

CSSC (Hong Kong) Shipping Company Limited

中國船舶集團(香港)航運租賃有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 3877

INTERIM REPORT
2025

One of the
world's leading
ship leasing companies



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COMPANY PROFILE



Established in June 2012, CSSC (Hong Kong) Shipping Company Limited (the “**Company**” or “**CSSC**”), along with its subsidiaries (collectively referred to as the “**Group**”), is the only red-chip listed company under China State Shipbuilding Corporation Limited (中國船舶集團有限公司) (“**China Shipbuilding Group**”). It stands as the premier shipyard-affiliated leasing company in Greater China and is among the foremost ship leasing companies in the world. Leveraging the robust industrial foundation and extensive maritime industry expertise of our controlling shareholder, the Group is dedicated to expanding its leasing and investment operations businesses in vessels and marine equipment, offering tailored and adaptable integrated shipping services, along with financial solutions, to ship operators, shippers, and traders worldwide.



As of 30 June 2025, the Company's number of vessels was 143, and its total assets were HK\$42.2 billion. Since its inception, the Group's operating efficiency has steadily increased at a significant rate with its "one body with two wings" business model, which encompasses ship leasing and investment, operations, along with its persistent efforts in the arena of green and clean energy.

The Group will focus on the goal of "dual carbon", firmly serve national strategies such as "clean energy", "strong nation of shipbuilding and strong nation of ocean" and "development of Guangdong, Hong Kong and Macao Greater Bay Area", and continue to expand its competitive edge in the maritime and financial industries while taking up the primary responsibility of leading the quality development of the maritime economy through the "integration of industry and finance".

The Company is headquartered in Hong Kong. In order to develop its ship leasing and marine equipment leasing business in the Asia-Pacific region, the Company has established subsidiaries in Singapore, Shanghai, Tianjin and Guangzhou.

COMPANY INFORMATION



Board of Directors

Executive Director

Mr. Li Hongtao (*Chairman*)

Non-Executive Directors

Mr. Zhang Qipeng

Mr. Chi Benbin

Ms. Zhang Yi (resigned on 23 June 2025)

Independent Non-Executive Directors

Mr. Wang Dennis

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

Mr. Li Hongji

Audit Committee

Mdm. Shing Mo Han Yvonne, *BBS, JP* (*Chairperson*)

Mr. Zhang Qipeng

Mr. Wang Dennis

Mr. Li Hongji

Ms. Zhang Yi (resigned on 23 June 2025)

Remuneration Committee

Mr. Wang Dennis (*Chairperson*)

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

Mr. Li Hongji

Nomination Committee

Mr. Li Hongtao (*Chairperson*)

Mr. Chi Benbin

Mr. Wang Dennis

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

Mr. Li Hongji

Strategic and Investment Committee

Mr. Li Hongtao (*Chairperson*)

Mr. Zhang Qipeng

Mr. Chi Benbin

Mr. Wang Dennis

Ms. Zhang Yi (resigned on 23 June 2025)

ESG and Sustainable Development Committee

Mr. Li Hongtao (*Chairperson*)

Mr. Wang Dennis

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

Company Secretary

Mr. Ng Kwun Wa

Assistant Company Secretary

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



Authorised Representatives

Mr. Li Hongtao
Ms. Ng Sau Mei

Registered Office

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

Hong Kong Legal Adviser

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

Share Registrar

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

Auditor

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Principal Banks

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

Company's Website

<http://www.csscshipping.com>

Stock Code

3877

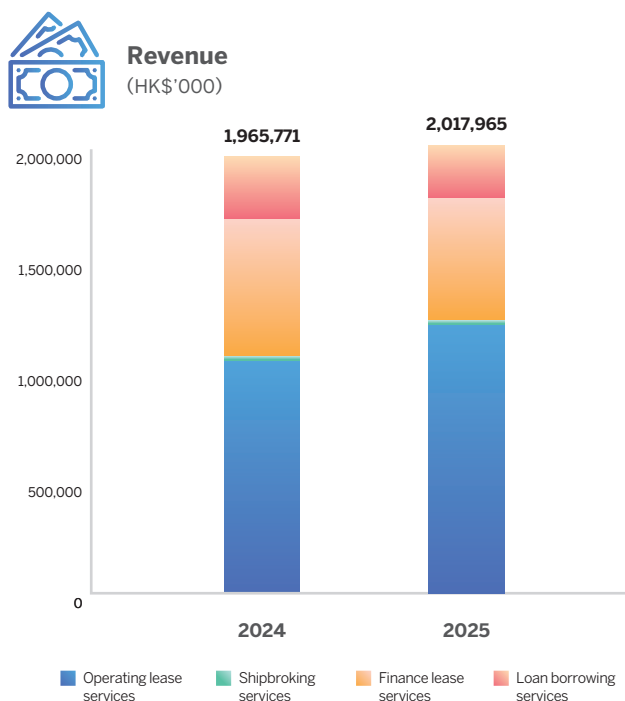
Listing Date

17 June 2019

FINANCIAL HIGHLIGHTS

1. Summary of Condensed Consolidated Income Statement

	Six months ended 30 June		Change
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	
Revenue	2,017,965	1,965,771	2.7%
Total expenses	(833,297)	(1,095,844)	(24.0%)
Profit from operations	1,167,050	1,105,081	5.6%
Profit for the period	1,151,157	1,339,860	(14.1%)
Earnings per share (HK\$):			
– Basic	0.179	0.216	(17.1%)
– Diluted	0.178	0.216	(17.6%)

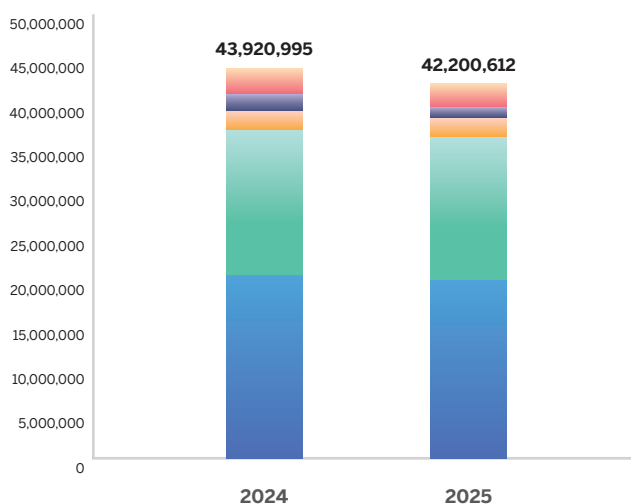


2. Summary of Condensed Consolidated Statement of Financial Position

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	Change
Total assets	42,200,612	43,920,995	(3.9%)
Total liabilities	27,496,286	29,622,959	(7.2%)
Total equity	14,704,326	14,298,036	2.8%



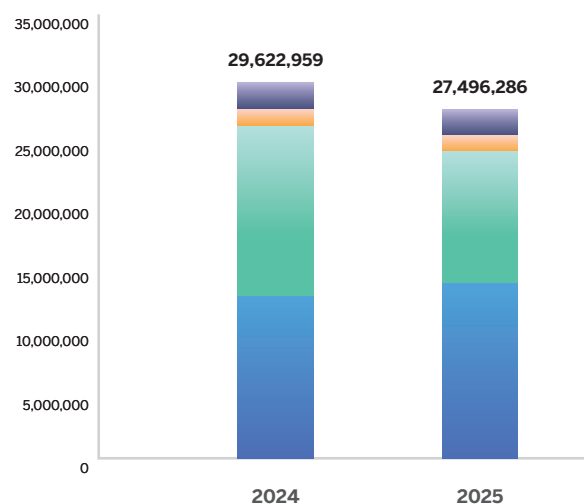
Total Assets
(HK\$'000)



■ Loan and lease receivables
■ Property, plant and equipment
■ Financial assets at fair value
■ Cash and cash equivalents, pledged time deposits and time deposits with maturity over three months
■ Other assets



Total Liabilities
(HK\$'000)



■ Borrowings – bank borrowings
■ Borrowings – bonds
■ Borrowings – others
■ Others liabilities

3. Selected Financial Ratios

	Six months ended/ as at 30 June 2025 (Unaudited)	Year ended/ as at 31 December 2024 (Audited)
Profitability indicators		
Return on average assets ("ROA") ⁽¹⁾	5.4%	4.8%
Return on average net assets ("ROE") ⁽²⁾	15.4%	15.7%
Average cost of interest-bearing liabilities ⁽³⁾	3.1%	3.5%
Net profit margin ⁽⁴⁾	57.0%	53.4%
Liquidity indicators		
Asset-liability ratio ⁽⁵⁾	65.2%	67.5%
Risk asset-to-equity ratio ⁽⁶⁾	2.8 times	2.9 times
Gearing ratio ⁽⁷⁾	1.7 times	1.9 times
Net debt-to-equity ratio ⁽⁸⁾	1.7 times	1.8 times
Credit ratings		
S&P Global Ratings	A-	A-
Fitch Ratings	A-	A
Dagong Global Credit Ratings	AAA	AAA

Notes:

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



**MANAGEMENT
DISCUSSION AND
ANALYSIS**

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Environment

In the first half of 2025, the global shipping market experienced overall volatility with an upward trend. The Red Sea crisis triggered vessel rerouting, while temporary increases in demand for bulk commodities and inventory restocking in Europe and the United States became the primary drivers behind the rise in freight rate benchmarks. The ClarkSea Index rose from USD 21,621/day in January 2025 to USD 25,453/day in June 2025, representing a 17.7% increase; however, the average value for the first half of 2025 was USD 24,191/day, down 4.9% year-on-year, indicating that the overall market remained volatile.

As regards oil tankers, the crude oil tanker market has shown a gradual upward trend. In the first half of 2025, benefiting from increased production by oil-producing countries and the United States' intensified sanctions, freight rates began to recover from their lows. The Baltic Dirty Tanker Index (BDTI) stood at 847 points at the beginning of the year and rose to 1,060 points by the end of June 2025, representing an increase of 25% from the beginning of the year. The average value for the first half of 2025 was 970, but due to the high base of the BDTI in the same period last year, it still declined by 21.3% year-on-year. In 2024, the global crude oil trade turnover grew by 2.0%. By the end of 2024, the global crude oil tanker fleet stood at 463 million deadweight tons, representing a 0.3% year-on-year increase.

By the end of June 2025, the global crude oil tanker fleet stood at 465 million deadweight tons, representing a 0.3% increase from the beginning of the year. The refined oil tanker market saw a slight upward trend. The eastward shift of refinery capacity has reshaped trade flows, with global demand growing moderately but regional disparities becoming more pronounced. Compliance-related market premiums, regional freight rate differentials, and the restructuring of trade flows have created cross-regional arbitrage opportunities, driving a modest uptick in the refined oil shipping market; the Baltic Clean Tanker Index (BCTI) stood at 693 points at the end of June 2025, up 16.1% from 597 points at the beginning of the year; the average for the first half of 2025 was 681 points. In 2024, the global refined oil trade turnover grew by 6.9%. By the end of 2024, the global refined oil tanker fleet stood at 189 million deadweight tons, representing a 1.7% year-on-year increase. By the end of June 2025, the global refined oil tanker fleet reached 193 million deadweight tons, representing a 2.5% increase from the beginning of the year.

As regards bulk carriers, the market was in a seasonal slump at the beginning of 2025, with freight rates under pressure; after the Spring Festival, demand for dry bulk shipping began to recover. However, as tariff policies intensified the markets' concerns about the global economy, freight rates plummeted. In June 2025, improved weather in Brazil boosted shipments, and the soybean harvests in South America were largely completed, at the same time, the price advantage of imported coal became more pronounced, and with the peak summer season approaching, coal shipping demand gradually increased, driving freight rates higher. The average Baltic Dry Index (BDI) for the first half of 2025 was 1,290 points, down 29.7% year-on-year. In 2024, the global dry bulk trade turnover grew by 4.5%. By the end of 2024, the global dry bulk carrier fleet reached 1.035 billion deadweight tons, representing a 3.0% year-on-year increase. By the end of June 2025, the global dry bulk carrier fleet stood at 1.051 billion deadweight tons, representing a 1.6% increase from the beginning of the year.

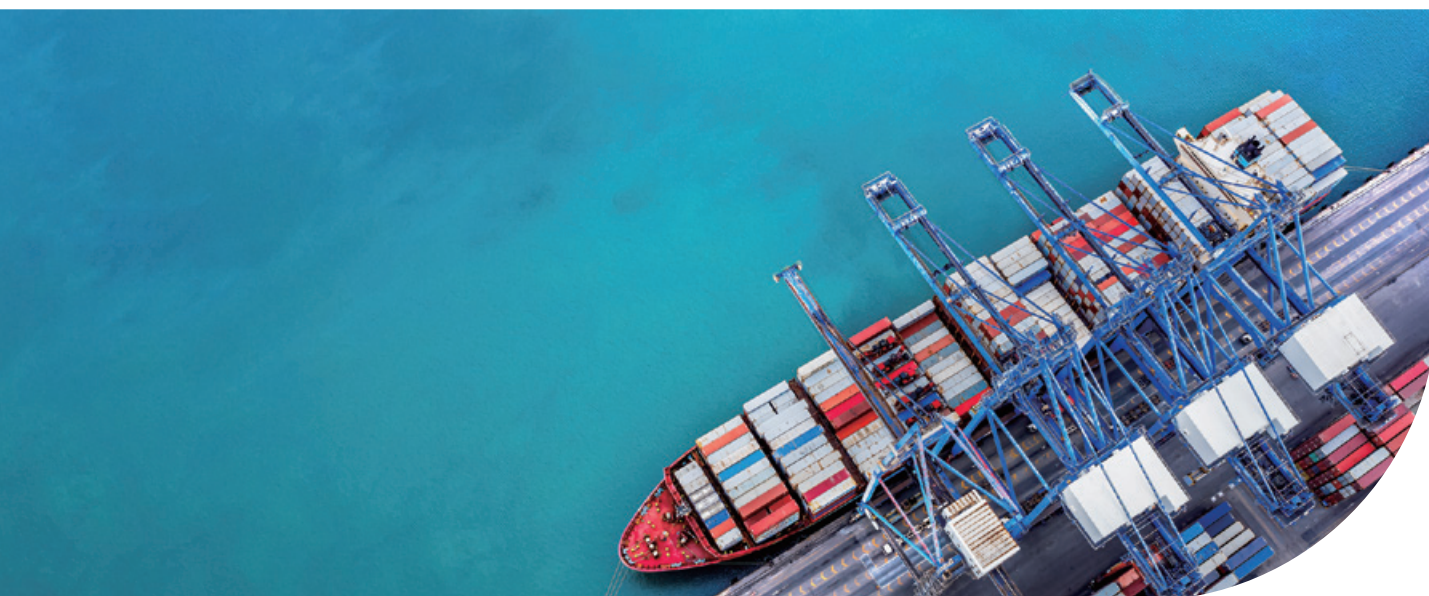
1. Industry Environment *(Continued)*

As regards container vessels, continued new vessel deliveries led to ample capacity, and new alliance carriers showed little willingness to suspend services. During the off-season, liner companies' attempts to raise rates largely failed, resulting in freight rates declining steadily from after the Spring Festival until May 2025; subsequently, the US-China tariff negotiations exceeded market expectations and created a window for rush shipments, leading to a temporary increase in cargo volumes. Major liner companies raised their General Rate Increases (GRIs) twice in June 2025 based on this, with the increases being well implemented, resulting in a slight recovery in freight rates. According to the data of the Shanghai Shipping Exchange, the average values of the China Containerised Freight Index (CCFI) and the Shanghai Containerised Freight Index (SCFI) in the first half of 2025 were 1,253 points and 1,701 points, respectively, representing a year-on-year decrease of 8.2% and 26.6%, respectively. In 2024, the global container trade turnover grew by 18.8%. By the end of 2024, the global container vessel fleet stood at 30.861 million TEUs, representing a 10.1% year-on-year increase. By the end of June 2025, the global container vessel fleet reached 32.008 million TEUs, representing a 3.7% increase from the beginning of the year.

As regards liquefied natural gas carriers (LNGC), the market remained under pressure due to strong new vessel deliveries, constraints on export capacity expansion, and increased demand for short-haul trade in Europe. LNGC freight rates were exceptionally weak and saw significant declines. The average spot freight rates for 145,000 m³, 160,000 m³ and 174,000 m³ LNGC in the first half of 2025 were USD 4,115 per day, USD 13,423 per day and USD 24,606 per day, respectively, representing a year-on-year decline of 86.2%, 69.4%, and 56.0%, respectively. In 2024, the global LNG trade turnover grew by 12.2%. By the end of 2024, the global large-scale LNG carrier fleet reached 109 million cubic meters, representing a year-on-year increase of 10.5%. By the end of June 2025, the global large-scale LNG carrier fleet stood at 115 million cubic meters, representing a 5.5% increase from the beginning of the year.

As regards very large liquefied gas carriers (VLGC), VLGC freight rates declined year-on-year due to factors such as the global economic slowdown and continued weakness in the petrochemical industry, but remained at relatively stable levels. The average 1-year term charter rate for 84,000 m³ VLGC in the first half of 2025 was USD 39,421 per day, down 27.4% year-on-year. In 2024, the global LPG trade turnover grew by 9.6%. By the end of 2024, the global VLGC fleet reached 36 million cubic meters, representing a 7.1% year-on-year increase. By the end of June 2025, the global VLGC fleet stood at 37 million cubic meters, representing an 1.8% increase from the beginning of the year.





1. Industry Environment *(Continued)*

Looking ahead to the second half of the year, in terms of capacity demand, influenced by factors such as uncertainty in U.S. trade policy and geopolitical tensions, global economic growth momentum remains weak. The Organisation for Economic Co-operation and Development (“**OECD**”) and the World Bank have both revised down their 2025 global economic growth forecasts to 2.9% and 2.3%, respectively. The global maritime trade in the second half of 2025 will face some uncertainties. Meanwhile, U.S. trade policy may further impact the global maritime trade landscape and shipping routes, boosting capacity demand on growth-oriented routes (such as Southeast Asia and Latin America) and enhancing market diversification. According to the forecast of ClarkSea, the growth rates for global maritime trade volume and tonnage in 2025 may be 0.1% and 0.3%, respectively, representing a decrease of 2.1 percentage points and 5.6 percentage points, respectively, compared to 2024. In terms of shipping capacity supply, the new ships ordered in the past two years will be delivered successively, further driving the continuous expansion of shipping capacity of global fleet. According to the data of ClarkSea, the global fleet’s shipping capacity is expected to grow by 4.3% in 2025 (measured in deadweight tons).

In terms of market segment by ship types, crude oil carrier capacity is expected to grow by 0.8% (in terms of deadweight tons), higher than the 0.1% growth rate of maritime trade (in terms of turnover). Against the backdrop of continued supply growth and slight contraction in demand, the profitability of the crude oil transport market may decline. The capacity of refined oil tankers is expected to grow by 5.3% (in terms of deadweight tons), significantly higher than the -0.9% growth rate of maritime trade (in terms of turnover). The shortage of capacity will be greatly alleviated. The capacity of bulk carriers is expected to grow by 3.1% (in terms of deadweight tons), far exceeding the -0.4% growth rate of maritime trade (in terms of turnover), with vessel-type profits likely to decline. The capacity of container carriers is expected to grow by 6.7% (in terms of twenty-foot equivalent units (TEUs)), exceeding the expected growth rates of 2.5% and 2.4% for trade volume and freight tonnage, respectively. Particularly, the greater uncertainty surrounding U.S. tariff policies remains a key factor influencing market prospects and freight rate fluctuations. The capacity of LNG is expected to grow by 8.9% (in cubic meters), far exceeding the 1.2% growth rate of trade volume (in terms of tons). The current global oversupply of capacity is unlikely to improve, and spot rates are unlikely to recover in the short term, with the LNG transport market continuing to face pressure. VLGC capacity (in cubic meters) is projected to grow by 3.4%, slightly higher than the 3.1% growth rate of LPG trade tonnage. However, the continued growth in new orders is expected to put some pressure on shipowners’ profits.

In 2025, the development of ship type technology will continue to focus on greening and becoming more intelligent, mainly reflected in rules and regulations and technology industry development.

1. Industry Environment *(Continued)*

As regards greening, from the perspective of rules and regulations, international shipping emissions reduction policies have achieved breakthrough progress. During the period from 7 to 11 April 2025, the 83rd session of the Marine Environment Protection Committee (MEPC 83) of the International Maritime Organization (IMO) was held in London, where the draft amendments to Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL) regarding the IMO Net Zero Framework were reviewed and approved. These amendments introduced the world's first mandatory "dual-track" emissions reduction agreement. This agreement imposes constraints from two aspects: greenhouse gas fuel intensity (GFI) and carbon pricing mechanisms, aiming to achieve global shipping net-zero emissions by 2050. In terms of industrial development, in the short term, LNG and methanol fuels have become the primary choices for shipowners seeking green and low-carbon power solutions. Leveraging relatively mature equipment technology, well-developed infrastructure, and more competitive fuel prices, by the first half of 2025, global orders for LNG and methanol dual-fuel vessels are expected to account for over 80% of total new orders for green-powered vessels. In the long term development, facing increasingly stringent international shipping emissions reduction requirements, zero-carbon vessels powered by green ammonia and green hydrogen are expected to become the primary development direction for the shipping industry.

In terms of smart vessels, from the perspective of rules and regulations, the Maritime Autonomous Surface Vessel Code (MASS CODE) will enter the voluntary implementation phase in 2025 and is scheduled to become a mandatory document by 2028. In March 2025, the China Classification Society completed the revisions to the "Smart Vessel Regulations", which took effect on 1 April 2025. This revision addresses the recognition principles for newly added smart systems, clarifies the design, testing, and certification processes for smart equipment, and requires smart systems to pass functional safety assessments. A new real-time monitoring and auxiliary decision-making function mark (Hm+) has been added, and the intelligent layout function mark (Gx) has been included in the regulations for the first time, covering technical indicators such as automatic control of equipment, energy efficiency management, and health monitoring. Additionally, the design of the human-machine interface for remote control stations of intelligent ships, the configuration of backup power supplies, and the autonomous control requirements for anchoring equipment have been further refined, promoting the transformation of intelligent ship design from "function-oriented" to "safety and energy efficiency-oriented". In terms of industrial development, several international shipping giants are collaborating with research institutions, universities, and enterprises to promote the application of intelligent ship technology and accelerate the commercialization of autonomous ship technology. The SEAMLESS project, initiated by multiple European countries focusing on short-haul maritime and inland autonomous shipping, has achieved phased results in areas such as autonomous mooring and port automation. Maersk Group is collaborating with South Korea's HD Hyundai to develop the Hyundai Intelligent Navigation Assistance System (HiNAS) and conduct real-ship verification of the AI-based voyage optimization and carbon emissions monitoring solution "Ocean Wise". In June 2025, "Xin Hong Zhuan" vessel, the world's first intelligent research and training vessel designed by the Shanghai Merchant Ship Design and Research Institute and built by Dalian COSCO Shipping Heavy Industry, successfully completed key tests including autonomous berthing and unberthing, autonomous navigation in open waters, multi-vessel intelligent collision avoidance and shore-based remote control, marking a dual breakthrough for China in the conversion of intelligent ship technology and talent development.

2. Work summary for the first half of the year

In the first half of 2025, the pace of new ship orders worldwide slowed down, with the current global political development trend bringing significant uncertainty. Risks and opportunities coexist across all ship types. Our ship chartering business in China has to adapt to the market situation and is committed to the cross-cyclical strategy of “cross-cyclical investment and cyclical operation” to further improve the operating efficiency of the shipping business, prudently proceeding with new ship deliveries, implementing flow-based management of its fleet assets, and seizing favorable opportunities to dispose of vessels to realise value-added premiums.

In the first half of 2025, the Group achieved operating revenue of HK\$2.018 billion, representing a year-on-year increase of 2.7%; net profit reached HK\$1.151 billion, a year-on-year decrease of 14.1%; the main reason for the profit decrease was that the Group applied OECD Pillar Two Model Rules retrospectively from 1 January 2025 onwards, thus the Group has made a provision of tax expense of HK\$137.7 million during the first half of 2025; annualised ROE was 15.4%, down 0.3 percentage points year-on-year; and annualised ROA was 5.4%, up 0.6 percentage points year-on-year.

2.1 Maintaining overall stability in fleet scale while further enhancing the operational attributes and high-value-added characteristics of the fleet

In the first half of 2025, amid new shipbuilding prices continued to rise slowly at high levels, with core shipyards extending the coverage period of their order backlogs, while competition in the ship chartering market intensified, the Group prudently assessed project risks, effectively leveraged its own advantages to engage in differentiated competition with bank-affiliated leasing companies, maintained the overall stability of its operational asset scale, and promoted the development of the fleet structure toward green, high-quality, and high-value-added directions.

In the first half of 2025, in response to the challenging market situation, the Company completed the signing of six new shipbuilding orders within the Group, with a total contract value of US\$308 million, with mid-to-high-end ships accounting for 100%, including four MR oil tankers and two methanol dual-fuel MR oil tankers.

As of 30 June 2025, the Group's fleet size stood at 143 vessels, including 121 operational vessels and 22 vessels under construction. The average age of operational vessels was approximately 4.13 years. The average remaining lease term for leases with a term of over one year (excluding current operational projects and leases expiring within one year) was 7.64 years. The Group's operational fleet is composed of marine clean energy equipment, container vessels, liquid cargo vessels, bulk carriers and special-purpose vessels, accounting for approximately 14.7%, 17.4%, 23.1%, 23.1% and 21.7%, respectively. Following proactive and reactive adjustments to the fleet size, the existing fleet has become more focused on high-value, younger vessels, further optimising the fleet structure.

2. Work summary for the first half of the year *(Continued)*

2.2 Further strengthening financial management to maintain a sound cost of funds and asset-liability structure

Since 2025, the Federal Reserve has not cut interest rates, and the target range for the federal funds rate has remained at the historically high level of 4.25% to 4.5%. The Company has implemented a cross-currency financing strategy, taking measures such as partial replacement of high-interest loans in US dollars with low-interest loans in Renminbi and Hong Kong dollars. As of the end of June 2025, the Company's comprehensive financing cost was controlled at 3.1%, a decrease of 40 basis points from the beginning of the year.

As of 30 June 2025, the Group's asset-liability ratio stood at 65.2%, a decrease of 2.3% from the end of last year. Interest-bearing borrowings amounted to approximately HK\$25.55 billion, a decrease of 7.4% from the end of 2024, including approximately US\$1.60 billion US dollar-denominated borrowings, RMB9.06 billion borrowings, HK\$2.02 billion Hong Kong dollar-denominated borrowings, and EUR140 million Euro-denominated borrowings. The notional principal amount of outstanding US dollar interest rate swap contracts on hand was US\$430 million, with an average swap rate of 1.58%.

The Company actively engaged in communication and coordination with external financial institutions to secure adequate credit facilities and expand diversified financing channels. In the first half of 2025, the Company actively advanced the work in respect of a RMB10 billion credit facility framework agreement with CSSC Finance Company Limited ("**CSSC Finance**"), further increasing the credit reserve limit to ensure sufficient funds to meet debt repayment and business development needs. The Company continued to control financing costs and, through ongoing negotiations with financial institutions, secured reductions in interest rates for multiple existing loans.

2.3 Taking lean management as the guidance to solidly promote enterprise quality improvement and efficiency enhancement

The Company further improved the comprehensive risk management system and conducted a comprehensive assessment of the Group's risk management status from four dimensions, namely risk management strategy and objectives, risk management processes, basics of risk management and the overall risk management environment. The Company re-examined, refined and expanded the categorization of risks into first-, second-, and third-category risks, and developed optimization plans for weak areas. The Company carried out subsequent development and application of risk quantitative assessment models, explored expanding their scope of application, and supported the stable operation of diversified leasing projects. The Company deeply advanced compliance management, included all contract documents of joint ventures under consolidated management and contract documents involving major retained matters of joint ventures not under consolidated management within the scope of legal review.

The Company deeply implemented ESG concepts and was successfully included in S&P Global's "Sustainability Yearbook (China Edition) 2025". Over 1,600 Chinese companies were included in the selection scope, with only 164 companies ultimately standing out, representing authoritative recognition in the ESG field received by the Company. The Company has been listed on the Fortune China ESG Impact List for three consecutive years, fully demonstrating the effectiveness and public recognition of the Company's ESG governance.



3. Work outlook for the second half of the year

In the second half of 2025, the Company will adhere to the overall work principle of seeking progress while maintaining stability, and will conduct all aspects of work in a solid manner to promote the sustainable high-quality development of the Company. The following key tasks will be prioritised in the second half of the year:

- 3.1 Assess the situation and continue to expand the ship leasing business. In line with the evolving trends in the international shipping and shipbuilding market and the Company's development strategy, keep track of the shipyard capacity, customer financing and other conditions, and continue to make efforts for new ship orders to expand the Company's high-quality ship asset portfolio.
- 3.2 Strengthen the asset risk disposal work. Prioritise risk prevention and control, strengthen monitoring of vessel assets, and strictly control incremental risks. Continuously monitor and study the risks and challenges arising from various policies of the United States, and develop risk response plans in advance. Strengthen vessel safety management, clarify the management responsibilities of various parties, and strive to minimise risks.
- 3.3 Strengthen comprehensive financing cost control. Complete the establishment of a medium-term note framework plan of USD3 billion, advance the implementation of the RMB10 billion credit agreement with CSSC Finance, and safeguard the need for low-cost capital investment for the project. Continuously implement cross-currency financing, and continue to reduce comprehensive financing costs through measures such as replacement of high-interest existing bank loans, refining capital plans and activating idle funds.

4. Finance Review

4.1 Analysis on Condensed Consolidated Income Statement

4.1.1 Revenue

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

The Group's revenue increased by 2.7% or HK\$52.2 million from HK\$1,965.8 million for the six months ended 30 June 2024 to HK\$2,018.0 million for the six months ended 30 June 2025, primarily due to the increase in the income generated from operating lease services.

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

	Six months ended 30 June		Change
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	
Integrated shipping services			
– Operating lease services	1,208,824	1,047,123	15.4%
– Shipbroking services	22,514	22,342	0.8%
	1,231,338	1,069,465	15.1%
Financing services			
– Finance lease services	549,995	619,906	(11.3%)
– Loan borrowing services	236,632	276,400	(14.4%)
	786,627	896,306	(12.2%)
Total	2,017,965	1,965,771	2.7%

4. Finance Review *(Continued)*

4.1 Analysis on Condensed Consolidated Income Statement *(Continued)*

4.1.1 Revenue *(Continued)*

Integrated shipping services

The revenue generated from integrated shipping services increased by 15.1% or HK\$161.8 million from HK\$1,069.5 million for the six months ended 30 June 2024 to HK\$1,231.3 million for the six months ended 30 June 2025. The main reason was that the Group's income from operating lease services increased by 15.4% from HK\$1,047.1 million for the six months ended 30 June 2024 to HK\$1,208.8 million for the six months ended 30 June 2025 as the Group had added 3 container ships during the second-half of 2024 and generated income.

Financing services

The revenue generated from financing services decreased by 12.2% from HK\$896.3 million for the six months ended 30 June 2024 to HK\$786.6 million for the six months ended 30 June 2025. The main reason was that the Group's finance lease and loan projects were completed in the second half of 2024 and the first half of 2025, resulting in the overall decrease in the revenue generated from financing services.

4.1.2 Other Income, and Other (Losses)/Gains, Net

The net amount of other losses was HK\$17.6 million for the six months ended 30 June 2025 mainly due to the net of exchange loss and the interest from listed bonds and wealth management products, whereas the net amount of other income recognised in the corresponding period of 2024 was HK\$235.2 million, which was mainly contributed from the handling fee amounted received from a charterer as compensation for future earnings upon the early termination of finance lease projects amounted to HK\$150.7 million and a gain on disposal of vessels amounted to HK\$56.4 million.



4. Finance Review *(Continued)*

4.1 Analysis on Condensed Consolidated Income Statement *(Continued)*

4.1.3 Expenses

The Group's expenses mainly comprise (i) finance costs and bank charges; (ii) depreciation; (iii) vessel operating costs; (iv) employee benefits expenses; (v) other operating expenses; and (vi) net amount of (reversal of)/provision for impairment of loan and lease receivables.

Expenses

	Six months ended 30 June		Change
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	
Finance costs and bank charges	416,021	515,642	(19.3%)
Depreciation	297,993	280,936	6.1%
Vessel operating costs	188,209	136,582	37.8%
Employee benefits expenses	28,669	31,022	(7.6%)
Other operating expenses	34,728	25,998	33.6%
Net amount of (reversal of)/provision for impairment of loan and lease receivables	(132,323)	105,664	(225.2%)
Total	833,297	1,095,844	(24.0%)

Finance Costs and Bank Charges

The Group's finance costs and bank charges was HK\$416.0 million for the six months ended 30 June 2025, with a year-on-year decrease of 19.3% or HK\$99.6 million. The Group's finance costs mainly include interest and charge on (i) bonds; (ii) bank borrowings; and (iii) other borrowings. The average cost of interest-bearing liabilities was 3.1% and 3.5% for the six months ended 30 June 2025 and the year ended 31 December 2024, respectively, which was relatively lower than the industry level, reflecting the Group's efficient financing strategies.

During the period, one of the Group's guaranteed USD bond was matured and repaid, at the same time, the Group maintained several measures to effectively manage and reduce finance costs, for examples: (i) adopting cross-currency financing. On the basis of USD financing, the Group optimised the control of finance costs by utilising a diversified range of currencies, including Renminbi, Hong Kong dollars and Euros; (ii) for bank borrowings on hand, the Group has reached agreements with several banks to lower the interest rates on bank borrowings to more favourable levels so as to keep the interest rates on bank borrowings on hand at a low market level to reduce interest expenses; and (iii) hedging interest rate risk through financial derivatives.

4. Finance Review *(Continued)*

4.1 Analysis on Condensed Consolidated Income Statement *(Continued)*

4.1.3 Expenses *(Continued)*

Finance Costs and Bank Charges (Continued)

These measures have allowed the Group to continually maintain a competitive advantage in managing its overall financing scale while effectively lowering financing expenses. By employing a combination of cross currency financing, proactive debt management and risk hedging tools, the Group has strengthened its financial position and improved its ability to adapt to changing interest rate conditions.

Depreciation

The Group's depreciation expenses increased by 6.1% or HK\$17.1 million from HK\$280.9 million for the six months ended 30 June 2024 to HK\$298.0 million for the six months ended 30 June 2025. The Group's total shipping capacity continued to grow as the Group added 3 container ships during the second half of 2024 under operating lease.

Vessel Operating Costs

The Group's vessel operating costs represent the expenses incurred in operating vessels under operating lease arrangements, including crew expenses, vessel repair and maintenance fees, ship management fees, vessel insurances and stores and supplies.

The Group's vessel operating costs were HK\$188.2 million for the six months ended 30 June 2025, with an increase of HK\$51.6 million when compared to the corresponding period of last year. The rise in costs was primarily due to the increase in vessel repair and maintenance costs during the first half of 2025.

Employee Benefits Expenses

The Group's employee benefits expenses consist of (i) wages, salaries, other allowances, retirement benefit cost; and (ii) share-based payment expenses.

The Group's employee benefits expenses decreased from HK\$31.0 million for the six months ended 30 June 2024 to HK\$28.7 million for the six months ended 30 June 2025. This reduction was primarily due to a decrease in the total number of employees of the Group, which declined from 84 as of 31 December 2024 to 79 as of 30 June 2025.

Net Amount of Reversal of Impairment of Loan and Lease Receivables

For the six months ended 30 June 2025, the Group recorded a net amount of reversal of impairment of loan and lease receivables amounting to HK\$132.3 million. This reversal primarily related to provisions for lease projects that had been recognised in prior years based on prevailing market conditions at each reporting date and such provisions are reversed upon the completion of leasing projects or early termination of the leasing projects by the charterer.



4. Finance Review *(Continued)*

4.1 Analysis on Condensed Consolidated Income Statement *(Continued)*

4.1.4 Share of Results of Joint Ventures

The Group's share of results of joint ventures decreased from HK\$263.8 million for the six months ended 30 June 2024 to HK\$131.3 million for the six months ended 30 June 2025.

The decrease in share of results of joint ventures was mainly due to (i) the sale of two chemical MR tankers in the second half of 2024 and (ii) the decreased daily charter rates of refined product oil and chemicals carriers when compared to the corresponding period of last year.

4.1.5 Income Tax Expenses

Benefiting from certain Hong Kong China profits tax incentive scheme related to ship chartering and leasing, the Group overall recorded an income tax expense of HK\$20.2 million for the six months ended 30 June 2024. For the six months ended 30 June 2025, the income tax expense increased to HK\$137.7 million, which was mainly attributable to the retrospective application of the OECD Pillar Two Model Rules effective from 1 January 2025.

OECD released the Pillar Two Model Rules (also referred to as the “Global Anti-Base Erosion” or “GloBE” Rules) to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million are subject to the rules and 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 Pillar Two rules since it has operations in Hong Kong China. Under these rules, the Group's profits generated from international shipping and certain related ancillary activities are tax exempt, while other non-qualifying profits will incur the minimum tax rate of 15%. A current tax provision has been estimated for the Group in accordance with Pillar Two guidelines. As a result, the Group's income tax expenses increased to HK\$137.7 million for the six months ended 30 June 2025.

4. Finance Review *(Continued)*

4.1 Analysis on Condensed Consolidated Income Statement *(Continued)*

4.1.6 Profit for the Period

In the first half of 2025, the Group reported a profit for the period of HK\$1,151.2 million, representing a decrease of 14.1% compared to HK\$1,339.9 million recorded in the same period of 2024. This decline was attributable to the combined impact of multiple factors such as (i) increased tax expenses; (ii) revenue performance; (iii) income or expense from non-recurring items (including one-off handling fee income received upon the early termination of finance lease projects, sales of vessels, impairment of reversal of/(provision for) loan and lease receivables); and (vi) share of results of joint ventures.

During the period, the Group's revenue increased by 2.7% to HK\$2,018.0 million, primarily driven by steady growth in income from operating lease services. The Group's profit from operation excluding non-recurring items amounted to HK\$1,013.1 million in 2025 and HK\$1,003.6 million in 2024, indicating sustained robustness in the Group's core business operations.

Notwithstanding the stability of core operating performance, the profit for the period decreased by 14.1% to HK\$1,151.2 million. This was primarily attributable to (i) the retrospective application of the OECD Pillar Two Model Rules effective from 1 January 2025, which led to an increased provision of tax expense to HK\$137.7 million compared to the corresponding period of last year; and (ii) the decreased of 50.2% in the Group's share of results of joint ventures to HK\$131.3 million, resulting from the sale of two chemical MR tankers in the second half of 2024 and the decreased daily charter rates of refined product oil and chemicals carriers when compared to the corresponding period of last year.



4. Finance Review *(Continued)*

4.2 Analysis on Condensed Consolidated Statement of Financial Position

As at 30 June 2025, the Group's total assets were HK\$42,200.6 million, reflecting a decrease of HK\$1,720.4 million in total assets when compared to the year ended 31 December 2024. The decline was primarily driven by a reduction in loan and lease receivables, as several leasing projects were completed in the second half of 2024 and the first half of 2025, the fund received from completed leasing projects were utilised by the Group to repay existing bank borrowings and bonds.

As a result, the Group's total liabilities stood at HK\$27,496.3 million, with a decrease of HK\$2,126.7 million when compared to the year ended 31 December 2024. This was mainly due to the repayment of a matured USD bond during the first half of 2025, which helped to reduce the scale of interest-bearing liabilities to a reasonable level while lowering overall finance costs.

The Group's equity as at 30 June 2025 was HK\$14,704.3 million, with an increase of HK\$406.3 million compared to the year ended 31 December 2024. The Group's asset-liability ratio decreased approximately 2.3 percentage points from 67.5% as at 31 December 2024 to 65.2% as at 30 June 2025.

Assets

As at 30 June 2025, the total assets of the Group mainly comprised property, plant and equipment, loan and lease receivables, cash and bank deposits and financial assets at fair value, which accounted for 93.9% of the Group's total assets.

Total Assets

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	Change
Loan and lease receivables	20,201,368	20,714,833	(2.5%)
Property, plant and equipment	16,099,700	16,394,376	(1.8%)
Financial assets at fair value	2,160,567	2,136,047	1.1%
Cash and cash equivalents, and time deposits with maturity over three months	1,179,872	1,909,346	(38.2%)
Other assets	2,559,105	2,766,393	(7.5%)
Total	42,200,612	43,920,995	(3.9%)

4. Finance Review *(Continued)*

4.2 Analysis on Condensed Consolidated Statement of Financial Position *(Continued)*

4.2.1 Loan and Lease Receivables

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

Loan and lease receivables

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	Change
Lease receivables	14,002,469	14,331,654	(2.3%)
Loan borrowings	5,982,268	6,118,321	(2.2%)
Loans to joint ventures	216,631	264,858	(18.2%)
Total	20,201,368	20,714,833	(2.5%)

a) Lease Receivables

The Group's net lease receivables amounted to HK\$14,331.7 million and HK\$14,002.5 million as at 31 December 2024 and 30 June 2025, respectively. Such receivables decreased by 2.3%, mainly because some of the finance lease projects were completed in accordance with the lease term during the six months ended 30 June 2025.

b) Loan Borrowings

Loan borrowings mainly refer to receivables from the secured loan provided by us. The Group's loan borrowings were secured and repayable from 2025 to 2033 as at 30 June 2025.

c) Loans to Joint Ventures

The Group received repayment from joint ventures during the period. As at 30 June 2025, the Group's loan to a joint venture amounted to HK\$216.6 million and was unsecured.

4. Finance Review *(Continued)*

4.2 Analysis on Condensed Consolidated Statement of Financial Position *(Continued)*

4.2.2 Property, Plant and Equipment

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

As at 31 December 2024 and 30 June 2025, the Group's property, plant and equipment amounted to HK\$16,394.4 million and HK\$16,099.7 million, respectively. The decrease of 1.8% in the Group's property, plant and equipment as at 30 June 2025 was primarily due to (i) the sale of 2 bulk carriers during the second half of 2024; and (ii) the depreciation of vessels for the chartering business.

4.2.3 Financial Assets at Fair Value

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

The Group's financial assets at fair value was HK\$2,160.6 million as at 30 June 2025. The Group maintained its investment portfolio with listed bonds and wealth management products to diversify the risk of its investment portfolio. The Group will continue to optimise the allocation of financial assets for holding suitable investment portfolio of listed bonds and wealth management products to obtain stable returns.

Liabilities

As at 30 June 2025, the total liabilities of the Group mainly represented by borrowings, including bank borrowings, bonds and other borrowings, which accounted for 92.9% of its total liabilities.

Total liabilities

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)	Change
Borrowings – bank borrowings	13,889,083	12,829,276	8.3%
Borrowings – bonds	10,369,790	13,432,257	(22.8%)
Borrowings – others	1,289,195	1,325,622	(2.7%)
Other liabilities	1,948,218	2,035,804	(4.3%)
Total	27,496,286	29,622,959	(7.2%)

4. Finance Review *(Continued)*

4.2 Analysis on Condensed Consolidated Statement of Financial Position *(Continued)*

4.2.4 Borrowings – Bank Borrowings

The Group's bank borrowings increased by 8.3% from HK\$12,829.3 million as at 31 December 2024 to HK\$13,889.1 million as at 30 June 2025, mainly because the Group repaid the secured bonds of US\$400 million (equivalent to approximately HK\$3,112 million) due February 2025 in full and on schedule through the addition of low-cost bank loan business, thereby effectively controlled the finance costs at an optimal level.

4.2.5 Borrowings – Bonds

As at 30 June 2025, the Group held USD and RMB bonds in hand.

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

In addition, the Group has completed the full issuance of the RMB3 billion “Panda Bonds” framework at the National Association of Financial Market Institutional Investors (“NAFMII”) in the Mainland China interbank, demonstrating the high level of market investor recognition for the Group. The Group held three batches of “Panda Bonds”, the First Tranche (“**Sustainability Linked and Bond Connect**”), the Second Tranche of 2023 Medium-term Notes, and the First Tranche of 2024 Medium-term Notes. These bonds were listed publicly at the NAFMII Bond Market in the Mainland China, with the issue size of RMB1,000 million (equivalent to approximately HK\$1,083 million) due in 2026, RMB1,200 million (equivalent to approximately HK\$1,300 million) due in 2026 and RMB800 million (equivalent to approximately HK\$867 million) due in 2029, respectively in the Mainland China.

The funds raised from “Panda Bonds” issuance will primarily be used to support the upgrade of large domestic equipment and equipment renovation, driving and leading the orderly development of domestic green vessels.

5. Asset Quality

The Group writes off loans and lease receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the cessation of enforcement activities. The Group may write off loans and lease receivables that are still subject to enforcement activities. The Group did not write off any loans and lease receivables during the year ended 31 December 2024 and the six months ended 30 June 2025.

6. Liquidity and Working Capital

The Group funds its operations and growth primarily through the cash generated from operating activities, bank borrowings and issuance of bonds. During the period, the Group continued to maintain a stable risk appetite for liquidity management. The goal of the Group's liquidity risk management is to maintain moderate liquidity reserves and assets and sufficient funding resources to adequately meet the repayment needs of matured liabilities and the funding needs of business development. When determining the allocation of its capital resources, the Group primarily considers its business strategies and development plans, future capital needs and projected cash flows, in order to achieve a higher interest rate margins level and control the liquidity management costs on the premise of controllable liquidity risks.

The Group managed liquidity risk and struck a balance between the interest rate spread and the liquidity risk through the following measures: (i) establishing a comprehensive capital operation and management system, developing, optimizing and upgrading the business and financial information system, closely monitoring, dynamically tracking, and conducting rolling calculations and analyses of the working capital, and providing timely advance warnings of funding shortfalls; (ii) proactively managing the maturity portfolio of assets and liabilities and controlling the cash flow mismatch gap to reduce structural liquidity risks; and (iii) establishing a diversified source of funds through the reserve of sufficient credit, and improving the Group's financing and daily liquidity management capabilities to obtain sufficient funds to meet the debt repayment and business development needs.

During the period, the Group had sufficient cash flow, while the credit facilities granted by the banks to the Company were sufficient, there was no significant change in the indebtedness and credit standing.

In addition, during the period, the Group maintained an “AAA” rating for domestic entities by Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司), and an “A-” (international) rating by S&P. The Group was assigned an “A-”(international) rating by Fitch. The re-rating action was taken in conjunction with Fitch's adjustment to China's sovereign credit rating during the period. Taking into account the historical and expected future cash flows from operations, unutilised available banking facilities of the Group and the bonds issued by the Group during the reporting period, the directors of the Company (the “**Directors**”) expected that the Group would have adequate resources to meet its liabilities and commitment as and when they fall due and be able to continue its operation in the foreseeable future.



6. Liquidity and Working Capital *(Continued)*

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

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Net cash generated from operating activities	1,320,276	4,273,137
Net cash generated from/(used in) investing activities	286,880	(997,327)
Net cash used in financing activities	(2,345,639)	(2,812,250)
Net (decrease)/increase in cash and cash equivalents	(738,483)	463,560
Cash and cash equivalents at the beginning of the period	1,773,896	938,005
Effect of foreign exchange rate changes on cash and cash equivalents	17,256	(392)
Cash and cash equivalents at the end of the period	1,052,669	1,401,173

The net cash generated from operating activities amounted to HK\$1,320.3 million, which was mainly because the Group received the payment from the completed finance lease projects and generated a profit from operation during the six months ended 30 June 2025.

The net cash generated from investing activities amounted to HK\$286.9 million, which was mainly due to dividends received by the Group from a joint venture during the six months ended 30 June 2025.

The net cash used in financing activities amounted to HK\$2,345.6 million, which was mainly because the Group repaid a matured bond during the six months ended 30 June 2025.

7. Fund Management

7.1 Bank Loans and Capital Structure

In the first half of 2025, with the positive development of its main business, the Group's operating revenue continued to improve. Benefiting from excellent international ratings and good market reputation, the Group's liquidity was solid, and its financing capabilities continued to increase and financing methods were increasingly diversified. The Group kept abreast of the changes in macroeconomic conditions, actively responded to the complicated financial environment at home and abroad, proactively grasped the market trend and adjusted its financing strategies in a timely manner to further optimise its debt structure and balance its finance costs. The Group turned to RMB financing as appropriate during the period due to the significant RMB/USD interest rate differential. In addition, the Group capitalized on the declining HKD interest rates in the second quarter of 2025 by increasing the proportion of HKD financing, effectively controlling the rapid increase in finance costs.

In the first half of 2025, with Federal Reserve's rate cut remained on hold, the benchmark USD rate maintained at an elevated range of 4.25% to 4.50%. On the other hand, RMB interest rates remained at relatively low levels, with the 1-year LPR declining to 3.00% and the 5-year+ LPR falling to 3.50%. The RMB financing rate was significantly lower than that of USD. HKD interest rates saw a substantial decline in short-term rates during the second quarter of 2025 due to ample market liquidity, creating a notable interest rate differential with USD rates. During the reporting period, the Group continued to implement its "cross-currency" financing strategy, which has proven effective in controlling the rapid growth of financing costs. Our comprehensive financing costs remained at competitively low market levels. The Group's average cost of interest-bearing debt decreased from 3.5% for the year ended 31 December 2024 to 3.1% for the six months ended 30 June 2025.

The Group had been active in seeking to diversify its financing channels and took effective measures in a timely manner. During the period, the Group entered into the 2025 Financial Services Framework Agreement with CSSC Finance, which was duly approved at the general meeting of the Company. Under this agreement, the Group secured a credit facility of up to RMB10 billion, valid until 31 December 2027. This arrangement enables the Group to access more efficient and lower-cost financing support, which can greatly improve the Group's fund management efficiency and flexibility in response to market changes. Meanwhile, the Group made comprehensive use of multi-currency financing, such as RMB and Hong Kong dollars, for daily operations such as vessel leasing, which effectively reduced the negative impact of heightened U.S. dollar interest rates. The Group continued to closely monitor our exposure to exchange rate risks arising from multi-currency financing, and has adopted prudent foreign exchange risk management strategies to effectively hedge foreign exchange risk exposure with the continuous use of financial instruments such as foreign exchange swaps and cross currency swaps.

7. Fund Management *(Continued)*

7.1 Bank Loans and Capital Structure *(Continued)*

The Group continued to deepen its partnership with core banks based on its existing financing channels in accordance with its strategic development needs, forming in-depth strategic partnerships with banks including the large banks and policy banks, as well as international commercial banks. As at 30 June 2025, the Group held loan facilities of approximately HK\$34.84 billion (approximately US\$4.48 billion), utilised loan facilities of approximately HK\$15.18 billion (approximately US\$1.95 billion) and unutilised bank loan facilities of approximately HK\$19.66 billion (approximately US\$2.53 billion), and the credit balance was sufficient. As at 30 June 2025, the Group's total assets and total liabilities were HK\$42,200.6 million and HK\$27,496.3 million, respectively, its equity attributable to owners was HK\$14,541.8 million and the gearing ratio was 1.7 times. By improving the existing fund operation, enhancing the utilisation efficiency of funds, strictly implementing funding plans and controlling the scale of interest-bearing indebtedness and remained at a lower level in the industry, consistently maintaining a healthy gearing position.

7.2 Interest Rate Risk

Interest rate risk is the risk that the future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank loans and other financing, as well as finance lease receivables and other loans. During the period, with Federal Reserve's rate cut remained on hold, the benchmark USD rate maintained at an elevated range of 4.25% to 4.50%.

In order to cope with the persistently high interest rates in the U.S. dollar interest rate market, the Group has maintained its usual interest rate risk control measures by using financial instruments such as interest rate swaps to hedge its interest rate risk exposure. As of 30 June 2025, the notional principal amount of the Group's existing interest rate swap products was approximately HK\$3,338.0 million, and the locked-in U.S. dollar average long-term fixed interest rate was approximately 1.58%, which effectively hedged the negative impact of the high interest rate of the U.S. dollar.

In terms of interest rate structure, the Group continued to maintain its original interest rate risk management strategies and proactively managed the matching of assets and liabilities in terms of interest rate structure. For the Group's operating lease assets, the Group continued to improve the interest rate matching between assets and liabilities through measures such as the issuance of fixed interest rate bonds, fixed interest rate loans and operating interest rate swaps, thereby effectively preventing interest rate risks, and the existing interest rate risk exposure is relatively low.

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

7. Fund Management *(Continued)*

7.3 Exchange Rate Risk

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

The Group has adopted a prudent foreign exchange risk management strategy and established a foreign exchange rate risk tracking system to monitor the trend of major currencies around the world in a timely manner. During the period, while the RMB exchange rate exhibited a gradual appreciation trend, the Group maintained close monitoring and did not increase its RMB forex exposure. For existing RMB forex exposure, the Group effectively hedged its currency risks through executing foreign exchange swaps and cross-currency swaps and strategically replacing RMB financing with HKD financing. These measures successfully maintained the Group's forex risk at manageable levels throughout the period.

8. Risk Management

The Group is exposed to various risks in its ordinary course of business, including market competition risks, asset management risks, exchange rate risks, tax risks, geopolitical risks, and others. The Group carries out risk management with the strategic objectives of sustainable development of business and enhancement of the Group's value, and has established a comprehensive risk management system. The Group has unleashed its potential in resources to improve the responsiveness in risk management for safeguarding its business interests. At present, the Group has adopted a stable strategy in relation to risk appetite. With regard to the selection of industries, the Group prefers industries and fields with mature business models, economies of scale and excellent asset quality. In terms of customer selection, the Group prefers large enterprises, leading enterprises in the industry or high-quality listed companies.

8. Risk Management *(Continued)*

In terms of leased assets operation, the Group will conduct scientific classification, value analysis and professional management, and accelerate the transfer of leased assets by combining operation strategies, market environment and the features of leased properties. While realizing the steady growth of the business, the Group achieves a return on its earnings that matches the risks, and controls its risks within an acceptable range. Based on the characteristics of the leasing industry, its own risk tolerance and risk appetite, the Group has established an effective risk identification, evaluation, monitor, control and reporting mechanism, and supports the effective implementation of the Company's risk management policies through a sound management information system to actively strengthen risk assessment and management system. Meanwhile, the Group will strengthen the proactive response management of risks, reduce the overall business risks by carrying out asset risk management in different countries, regions and industries, strive to maximize the risk return by actively adjusting the business strategy of the industry, establishing the customer credit quantitative assessment model and debt assessment model, strengthening the customer access standards, and improving the risk assessment system, and realize the value creation of risk management by improving the business quality and resource allocation efficiency of the Group.

In the first half of 2025, the Company further improved and refined its risk management system, risk management processes and tools, risk management, internal control, compliance standardization, and risk management informatization, effectively enhanced the Company's risk management capabilities.

9. Human Resources

As at 30 June 2025, the Group had a total of 79 employees (as at 30 June 2024: 84), approximately 31.6% of whom were located in Hong Kong. The Group has a team of high-quality talents with a bachelor's degree or above. As at 30 June 2025, approximately 94.9% of the Group's employees had a bachelor's degree or above.

For the six months ended 30 June 2025 and 30 June 2024, the remuneration of the Group's employees amounted to approximately HK\$28.7 million and HK\$31.0 million, respectively. The Group endeavors to create a competitive and fair system for remuneration and welfare. The remuneration package of the Group's employees includes basic salary and performance-related bonus. The Group reviews the remuneration packages and performance of its employees on an annual basis.

10. Pledge of Assets

As at 30 June 2025, the Group's loan and lease receivables of approximately HK\$9,281.8 million (31 December 2024: HK\$9,620.9 million), floating charge on deposits of approximately HK\$242.1 million (31 December 2024: HK\$253.0 million), property, plant and equipment of approximately HK\$2,817.3 million (31 December 2024: HK\$2,870.9 million), shares of certain subsidiaries, general assignments, bareboat charterer assignments and intra group loan assignments were secured to banks to acquire bank loans.

CORPORATE GOVERNANCE/OTHER INFORMATION

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance in order to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and enhance its corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as its own code of corporate governance. During the six months ended 30 June 2025, the Company had complied with all applicable code provisions set out in the CG Code and adopted most of the recommended best practices, except for deviation from the code provision stated below.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer should be separated and should not be performed by the same individual. Mr. Li Hongtao has been appointed as the chairman of the Board and an executive Director since 23 May 2024, and has been appointed as the chief executive officer of the Company (the “**Chief Executive Officer**”) since 31 December 2024. He is responsible for coordinating Board affairs and providing strategic advice on the development and management of the Group’s business, formulating development strategies and annual and investment plans for the Group, reviewing financial budgets and overall policies, and supervising capital operations. The Board believes that vesting the roles of the chairman of the Board and the Chief Executive Officer in the same person can facilitate the execution of the Group’s business strategies and improve its operating efficiency. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code in such circumstances is appropriate. In addition, as at 30 June 2025, the Board consists of one executive Director, two non-executive Directors and three independent non-executive Directors, it has an appropriate structure and balanced power. Under the supervision of the Board, it can provide sufficient checks and balances to protect the interests of the Company and its Shareholders.

On 22 December 2024, with the purpose to promote the familiarity and raise the awareness with the Listing Rules and to enhance the disclosure practice, a training was provided to the employees and management of the Company on 24 December 2024.

Interim Dividend

The Board declared an interim dividend (the “**Interim Dividend**”) of HK\$0.05 per share for the six months ended 30 June 2025 (interim dividend for the six months ended 30 June 2024: HK\$0.03 per share). The aforesaid interim dividend will be paid on 13 November 2025.

The Interim Dividend will be payable in cash to each Shareholder in Hong Kong Dollars unless an election is made to receive the same in Renminbi. For further details, please refer to the announcements of the Company dated 12 September 2025 and 18 September 2025.

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

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 2 October 2025 to Monday, 6 October 2025 (both days inclusive) and no transfer of Shares will be effected during that period. In order to qualify for the Interim Dividend, Shareholders should ensure that all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's Hong Kong registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 30 September 2025. The ex-dividend date for the Interim Dividend is Monday, 29 September 2025, and the Record Date is Monday, 6 October 2025.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities by Directors. Having made specific enquiry with the Directors, all Directors confirmed that they had complied with the standards set out in the Model Code during the six months ended 30 June 2025.

Changes of Information in relation to the Directors

On 23 June 2025, Ms. Zhang Yi resigned as a non-executive Director and a member of each of the audit committee (the **"Audit Committee"**) and the strategic and investment committee of the Company due to her personal work arrangement.

Save as disclosed above, during the six months ended 30 June 2025, the Directors confirmed that there was no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any). As at 30 June 2025, the Company did not hold any treasury shares.

Review of Interim Results

The Board has established the Audit Committee which currently comprises three independent non-executive Directors, namely Mdm. Shing Mo Han Yvonne (chairperson), Mr. Wang Dennis and Mr. Li Hongji, and one non-executive Director, namely Mr. Zhang Qipeng. The primary duties of the Audit Committee are to review the financial information of the Group and oversee the financial reporting system, risk management and internal control system of the Group.

The unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025 have been reviewed by the Audit Committee with the senior management and the external auditor of the Company.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2025, none of the Directors and chief executives of the Company had interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company, or which were required to be otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2025, as far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the shares of the Company (the "Shares") or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interests	Number of Shares	Long/Short position	Approximate percentage of shareholding in the Company (%)
State-owned Assets Supervision and Administration Commission of the State Council ("SASAC")	Interest in controlled corporation ⁽¹⁾	4,602,046,234	Long position	74.25
China Shipbuilding Group	Interest in controlled corporation ⁽¹⁾	4,602,046,234	Long position	74.25
China State Shipbuilding Industry Corporation Limited ("CSSC Group")	Interest in controlled corporation ⁽¹⁾	4,602,046,234	Long position	74.25
CSSC International Holding Company Limited ("CSSC International")	Beneficial owner ⁽¹⁾	4,602,046,234	Long position	74.25
Central Huijin Investment Ltd.	Interest in controlled corporation ⁽²⁾	500,246,000	Long position	8.07
China Re Asset Management (Hong Kong) Company Limited	Investment manager ⁽²⁾	500,246,000	Long position	8.07
China Reinsurance (Group) Corporation ("China Reinsurance")	Beneficial owner ⁽²⁾	500,246,000	Long position	8.07 ⁽³⁾

Notes:

- (1) CSSC International is a wholly-owned subsidiary of CSSC Group, and CSSC Group is wholly owned by China Shipbuilding Group, which is wholly owned by the SASAC. As such, by virtue of the SFO, CSSC Group, China Shipbuilding Group and the SASAC are deemed to be interested in the 4,602,046,234 Shares held by CSSC International.
- (2) As at 30 June 2025, Central Huijin Investment Ltd. holds 71.56% of the equity interest in China Reinsurance. As such, by virtue of the SFO, Central Huijin Investment Ltd. is deemed to be interested in the 500,246,000 Shares held by China Reinsurance. The Shares held by China Re Asset Management (Hong Kong) Company Limited are the same batch as those held by China Reinsurance.
- (3) As at 19 August 2025, China Reinsurance held 304,044,000 Shares, representing 4.90% of the shareholding of the Company.

Save as disclosed above, as at 30 June 2025, as far as the Directors are aware, no any other persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Share Option Scheme

At the extraordinary general meeting of the Company held on 30 April 2021 (the “**EGM**”), the Shareholders approved the adoption of a share option scheme (the “**Scheme**”). The Scheme will be effective for a term of 10 years commencing from the date on which the Scheme is approved by the Shareholders at the EGM, unless terminated in advance by the Shareholders at a general meeting. The Company (i) has granted share options under the Scheme on 30 April 2021 to certain Directors and employees of the Group which entitle the grantees to subscribe for up to an aggregate of 143,540,000 new Shares with exercise price of HK\$1.32 per Share in the share capital of the Company; and (ii) has granted share options under the Scheme on 4 April 2022 to certain senior management and core technical employees of the Company which entitle the grantees to subscribe for up to an aggregate of 28,710,000 new Shares with exercise price of HK\$1.15 per Share in the share capital of the Company.

The maximum number of Shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 Shares, representing approximately 10% of the total number of issued Shares as at the date of approval of the Scheme at the EGM. 172,250,000 share options had been granted by the Company under the Scheme up to the date of this report. Therefore, the number of share options available for further grant at the beginning and the end of the six months ended 30 June 2025 is 441,356,623 and 441,356,623, respectively, and the number of Shares available for issue under the Scheme is 488,821,358 Shares, representing approximately 7.89% of the total number of issued Shares as at the date of this report.

As no share options were granted under the Scheme during the six months ended 30 June 2025, the number of Shares that could be issued in respect of the share options granted under the Scheme during the six months ended 30 June 2025 divided by the weighted average number of Shares in issue (excluding treasury shares) during the six months ended 30 June 2025 is nil.

Particulars and movements of share options granted under the Scheme during the six months ended 30 June 2025 are set out below:

Number of share options													Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK\$)
Name or category of participant	Position(s) held with the Group	As of 1 January 2025	Granted during the period	Exercised during the period	Lapsed during the period	Forfeited during the period	As of 30 June 2025	Estimated fair value per share option (HK\$)	Date of grant	Exercise period of share options (both dates inclusive) (Note)	Exercise price of share options (HK\$)	Closing price of the Shares immediately before the date of grant (HK\$)	
Mr. Zhong Jian	Former Chairman and executive Director	508,725	–	–	508,725	–	–	N/A	30 April 2021	30 April 2021 to 29 April 2031	1.32	1.32	N/A
Sub-total		508,725	–	–	508,725	–	–						
Other employees of the Group													
Employees in aggregate		37,156,505	–	8,845,245	10,735,055	–	17,576,205	0.296	30 April 2021	30 April 2021 to 29 April 2031	1.32	1.32	1.84
		21,275,500	–	2,630,750	9,412,750	–	9,232,000	0.295	4 April 2022	4 April 2022 to 3 April 2032	1.15	1.15	1.79
Sub-total		58,432,005	–	11,475,995	20,147,805	–	26,808,205						
Total		58,940,730	–	11,475,995	20,656,530	–	26,808,205						

Details of the movements in the share options under the Scheme are also set out in note 18 to the condensed consolidated interim financial information.

As at 1 January 2025 and 30 June 2025, the number of unvested options were 45,436,750 and 9,232,000, respectively.

Notes:

- (1) Subject to the satisfaction of the vesting conditions as provided under the Scheme, the share options shall be vested to the grantees during the period and in the respective proportions as follows:
 - (i) The first batch (being 33% of the share options granted) shall be vested on the first trading day after 24 months from the date of grant;
 - (ii) The second batch (being 33% of the share options granted) shall be vested on the first trading day after 36 months from the date of grant; and
 - (iii) The third batch (being 34% of the share options granted) shall be vested on the first trading day after 48 months from the date of grant.

- (2) For the share options exercised under the Scheme during the year ended 31 December 2024, the weighted average closing price of the Shares immediately before the dates on which the share options were exercised are as follows:

Name or category of participant	Date of grant	Exercise price (HK\$)	Number of share options exercised during the year ended 31 December 2024	Weighted average closing price of the Shares immediately before the dates on which the share options were exercised (HK\$)
Former Director				
Mr. Zhong Jian	30 April 2021	1.32	7,840,275	1.61
Other employees of the Group				
Employees in aggregate	30 April 2022	1.32	34,814,950	1.63
	4 April 2022	1.15	7,356,950	1.60

Directors' Rights to Acquire Shares or Debentures

Save as otherwise disclosed in this report, at no time during the six months ended 30 June 2025 was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or exercised any such right.

Disclosure Pursuant to Rule 13.21 of the Listing Rules

On 8 April 2025, the Company, as borrower, entered into a working capital loan contract (the “**Loan Contract**”) with a bank, as lender (the “**Lender**”), pursuant to which the Lender has agreed to grant a loan to the borrower in the amount up to RMB800,000,000 for the purpose of providing the borrower with a loan for working capital. The maturity date of the facility is 12 months from the utilisation date.

Pursuant to the Loan Contract, the Company undertakes that, among others, during the term of the Loan Contract, China Shipbuilding Group shall maintain its status as an enterprise directly managed by the State-owned Assets Supervision and Administration Commission of the State Council, and China Shipbuilding Group shall remain as the controlling shareholder of the Company.

Save as the Loan Contract, as 30 June 2025 and up to the date of this report, the Company did not have disclosure obligations under Rule 13.21 of the Listing Rules.



FINANCIAL STATEMENTS

INDEPENDENT REVIEW REPORT



To the board of directors of CSSC (Hong Kong) Shipping Company Limited
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 41 to 68 which comprises the condensed consolidated statement of financial position of CSSC (Hong Kong) Shipping Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as of 30 June 2025 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim financial information, including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

Our responsibility is to express a conclusion on this interim financial information 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” as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

Grant Thornton Hong Kong Limited

Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

28 August 2025

Lam Yau Hing

Practising Certificate No.: P06622

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue	6	2,017,965	1,965,771
Other income and other (losses)/gains, net		(17,618)	235,154
Expenses			
Finance cost and bank charges	7	(416,021)	(515,642)
Reversal of/(provision for) impairment of loan and lease receivables, net		132,323	(105,664)
Depreciation		(297,993)	(280,936)
Employee benefits expenses		(28,669)	(31,022)
Vessel operating costs		(188,209)	(136,582)
Other operating expenses		(34,728)	(25,998)
Total expenses		(833,297)	(1,095,844)
Profit from operations	8	1,167,050	1,105,081
Share of results of joint ventures		131,328	263,789
Share of results of associates		(9,491)	(8,849)
Profit before income tax		1,288,887	1,360,021
Income tax expenses	9	(137,730)	(20,161)
Profit for the period		1,151,157	1,339,860
Profit for the period attributable to:			
Equity holders of the Company		1,105,585	1,327,318
Non-controlling interests		45,572	12,542
		1,151,157	1,339,860
Earnings per share (HK\$)	10		
Basic		0.179	0.216
Diluted		0.178	0.216

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Profit for the period	1,151,157	1,339,860
Other comprehensive (expense)/income for the period		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
– Exchange differences on translation of financial statements of foreign operations	2,311	470
– Share of other comprehensive income of joint ventures, net	(11,925)	3,680
– Fair value change of financial assets at fair value through other comprehensive income (debts instruments)	8,294	5,979
– Fair value change of derivative financial instruments (cash flow hedges)	(40,765)	90,439
– Reclassification adjustment from hedging reserve to profit or loss	(55,652)	(72,356)
Total other comprehensive (expense)/income for the period	(97,737)	28,212
Total comprehensive income for the period	1,053,420	1,368,072
Total comprehensive income for the period attributable to:		
Equity holders of the Company	1,007,830	1,355,421
Non-controlling interests	45,590	12,651
	1,053,420	1,368,072

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Assets			
Property, plant and equipment	12	16,099,700	16,394,376
Right-of-use assets	12	962	11,895
Interests in joint ventures	13	1,506,811	1,628,199
Interests in associates		184,140	190,238
Loan and lease receivables	14	20,201,368	20,714,833
Derivative financial assets		299,109	404,865
Prepayments and other receivables	15	244,763	214,057
Financial assets at fair value through profit or loss		473,538	457,312
Financial assets at fair value through other comprehensive income		1,687,029	1,678,735
Deferred tax assets		4,680	4,111
Amount due from associates		36,254	37,810
Amount due from joint ventures		282,386	275,218
Time deposits with maturity over three months		127,203	135,450
Cash and cash equivalents		1,052,669	1,773,896
Total assets		42,200,612	43,920,995
Liabilities			
Income tax payables		157,212	38,157
Borrowings	16	25,548,068	27,587,155
Derivative financial liabilities		145,561	195,801
Deferred tax liabilities		241	316
Amounts due to non-controlling interests		131,884	131,884
Other payables and accruals		1,190,505	1,321,335
Lease liabilities		322,815	348,311
Total liabilities		27,496,286	29,622,959
Net assets		14,704,326	14,298,036
Equity			
Share capital	17	6,713,880	6,695,690
Reserves		7,827,941	7,485,431
		14,541,821	14,181,121
Non-controlling interests		162,505	116,915
Total equity		14,704,326	14,298,036

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to equity holders of the Company									
	Share capital	Investment revaluation reserve	Hedging reserve	Other reserves	Share option reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2025	6,695,690	46,363	317,980	67,998	15,759	(98,123)	7,135,454	14,181,121	116,915	14,298,036
Profit for the period	-	-	-	-	-	-	1,105,585	1,105,585	45,572	1,151,157
Other comprehensive income for the period	-	8,294	(96,417)	(11,925)	-	2,293	-	(97,755)	18	(97,737)
Total comprehensive income for the period	-	8,294	(96,417)	(11,925)	-	2,293	1,105,585	1,007,830	45,590	1,053,420
Transaction with equity holders:										
– Issuance of shares under share option scheme (Note 17)	18,190	-	-	-	(3,489)	-	-	14,701	-	14,701
– Dividends (Note 11)	-	-	-	-	-	-	(644,630)	(644,630)	-	(644,630)
Equity settled share-based payments	-	-	-	-	(4,874)	-	-	(4,874)	-	(4,874)
Disposal of financial assets through other comprehensive income (recycling)	-	(12,327)	-	-	-	-	-	(12,327)	-	(12,327)
	18,190	(12,327)	-	-	(8,363)	-	(644,630)	(647,130)	-	(647,130)
At 30 June 2025	6,713,880	42,330	221,563	56,073	7,396	(95,830)	7,596,409	14,541,821	162,505	14,704,326
At 1 January 2024	6,615,789	(141)	348,817	70,979	27,488	(120,971)	5,769,911	12,711,872	118,039	12,829,911
Profit for the period	-	-	-	-	-	-	1,327,318	1,327,318	12,542	1,339,860
Other comprehensive income for the period	-	5,979	18,083	3,680	-	361	-	28,103	109	28,212
Total comprehensive income for the period	-	5,979	18,083	3,680	-	361	1,327,318	1,355,421	12,651	1,368,072
Transaction with equity holders:										
– Issuance of shares under share option scheme	25,569	-	-	-	(4,940)	-	-	20,629	-	20,629
– Dividends (Note 11)	-	-	-	-	-	-	(553,778)	(553,778)	-	(553,778)
Equity settled share-based payments	-	-	-	-	1,913	-	-	1,913	-	1,913
	25,569	-	-	-	(3,027)	-	(553,778)	(531,236)	-	(531,236)
At 30 June 2024	6,641,358	5,838	366,900	74,659	24,461	(120,610)	6,543,451	13,536,057	130,690	13,666,747

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash generated from operations	1,724,801	4,896,351
Interest received	41,877	12,845
Interest paid	(427,083)	(617,582)
Income tax paid	(19,319)	(18,477)
<i>Net cash generated from operating activities</i>	1,320,276	4,273,137
Cash flows from investing activities		
Decrease in time deposits with maturity over three months	8,247	139,565
Payment of purchase of property, plant and equipment	(1,200)	(650,273)
Payment of purchase of financial assets at fair value through profit and loss	–	(132,260)
Payment of purchase of financial assets at fair value through other comprehensive income	–	(758,550)
Investment in joint ventures	–	(5)
Dividend received from a joint venture	240,791	–
Prepayment for purchase of a financial asset at fair value through other comprehensive income	–	(221,730)
Decrease in amounts due from fellow subsidiaries	–	1,764
Decrease/(Increase) in amounts due from associates	1,556	(1,946)
Increase in amounts due from joint ventures	(7,168)	(42,543)
Decrease in loans to joint ventures	48,227	288,674
Decrease in pledged time deposits	–	5,144
Proceeds from disposal of partial interest in an associate	–	10,917
(Payment for)/Proceeds from settlement of derivative financial instruments	(3,573)	11
Proceeds from disposal of property, plant and equipment	–	363,905
<i>Net cash generated from/(used in) investing activities</i>	286,880	(997,327)
Cash flows from financing activities		
Proceeds from borrowings	5,951,066	3,649,454
Repayment of borrowings	(5,173,505)	(6,459,003)
Repayment of bonds	(3,112,000)	–
Payment of lease liabilities	(25,901)	(8,391)
Repayment to non-controlling interests	–	(14,939)
Proceeds from shares issued under share option scheme	14,701	20,629
<i>Net cash used in financing activities</i>	(2,345,639)	(2,812,250)
Net (decrease)/increase in cash and cash equivalents	(738,483)	463,560
Cash and cash equivalents at the beginning of the period	1,773,896	938,005
Effect of foreign exchange rate changes on cash and cash equivalents	17,256	(392)
Cash and cash equivalents at the end of the period	1,052,669	1,401,173

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2025

1. General Information

CSSC (Hong Kong) Shipping Company Limited (the “**Company**”) is a limited liability company incorporated in Hong Kong. The Company and its subsidiaries (the “**Group**”) are principally engaged in provision of integrated shipping services (including operating lease services and ship brokerage services) and financing services (including finance lease services and loan borrowing). The registered office is located at Room 1801, 18th Floor, Worldwide House, No. 19 Des Voeux Road Central, Central, Hong Kong.

This interim financial information is presented in Hong Kong dollars, unless otherwise stated and has been approved for issue by the Board of Directors of the Company on 28 August 2025.

The financial information relating to the year ended 31 December 2024 that is included in the interim financial information for the six months ended 30 June 2025 as comparative information does not constitute the Company’s statutory annual financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap. 622).

2. Basis of Preparation

This interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The interim financial information is unaudited, but has been reviewed by Grant Thornton Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA.

This interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA.

3. Adoption of Amended HKFRS Accounting Standards

The interim financial information for the six months ended 30 June 2025 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the Amendments to HKAS 21 "Lack of Exchangeability" which is effective from 1 January 2025.

The adoption of the amendments did not have a material impact on the interim financial information of the Group.

4. Fair Value Estimation

The following table presents the Group's financial assets and financial liabilities that are measured at fair value as at:

Fair value hierarchy

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
As at 30 June 2025 (Unaudited)			
Financial assets			
Derivative financial assets	–	299,109	299,109
Financial assets at fair value through profit or loss	–	473,538	473,538
Financial assets at fair value through other comprehensive income	1,687,029	–	1,687,029
	1,687,029	772,647	2,459,676
Financial liabilities			
Derivative financial liabilities	–	145,561	145,561

As at 31 December 2024 (Audited)

Financial assets			
Derivative financial assets	–	404,865	404,865
Financial assets at fair value through profit or loss	–	457,312	457,312
Financial assets at fair value through other comprehensive income	1,678,735	–	1,678,735
	1,678,735	862,177	2,540,912
Financial liabilities			
Derivative financial liabilities	–	195,801	195,801

4. Fair Value Estimation *(Continued)*

Fair value hierarchy *(Continued)*

The different levels of financial instruments carried at fair value have been defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Changes in level 2 and 3 fair values are analysed at the end of each reporting periods during the half yearly valuation discussion between the finance department and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value movements.

There was no transfer among level 1, 2 and 3 during six months ended 30 June 2025.

The carrying value of the Group's financial assets and financial liabilities carried at amortised costs approximate their fair value due to their short-term maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

5. Significant Accounting Estimates and Judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to in the preparation of the consolidation financial statements for the year ended 31 December 2024.

6. Segment Information and Revenue

The chief operating decision maker (“**CODM**”) has been identified as the executive director of the Company. The executive director reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports and analysed from a business perspective: (i) integrated shipping services and (ii) financing services.

Integrated shipping services

Integrated shipping services include operating lease services to the Group's customers and shipbroking services to shipbuilders and charterers. Operating lease refers to a leasing model whereby the lessor grants the right to use an asset to the lessee for a specified period and in return for periodic lease payments. Shipbroking services to shipbuilders includes recommending shipbuilders to interested purchasers and advising interested purchasers on vessel types, specifications and capabilities. Shipbroking services to charterers includes advising interested charterers to lease the vessels in form of finance lease and operating lease and advising interested charterers on vessel types, specifications and capabilities.

Financing services

Financing services include finance lease services and loan borrowing services to the Group's customers. Finance lease refers to a leasing model whereby the lessor purchases an asset according to the lessee's specific requirements and choice of supplier or the lessor purchases an asset from the lessee, and then leases it to the lessee for periodic lease payments. Loan borrowings mainly include pre-delivery loans and secured loans. Pre-delivery loan services are offered as part of leasing services and to customers who require funding to satisfy their pre-delivery payment obligations under their shipbuilding agreements. Secured loan services are offered to customers to satisfy their funding needs and are generally secured by customers' vessels or assets.

6. Segment Information and Revenue *(Continued)*

The segment information provided to the executive director for the six months ended 30 June 2025 and 2024 are follows:

The Group derives revenue from the following:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Integrated shipping services		
– Operating lease services	1,208,824	1,047,123
– Shipbroking services	22,514	22,342
	1,231,338	1,069,465
Financing services		
– Finance lease services	549,995	619,906
– Loan borrowing services	236,632	276,400
	786,627	896,306
	2,017,965	1,965,771

Commission income from charterer included in shipbroking services, is recognised over time method and commission income received from shipbuilder included in shipbroking services segment, is recognised at point in time method during the period.

For the six months ended 30 June 2025, commission income included in shipbroking services is recognised at a point in time and over time amounting to HK\$10,699,000 and HK\$11,815,000 (2024: HK\$6,834,000 and HK\$15,508,000) respectively.

For the six months ended 30 June 2025, revenue from non-lease component included in leasing services amounting to HK\$138,891,000 (2024: HK\$120,844,000).

For the six months ended 30 June 2025, lease income relating to variable lease payments not included in the net investment in the lease amounted to HK\$41,913,000 (2024: HK\$104,554,000).

Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by CODM internally. Accordingly, no segment assets and liabilities are presented.

7. Finance Costs and Bank Charges

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Interest and charges on bonds	145,577	167,770
Interest and charges on bank borrowings	220,066	345,114
Interest and charges on other borrowings	39,593	17,833
Interest on lease liabilities	9,686	519
Bank charges	1,099	1,224
	416,021	532,460
Less: finance costs capitalised	–	(16,818)
	416,021	515,642

8. Profit From Operations

Profit from operations is stated after crediting the followings:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Interest income from financial assets at fair value through other comprehensive income	31,880	9,491
Net gain on disposal of property, plant and equipment	–	56,405
Net unrealised gain on changes in fair value of financial assets at fair value through profit or loss	16,226	14,189
Net gain on de-recognition of finance lease receivables	21,560	150,719

9. Income Tax Expenses

Income tax expense in the condensed consolidated income statement represents:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Current taxation		
– Hong Kong China profits tax	125,444	5,238
– Overseas taxation	10,849	15,147
Under/(Over)provision in respect of prior years		
– Hong Kong China profits tax	–	163
– Overseas taxation	2,013	(1,081)
	138,306	19,467
Deferred tax		
– Origination and reversal of temporary differences	(576)	694
Income tax expense	137,730	20,161

The Group mainly operates in Hong Kong China, the Mainland China, Malta, Singapore and Cyprus.

Hong Kong China profits tax is provided at the rate of 16.5% (2024: 16.5%) based on the estimated assessable profits arising from Hong Kong China during the period.

In December 2021, the Organisation for Economic Co-operation and Development (“OECD”) released the Pillar Two Model Rules (also referred to as the “Global Anti-Base Erosion” or “GloBE” Rules) to reform international corporate taxation. Large multinational enterprises with consolidated revenue of over EUR750 million in at least 2 of the 4 fiscal years immediately preceding the current fiscal year are subject to GloBE Rules. They are required to calculate their GloBE effective tax rate for each jurisdiction where they operate and will be liable to pay a minimum effective tax rate of 15%.

9. Income Tax Expenses *(Continued)*

The Group, together with China State Shipbuilding Corporation Limited (中國船舶集團有限公司) (“**China Shipbuilding Group**”), has consolidated revenues exceeding EUR750 million and thus fall within the scope of GloBE Rules. On 6 June 2025, Hong Kong China has gazetted the bill on the implementation of the GloBE Rules (comprising the income inclusion rule (“**IIR**”) and the undertaxed profits rule (“**UTPR**”)) under Base Erosion and Profit Shifting Pillar Two and the Hong Kong China minimum top-up tax (“**HKMTT**”). Both the IIR and HKMTT provisions will take effect retrospectively from 1 January 2025.

The Group is within the scope of these rules since it has operations in Hong Kong China. Under these rules, the Group’s profits generated from international shipping and certain related ancillary activities are exempt, while other non-qualifying profits will incur the minimum tax rate. Additionally, under the HKMTT, the Group must pay a top-up tax if the combined corporate tax rate of its entities in Hong Kong China is below the 15% minimum effective tax rate. Furthermore, under Hong Kong China’s IIR, the Group is also obligated to pay top-up tax on a jurisdictional basis if the combined corporate tax rate of its entities in jurisdictions outside Hong Kong China is below the 15% minimum effective tax rate.

The Group also applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and would account for the top-up tax as current Hong Kong China profits tax when incurred, as provided in the Amendments to HKAS12 issued in July 2023.

For the six months ended 30 June 2025, the Group’s Hong Kong China profits tax has been provided in accordance with the requirements of Pillar Two income taxes.

Mainland China corporate income tax is charged at the statutory rate of 25% (2024: 25%) based on the estimated assessable income as determined with the relevant tax rules and regulations of the Mainland China.

Malta corporate income tax is charged at the statutory rate of 35% (2024: 35%) of the estimated assessable income as determined with the relevant tax rules and regulations of Malta. Normally, 6/7 of the tax paid would be deducted, taking the effective tax rate to be 5%.

10. Earnings Per Share

The calculation of basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Earnings		
Profit attributable to equity holders of the Company for the purposes of basic and diluted earnings per share	1,105,585	1,327,318
	Number '000	Number '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,191,104	6,142,907
Effect of dilutive potential ordinary shares		
Share options issued by the Company	10,792	11,153
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,201,896	6,154,060
	HK\$	HK\$
Earnings per share		
Basic	0.179	0.216
Diluted	0.178	0.216

11. Dividends

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Dividend approved and not yet paid during the period		
Final dividend in respect of the year ended 31 December 2024 of HK10.4 cents (2023: HK9 cents) per ordinary share	644,630	553,778
Dividend proposed		
Interim dividend of HK5 cents (2024: HK3 cents) per ordinary share	309,918	184,593

At the board meeting held on 28 August 2025, the board has declared an interim dividend of HK5 cents (2024: HK3 cents) per share and the interim dividend is declared after the reporting period, such dividend has not been recognised as liability as at 30 June 2025.

12. Property, Plant and Equipment and Right-of-Use Assets

During the six months ended 30 June 2025, additions to property, plant and equipment amounted to approximately HK\$1,200,000 (2024: HK\$667,091,000).

During the six months ended 30 June 2025, disposals of property, plant and equipment at net book value was approximately nil (2024: HK\$307,500,000).

As at 30 June 2025, the carrying amount of the Group's right-of-use assets in relation to the offices and apartments amounted to HK\$962,000 (31 December 2024: HK\$11,895,000).

During the six months ended 30 June 2025, additions and modifications to right-of-use assets amounted to approximately nil (2024: HK\$3,842,000).

During the six months ended 30 June 2025, written off of right-of-use assets at net book value was approximately HK\$8,909,000 (2024: HK\$1,114,000).

Depreciation of property, plant and equipment and right-to-use assets during six months ended 30 June 2025 amounted to HK\$295,952,000 and HK\$2,041,000 respectively (2024: HK\$275,444,000 and HK\$5,492,000).

13. Interests in Joint Ventures

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Interests in joint ventures	1,506,811	1,628,199

Details of the Group's joint ventures as at 30 June 2025 and 31 December 2024 are as follows:

Name	Place of incorporation/ registration and operation	Percentage of equity attributable to the Company as at		Principal activities
		30 June 2025	31 December 2024	
Sino Singapore Maritime Pte. Ltd.	Singapore	50%	50%	Vessel owning and chartering
Ocean Classic Limited	British Virgin Islands	50%	50%	Vessel owning and chartering
Vista Shipping Pte. Limited	Singapore	50%	50%	Vessel owning and chartering
Sea Jade Investment Limited	Marshall Islands	25%	25%	Vessel owning and chartering
Ocean Jade Investment Limited	Marshall Islands	25%	25%	Vessel owning and chartering
Golden Pegasus Shipping Company Limited	Hong Kong	50%	50%	Vessel owning and chartering

14. Loan and Lease Receivables

	Notes	As at 30 June 2025		
		Gross amount HK\$'000 (Unaudited)	Allowance for impairment losses HK\$'000 (Unaudited)	Net carrying amount HK\$'000 (Unaudited)
Loan borrowings	(a)	6,049,685	(67,417)	5,982,268
Lease receivables	(b)	14,492,624	(490,155)	14,002,469
Loans to joint ventures	(c)	216,631	–	216,631
		20,758,940	(557,572)	20,201,368

	Notes	As at 31 December 2024		
		Gross amount HK\$'000 (Audited)	Allowance for impairment losses HK\$'000 (Audited)	Net carrying amount HK\$'000 (Audited)
Loan borrowings	(a)	6,190,388	(72,067)	6,118,321
Lease receivables	(b)	14,949,482	(617,828)	14,331,654
Loans to joint ventures	(c)	264,858	–	264,858
		21,404,728	(689,895)	20,714,833

The carrying amounts of the Group's loan and lease receivables approximate their fair values and are mainly denominated in Renminbi ("RMB"), United States dollars ("US\$") and Euro.

14. Loan and Lease Receivables *(Continued)*

(a) Loan borrowings

As at 30 June 2025, loan borrowings were secured, interest bearing at rates ranging from 5.8% to 8.3% (31 December 2024: 6.0% to 8.6%) per annum and repayable from 2025 to 2033 (31 December 2024: 2025 to 2033). The loan borrowings are secured by the respective vessel and certain shares of borrowers, which owned the vessel.

A maturity profile of the loan borrowings as at the end of the reporting periods, based on the maturity date, net of provision, is as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 1 year	512,358	508,881
After 1 year but within 2 years	516,701	513,080
After 2 years but within 5 years	1,636,050	1,638,340
Over 5 years	3,317,159	3,458,020
	5,982,268	6,118,321

(b) Lease receivables

As at 30 June 2025, the Group's finance lease receivables were secured, interest bearing at rates ranging from 5.0% to 10.3% (31 December 2024: 5.0% to 10.5%) per annum. Details of the lease receivables as at the end of the reporting periods are as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Gross investment in finance leases	20,572,009	21,740,247
Less: unearned finance income	(6,079,385)	(6,790,765)
Net investment in finance leases	14,492,624	14,949,482
Less: accumulated allowance for impairment	(490,155)	(617,828)
Net lease receivables	14,002,469	14,331,654

14. Loan and Lease Receivables *(Continued)***(b) Lease receivables** *(Continued)*

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings at the end of the reporting periods:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Gross investment in finance leases		
Within 1 year	2,187,037	2,282,154
After 1 year but within 2 years	1,861,988	1,911,284
After 2 years but within 3 years	1,677,434	1,903,541
After 3 years but within 4 years	1,548,877	1,672,337
After 4 years but within 5 years	1,630,714	1,566,267
Over 5 years	11,665,959	12,404,664
	20,572,009	21,740,247

(c) Loan to joint ventures

As at 30 June 2025 and 31 December 2024, the amounts were unsecured, interest bearing at 8.4% per annum and repayable on demand.

15. Prepayments and Other Receivables

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Prepayments	55,388	45,846
Interest receivables	34,845	34,312
Other receivables (note)	154,530	133,899
	244,763	214,057

Note:

As at 30 June 2025 and 31 December 2024, included in other receivables is an amount of HK\$99,542,000 which was credit impaired as at the reporting date, with a gross amount of HK\$523,905,000 and provision for impairment loss of HK\$424,363,000.

The carrying amounts of these receivables of the Group approximate their fair values.

16. Borrowings

	Notes	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Bank borrowings	(a)	13,889,083	12,829,276
Bonds	(b)	10,369,790	13,432,257
Other borrowings	(c)	1,289,195	1,325,622
		25,548,068	27,587,155

16. Borrowings *(Continued)***(a) Bank borrowings**

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
On demand or within 1 year	8,400,025	7,142,694
After 1 year but within 2 years	910,560	904,795
After 2 years but within 5 years	2,329,327	2,340,630
After 5 years	2,249,171	2,441,157
	13,889,083	12,829,276

As at 30 June 2025, the Group's secured bank borrowings of HK\$6,386,825,000 (31 December 2024: HK\$6,799,689,000) were secured by loan and lease receivables of approximately HK\$9,281,844,000 (31 December 2024: HK\$9,620,851,000), shares of certain subsidiaries, floating charge on deposits of approximately HK\$242,120,000 (31 December 2024: HK\$253,003,000), general assignments, bareboat charterer assignments, intra group loan assignments and property, plant and equipment of approximately HK\$2,817,314,000 (31 December 2024: HK\$2,870,919,000).

As at 30 June 2025, the Group's bank borrowings of HK\$7,502,258,000 (31 December 2024: HK\$6,029,587,000) were unsecured and guaranteed by the Company.

As at 30 June 2025, the Group's bank borrowings bear interest at interest rates ranges from 0.57% to 6.45% (31 December 2024: 2% to 6.39%) per annum.

As at 30 June 2025, the Group's bank borrowings bear variable interest rate were HK\$7,379,763,000 (31 December 2024: HK\$7,662,958,000).

16. Borrowings *(Continued)*

(b) Bonds

In February 2020, the Group issued two guaranteed bonds of US\$400,000,000 (approximately HK\$3,112,000,000) due February 2025, which was matured and redeemed during the period, and US\$400,000,000 (approximately HK\$3,112,000,000) due February 2030 bearing interest at 2.5% and 3.0% respectively.

In July 2021, the Group issued guaranteed bonds of US\$500,000,000 (approximately HK\$3,890,000,000) due July 2026 bearing interest at 2.1%.

The above guaranteed bonds were guaranteed by the Company and listed on the Stock of Exchange Hong Kong Limited.

In March 2023, September 2023 and September 2024, the Company issued bonds of RMB1,000,000,000, RMB1,200,000,000 and RMB800,000,000 (approximately HK\$1,106,394,000, HK\$1,282,673,000 and HK\$852,066,000 respectively) due March 2026, September 2026 and September 2029 bearing interest at 3.3%, 3.1% and 2.36% respectively. These bonds were listed on the PRC inter-bank Bond Market.

The bonds were repayable as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 1 year	1,200,282	3,235,011
After 1 year but within 2 years	5,190,505	6,233,180
After 2 years but within 5 years	3,979,003	852,066
After 5 years	–	3,112,000
	10,369,790	13,432,257

16. Borrowings *(Continued)*

(c) Other borrowings

As at 30 June 2025, the Group's secured other borrowings of HK\$1,289,195,000 (31 December 2024: HK\$1,325,622,000) bearing interest at 6.37% (31 December 2024: 6.39%) were secured by charterer assignments, deed of charge over shares in certain subsidiaries and property, plant and equipment of approximately HK\$1,562,440,000 (31 December 2024: HK\$1,586,801,000).

The other borrowings were repayable as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 1 year	81,720	85,749
After 1 year but within 2 years	64,801	64,801
After 2 years but within 5 years	194,404	194,404
After 5 years	948,270	980,668
	1,289,195	1,325,622

17. Share Capital

	Number of shares '000	Share capital HK\$'000
Ordinary shares, issued and fully paid		
At 31 December 2024 (audited)	6,186,890	6,695,690
Issuance of shares under share option scheme (note)	11,476	18,190
At 30 June 2025 (unaudited)	6,198,366	6,713,880

Note:

During the six months ended 30 June 2025, the issued number of ordinary shares of the Company has been increased by 8,845,245 and 2,630,750 upon the exercise of share options at the exercise price of HK\$1.32 and HK\$1.15 per share respectively. The total consideration received of approximately HK\$14,701,000 was credited to the share capital with the amount of approximately HK\$3,489,000 has been transferred from the share option reserve to the share capital.

18. Share-Based Employee Compensation

The Company has adopted a share option scheme (the “**Scheme**”), which was approved by the shareholders on the extraordinary general meeting held on 30 April 2021.

Pursuant to which, the maximum number of shares to be issued upon the exercise of the share options shall not in aggregate exceed 613,606,623 shares, representing approximately 10% of the total number of issued shares of the Company as at the date of approval of the Scheme at the extraordinary general meeting.

Participants of the Scheme shall be employees of the Company and include executive directors and senior management members (the “**Grantees**”) of the Company, as well as core technical personnel and backbone management whom the board of directors considers will have a direct impact on the Company’s overall operating performance and sustainable development.

On 30 April 2021 (the “**First Grant Date**”) and 4 April 2022 (the “**Second Grant Date**”), the Company granted 143,540,000 and 28,710,000 share options to certain of its directors and employees for nil consideration at an exercise price of HK\$1.32 and HK\$1.15 per share respectively. The exercise price represents the highest of (i) the closing price as stated in the daily quotations sheet issued by the Stock Exchange on the First Grant Date and Second Grant Date; and (ii) the average closing price as stated in the daily quotations sheet issued by the Stock Exchange for the five business days immediately preceding the First Grant Date and Second Grant Date. The options shall be vested to the Grantees during the period and in the respective proportions as follows:

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

The options are exercisable within a period of ten years from the grant dates. Each option gives the holder the right to subscribe for one ordinary share in the Company. Details of the Scheme are as set out in the Company’s circular dated 13 April 2021.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company’s ordinary shares.

18. Share-Based Employee Compensation *(Continued)*

Details of movements in share options were as follows:

	Six months ended 30 June			
	2025		2024	
	Number '000	Weighted average exercise price HK\$	Number '000	Weighted average exercise price HK\$
Outstanding at 1 January	58,941	1.28	115,368	1.28
Exercised	(11,476)	1.28	(16,206)	1.27
Forfeited	(20,657)	1.24	(5,366)	1.32
Outstanding at 30 June	26,808	1.26	93,796	1.28
Exercisable at 30 June	9,232	1.15	48,359	1.30

The weighted average share price for share options exercised during the period ended 30 June 2025 at the date of exercise was HK\$1.76 (2024: HK\$1.45).

As at 30 June 2025, the outstanding share options had a weighted average remaining contractual life of 6.2 years (2024: 7.1 years) and the range of exercise price was from HK\$1.15 to HK\$1.32 (2024: from HK\$1.15 to HK\$1.32). None of the share options were expired during six months ended 30 June 2025 (2024: Nil).

In total, HK\$1,245,000 (2024: HK\$3,792,000) of employee compensation expenses and HK\$6,119,000 (2024: HK\$1,879,000) of forfeiture of share options have been respectively recognised or credited in profit or loss for the six months ended 30 June 2025 and the corresponding amounts of which have been respectively credited or debited to "share option reserve". No liabilities were recognised in connection with share-based payment transactions.

19. Capital Commitments

Capital commitments outstanding contracted but not provided for are as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Construction of vessels	2,495,991	2,495,991

20. Provision and Contingencies

The utilised financial guarantees issued by the Group are analysed as below:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Guarantees provided in respect of joint ventures' bank loans	1,437,574	2,007,224
Guarantees provided in respect of joint ventures' other borrowings	1,263,050	1,198,951
	2,700,624	3,206,175

As at 30 June 2025, the Group has outstanding guarantees up to a maximum amount of US\$793,803,000, approximately HK\$6,175,787,000 (31 December 2024: US\$875,399,000, approximately HK\$6,810,604,000) for the punctual performance of the joint ventures in respect of their respective obligations, duties and liabilities under or in connection with the charters. The guarantees will be released upon the end of the charter period.

The Group has assessed the fair value of the above guarantees and does not consider them to be material. They have therefore not been recognised in the condensed consolidated statement of financial position.

21. Related Party Transactions

The directors of the Company regard CSSC International Holding Company Limited, a company incorporated in Hong Kong with limited liabilities as the immediate holding company, which owns approximately 74% (2024: 75%) of the Company's issued ordinary shares as at 30 June 2025. The ultimate parent company of the Group is a state-owned enterprise established in the PRC. China Shipbuilding Group itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC.

Related parties include China Shipbuilding Group and its subsidiaries (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China Shipbuilding Group as well as their close family members.

21. Related Party Transactions *(Continued)*

For the six months ended 30 June 2025 and 2024, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include bank deposits, bank borrowings and corresponding interest income and interest expenses and part of sales and purchases of goods and services. The price and other terms of such transactions are set out in the underlying agreements, based on market prices or as mutually agreed.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in the interim financial information, the following is a summary of the significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the six months ended 30 June 2025.

21.1 Transactions with related parties

The Group entered into the following related party transactions:

Transactions with fellow subsidiaries:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Interest income	1,997	–
Commission income	10,699	6,834
Rental and utilities expenses	8,579	8,807
Purchase of vessels and offshore equipment	–	647,913

Transactions with joint ventures:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Interest income	10,113	13,968

These transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

21. Related Party Transactions *(Continued)*

21.2 Key management personnel compensations

Key management includes the executive director and senior management. The compensations paid or payable to key management for employee services are shown below:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Wages, salaries and bonuses, other allowances and benefits in kind	2,526	6,008
Retirement benefit costs	553	1,109
Share-based payment expenses	145	1,003
	3,224	8,120

22. Event After the Reporting Period

Subsequent to the reporting date, the Group entered into agreements with its fellow subsidiaries for construction of vessels at total consideration of approximately HK\$1,151,040,000 (RMB1,056,000,000). Details of which are as set out in the Company's announcement dated 16 July 2025.

Other than the event disclosed above, the Group had no material event after the reporting period.

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