 845,700 TEU, representing a year-on-year increase of 13.61% as compared with 744,400 TEU for the same period of last year.

2) Operating Costs

Operating costs of the container manufacturing business mainly consist of raw material costs, transportation costs, employee compensation and depreciation expenses. The operating costs amounted to RMB10,116,046,000 for the six months ended 30 June 2025, representing a year-on-year increase of 10.36% as compared with the costs of RMB9,166,581,000 for the same period of last year. Such increase was mainly due to the increase in production costs such as materials and labour costs as the sales volume of containers increased.

Management Discussion and Analysis

2. ANALYSIS OF CONTAINER LEASING BUSINESS

1) Operating Revenue

For the six months ended 30 June 2025, the Group recorded revenue from the container leasing, management and sales of RMB2,605,832,000, representing an increase of 1.16% as compared with the revenue of RMB2,576,017,000 for the same period of last year, primarily attributable to the recovery of the container market and the resulting year-on-year rise in the Company's container leasing volume.

2) Operating Costs

Operating costs of the container leasing business mainly include the depreciation and maintenance costs of containers, net carrying value of sale of containers returned upon expiry and interest costs of finance lease business. The operating costs of the container leasing business for the six months ended 30 June 2025 amounted to RMB1,594,415,000, representing a year-on-year increase of 2.61% as compared with the operating costs of RMB1,553,827,000 for the same period of last year, which was mainly due to the year-on-year increase in container depreciation costs as a result of the increase in the size of container leasing business during the Period.

3. ANALYSIS OF SHIPPING LEASING BUSINESS

1) Operating Revenue

For the six months ended 30 June 2025, the Group recorded revenue from the shipping leasing business of RMB1,047,133,000, representing a decrease of 10.87% as compared with the revenue of RMB1,174,852,000 for the same period of last year, which was mainly due to the year-on-year decrease of the scale of fleet under finance lease. As at 30 June 2025, the Group's vessel assets under operating leases remained stable, while the number of vessel assets under finance leases decreased by 5.50% year-on-year.

2) Operating Costs

Operating costs of shipping leasing business mainly comprise of depreciation of vessels and interest expenses. The operating costs of shipping leasing business for the six months ended 30 June 2025 amounted to RMB352,578,000, representing a decrease of 17.58% as compared to the costs of RMB427,803,000 for the same period of last year, which was mainly attributable to the year-on-year decrease in the scale of fleet under finance lease.

3) Details of the Group's finance lease business

The Group entered into finance lease arrangements with leased assets for certain vessels, machinery, equipment and facilities used in shipping, transportation and logistics industries, etc. The term of finance leases entered into mainly ranges from one to ten years. The interest rate of finance leases mainly ranges from 1.97% to 13.92%. Finance lease receivables of the Group are secured over the leased assets. As at 31 December 2024 and 30 June 2025, the total present value of minimum finance lease receivables of the Group amounted to RMB30,839,310,000 and RMB29,595,969,000, respectively. As at 30 June 2025, the number of clients for the Group's finance lease business was approximately 70.

As at 31 December 2024 and 30 June 2025, the balance of finance lease transactions for the largest single client of the Group accounted for approximately 11.55% and 10.91% of the total assets of the Group, respectively, while the balance of finance lease transactions for the largest single group client accounted for approximately 17.86% and 16.72% of the total assets of the Group, respectively.

Management Discussion and Analysis

The following table sets forth the degree of concentration of single client and single group client of the Group as at 30 June 2025:

Concentration indicator	Balance of finance lease transactions (RMB'000)	Balance of finance lease transactions as a percentage of the total assets of the Group
Degree of concentration of single client financing	14,213,012	10.91%
Degree of concentration of single group client financing	21,785,615	16.72%

The following table sets forth details of the balance of finance lease transactions with the top ten single clients of the Group as at 30 June 2025:

Name of the client	Business segment	Balance of finance lease transactions (RMB'000)	As a percentage of finance lease related assets
Client A	Vessel leasing	14,213,012	48.02%
Client B	Vessel leasing	4,161,107	14.06%
Client C	Container leasing	3,983,431	13.46%
Client D	Vessel leasing	3,370,431	11.39%
Client E	Vessel leasing	418,227	1.41%
Client F	Vessel leasing	387,092	1.31%
Client G	Container leasing	372,181	1.26%
Client H	Container leasing	359,353	1.21%
Client I	Vessel leasing	290,417	0.98%
Client J	Vessel leasing	147,681	0.50%
Total		27,702,932	93.60%

Note:

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

Management Discussion and Analysis

The following table sets forth the industrial distribution of net amount of finance lease receivables of the Group as at 30 June 2025:

Business segment	Balance of finance lease transactions <i>(RMB in 100 millions)</i>	As a percentage of finance lease related assets
Vessel leasing	254.02	82.79%
Transportation and logistics	2.42	0.82%
Container leasing	48.52	16.39%
Total	295.96	100%

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

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

- (1) the Group has implemented an asset management policy to proactively manage potential risks in connection with the Group's leased assets;
- (2) the Group has conducted regular inspections of the leased assets to identify any potential risks in the lessees' operations and to ensure that the leased assets are in satisfactory condition. On-site inspections shall be carried out immediately in the event of emergency (including but not limited to serious accidents, seizure of the leased assets by authorities, or bankruptcy of the lessees);
- (3) in the event of non-payment of rent, the relevant department will attempt to collect the unpaid amount and any interests thereof from the lessee by making phone calls or written demand, or carry out on-site collection from the lessees, depending on the number of day(s) such payment is overdue and the circumstances of the lessees;

Management Discussion and Analysis

- (4) depending on factors such as the value of the leased assets, business operations and creditworthiness of the lessees and how the Group monitors the assets, the Group categorizes the leased assets into five classes and takes appropriate monitoring/collection actions from time to time according to the classes assigned to specific assets; and
- (5) for leased assets the rental payment of which is overdue for more than 30 days, the Group may further attempt to collect the unpaid amount from the lessees, bring legal or arbitral proceedings against the lessees, or apply for seizure of property or specific performance from the court, depending on the circumstances.

4. ANALYSIS OF INVESTMENT MANAGEMENT BUSINESS

As at 30 June 2025, for details of analysis of the Company's equity investment business, please refer to the section headed "Significant Investment in Equity".

GROSS PROFIT

Due to the above reasons, the Group recorded gross profit of RMB2,336,270,000 for the six months ended 30 June 2025 (gross profit for the same period of last year was RMB2,233,055,000).

SIGNIFICANT INVESTMENT IN EQUITY

As at 30 June 2025, the carrying value of the Group's external equity investments accounted for using the equity method amounted to RMB27,424,398,000, representing an increase of 1.44% as compared with RMB27,034,192,000 as at 31 December 2024, which was mainly attributable to the recognition of investment income and the receipt of cash dividends from associates for the Period.

As at 30 June 2025, the carrying value of the Group's financial assets at fair value through profit or loss amounted to RMB2,173,344,000, representing an increase of 2.13% as compared with RMB2,127,989,000 as at 31 December 2024, which was mainly due to the increase in fair value of certain financial assets and the recovery of certain financial asset investments.

For the six months ended 30 June 2025, the Group realised investment income of RMB1,002,592,000, representing an increase of 11.36% as compared with RMB900,302,000 for the same period of last year, which was mainly attributable to the year-on-year increase in operating results of associates.

For the six months ended 30 June 2025, the Group realised a gain or loss on changes in fair value of RMB145,181,000, representing an increase of RMB251,346,000 as compared with RMB-106,165,000 for the same period of last year, which was mainly attributable to the increase in the valuation of investments in financial assets held by the Company due to the impact of volatility in the capital markets.

Management Discussion and Analysis

1. Shareholdings in Other Listed Companies

Stock code	Company name	Investment cost (RMB'000)	Shareholding		Book value at the end of the Period (RMB'000)	Gain during the Period (RMB'000)	Changes in other reserve during the Period (RMB'000)	Dividends received during the Period (RMB'000)	Accounting ledger	Sources of the shareholding
			at the beginning of the Period	Shareholding at the end of the Period						
			(%)	(%)						
09668	China Bohai Bank Co., Ltd.	5,749,379	11.12	11.12	11,354,942	411,546	(71,129)	–	Investment in associates	Purchase
601818/06818	China Everbright Bank Co., Ltd.	3,398,255	1.23	1.23	5,954,860	272,222	(51,648)	136,836	Investment in associates	Purchase
600179	Antong Holdings Co., Ltd.	48,820	0.27	0.27	31,415	(785)	–	–	Financial assets at fair value through profit or loss	Purchase
Total		9,196,454	/	/	17,341,217	682,983	(122,777)	136,836		

2. Shareholdings in Financial Enterprises

Name of investee	Investment cost (RMB'000)	Shareholding	Shareholding	Book value	Gain during the Period (RMB'000)	Changes in	Dividends	Accounting ledger	Sources of the shareholding
		at the beginning of the Period	at the end of the Period	at the end of the Period		other reserve	received		
		(%)	(%)	(RMB'000)		during the Period (RMB'000)	during the Period (RMB'000)		
Bank of Kunlun Co., Ltd.	1,077,153	3.74	3.74	1,651,571	43,901	(3,649)	7,692	Investment in associates	Purchase
CIB Fund Management Co., Ltd.	100,000	10.00	10.00	525,508	24,011	389	5,000	Investment in associates	Purchase
Shanghai Haisheng Shangshou Financial Leasing Co., Ltd.	136,715	25.00	25.00	57,650	(7,815)	–	–	Investments in joint ventures	Purchase
COSCO SHIPPING Finance Company Limited	2,914,166	13.38	13.38	3,324,478	82,720	(5,808)	101,791	Investment in associates	Purchase
Powchan Financial Group Co., Ltd.	3,575,320	40.81	40.81	4,037,228	177,485	–	234,432	Investment in associates	Purchase
Total	7,803,354	/	/	9,596,435	320,302	(9,068)	348,915		

Management Discussion and Analysis

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

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

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

INCOME TAX

According to the Corporate Income Tax ("**CIT**") Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the six months ended 30 June 2025 and 2024, except for the subsidiaries which are eligible for preferential income tax policies and subject to CIT rate of 15% for the six months ended 30 June 2025 (six months ended 30 June 2024: 15%).

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits of the Group's subsidiaries operating in Hong Kong for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%).

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

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

For the six months ended 30 June 2025, the Group's selling, administrative and general expenses were RMB518,045,000, representing an increase of 2.33% as compared with the expenses for the same period of last year.

Management Discussion and Analysis

OTHER GAINS, NET

For the six months ended 30 June 2025, other gains of the Group were RMB159,646,000, representing an increase of RMB18,101,000 as compared with the other gains of RMB141,545,000 for the same period of last year, which was mainly due to the year-on-year increase in the fair value of financial assets held during the Period.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

For the six months ended 30 June 2025, the profit attributable to owners of the Company for the Period was RMB970,365,000, representing an increase of 8.36% as compared with the profit of RMB895,488,000 for the same period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Analysis of Liquidity and Borrowings

The Group's principal sources of liquidity are cash flow from operating business and short-term bank borrowings. The Group's cash is mainly used for expenses of operating cost, repayment of borrowings, acquisition of vessels and containers, and support of the Group's financial leasing business. During the Period, the Group's net operating cash inflow was RMB1,285,802,000. As at 30 June 2025, the Group's cash and cash equivalents were RMB10,924,303,000.

As at 30 June 2025, the Group's total bank and other borrowings amounted to RMB75,301,773,000, with repayment maturity periods between 2025 and 2036, including RMB40,412,094,000 repayable within one year, RMB14,958,059,000 repayable within the second year, RMB15,972,847,000 repayable within the third to fifth year and RMB3,958,773,000 repayable after five years. The Group's long-term bank borrowings were mainly used for carrying out finance leasing business, acquisition of vessels and containers. As at 30 June 2025, the Group's long-term bank and other borrowings were secured by certain containers and vessels with an aggregate value of RMB20,668,468,000 and pledged by finance lease receivables with an aggregate value of RMB1,866,111,000.

As at 30 June 2025, the Group held corporate bonds payable totalling RMB15,900,000,000 and the proceeds raised from the bonds were used for the repayment of debts and the replacement of own funds of the Group spent on the purchase of vessels in the previous periods.

The Group's RMB-denominated borrowings at fixed interest rates amounted to RMB5,082,914,000. USD-denominated borrowings at fixed interest rates amounted to USD1,404,792,000 (equivalent to approximately RMB10,056,341,000), RMB-denominated borrowings at floating interest rates amounted to RMB10,429,500,000, and USD-denominated borrowings at floating interest rates amounted to USD6,947,311,000 (equivalent to approximately RMB49,733,018,000). The Group's borrowings are settled in RMB or USD while its cash and cash equivalents are primarily denominated in RMB and USD.

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

Management Discussion and Analysis

Net Current Liabilities

As at 30 June 2025, the Group's net current liabilities amounted to RMB26,381,059,000. Current assets mainly included inventories of RMB2,114,347,000; trade and notes receivables of RMB3,982,945,000; contract assets of RMB20,355,000; prepayments and other receivables of RMB2,526,114,000; financial assets at fair value through profit or loss of RMB38,582,000; the current portion of finance lease receivables of RMB2,700,948,000; derivative financial instruments of RMB28,859,000; cash and cash equivalents of RMB10,924,303,000; and restricted deposits of RMB14,542,000. Current liabilities mainly included trade and notes payables of RMB3,816,785,000; other payables and accruals of RMB2,894,113,000; contract liabilities of RMB79,381,000; bank and other borrowings of RMB40,412,094,000; corporate bonds of RMB1,300,000,000; current portion of lease liabilities of RMB76,309,000; and tax payable of RMB153,372,000.

Cash Flows

The following table provides the information regarding the Group's cash flows for the six months ended 30 June 2025 and 2024:

Unit: RMB'000

	For the six months ended 30 June	
	2025	2024
Net cash generated from operating activities	1,285,802	379,434
Net cash (used in)/generated from investing activities	(504,290)	587,813
Net cash generated from/(used in) financing activities	1,398,460	(5,153,753)
Impact of exchange rate movement on cash	67,115	170,267
Net increase/(decrease) in cash and cash equivalents	2,247,087	(4,016,239)

As at 30 June 2025, the cash and cash equivalents balance increased by RMB2,247,087,000 as compared with that at the beginning of the Period, which was mainly due to the fact that the Company enlarged financing scale.

Net Cash Generated from Operating Activities

For the six months ended 30 June 2025, the net cash inflow generated from operating activities was RMB1,285,802,000, representing an increase of RMB906,368,000 as compared with RMB379,434,000 of net cash inflow generated from operating activities for the same period of last year. The increase in the Group's cash flow generated from operating activities was mainly due to an improvement in the gross profit of sales in the container manufacturing segment and an optimization of inventory management.

Net Cash (Used in)/Generated from Investing Activities

For the six months ended 30 June 2025, the net cash outflow used in investing activities was RMB504,290,000, representing a decrease of RMB1,092,103,000 as compared with the net cash inflow generated from investing activities of RMB587,813,000 for the same period of last year. The decrease in the Group's net cash from investing activities was primarily attributable to the cash received from the disposal of subsidiaries and the disposal of financial assets at fair value through profit or loss in the same period last year.

Management Discussion and Analysis

Net Cash Generated from/(Used in) Financing Activities

For the six months ended 30 June 2025, the net cash inflow generated from financing activities was RMB1,398,460,000, representing an increase of RMB6,552,213,000 as compared with the net cash outflow used in financing activities of RMB5,153,753,000 for the same period of last year, mainly due to a rise in debt scale in support of expanded business operations. The Group's cash inflow from financing activities during the Period was mainly from bank and other borrowings and the issuance of corporate bonds. The aforementioned funds were mainly used for operating cost expenses, debt repayment, acquisition of vessel and containers, and supporting the Group in conducting financial leasing business. For the six months ended 30 June 2025, the Group's new bank and other borrowings amounted to RMB22,110,301,000, issuance of corporate bonds amounted to RMB3,900,000,000, repayment of bank and other borrowings amounted to RMB22,371,515,000.

Trade and Notes Receivables

As at 30 June 2025, the Group's net amount of trade and notes receivables was RMB3,982,945,000, representing an increase of RMB1,425,701,000 as compared with that as at 31 December 2024, of which notes receivables increased by RMB21,532,000 and trade receivables increased by RMB1,404,169,000, which was mainly due to the increase in container sales receivables as a result of the growth in container sales volume during the Period.

Gearing Ratio Analysis

As at 30 June 2025, the Group's net gearing ratio (i.e. net debts to shareholders' equity) was 259.56%, representing an increase of 0.3 percentage point as compared with that as at 31 December 2024.

Foreign Exchange Risk Analysis

Revenues and costs of the Group's container manufacturing, container leasing and shipping leasing operations are settled or denominated in USD. As a result, the impact on the net operating revenue due to RMB exchange rate fluctuation can be offset by each other to a certain extent. During the Period, the Group recorded an exchange gain of RMB32,443,000, which was mainly due to fluctuations of the USD exchange rate during the Period; the decrease in exchange difference which was charged to equity attributable to shareholders of the Company amounted to RMB32,157,000. The Group will continue to closely monitor the exchange rate fluctuation of RMB and major international settlement currencies in the future to minimise the impact of exchange rate fluctuation and thus reduce foreign exchange risks.

Capital Expenditures

For the six months ended 30 June 2025, the Group's expenditures on the acquisition of containers, machinery and equipment, vessels and other expenditures amounted to RMB2,389,924,000, and its expenditures on the acquisition of finance lease assets amounted to RMB353,942,000.

Capital Commitments

As at 30 June 2025, the Group had RMB10,494,678,000 in capital commitment to property, plant and equipment which had been contracted but not provided for. The Group entered into an investment agreement and the unpaid subscribed investment amount was RMB62,816,000. The Group had RMB289,923,000 unpaid finance lease payables which had been contracted.

Pledge

As at 30 June 2025, certain container vessels and containers of the Group with net carrying value of approximately RMB20,668,468,000 (31 December 2024: RMB20,734,424,000), finance lease receivables of RMB1,866,111,000 (31 December 2024: RMB4,343,206,000) and restricted deposits of RMB995,000 (31 December 2024: RMB934,000) were secured or pledged for the grant of bank borrowings and issuance of corporate bonds of the Group.

Management Discussion and Analysis

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets

There were no relevant matters for the Group during the Period.

SUBSEQUENT EVENTS

1. On 29 July 2025, the Company's wholly-owned subsidiary, COSCO SHIPPING Development (Hainan) (as the buyer) and (i) Heavy Industry (Zhoushan) (as the seller) entered into certain shipbuilding contracts in relation to the construction of six 210k DWT-class bulk cargo vessels at the aggregate contract price of approximately RMB3,168,000,000 (exclusive of tax); and (ii) China State Seller (collectively as the seller) entered into certain shipbuilding contracts in relation to the construction of four 210k DWT-class bulk cargo vessels at the aggregate contract price of approximately RMB2,112,000,000 (exclusive of tax). On the same date, COSCO SHIPPING Development (Hainan) and COSCO SHIPPING Bulk entered into the Vessel Leasing Agreement, pursuant to which COSCO SHIPPING Development (Hainan) has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk Group in relation to the aforesaid 210k DWT-class bulk cargo vessels to be built, with lease period of 240 months $\pm$ 90 days commencing from the delivery date of each vessel. The Heavy Industry Shipbuilding Contracts are still subject to the Independent Shareholders' approval at a general meeting of the Company.

For further details, please refer to the announcement of the Company dated 29 July 2025 regarding this matter. The capitalised terms used in this section shall have the meaning as those defined in that announcement.

2. On 29 July 2025, in accordance with the relevant provisions of the Company Law of the People's Republic of China, the Guidelines on the Articles of Association of Listed Companies (Revised in 2025) (《上市公司章程指引(2025年修訂)》) and the Listing Rules, and taking into account the actual conditions of the Company, the Company proposed to abolish its Supervisory Committee and abolish the Rules and Procedures for the Supervisory Board, and make certain amendments to the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors and the Working Rules of Independent Non-executive Directors of the Company. In addition, it is proposed that the registered capital shall be reduced by RMB216,682,794 as a result of the exercise of certain share options and repurchase and cancellation of certain Shares. These matters are still subject to the Shareholders' approval at a general meeting of the Company.

For further details, please refer to the announcement of the Company dated 29 July 2025 regarding these matters. The capitalised terms used in this section shall have the meaning as those defined in that announcement.

3. On 26 August 2025, the Company's wholly-owned subsidiary, Oriental Fleet entered into the Memorandum of Agreement and the Bareboat Charter with the Charterer, pursuant to which Oriental Fleet has agreed to purchase one Chartered Vessel from the Charterer at the purchase price of approximately RMB2,578.93 million, and immediately after the delivery, lease back the Chartered Vessel to Charterer at a total estimated charter hire to be payable by the Charterer of approximately RMB3,182.47 million.

For further details, please refer to the announcement of the Company dated 26 August 2025 regarding this matter. The capitalised terms used in this section shall have the meaning as those defined in that announcement.

Management Discussion and Analysis

Save as disclosed above and except for the 2025 interim dividend distribution plan as disclosed in the section headed “IV. OTHER SIGNIFICANT MATTERS – DIVIDENDS” below, since the end of the reporting period, there have been no significant events that may have an impact on the Group.

CONTINGENT LIABILITIES

As at 30 June 2025, there were no significant contingent liabilities for the Group.

EMPLOYEES, TRAINING AND BENEFITS

As at 30 June 2025, the Company had a total of 16,179 employees, and the total staff costs for the Period (including staff remuneration, welfare and social insurance) amounted to approximately RMB1,367,718,000 (including outsourced labour costs).

To support the Company’s production and operation, reform and development needs, talent development and cultivation, the Company has developed its employee training system. Based on identification of demand, supported by the division of authority and responsibility and list-based management, we have enhanced the training content and implementation system, organized various types of trainings and improved the effectiveness of training resource allocation, staff training participation and satisfaction. Based on the training system, various training programmes were designed and implemented to address different types of business and positions, covering topics such as technological innovation, green and low-carbon, industry development, management capability, risk management, safety and individual caliber and so on.

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

IV. OTHER SIGNIFICANT MATTERS

DIVIDENDS

On 29 August 2025, the Board approved the Company’s 2025 interim dividend distribution plan and declared the payment of an interim dividend of RMB0.022 per share (inclusive of applicable tax) for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB0.019 per share), totalling RMB290,348,000 (for the six months ended 30 June 2024: RMB257,397,000). Such dividend distribution has not been recognised as a liability in the condensed consolidated financial statements for the six months ended 30 June 2025, but will be accounted for as an appropriation of retained profits during the year ending 31 December 2025. If there is a change in the total share capital of the Company available for equity distribution during the period from the date of first disclosure of this profit distribution plan (i.e., 29 August 2025) to the record date for the equity distribution, the Company will adjust the total distribution amount based on the principle of maintaining an unchanged distribution amount per Share. If there are subsequent changes in the total share capital, separate announcement(s) will be made to detail the specific adjustments. This profit distribution plan does not need to be submitted to the general meeting of the Shareholders of the Company for approval. For further details of the above authorization to the Board, please refer to the circular of the Company dated 5 June 2025 and the announcement of the Company dated 26 June 2025.

Management Discussion and Analysis

The 2025 interim dividend will be paid to A Shareholders and domestic investors investing in H Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect in RMB and to H Shareholders in Hong Kong Dollar (“HKD” or “HK\$”). The actual amount of interim dividend to be distributed and paid to H Shareholders in HKD is calculated in accordance with the average middle exchange rate of HK\$1 to RMB0.91216 as quoted by the People’s Bank of China for the period of one week before 29 August 2025. Accordingly, the amount of the interim dividend payable per H Share is HK\$0.02412 (tax inclusive). The expected ex-dividend date will be 10 September 2025 and the interim dividend in respect of the H Shares is expected to be distributed and paid on 26 September 2025. The interim dividend will be paid by the receiving agent of the Company in Hong Kong and relevant cheques will be despatched by Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, to the H Shareholders who are entitled to receive the interim dividend, by ordinary post at their own risk on or around 26 September 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the H Shareholders’ entitlement to the 2025 interim dividend, the register of members of the Company will be closed from Friday, 12 September 2025 to Tuesday, 16 September 2025 (both days inclusive), during which period no transfer of H Shares will be registered. The H Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 16 September 2025 are entitled to receive the 2025 interim dividend. In order to qualify for the 2025 interim dividend, the H Shareholders shall lodge all transfer documents together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 11 September 2025.

INFORMATION ON WITHHOLDING TAX

Enterprise income tax

According to the Law on Corporate Income Tax of the People’s Republic of China and the relevant implementation rules which came into effect on 1 January 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing the interim dividends to non-resident enterprise shareholders as appearing on the register of members. Any Shares not registered in the name of an individual person, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and will therefore be subject to the withholding of the corporate income tax. After receiving the interim dividends, non-resident enterprise shareholders may apply, personally or by proxy, to provide materials to the competent taxation authorities proving their eligibility to be the actual beneficiaries under the taxation agreements (arrangement) to enjoy tax refund.

Individual income tax

Pursuant to the requirements of Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] No. 020) (《財政部·國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), individual foreigners are exempted from individual income tax on dividends and bonus received from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, foreign individual H Shareholders whose names appeared on the Register of Members are not required to pay the individual income tax of the PRC.

For dividends received by mainland individual investors from investing in H shares of the Company, the Company will withhold and pay individual income tax payable by such mainland individual investors at the rate of 20% on their behalf.

Management Discussion and Analysis

Profit distribution for domestic investors investing in H Shares through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect

Shanghai-Hong Kong Stock Connect

For domestic investors (including enterprises and individuals) investing in the H Shares through the Shanghai Stock Exchange, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the H Shareholders through Shanghai-Hong Kong Stock Connect, will receive the interim dividends paid by the Company and further distribute the interim dividends to the relevant investors of H Shares through Shanghai-Hong Kong Stock Connect through its depository and clearing system.

The interim dividends will be paid to investors investing in H Shares through Shanghai-Hong Kong Stock Connect in RMB. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) issued by the Ministry of Finance of the PRC, the State Administration of Taxation and the CSRC:

- (i) for dividends received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the relevant H share listed company shall withhold and pay individual income tax payable by such mainland individual investors at the rate of 20% on their behalf;
- (ii) for dividends received by mainland securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, individual income tax payable by such mainland securities investment funds shall be withheld and paid by the relevant H share listed company in the same manner as stated in paragraph (i) above; and
- (iii) for dividends received by mainland enterprise investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the relevant H share listed company shall not withhold or pay the income tax of dividends for mainland enterprise investors and those enterprise investors shall report and pay the income tax themselves.

Shenzhen-Hong Kong Stock Connect

For domestic investors (including enterprises and individuals) investing in the H Shares through the Shenzhen Stock Exchange, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the H Shareholders through Shenzhen-Hong Kong Stock Connect, will receive the interim dividends paid by the Company and further distribute the interim dividends to the relevant investors of H Shares through Shenzhen-Hong Kong Stock Connect through its depository and clearing system. The interim dividends will be paid to investors investing in H Shares through Shenzhen-Hong Kong Stock Connect in RMB. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)):

- (i) for dividends received by mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the relevant H share listed company shall withhold and pay individual income tax payable by such mainland individual investors at the rate of 20% on their behalf;

Management Discussion and Analysis

- (ii) dividends received by mainland securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, individual income tax payable by such mainland securities investment funds shall be withheld and paid by the relevant H share listed company in the same manner as stated in paragraph (i) above; and
- (iii) for dividends received by mainland enterprise investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the relevant H share listed company shall not withhold or pay the income tax of dividends for mainland enterprise investors and those enterprise investors shall report and pay the income tax themselves.

The record date, the date of distribution and other arrangements in relation to the payment of the interim dividend to domestic investors investing in the H Shares through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect will be the same as those for the H Shareholders.

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

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

Management Discussion and Analysis

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

Repurchase of A Shares

Month of repurchase	Number of shares repurchased	Price per share		Total price (excluding transaction costs) (RMB)
		Highest (RMB/Share)	Lowest (RMB/Share)	
January 2025	3,000,000	2.51	2.40	7,341,970
February 2025	13,214,700	2.41	2.33	31,237,333
March 2025	9,505,300	2.39	2.29	22,148,714
April 2025	29,500,500	2.34	2.12	66,223,391
May 2025	8,500,000	2.73	2.28	20,767,412
June 2025	15,010,000	2.52	2.45	37,359,544
Total	78,730,500			185,078,364

Repurchase of H Shares

Month of repurchase	Number of shares repurchased	Price per share		Total price (excluding transaction costs) (HK\$)
		Highest (HK\$/Share)	Lowest (HK\$/Share)	
January 2025	38,012,000	1.05	0.98	38,561,480
February 2025	840,000	0.99	0.99	831,600
March 2025	Nil	—	—	Nil
April 2025	2,639,000	0.88	0.87	2,309,010
May 2025	45,373,000	1.04	0.89	43,648,240
June 2025	35,215,000	1.06	0.95	36,022,810
Total	122,079,000			121,373,140

As at the date of this report, all 78,730,500 A Shares and 122,079,000 H Shares repurchased during the Period had been cancelled.

Save as disclosed above, during the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sales of treasury shares). As at 30 June 2025, the Company held 28,724,292 treasury A Shares for the purpose of A share option incentive scheme, and such treasury A Shares were cancelled on 15 July 2025.

Management Discussion and Analysis

SHARE CAPITAL

As at 30 June 2025, the share capital of the Company was as follows:

Type of shares	Number of issued shares	Percentage
A shares	9,780,708,112	73.49%
H shares	3,528,899,000	26.51%
Total	13,309,607,112	100.0%

Note: As at the date of this report, the total share capital of the Company was 13,197,655,820 shares, comprising 9,751,983,820 A shares and 3,445,672,000 H shares.

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

As at 30 June 2025, the interests or short positions of the directors (the “**Directors**”), supervisors (the “**Supervisors**”) or chief executive(s) of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors, Supervisors or chief executive(s) of the Company were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules were as follows:

INTERESTS IN THE SHARES OF THE COMPANY

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

Notes:

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

Management Discussion and Analysis

Save as disclosed above, as at 30 June 2025, none of the Directors, Supervisors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors, Supervisors or chief executive(s) of the Company were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

As at 30 June 2025, so far as was known to the Directors, Supervisors and chief executive(s) of the Company, the interests or short positions of the shareholders who were entitled to exercise or control 5% or more of the voting power at any general meeting of the Company or other persons (other than Directors, Supervisors or chief executive(s) of the Company) in the shares or underlying shares of the Company which were required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO, or which have been notified to the Company or the Hong Kong Stock Exchange were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares interested (Note 1)	Approximate percentage of the total number of the relevant class of shares of the Company (%)	Approximate percentage of the issued share capital of the Company (%)
China Shipping Group Company Limited ("China Shipping")	A shares	Beneficial owner	4,628,015,690 (L)	47.32	34.77
	A shares	Interest of controlled corporation	1,447,917,519 (L) (Note 2)	14.80	10.88
	A shares	Other	28,724,292 (L) (Note 3)	0.29	0.22
	H shares	Interest of controlled corporation	100,944,000 (L) (Note 4)	2.86	0.76
China COSCO SHIPPING Corporation Limited	A shares	Interest of controlled corporation	6,075,933,209 (L)	62.12	45.65
	A shares	Beneficial owner	47,570,789 (L)	0.49	0.36
	A shares	Other	28,724,292 (L) (Note 3)	0.29	0.22
	H shares	Interest of controlled corporation	100,944,000 (L) (Note 4)	2.86	0.76
COSCO SHIPPING Investment Holdings Co., Limited	A shares	Beneficial owner	1,447,917,519 (L) (Note 2)	14.80	10.88
	H shares	Interest of controlled corporation	100,944,000 (L) (Note 4)	2.86	0.76

Management Discussion and Analysis

Notes:

1. “L” means long position in the shares.
2. Such 1,447,917,519 A shares represent the same block of shares.
3. These 28,724,292 A shares were repurchased and held by the Company as A-share treasury shares for the purpose of A Share Option Incentive Scheme. As at 30 June 2025, each of China COSCO SHIPPING Corporation Limited and China Shipping controlled one-third or more of the voting rights at general meetings of the Company and was therefore deemed to be interested in these A-share treasury shares for the purposes of Part XV of the SFO. As at the date of this report, all these shares had been cancelled.
4. Such 100,944,000 H shares represent the same block of shares held by Ocean Fortune Investment Limited, an indirectly wholly-owned subsidiary of China Shipping.

Save as disclosed above, as at 30 June 2025, no other person (other than Directors, Supervisors or chief executive(s) of the Company) had any interest or short position in any shares or underlying shares of the Company which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which was required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO, or which has been notified to the Company or the Hong Kong Stock Exchange.

CHANGES IN INFORMATION ON DIRECTORS AND SUPERVISORS

The changes in the information on the Directors or Supervisors that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules following the date of the 2024 annual report of the Company are set out as follows:

1. Mr. Liang Yanfeng, a non-executive Director, resigned as a non-executive Director and a member of the Investment Strategy Committee of the Board of the Company, with effect from 29 July 2025.
2. Ms. Zhang Xueyan, a non-executive Director, and Mr. Wu Daqi, an independent non-executive Director, were appointed as members of the Nomination Committee of the Board, with effect from 29 July 2025.

A SHARE OPTION INCENTIVE SCHEME

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

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

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

Management Discussion and Analysis

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

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

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

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

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

Management Discussion and Analysis

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

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

Details of the participants and grant during the Period were as follows:

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

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

Management Discussion and Analysis

B. Share options granted previously to all participants

	Number of participants	Granted and outstanding as at 1 January 2025 ⁽¹⁾⁽²⁾	Granted during the Period	Exercised during the Period ⁽³⁾⁽⁴⁾	Cancelled during the Period ⁽⁵⁾	Lapsed during the Period	Granted and outstanding as at 30 June 2025 ⁽¹⁾⁽³⁾	Percentage of total issued A share capital of the Company	Percentage of total issued share capital of the Company	Date of grant
Senior management of the Company ⁽⁸⁾	7	2,152,470	-	-	2,152,470	-	-	-	-	Note (6)
Other key business and management personnel of the Company	101	17,786,431	-	-	17,786,431	-	-	-	-	Note (6)
	19	5,587,866	-	-	5,587,866	-	-	-	-	Note (7)
Resigned Director	1 ⁽⁵⁾	496,700	-	-	496,700	-	-	-	-	Note (6)
Total	128	26,023,467	-	-	26,023,467	-	-	-	-	

Notes:

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

Management Discussion and Analysis

No share options of the Company were granted or exercised during the Period. At the beginning of the Period, 26,023,467 A shares may be issued or transferred under the A Share Option Incentive Scheme of the Company, representing approximately 0.26% of the weighted average number of A shares in the issued share capital of the Company (excluding treasury shares) during the Period. During the Period, there were 26,023,467 outstanding share options cancelled and there were nil share options granted and outstanding at the end of the Period, therefore as at the end of the Period, nil A shares may be issued or transferred under the A Share Option Incentive Scheme of the Company, representing nil of the weighted average number of A shares in the issued share capital of the Company (excluding treasury shares) during the Period.

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

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

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

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

The A Share Option Incentive Scheme shall be effective for 10 years from 5 March 2020. The vesting period of the share options is two years from the date of grant and the exercise period of the share options is seven years commencing from the date of grant. Subject to the satisfaction of the conditions of exercise, each share option entitles the participant to acquire one A share at the exercise price.

Management Discussion and Analysis

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

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

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

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

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

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

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

Management Discussion and Analysis

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

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

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

Further details of the A Share Option Incentive Scheme were set out in note 16 to the condensed consolidated interim financial statements of this report.

AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive Directors, namely Mr. Shao Ruiqing (Chairman) and Mr. Chan Kwok Leung, and one non-executive Director, namely Ms. Zhang Xueyan. The Audit Committee has reviewed the interim report of the Company for the Period (including a review of the unaudited condensed consolidated financial information for the six months ended 30 June 2025) and agreed to the accounting treatment adopted by the Company.

CORPORATE GOVERNANCE CODE

Pursuant to code provision C.2.1 of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on Hong Kong Stock Exchange (the "**Listing Rules**"), the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period, Mr. Zhang Mingwen, an executive Director, held the positions of both chairman and chief executive officer (i.e. the general manager of the Company). All major decisions of the Company are made in consultation with members of the Board (including the independent non-executive Directors) as well as senior management. There are adequate balances of power and safeguards in place for the Board to ensure the appropriate balance of power in the Company. In addition, having regard to Mr. Zhang Mingwen's extensive industry experience and his track record with the Group, the Board considers that it is in the interest of the Company for him to act as both the chairman and the general manager of the Company during the Period.

Save as disclosed above, the Board has confirmed that the Company was in full compliance with all the applicable code provisions of the Corporate Governance Code during the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors, supervisors and relevant employees on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry to all Directors and Supervisors of the Company, each of the Directors and Supervisors confirmed that he/she had complied with the required standard set out in the Model Code regarding securities transactions by Directors and Supervisors during the Period. The Company is not aware of any non-compliance with these guidelines by the relevant employees.

By order of the Board
COSCO SHIPPING Development Co., Ltd.
Cai Lei
Company Secretary

Shanghai, the People's Republic of China
29 August 2025

Report on Review of Condensed Consolidated Interim Financial Statements



SHINEWING (HK) CPA Limited
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Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
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皇室大廈安達人壽大樓17樓

TO THE BOARD OF DIRECTORS OF COSCO SHIPPING DEVELOPMENT CO., LTD.

中遠海運發展股份有限公司

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

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of COSCO SHIPPING Development Co., Ltd. (the "Company") and its subsidiaries set out on pages 37 to 66, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss, 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 other explanatory notes.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" 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 interim financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on these condensed consolidated interim 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 interim 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.

Report on Review of Condensed Consolidated Interim Financial Statements (continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

29 August 2025

Condensed Consolidated Statement of Profit or Loss

FOR THE SIX MONTHS ENDED 30 JUNE 2025

For the six months ended 30 June			
		2025	2024
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	4	12,159,349	11,659,244
Cost of sales		(9,823,079)	(9,426,189)
Gross profit		2,336,270	2,233,055
Other income	5	109,823	148,622
Other gains, net	6	159,646	141,545
Selling, administrative and general expenses		(518,045)	(506,264)
Reversal of/(provision for) expected credit losses, net		24,524	(53,897)
Finance costs		(1,841,267)	(2,063,814)
Share of profits of associates		1,008,700	898,557
Share of (losses)/profits of joint ventures		(6,108)	1,745
Profit before tax	7	1,273,543	799,549
Income tax expenses	8	(234,098)	(110,283)
Profit for the period from continuing operations		1,039,445	689,266
Discontinued operation			
Profit for the period from a discontinued operation	9	–	213,660
Profit for the period		1,039,445	902,926

Condensed Consolidated Statement of Profit or Loss (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	For the six months ended 30 June	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Profit for the period attributable to owners of the Company:			
– From continuing operations		970,365	681,828
– From a discontinued operation		–	213,660
		970,365	895,488
Profit for the period attributable to non-controlling interests:			
– From continuing operations		69,080	7,438
		1,039,445	902,926
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB per share)	10		
Basic			
– For profit for the period		0.0729	0.0661
– For profit for the period from continuing operations		0.0729	0.0503
Diluted			
– For profit for the period		0.0729	0.0661
– For profit for the period from continuing operations		0.0729	0.0503

Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period	1,039,445	902,926
Other comprehensive (expense)/income for the period		
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive (expense)/income of associates	(132,526)	76,904
Share of other comprehensive income of joint ventures	–	16
Cash flow hedges:		
– Effective portion of changes in fair value of hedging instruments arising during the period	61,872	(43,980)
– Reclassification adjustments for (losses)/gains included in the condensed consolidated statement of profit or loss	(125)	273
	61,747	(43,707)
Exchange differences on translation of foreign operations	(32,157)	61,004
Net other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods	(102,936)	94,217
Other comprehensive income that may not be reclassified to profit or loss in subsequent periods		
Share of other comprehensive income of associates	25	–
Other comprehensive (expense)/income for the period, net of tax	(102,911)	94,217
Total comprehensive income for the period	936,534	997,143
Attributable to:		
– Owners of the Company	867,454	989,705
– Non-controlling interests	69,080	7,438
	936,534	997,143

Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	51,470,278	50,787,669
Investment properties		105,195	105,829
Right-of-use assets		716,414	763,005
Intangible assets		124,950	135,630
Investments in joint ventures		122,586	128,694
Investments in associates		27,301,812	26,905,498
Financial assets at fair value through profit or loss		2,134,762	2,093,635
Finance lease receivables	13	25,580,903	26,916,607
Derivative financial instruments		24,846	33,954
Deferred tax assets		268,177	282,680
Other long-term prepayments		87,370	85,497
Total non-current assets		107,937,293	108,238,698
Current assets			
Inventories		2,114,347	2,267,719
Trade and notes receivables	14	3,982,945	2,557,244
Contract assets		20,355	6,718
Prepayments and other receivables		2,526,114	2,035,663
Financial assets at fair value through profit or loss		38,582	34,354
Finance lease receivables	13	2,700,948	2,524,940
Factoring receivables		—	—
Derivative financial instruments		28,859	—
Restricted and pledged deposits		14,542	24,586
Cash and cash equivalents		10,924,303	8,677,216
Total current assets		22,350,995	18,128,440
Total assets		130,288,288	126,367,138

Condensed Consolidated Statement of Financial Position (continued)

AS AT 30 JUNE 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current liabilities			
Trade and notes payables	15	3,816,785	3,870,652
Other payables and accruals		2,894,113	2,642,846
Contract liabilities		79,381	83,607
Derivative financial instruments		–	41,996
Bank and other borrowings	17	40,412,094	32,493,803
Corporate bonds		1,300,000	–
Lease liabilities		76,309	87,209
Tax payable		153,372	151,384
Total current liabilities		48,732,054	39,371,497
Net current liabilities		(26,381,059)	(21,243,057)
Total assets less current liabilities		81,556,234	86,995,641
Non-current liabilities			
Bank and other borrowings	17	34,889,679	43,312,253
Corporate bonds		14,600,000	12,000,000
Lease liabilities		115,858	155,936
Deferred tax liabilities		67,146	65,197
Deferred income		85,800	87,632
Other long-term payables		800,490	768,944
Total non-current liabilities		50,558,973	56,389,962
Net assets		30,997,261	30,605,679

Condensed Consolidated Statement of Financial Position (continued)

AS AT 30 JUNE 2025

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Equity		
Share capital	13,309,607	13,575,939
Treasury shares	(160,189)	(296,465)
Other reserves	17,468,858	17,016,300
Equity attributable to owners of the Company	30,618,276	30,295,774
Non-controlling interests	378,985	309,905
Total equity	30,997,261	30,605,679

Zhang Mingwen

Director

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Share option reserve RMB'000	Other capital reserves RMB'000	Share of other comprehensive income using the equity method RMB'000	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Special reserves RMB'000	Surplus reserve (Note a) RMB'000	Retained profits RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 (Audited)		13,575,939	20,024,569	(296,465)	6,964	(21,791,666)	426,699	(10,043)	(1,823,263)	-	2,252,058	17,930,982	30,295,774	309,905	30,605,679
Profit for the period		-	-	-	-	-	-	-	-	-	-	970,365	970,365	69,080	1,039,445
Other comprehensive (expense)/income for the period:															
Share of other comprehensive expense of associates		-	-	-	-	-	(132,501)	-	-	-	-	-	(132,501)	-	(132,501)
Effective portion of changes in fair value of hedging instruments, net of tax		-	-	-	-	-	-	61,747	-	-	-	-	61,747	-	61,747
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	(32,157)	-	-	-	(32,157)	-	(32,157)
Total comprehensive (expense)/income for the period:															
Repurchase of shares		-	-	(297,414)	-	-	(132,501)	61,747	(32,157)	-	-	970,365	867,454	69,080	936,534
Cancellation of treasury shares		(266,332)	(167,358)	433,690	-	-	-	-	-	-	-	-	(297,414)	-	(297,414)
Share of other capital reserves using the equity method		-	-	-	-	391	-	-	-	-	-	-	391	-	391
Cancellation of share options	16	-	4,316	-	(6,964)	-	-	-	-	-	-	-	(2,648)	-	(2,648)
Dilution effect using the equity method		-	-	-	-	5,474	-	-	-	-	-	-	5,474	-	5,474
Dividends declared	11	-	-	-	-	-	-	-	-	-	-	(250,755)	(250,755)	-	(250,755)
Transfer from retained profits		-	-	-	-	-	-	-	-	34,970	27,688	(62,658)	-	-	-
Utilisation of special reserve fund		-	-	-	-	-	-	-	(34,970)	-	-	34,970	-	-	-
At 30 June 2025 (Unaudited)		13,309,607	19,861,527	(160,189)	-	(21,785,801)	294,198	51,704	(1,855,420)	-	2,279,746	18,622,904	30,618,276	378,985	30,997,261

Condensed Consolidated Statement of Changes in Equity (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Share option reserve RMB'000	Other capital reserves RMB'000	Share of other comprehensive income using the equity method RMB'000	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Special reserves RMB'000	Surplus reserve (Note a) RMB'000	Retained profits RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024 (Audited)	13,575,939	20,023,352	(84,206)	12,482	(21,786,842)	(218,788)	64,606	(1,939,003)	-	2,222,632	17,413,506	29,283,678	-	29,283,678
Profit for the period	-	-	-	-	-	-	-	-	-	-	895,488	895,488	7,438	902,926
Other comprehensive income/(expense) for the period:														
Share of other comprehensive income of associates	-	-	-	-	-	76,904	-	-	-	-	-	76,904	-	76,904
Share of other comprehensive income of joint ventures	-	-	-	-	-	16	-	-	-	-	-	16	-	16
Effective portion of changes in fair value of hedging instruments, net of tax	-	-	-	-	-	-	(43,707)	-	-	-	-	(43,707)	-	(43,707)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	61,004	-	-	-	61,004	-	61,004
Total comprehensive income/(expense) for the period:	-	-	-	-	-	76,920	(43,707)	61,004	-	-	895,488	989,705	7,438	997,143
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	359,779	359,779
Share of other capital reserves using the equity method upon disposal	-	-	-	-	(699)	-	-	-	-	-	-	(699)	-	(699)
Disposal of other comprehensive income using the equity method	-	-	-	-	-	(135)	-	-	-	-	135	-	-	-
Equity-settled share option arrangements	-	-	-	1,456	-	-	-	-	-	-	-	1,456	-	1,456
Share of other capital reserves using the equity method	-	-	-	-	10	-	-	-	-	-	-	10	-	10
Dividends declared	-	-	-	-	-	-	-	-	-	-	(433,511)	(433,511)	-	(433,511)
Transfer from retained profits	-	-	-	-	-	-	-	-	17,544	28,239	(45,783)	-	-	-
Utilisation of special reserve fund	-	-	-	-	-	-	-	-	(17,538)	-	17,538	-	-	-
At 30 June 2024 (Unaudited)	13,575,939	20,023,352	(84,206)	13,938	(21,787,531)	(142,003)	20,899	(1,877,999)	6	2,250,871	17,847,373	29,840,639	367,217	30,207,856

Note:

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

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		For the six months ended 30 June	
		2025	2024
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		1,598,772	400,448
Income tax paid		(312,970)	(21,014)
Net cash flows generated from operating activities		1,285,802	379,434
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates		416,519	303,608
Dividends received from financial assets at fair value through profit or loss		5	808
Purchase of property, plant and equipment		(2,388,047)	(1,927,310)
Proceeds from disposal of property, plant and equipment		51,403	76,978
Purchase of intangible assets		(1,877)	(1,150)
Proceeds from partial disposal of investment in a joint venture		–	3,124
Proceeds from partial disposal of investment in an associate		6	7,500
Purchase of investment in an associate		–	(3,552)
Net cash inflow from acquisition of a subsidiary		–	4,199
Net cash inflow from disposal of a subsidiary	9	–	246,319
Purchase of financial assets at fair value through profit or loss		(11,000)	–
Proceeds from disposal of financial assets at fair value through profit or loss		110,844	711,576
Decrease in finance lease receivables		1,317,362	1,168,707
Decrease in factoring receivables		513	90
Other net cash outflows related to investing activities		(18)	(3,084)
NET CASH FLOWS (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(504,290)	587,813

Condensed Consolidated Statement of Cash Flows (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on repurchase of shares	(297,414)	–
New bank and other borrowings	22,110,301	16,438,862
Repayment of bank and other borrowings	(22,371,515)	(21,389,779)
New corporate bonds	3,900,000	2,000,000
Payment of principal portion of lease liabilities	(56,105)	(25,023)
Interest paid	(1,876,784)	(2,133,045)
Decrease in restricted and pledged deposits	10,062	1,825
Other net cash outflows related to financing activities	(20,085)	(46,593)
NET CASH FLOWS GENERATED FROM/(USED IN) FINANCING ACTIVITIES	1,398,460	(5,153,753)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,179,972	(4,186,506)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL REPORTING PERIOD		
Representing bank balances and cash as stated in the consolidated statement of financial position	8,677,216	13,023,417
Representing bank balances and cash attributable to assets held for sale	–	139
	8,677,216	13,023,556
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	67,115	170,267
CASH AND CASH EQUIVALENTS AT 30 JUNE	10,924,303	9,007,317

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. CORPORATE AND GROUP INFORMATION

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

During the six months ended 30 June 2025, the principal activities of the Group were as follows:

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

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

2.1 BASIS OF PREPARATION

The condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the Group) for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

GOING CONCERN

The Group had net current liabilities of RMB26,381,059,000 as at 30 June 2025. The directors of the Company are of the opinion that based on the available unutilised banking facilities as at 30 June 2025, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

2.2 PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024 except as described below.

APPLICATION OF AMENDMENTS TO THE HKFRS ACCOUNTING STANDARDS

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

Amendments to HKAS 21

Lack of Exchangeability

The application of the above amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

3. OPERATING SEGMENT INFORMATION

The following table presents revenue and profit information for the Group's operating segments for the six months ended 30 June 2025 and 2024, respectively:

	For the six months ended 30 June 2025				For the six months ended 30 June 2024			
	Shipping and industry-related leasing RMB'000 (Unaudited)	Container manufacturing RMB'000 (Unaudited)	Investment management business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)	Shipping and industry-related leasing RMB'000 (Unaudited)	Container manufacturing RMB'000 (Unaudited)	Investment management business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Continuing operations								
Segment revenue:								
Sales of containers	–	8,490,402	–	8,490,402	–	7,901,401	–	7,901,401
Other revenue from external customers	3,652,965	–	15,982	3,668,947	3,750,869	–	6,974	3,757,843
Subtotal segment revenue from external customers	3,652,965	8,490,402	15,982	12,159,349	3,750,869	7,901,401	6,974	11,659,244
Intersegment revenue from contracts with customers	–	2,373,640	–	2,373,640	–	1,779,830	–	1,779,830
Total segment revenue	3,652,965	10,864,042	15,982	14,532,989	3,750,869	9,681,231	6,974	13,439,074
Segment results	415,809	515,186	869,796	1,800,791	299,027	346,336	609,559	1,254,922
Elimination of intersegment results				(133,680)				(128,041)
Unallocated selling, administrative and general expenses				(66,170)				(83,197)
Unallocated finance costs				(327,398)				(244,135)
Profit before tax from continuing operations				1,273,543				799,549

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

4. REVENUE

An analysis of revenue and other revenue from continuing operations is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers:		
Sales of containers	8,490,402	7,901,401
Other revenue:		
Shipping leasing	1,047,133	1,174,852
Container leasing	2,605,832	2,576,017
Investment management	15,982	6,974
Subtotal	3,668,947	3,757,843
Total revenue	12,159,349	11,659,244

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

4. REVENUE (Continued)

The disaggregation of the Group's revenue from contracts with customers (sales of goods), for the six months ended 30 June 2025 and 2024 is as follows:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Geographical markets		
United States	1,373,480	2,175,340
Mainland China	1,046,305	1,641,948
Asia (excluding Hong Kong, China and Mainland China)	1,669,004	1,542,637
Europe	1,555,663	655,589
Hong Kong, China	2,823,065	1,882,381
Others	22,885	3,506
Total revenue from contracts with customers	8,490,402	7,901,401
Timing of revenue recognition		
Goods transferred at a point in time	8,490,402	7,901,401

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

5. OTHER INCOME

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing operations		
Interest income	45,868	79,772
Subsidies	26,894	53,660
Sales of scrap materials	29,793	8,860
Others	7,268	6,330
Total other income	109,823	148,622

6. OTHER GAINS, NET

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Continuing operations		
Gain on disposal of property, plant and equipment	415	4,882
Gain on disposal of investment in a joint venture	–	172
Gain on disposal of financial assets at fair value through profit or loss	–	57,587
Dividend income from financial assets at fair value through profit or loss	35	808
Changes in fair value of financial assets at fair value through profit or loss	145,181	(106,165)
Donation expenditures for public interest	(25,894)	(25,071)
Net foreign exchange gains	32,443	211,837
Others	7,466	(2,505)
Total other gains, net	159,646	141,545

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

7. PROFIT BEFORE TAX

Profit before tax from continuing operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Continuing operations		
Depreciation of property, plant and equipment	1,441,390	1,311,552
Depreciation of investment properties	196	313
Amortisation of intangible assets	15,791	15,078
Depreciation of right-of-use assets	51,696	49,168
(Reversal of)/impairment of finance lease receivables and factoring receivables, net	(77,062)	35,728
Impairment of trade receivables	50,446	16,399
Impairment of other receivables	2,092	1,770
Net foreign exchange gains	(32,443)	(211,837)

8. INCOME TAX EXPENSES

According to the Corporate Income Tax ("CIT") Law of the PRC, which was effective from 1 January 2008, the CIT rate applicable to the Company and its subsidiaries established in the PRC was 25% for the six months ended 30 June 2025 and 2024, except for subsidiaries which is eligible for preferential income tax policies and subject to CIT rate of 15% for the six months ended 30 June 2025 (six months ended 30 June 2024: 15%).

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits of the Group's subsidiaries operating in Hong Kong for the six months ended 30 June 2025 (six months ended 30 June 2024: 16.5%).

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

8. INCOME TAX EXPENSES (Continued)

The major components of income tax expenses from continuing operations in the condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Continuing operations		
Current income tax		
– Mainland China	193,563	101,843
– Hong Kong, China	16,821	27,850
– Elsewhere	7,031	6,262
Subtotal	217,415	135,955
Deferred income tax	16,683	(25,672)
Total	234,098	110,283

In December 2021, the Organisation for Economic Co-operation and Development released the Pillar Two Model Rules (the Global Anti-Base Erosion Proposal, or “GloBE”) to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million are subject to the 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 is within the scope of the GloBE. However, international shipping income and certain qualified ancillary international shipping income are excluded from the GloBE. Certain jurisdictions where the Group has operations, such as the United Kingdom, countries under the European Union, etc. have their Pillar Two legislation being effective in 2024. The Pillar Two legislation has also been enacted in Hong Kong in 2025 and becomes effective from 1 January 2025. The Group applies the exception from recognising and disclosing information about deferred tax assets and liabilities related to the Pillar Two income taxes, as provided in the Amendments to HKAS 12 issued in July 2023.

As the Group operates worldwide and the types of international shipping income and ancillary income covered by the exclusion are subject to complicated rules and restrictions, the Group would continue to cooperate with the ultimate parent company in assessing the full impact of the rules, covering Hong Kong and other jurisdictions.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

9. DISCONTINUED OPERATION

On 10 November 2023, the Group entered into a transfer equity agreement with a fellow subsidiary, in which the Group agreed to dispose of 100% equity interest of a subsidiary of the Group, Helen Insurance Brokers Limited ("Helen Insurance"), at a cash consideration of HKD270,981,000 (equivalent to approximately RMB246,458,000). While Helen Insurance being classified as a discontinued operation, the insurance brokerage service is no longer presented in the segment information. The disposal of Helen Insurance was completed on 15 January 2024 with total consideration of HKD270,981,000 (equivalent to approximately RMB246,458,000), resulting in a gain of RMB213,660,000.

The results of the insurance brokerage service operation for the period were as below.

	For the six months ended 30 June 2024 RMB'000 (Unaudited)
Revenue	—
Cost of sales	—
Gross profit	—
Other income	—
Other gains, net	—
Selling, administrative and general expenses	—
Finance costs	—
Profit before tax	—
Income tax expenses	—
Gain on disposal of the discontinued operation	213,660
Profit after tax for the period from the discontinued operation	213,660

The net cash flows generated from the sales of Helen Insurance

	Inflow/(outflow) RMB'000
Cash received from sales of the discontinued operation	246,458
Cash sold as a part of discontinued operation	(139)
Net cash inflow on date of disposal	246,319

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

FROM CONTINUING AND DISCONTINUED OPERATIONS

Basic and diluted earnings per share from continuing and discontinued operations attributable to the owners of the Company are based on the following data:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to the owners of the Company:		
– From continuing operations	970,365	681,828
– From a discontinued operation	–	213,660
Earnings for the purpose of basic and diluted earnings per share	970,365	895,488

	Number of shares for the six months ended 30 June	
	2025	2024
	'000	'000
Shares		
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share	13,312,436	13,547,214
Effect of dilutive potential ordinary shares:		
Share options	299	2,351
Weighted average number of ordinary shares for the purpose of diluted earnings per share	13,312,735	13,549,565

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

FROM CONTINUING OPERATIONS

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company	970,365	895,488
Less:		
Profit for the period from a discontinued operation	—	(213,660)
Profit for the period for the purpose of basic and diluted earnings per share from continuing operations	970,365	681,828

The denominators used for both basic and diluted earnings per share are detailed above.

FROM A DISCONTINUED OPERATION

Basic earnings per share for the discontinued operation is RMB0.0158 per share for the six months ended 30 June 2024 (six months ended 30 June 2025: nil) and diluted earnings per share for the discontinued operation is RMB0.0158 per share for the six months ended 30 June 2024 (six months ended 30 June 2025: nil), based on the profit for the period from a discontinued operation of RMB213,660,000 for the six months ended 30 June 2024 (six months ended 30 June 2025: nil) and the denominators detailed above for both basic and diluted earnings per share.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

11. DIVIDENDS

DIVIDENDS ATTRIBUTABLE TO THE INTERIM PERIOD

On 29 August 2025, the board of directors approved the Company's 2025 interim dividend distribution plan and declared the payment of an interim dividend of RMB0.022 per share (inclusive of applicable tax) for the six months ended 30 June 2025 (for the six months ended 30 June 2024: RMB0.019 per share), totalling RMB290,348,000 (for the six months ended 30 June 2024: RMB257,397,000). Such dividend distribution has not been recognised as a liability in the condensed consolidated financial statements for the six months ended 30 June 2025, but will be accounted for as an appropriation of retained profits during the year ending 31 December 2025.

During the period, the Company approved distribution of the 2024 final dividend totalling RMB250,755,000, or RMB0.019 per share (inclusive of applicable tax) (for the six months ended 30 June 2024: approved distribution of the 2023 annual dividend totaling RMB433,511,000, or RMB0.032 per share).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with a cost of RMB2,566,577,000 (six months ended 30 June 2024: RMB2,224,060,000). Depreciation for items of property, plant and equipment was RMB1,441,390,000 during the period (six months ended 30 June 2024: RMB1,311,552,000).

The Group disposed of items of property, plant and equipment with a carrying amount of RMB38,882,000 during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB83,719,000).

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

13. FINANCE LEASE RECEIVABLES

The total future lease payment receivables under finance leases and their present values were as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within one year	4,177,310	4,069,183
After one year but within two years	3,515,073	3,921,491
After two years but within three years	3,334,416	3,389,890
After three years but within four years	3,328,095	3,302,797
After four years but within five years	2,640,525	2,950,179
After five years	20,702,929	21,339,860
Total minimum finance lease receivables	37,698,348	38,973,400
Unearned finance income	(8,102,379)	(8,134,090)
Total present value of minimum finance lease receivables	29,595,969	30,839,310
Impairment	(1,314,118)	(1,397,763)
Total net finance lease receivables	28,281,851	29,441,547
Current portion	(2,700,948)	(2,524,940)
Non-current portion	25,580,903	26,916,607

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within one year	2,933,752	2,784,506
After one year but within two years	2,408,564	3,235,415
After two years but within three years	2,339,465	1,932,229
After three years but within four years	2,458,012	2,404,473
After four years but within five years	1,897,827	2,201,808
After five years	17,558,349	18,280,879
Total present value of minimum finance lease receivables	29,595,969	30,839,310

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

14. TRADE AND NOTES RECEIVABLES

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Trade receivables	4,108,555	2,654,463
Notes receivables	26,405	4,873
	4,134,960	2,659,336
Impairment	(152,015)	(102,092)
Net carrying amount	3,982,945	2,557,244

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the revenue recognition date and net of provision, is as follows:

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	3,819,850	2,548,778
3 to 6 months	158,877	77
6 to 12 months	3,587	8,389
Over 1 year	631	–
Total	3,982,945	2,557,244

15. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at end of the reporting date, based on the invoice date, is as follows:

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	3,329,801	3,352,215
3 to 6 months	42,898	91,671
6 to 12 months	21,300	2,682
Over 1 year	422,786	424,084
Total	3,816,785	3,870,652

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

Under the Scheme, share options were granted on 30 March 2020 and on 6 May 2021 respectively.

On 30 March 2020, 11,142,500 and 67,078,211 share options were granted to the Company’s directors and senior management and the Group’s other employees, respectively. On 6 May 2021, 8,847,445 share options were granted to the Group’s other employees.

A summary of movements in the Company’s share options is as follow:

	2025	2024
	Number of	Number of
	share options	share options
	’000	’000
At 1 January	26,024	29,449
Forfeited during the period/year	–	(3,425)
Cancelled during the period/year (note iii)	(26,024)	–
At 30 June 2025/31 December 2024	–	26,024

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

16. SHARE OPTION SCHEME (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

30 June 2025	31 December 2024		
Number of options '000	Number of options '000	Exercise price (notes i & ii) RMB per share	Exercise period
–	20,436	2.193	1 April 2024 to 30 March 2027
–	2,794	2.193	7 May 2024 to 6 May 2025
–	2,794	2.193	7 May 2025 to 6 May 2028
–	26,024		

Notes:

- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- A board resolution was passed on 22 May 2023, the exercise price was further adjusted from RMB2.419 to RMB2.193 per share as a result of implementation of 2021 profit distribution plan of the Company, pursuant to the Scheme.
- The outstanding share options of 26,024,000 as at 31 December 2024 have been cancelled during the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

The Group recognised share option income of RMB2,648,000 during the six months ended 30 June 2025 (six months ended 30 June 2024: share option expense of RMB1,456,000).

No share options were granted during the six months ended 30 June 2025 and 2024.

No share options were exercised during the six months ended 30 June 2025 and 2024.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

17. BANK AND OTHER BORROWINGS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current		
Bank loans – secured	3,873,365	2,390,213
Bank loans – unsecured	33,995,025	27,051,736
Borrowings from related parties – unsecured	2,543,704	3,051,854
Subtotal	40,412,094	32,493,803
Non-current		
Bank loans – secured	13,586,776	15,362,089
Bank loans – unsecured	15,826,241	23,604,614
Borrowings from related parties – unsecured	5,476,662	4,345,550
Subtotal	34,889,679	43,312,253
Total	75,301,773	75,806,056

As at 30 June 2025 and 31 December 2024, the Group's secured bank loans disclosed above are secured by the Group's certain property, plant and equipment, finance lease receivables, and restricted and pledged deposits.

18. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	10,494,678	10,494,678
Finance lease payments	289,923	–
Interests in an associate and joint ventures	62,816	67,378
Total	10,847,417	10,562,056

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

19. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2025 and 2024:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest income from:		
An associate	26,985	38,354
Interest expense to:		
An associate	149,288	177,594
Sales of goods to:		
Fellow subsidiaries	1,205,207	731,910
Purchase of goods from:		
Fellow subsidiaries	320,819	240,000
Purchase of property, plant and equipment from:		
Fellow subsidiaries	916	14,467
Rendering of services to fellow subsidiaries:		
Vessel chartering and container leasing	1,689,653	1,618,805
Management fee income	8,859	6,650
Others	930	2,406
Receiving of services from:		
Fellow subsidiaries	481,997	418,093

The related party transactions above were made according to the published prices or interest rates and conditions similar to those offered to the respective major customers.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those measured at fair value or with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Bank and other borrowings	34,889,679	43,312,253	33,971,510	42,246,739
Corporate bonds	14,600,000	12,000,000	14,781,296	12,512,618
Other long-term payables	800,490	768,944	742,844	732,874
	50,290,169	56,081,197	49,495,650	55,492,231

Management has assessed that the fair values of cash and cash equivalents, restricted and pledged deposits, trade and notes receivables, financial assets included in other receivables, the current portion of finance lease receivables and the current portion of factoring receivables, trade and notes payables, financial liabilities included in other payables and accruals, the current portion of bank and other borrowings, and the current portion of corporate bonds approximate to their carrying amounts largely due to the short term maturities of these instruments.

The non-current portion of finance lease receivables of the Group approximate to their fair values because their carrying amounts are present value and the internal rates of return are close to rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the non-current portion of bank and other borrowings, corporate bonds and other long-term payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

30 June 2025

	Fair value measurement categorised into		Total RMB'000 (Unaudited)
	Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	
Financial assets measured at fair value			
Derivative financial instruments	–	53,705	53,705
Financial assets at fair value through profit or loss	33,083	2,140,261	2,173,344

31 December 2024

	Fair value measurement categorised into		Total RMB'000 (Audited)
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	
Financial assets measured at fair value			
Derivative financial instruments	–	33,954	33,954
Financial assets at fair value through profit or loss	33,867	2,094,122	2,127,989
Financial liabilities measured at fair value			
Derivative financial instruments	–	41,996	41,996

For all the financial assets and financial liabilities with fair value measurement categorised into Level 2, the Group estimates their fair values using the market approach. For investments in private funds, the fair values are calculated in accordance with net asset value prepared by the fund manager. For the other investments, if there is a recent deal regarding these investments, the fair values are estimated based on the deal price. If there is no such deal to be referenced, the directors of the Company will determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple for each comparable company identified. These valuation techniques maximise the use observable market data where it is available and rely as little as possible on entity-specific estimate. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

FAIR VALUE HIERARCHY (Continued)

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including foreign exchange forward contracts, interest rate swaps and currency swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of foreign exchange forward contracts, interest rate swaps and currency swaps are the same as their fair values.

21. EVENT AFTER THE REPORTING PERIOD

On 29 July 2025, the Company's wholly-owned subsidiary, COSCO SHIPPING Development (Hainan) Co., Ltd. ("COSCO SHIPPING Development (Hainan)") (as the buyer) and (i) COSCO SHIPPING Heavy Industry (Zhoushan) Co., Ltd. ("Heavy Industry (Zhoushan)") (as the seller A) entered into certain shipbuilding contracts in relation to the construction of six 210k DWT-class bulk cargo vessels at the aggregate contract price of approximately RMB3,168,000,000 (exclusive of tax); and (ii) CSSC Qingdao Beihai Shipbuilding Co., Ltd. and China Shipbuilding Trading Co., Ltd. ("China State Seller") (collectively as the seller B) entered into certain shipbuilding contracts in relation to the construction of four 210k DWT-class bulk cargo vessels at the aggregate contract price of approximately RMB2,112,000,000 (exclusive of tax). On the same date, COSCO SHIPPING Development (Hainan) and COSCO SHIPPING Bulk Co., Ltd. ("COSCO SHIPPING Bulk") entered into the vessel leasing agreement, pursuant to which COSCO SHIPPING Development (Hainan) has agreed to provide vessel leasing services to the COSCO SHIPPING Bulk and its subsidiaries and/or associates in relation to the aforesaid 210k DWT-class bulk cargo vessels to be built, with lease period of 240 months $\pm$ 90 days commencing from the delivery date of each vessel. The shipbuilding contract with Heavy Industry (Zhoushan) is still subject to the independent shareholders' approval at a general meeting of the Company.

On 29 July 2025, in accordance with the relevant provisions of the Company Law of the People's Republic of China, the Guidelines on the Articles of Association of Listed Companies (Revised in 2025) and the Listing Rules, and taking into account the actual conditions of the Company, the Company proposes to abolish its supervisory board and abolish the rules and procedures for the supervisory board, and make certain amendments to the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors and the Working Rules of Independent Non-executive Directors of the Company. In addition, it is proposed that the registered capital shall be reduced by RMB216,683,000 as a result of the exercise of certain share options and repurchase and cancellation of certain shares of the Company. These matters are still subject to the shareholders' approval at a general meeting of the Company.

On 26 August 2025, the Company's wholly-owned subsidiary, Oriental Fleet SHIPPING 08 Limited ("Oriental Fleet") entered into the Memorandum of Agreement and the Bareboat Charter with the ORYX LNG NO. 10 SHIPPING CORPORATION ("Charterer"), pursuant to which Oriental Fleet has agreed to purchase one Chartered Vessel from the Charterer at the purchase price of approximately RMB2,579 million, and immediately after the delivery, lease back the Chartered Vessel to Charterer at a total estimated charter hire to be payable by the Charterer of approximately RMB3,182 million.

Save as disclosed above and declaration of interim dividend disclosed in note 11, there is no other material subsequent event undertaken by the Group after the reporting period.

22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 29 August 2025.