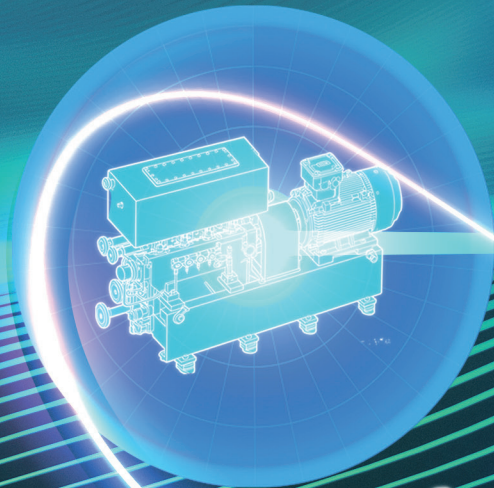
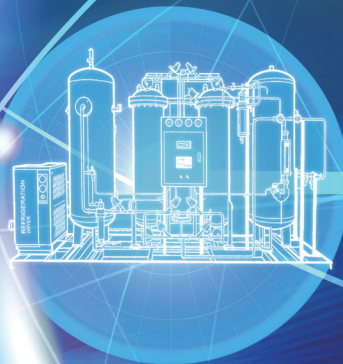
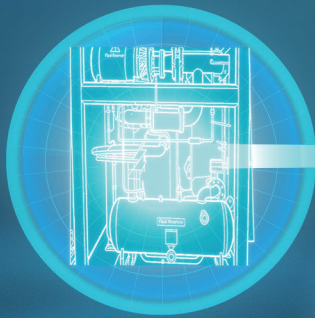




上海匯舸環保科技集團股份有限公司  
CONTIOCEAN ENVIRONMENT TECH GROUP CO., LTD.

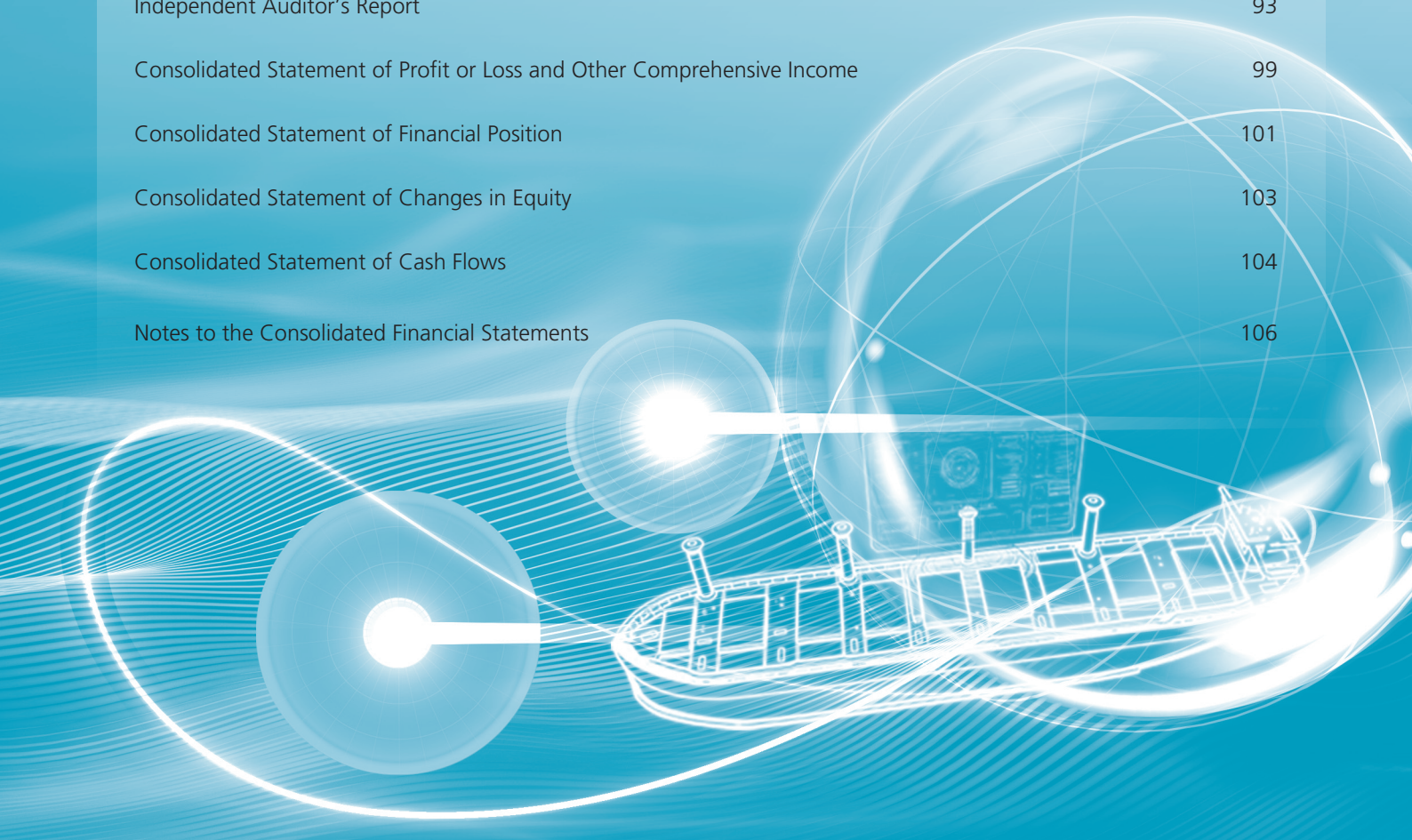
(A joint stock company incorporated in the People's Republic of China with limited liability)  
Stock Code: 2613

# 2025 Annual Report



# Contents

Definitions	02
Corporate information	07
Chairman's statement	09
Financial highlights	10
Five Years Financial Summary	11
Management Discussion and Analysis	12
Directors, Supervisors and Senior Management	29
Corporate Governance Report	40
Report of Directors	65
Report of the Supervisory Committee	89
Report of the Independent Non-executive Directors	91
Independent Auditor's Report	93
Consolidated Statement of Profit or Loss and Other Comprehensive Income	99
Consolidated Statement of Financial Position	101
Consolidated Statement of Changes in Equity	103
Consolidated Statement of Cash Flows	104
Notes to the Consolidated Financial Statements	106



# Definitions

In this Annual Report, the following expressions shall have the meanings set out below, unless the context otherwise requires:

“AGM”	the annual general meeting of the Company to be held on 22 May 2026
“Alfaback Automation”	Alfaback Automation Co., Ltd. (安佰科(南通)電氣設備有限公司), a company established in the PRC on 30 September 2019 and a wholly-owned subsidiary of our Company
“Annual Report”	the annual report of the Group for the financial year ended 31 December 2025
“Articles of Association” or “Articles”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board Diversity Policy”	the diversity policy of the Board
“Board of Directors” or “Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“Co-founders”	Mr. Zhou Yang, Mr. Zhao Mingzhu, and Mr. Chen Zhiyuan
“Company” or “our Company” or “the Company”	ContiOcean Environment Tech Group Co., Ltd. (上海匯舸環保科技集團股份有限公司) (stock code: 2613), a joint stock company incorporated in the PRC with limited liability
“Concert Party Agreement”	the concert party agreement (一致行動人協議書) dated 13 October 2022 entered into among Mr. Zhou Yang, Mr. Zhao Mingzhu, and Mr. Chen Zhiyuan
“ContiOcean Development”	ContiOcean Corporate Development LLP (上海匯舸企業發展合夥企業(有限合夥)), formerly known as Huzhou ContiOcean Equity Investment Partnership (LP) (湖州匯舸股權投資合夥企業(有限合夥)) and ContiOcean (Huzhou) Corporate Management Partnership (LP) (匯舸(湖州)企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on 21 May 2021 and our employee shareholding platform, with its general partner being ContiOcean Industrial

## Definitions *(Continued)*

“ContiOcean Hong Kong”	ContiOcean Environment Tech Co., Limited, a company incorporated in Hong Kong with limited liability on 28 December 2017 and a wholly-owned subsidiary of our Company
“ContiOcean Industrial”	ContiOcean (Nantong) Environment Industrial Holdings Co., Ltd. (匯舸(南通)環保產業控股有限公司), a limited liability company established in the PRC on 14 May 2021 and controlled by our Co-founders
“ContiOcean International”	ContiOcean International Development Co., Ltd. (上海匯舸國際貿易發展有限公司), a limited liability company established in the PRC on 15 March 2023 and a wholly-owned subsidiary of our Company
“ContiOcean Nantong”	ContiOcean (Nantong) E.P. Equipment Co., Ltd. (匯舸(南通)環保設備有限公司), formerly known as ContiOcean (Nantong) Environmental Technology Co., Ltd. (匯舸(南通)環保科技有限公司), a limited liability company established in the PRC on 28 January 2019 and a wholly-owned subsidiary of our Company
“ContiOcean Singapore”	ContiOcean Pte. Ltd., a company incorporated in the Republic of Singapore with limited liability on 20 July 2018 and a wholly-owned subsidiary of our Company
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refers to Mr. Zhou Yang, Mr. Zhao Mingzhu, Mr. Chen Zhiyuan, and ContiOcean Development for the purpose of the Listing Rules
“Director(s)”	the directors of our Company, including all executive, non-executive, and independent non-executive directors
“ECL”	expected credit loss
“ESG”	environment, social and governance
“ESG Committee”	the environmental, social and governance committee of the Board
“EUR” or “Euro”	Euro, the lawful currency of the European Union
“Global Offering”	the Hong Kong Public Offering and International Offering

## Definitions *(Continued)*

“Group”, “our Group”, “our”, “we”, or “us”	the Company and its subsidiaries, or any one of them as the context may require or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“H Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Public Offering”	has the meaning ascribed to it in the Prospectus
“IFRS”	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
“IMO”	the International Maritime Organization
“International Offering”	has the meaning ascribed to it in the Prospectus
“Latest Practicable Date”	15 April 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Annual Report prior to its publication
“LEG”	liquefied ethylene gas, which is ethylene that has been cooled or pressurized to transition from its gaseous state into a liquid form. This process allows for easier storage and transport of ethylene
“LFSS”	low-flashpoint fuel supply system
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	9 January 2025, the date on which the H Shares were initially listed on the Stock Exchange
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented, or otherwise modified from time to time

## Definitions *(Continued)*

“LPG”	liquefied petroleum gas, which is a term used to describe two hydrocarbon gases, propane (C <sub>3</sub> H <sub>8</sub> ) and butane (C <sub>4</sub> H <sub>10</sub> ), which are most commonly used as fuel
“MEPC”	the Marine Environment Protection Committee
“Ministry of Commerce”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“NEEQ”	National Equities Exchange and Quotations
“Nomination Committee”	the nomination committee of the Board
“Nomination Policy”	the nomination policy of the Board
“Non-H Share(s)”	ordinary Share(s) with a nominal value of RMB1.00 each, other than our H Shares
“Participants”	the participants of the Pre-IPO Share Option Scheme
“PCTC”	Pure Car and Truck Carriers
“PRC”, “China” or “Mainland China”	the People’s Republic of China, but for the purpose of this Annual Report and for geographical reference only and except where the context requires otherwise, references in this Annual Report to “China” and “PRC” do not apply to Hong Kong, the Macau Special Administrative Region of the People’s Republic of China, and Taiwan
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented, or otherwise modified from time to time
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme which came into effect on 27 July 2024
“Prospectus”	the prospectus of the Company dated 31 December 2024
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Board

## Definitions *(Continued)*

“Reporting Period” or the “Year” or “2025”	the year ended 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Transaction Code for Directors, Supervisors and Senior Management”	the securities transaction code formulated by the Company for Directors, Supervisors and senior management of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of our Share(s)
“Shareholders Communication Policy”	the shareholders communication policy of the Company
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisors of our Company
“Supervisory Committee”	the supervisory committee of the Board
“Texhong”	Texhong International Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2678)
“U.S.” or “United States”	the United States of America, its territories, its possessions, and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“VAT”	value-added-tax
“WTC”	Wavelength Technology Center, LDA, a company with limited liability incorporated in Madeira on 21 April 2022 and a subsidiary of our Company indirectly owned as to 51%
“%”	per cent

# Corporate information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zhou Yang (*Chairman*)  
Mr. Zhao Mingzhu  
Mr. Chen Zhiyuan  
Mr. Shu Wa Tung, Laurence  
Mr. Chen Rui

### Independent Non-executive Directors

Mr. Zhu Rongyuan  
Dr. Guan Yanmin  
Ms. Ng Sin Kiu

## AUDIT COMMITTEE

Mr. Zhu Rongyuan (*Chairman*)  
Dr. Guan Yanmin  
Ms. Ng Sin Kiu

## REMUNERATION COMMITTEE

Dr. Guan Yanmin (*Chairman*)  
Mr. Shu Wa Tung, Laurence  
Mr. Zhu Rongyuan

## NOMINATION COMMITTEE

Mr. Zhu Rongyuan (*Chairman*)  
Mr. Zhou Yang  
Ms. Ng Sin Kiu

## STOCK CODE

2613

## LISTING DATE

9 January 2025

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Zhao Mingzhu (*Chairman*)  
Mr. Chen Zhiyuan  
Mr. Chen Rui  
Mr. Zhu Rongyuan

## REGISTERED OFFICE

Room 1101, No. 2 Maji Road  
China (Shanghai) Pilot  
Free Trade Zone Shanghai

## COMPANY'S WEBSITE

[www.contioceangroup.com](http://www.contioceangroup.com)

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 3002, 30/F, South Tower  
Shanghai International Fortune Center  
No. 36 Xin Jin Qiao Road  
Pudong New District, Shanghai

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2506, Landmark South  
39 Yip Kan Street  
Wong Chuk Hang  
Hong Kong

## H SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

# Corporate information *(Continued)*

## COMPANY SECRETARY

Mr. Shu Wa Tung, Laurence  
(resigned with effect from 6 January 2026)  
Mr. TUNG Tat Chiu Michael  
(appointed with effect from 6 January 2026)

## SUPERVISORS (CEASED WITH EFFECT FROM 6 JANUARY 2026)

Mr. Shen Xiaowei  
Mr. Yu Yuanyang  
Mr. Wu Yunfeng

## AUTHORIZED REPRESENTATIVES

Mr. Shu Wa Tung, Laurence  
(resigned with effect from 6 January 2026)  
Mr. Tung Tat Chiu Michael  
(appointed with effect from 6 January 2026)  
Mr. Chen Rui

## COMPLIANCE ADVISER

China Galaxy International Securities  
(Hong Kong) Co., Limited

## AUDITOR

Fan, Chan & Co. Limited  
Public Interest Entity Auditor registered  
in accordance with the Accounting and  
Financial Reporting Council Ordinance

## HONG KONG LEGAL ADVISER

Allen Overy Shearman Sterling  
(resigned with effect from 6 January 2026)  
Tung & Co. (appointed with effect from 6 January 2026)

## PRINCIPAL BANKS

China Merchants Bank Co., Ltd.  
Shanghai Branch, Changle Sub-branch  
No. 801 Changle Road  
Shanghai PRC

Bank of Communications Co., Ltd.  
Shanghai Municipal Branch  
10th Floor, 99 South Zhong Shan Road  
Shanghai PRC

# Chairman's Statement

Dear Shareholders:

On behalf of the Board, I am pleased to present the annual report of the Group for the fiscal year ended 31 December 2025, and to share with you our reflections on the past year as well as our confidence in the future.

The year 2025 marked a milestone of fruitful achievements and laid a solid long-term foundation for the Group's development. We successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 January 2025, inaugurating a new chapter of public and international growth. Moreover, we achieved substantial breakthroughs in business expansion, technological innovation, and industry recognition.

Over the past year, our key accomplishments are reflected in the following areas:

In **Market Expansion and Brand Building**, we deepened our global presence. The opening of our Japan office and Hong Kong subsidiary strengthened our service network and localization capabilities in the Asia-Pacific region. Our notable participation in the Shanghai International Maritime Exhibition comprehensively demonstrated our end-to-end solutions in green shipping. Particularly noteworthy, our subsidiary ContiOcean Nantong was honored as a National-Level Specialized, Refined, Distinctive, and Innovative "Little Giant" Enterprise, signifying national-level recognition of our technological R&D and competitive strength in niche markets.

In **Operating Performance and Technological Innovation**, the Group's new order intake for the year reached a record high, accumulating to USD110 million. We continued to drive product iteration, launching significant new products such as the ContiOcean Powerfoil, Stirling Cryogenerator, and Waste Heat Recovery System. Throughout the year, we added 16 new patents, highlighting our robust innovation capability. Our delivery capacity also improved steadily, with shipments of the flagship Nitrogen Generator exceeding 100 units, securing the leading domestic market share.

In **Internal Governance and Organizational Development**, we enhanced quality across the entire value chain through initiatives like the "ContiOcean Quality Season." Our team continued to grow, and we established a more structured hierarchy and performance-based incentive system, building core momentum for future development.

Looking ahead, we will leverage our listing as a new starting point, fully utilize the strength of the capital market, continue to increase investment in R&D and innovation, and deepen our global market presence. We remain firmly committed to our main focus on ship environmental protection and green energy solutions, actively seizing opportunities arising from industry transformation. We are dedicated to creating sustainable long-term value for our shareholders through solid technological capabilities and excellent operational execution. While challenges lie ahead, we firmly believe that with a clear strategy, a talented team, and the continued trust of our shareholders, the Group is well-positioned to seize opportunities and progress steadily toward a promising future.

Finally, on behalf of the Board, I would like to extend our most sincere gratitude to all shareholders, global business partners, and friends from various sectors for your ongoing trust and support. I also wish to express our heartfelt appreciation to all colleagues within the Group for their hard work and unwavering dedication.

## Mr. Zhou Yang

*Chairman and Executive Director*  
Shanghai, 31 March 2026



# Financial Highlights

	For the year ended 31 December		
	2025 RMB'000	2024 RMB'000	Change (%)
Revenue	<b>383,179</b>	614,395	-37.6
Gross profit	<b>118,028</b>	245,770	-52.0
Profit for the year	<b>4,245</b>	120,266	-96.5
Profit for the year attributable to owners of the Company	<b>5,637</b>	120,891	-95.3
	<b>RMB</b>	RMB	%
Basic earnings per share	<b>0.14</b>	4.03	-96.5
Diluted earnings per share	<b>0.14</b>	4.03	-96.5
	<b>RMB'000</b>	RMB'000	%
Total assets	<b>813,681</b>	453,619	79.4
Total liabilities	<b>321,775</b>	169,387	90.0
Net assets	<b>491,906</b>	284,232	73.1

## Five Years Financial Summary

	For the year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>Revenue</b>	<b>383,179</b>	614,395	510,255	267,233	140,521
<b>Gross profit</b>	<b>118,028</b>	245,770	241,737	100,082	47,509
<b>Profit for the year</b>	<b>4,245</b>	120,266	120,534	36,777	12,769
<b>Assets</b>					
Non-current assets	<b>68,058</b>	67,080	70,702	65,618	65,658
Current assets	<b>745,623</b>	386,539	451,798	311,098	292,747
<b>Total Assets</b>	<b>813,681</b>	453,619	522,500	376,716	358,405
<b>Liabilities</b>					
Non-current liabilities	<b>1,986</b>	30,544	1,493	622	1,547
Current liabilities	<b>319,789</b>	138,843	266,216	240,191	243,258
<b>Total Liabilities</b>	<b>321,775</b>	169,387	267,709	240,813	244,805
<b>Total Equity</b>	<b>491,906</b>	284,232	254,791	135,903	113,600

# Management Discussion and Analysis

## OVERVIEW

The Group's revenue and profit for the Year were approximately RMB383.2 million (2024: RMB614.4 million) and approximately RMB4.2 million (2024: RMB120.3 million), respectively. Basic earnings per share attributable to owners of the Company for the Year was RMB0.14 (2024: RMB4.03). The Board has not recommended the payment of final dividend for the Reporting Period (2024: final dividend of RMB1.5 per share).

## OUR BUSINESS

The Group is a world leading maritime environmental protection equipment and system provider serving customers from different regions.

We have a suite of maritime environmental protection equipment and systems, helping our customers to pursue more effective and sustainable business operations while meeting various requirements set by the IMO. The equipment and systems include marine exhaust gas cleaning systems, marine energy-saving devices, marine clean-energy supply systems and maritime services. We customize our equipment and systems to tailor to the unique needs of each customer. Our marine exhaust gas cleaning systems provide an option to our customers to reduce sulfur emission and we also offer other equipment and systems to cater for ESG needs such as compliance with various requirements set by the IMO in the long term. Our major customers generally procure multiple equipment and systems from us.

The following table sets forth our business segments and respective key products or services in response to various customer demand:

Customer demand	Our business segments	Our key products or services under each business segment
Pursuit of maritime environmental protection and compliance with IMO requirement on sulfur content (2016) to reduce the sulfur content in ships' fuel from 3.5% to 0.5% <sup>(1)</sup>	Marine exhaust gas cleaning systems (which aims to reduce sulfur emissions from ships and mitigate the impact of shipping on air quality)	Ship exhaust gas cleaning systems (including openloop and hybrid types)
Pursuit of maritime environmental protection as well as compliance with IMO requirement and target on decarbonization (2021) to achieve a minimum reduction of 40% in GHG emissions per transport work by 2030, relative to the baseline figures of 2008 <sup>(2)</sup>	Marine energy-saving devices (which encompasses a suite of devices to reduce fuel consumption for ships and lowers the carbon emissions in maritime operations)	Energy saving devices including rudder bulb, preshrouded vanes, hub vortex absorbed fins, wind deflector, etc.

# Management Discussion and Analysis *(Continued)*

Customer demand	Our business segments	Our key products or services under each business segment
Pursuit of maritime environmental protection and compliance with IMO requirement and target on decarbonization (2023) to achieve net-zero GHG emissions from international shipping by around 2050 <sup>(3)</sup>	Marine clean-energy supply systems (which assists ships to utilize clean energy to power their operation)	<ul style="list-style-type: none"> <li>(i) Low-flashpoint fuel supply system (for methanol)</li> <li>(ii) Fuel gas supply system (for LNG/LEG)</li> </ul>
Pursuit of environmental sustainability, operational efficiency, and social engagement, among others	Maritime services (which improve the onboard living environment and streamline maritime operations)	<ul style="list-style-type: none"> <li>(i) Ship accommodation interior design and construction, including the provision of relevant equipment</li> <li>(ii) Container ship and PCTC lashing gears</li> <li>(iii) Other maritime services, including the provision of maritime equipment and spare parts, such as hydro blasting machines, personal protective equipment for crew members, ship cyber security software and hardware, etc.</li> </ul>

Notes:

- (1) The IMO's MEPC meeting in 2016 reduced the upper limit of sulfur content in ships' fuel from 3.5% to 0.5%, effective from 1 January 2020. Ships that have installed ship exhaust gas cleaning systems using high-sulfur fuel can also use low-sulfur fuel.
- (2) The IMO's MEPC meeting in 2021 updated the targets for GHG emission reduction from ships, aiming to achieve a minimum reduction of 40% in GHG emissions per transport work by 2030, relative to the baseline figures of 2008.
- (3) The IMO's MEPC meeting in 2023 updated the targets for GHG emission reduction from ships, aiming to peak and then achieve net-zero GHG emissions from international shipping by around 2050.

# Management Discussion and Analysis *(Continued)*

## OUR STRENGTHS

We believe the following strengths have contributed to our success and differentiate us from other competitors:

- A maritime environmental protection equipment and system provider benefited by a growing global market driven by the heightened and evolving ESG regulatory framework and initiatives related to maritime environmental protection
- R&D and innovation capability to capture fast changing market demand
- A strong global service network serving a diversified and quality customer base
- Comprehensive and customized maritime environmental protection equipment and systems
- Strong supply chain management capability and stringent quality control
- A management team with extensive industry experience and proven track record

## GEOGRAPHICAL MARKET ANALYSIS

Set out below is a breakdown of revenue by geographical areas:

	2025 (RMB'000)	2024 (RMB'000)	Approximate percentage change	Approximate percentage of total revenue in 2025	Approximate percentage of total revenue in 2024
Mainland China	<b>221,835</b>	311,662	-28.8%	<b>57.9%</b>	50.7%
Overseas	<b>161,344</b>	302,733	-46.7%	<b>42.1%</b>	49.3%
	<b>383,179</b>	614,395	-37.6%	<b>100.0%</b>	100.0%

The Group's revenue from Mainland China decreased by approximately RMB89.8 million or approximately 28.8% from 2024 to 2025, which was mainly due to the fact that many new domestic orders secured in 2025 were newbuilds, which were predominantly long-cycle in nature, and accordingly the relevant orders had not been completed and the associated revenue had not been recognised during the Reporting Period.

## Management Discussion and Analysis *(Continued)*

The Group's revenue from overseas decreased by approximately RMB141.4 million or approximately 46.7% from 2024 to 2025, which was mainly due to (i) the extended delivery cycle for newbuilding orders received by the Group since 2024; (ii) the shift in many overseas clients' preference toward contracting through domestic shipyards for newbuilding orders, leading to a decrease in our overseas revenue; and (iii) impacts on China's shipbuilding and shipping industries resulting from geopolitical tensions and tariff-induced market volatility, coupled with peak shipyard repair schedules and substantially higher repair charges at domestic yards, which had inclined overseas shipowners to postpone retrofitting ships.

We remain committed to bolstering our marketing competencies and extending our global reach to customers.

### BUSINESS SEGMENT ANALYSIS

Set out below is a breakdown of revenue by different streams:

	2025 (RMB'000)	2024 (RMB'000)	Approximate percentage change	Approximate percentage of total revenue in 2025	Approximate percentage of total revenue in 2024
Marine exhaust gas cleaning systems	<b>116,234</b>	287,814	-59.6%	<b>30.3%</b>	46.8%
Marine energy-saving devices	<b>14,665</b>	64,360	-77.2%	<b>3.8%</b>	10.5%
Marine clean-energy supply systems	<b>84,235</b>	67,040	25.6%	<b>22.0%</b>	10.9%
Maritime services	<b>168,045</b>	195,181	-13.9%	<b>43.9%</b>	31.8%
	<b>383,179</b>	614,395	-37.6%	<b>100.0%</b>	100.0%

Marine exhaust gas cleaning systems serve as a mature revenue stream for the Company, generating revenues of approximately RMB287.8 million in 2024 and approximately RMB116.2 million in 2025. Revenue from marine exhaust gas cleaning system decreased by about 59.6% year-on-year in the Reporting Period, primarily due to the following reasons:

- (1) many new orders secured in 2025 are predominantly long-cycle in nature, and accordingly the relevant orders had not been completed and the associated revenue had not been recognised during the Reporting Period;
- (2) impacts on China's shipbuilding and shipping industries resulting from geopolitical tensions and tariff-induced market volatility, coupled with peak shipyard repair schedules and substantially higher repair charges at domestic yards, leading many overseas shipowners to postpone vessel retrofit plans.

## Management Discussion and Analysis *(Continued)*

Marine energy-saving devices revenue decreased from approximately RMB64.4 million in 2024 to approximately RMB14.7 million in 2025, which was mainly due to (i) impacts on China's shipbuilding and shipping industries resulting from geopolitical tensions and tariff-induced market volatility, coupled with the peak repair period at shipyards and significantly higher docking repair prices domestically, leading shipowners to postpone energy-saving devices retrofit plans, which resulted in a notably lower number of such devices delivered by the Company this year compared to 2024 and consequently a significant revenue decline; and (ii) the Company's newly developed marine energy-saving devices such as plate heat exchangers attracting a substantial number of new orders during the Reporting Period, most of which, however, were long-cycle projects that had not yet been delivered or generated revenue within the Reporting Period.

Marine clean-energy supply systems revenue increased by about 25.6%, from approximately RMB67.0 million in 2024 to approximately RMB84.2 million in 2025, due to (i) the gradual implementation of global shipping environmental and carbon reduction regulations, which was driving the increasing adoption of clean fuels such as LNG and methanol. The use and transportation of these low-flashpoint fuels required operations such as tank inerting and purging with nitrogen to ensure safety, thereby continuously boosting market demand for our nitrogen systems; and (ii) the Company's continuous increase in R&D investment in the clean energy sector, which had effectively reduced costs while improving system performance and stability. Both the external market demand and the Company's own technical and cost advantages had led to rapid growth in new order intake, with revenue achieving leapfrog growth as these orders were progressively delivered.

Maritime services revenue decreased from approximately RMB195.2 million in 2024 to approximately RMB168.0 million in 2025. The approximate 13.9% decrease was mainly due to the extended delivery cycle for newbuild vessels, both the contracting and delivery progress of complete sets of lashing equipment having been delayed, leading to a declining trend in the Group's revenue from lashing products.

We will leverage new opportunities created by the International Maritime Organisation regulations and marine environmental initiatives to grow revenue across our equipment and systems.

# Management Discussion and Analysis *(Continued)*

## CUSTOMER ANALYSIS

Below is a breakdown of revenue by customers:

	2025 (RMB'000)	2024 (RMB'000)	Approximate percentage change	Approximate percentage of total revenue in 2025	Approximate percentage of total revenue in 2024
Customer A	<b>89,738</b>	139,522	-35.7%	<b>23.4%</b>	22.7%
Customer B	<b>59,641</b>	113,595	-47.5%	<b>15.6%</b>	18.5%
Customer C	<b>55,998</b>	104,294	-46.3%	<b>14.6%</b>	17.0%
Customer D	<b>50,522</b>	75,532	-33.1%	<b>13.2%</b>	12.3%
Other customers	<b>127,280</b>	181,452	-29.9%	<b>33.2%</b>	29.5%
	<b>383,179</b>	614,395	-37.6%	<b>100.0%</b>	100.0%

During the Reporting Period, a majority part of our revenue was derived from our top four customers. Concentration in the customer base in the maritime environmental protection equipment and system industry is in line with the industry norm.

The revenue from Customer A decreased by approximately RMB49.8 million, or approximately 35.7%, compared to 2024, primarily due to a decline in revenue from lashing equipment products resulting from the extended delivery cycle for newbuild vessels. Revenue from Customer B, Customer C, and Customer D, whose cooperation with the Group was mainly focused on newbuild orders, also decreased, largely attributable to the prolonged delivery cycle for newbuild vessels.

In light of increasing geopolitical tensions, we are proactively diversifying our geographic and customer concentration risks. This includes cultivating partnerships in emerging markets and expanding our portfolio of equipment and systems to meet diverse regional demands and regulatory standards. Concurrently, we are enhancing our local market development and sales outreach to strengthen our brand presence and customer acquisition in key growth areas. Furthermore, we are accelerating innovation through technology adoption to future-proof our offerings, enhance supply chain resilience, and solidify our competitive advantage.

Ultimately, these efforts are designed to build a more resilient and balanced revenue base, securing our long-term market position amid a complex global environment.

# Management Discussion and Analysis *(Continued)*

## RESEARCH AND DEVELOPMENT

As a leading global provider of marine environmental protection equipment and systems, the Group places great emphasis on technological research and development, and takes pride in introducing the following innovative products and services below:

### Marine exhaust gas cleaning systems and Carbon capture systems

- Completed the design and delivery of the first complete set of a hybrid marine exhaust gas cleaning system, while optimising five series of tower configurations, achieving a total height reduction of approximately 9%–13%.
- Marine Carbon Capture System: designed specifically for ship emission reduction, this system utilises innovative absorption and separation technologies to collect and liquefy carbon sources from exhaust gases for storage, significantly reducing the vessel's operational carbon footprint. In 2025, the Company successfully implemented the third-generation absorbent and amine solution purification system, extending the lifespan of both absorbents and equipment by up to 50%. This advancement notably lowered the operational costs and maintenance frequency for onboard carbon capture, establishing a core technological engine for the green and low-carbon transformation of the shipping industry.

### Marine energy-saving devices

- PowerFoil: Successfully developed the PowerFoil, which is driven by a dual-engine system combining Bernoulli's Principle with AI heading collaborative control, constructing an all-condition, high-efficiency auxiliary propulsion solution. Verified through wind tunnel testing and large-model simulation, the system enables vessels to achieve approximately 15–30% fuel savings, delivering significant energy conservation and emission reduction results.
- Waste Heat Recovery System: the first WHRS100 waste heat recovery system was officially delivered and put into operation onboard a vessel in 2025. This system utilises waste heat generated during the main engine's operation and converts it into electrical energy, effectively reducing the vessel's energy consumption during operation and contributing to energy conservation and emission reduction in the shipping industry. Meanwhile, the Company has carried out system upgrades and optimised the control logic for this product. Faced with various complex operating conditions, the product has demonstrated exceptional adaptability.

### Marine clean-energy supply systems

- Stirling Cryogenerator: it is a highly efficient ultra-low temperature refrigeration device that operates on the reverse Stirling cycle principle. It features a compact and small-sized design, making it suitable for the reliquefaction and recovery of boil-off gas (BOG) in the fuel tanks of dual-fuel vessels, significantly reducing fuel loss. In 2025, the Company's latest product has obtained DNV AIP approval, undergone test bench validation, and completed system commissioning and operation, demonstrating stable performance and excellent reliability.
- Methanol Supply System: this system provides stable, safe, and controllable methanol fuel delivery for equipment using methanol fuel. The Company successfully delivered its first complete set of the product in 2025.

# Management Discussion and Analysis *(Continued)*

## Maritime services

- COIVS (ContiOcean Intelligent Vessel System): it is a comprehensive intelligent solution covering navigation, voyage, engine room operations, and shore-based collaboration for modern large commercial vessels operating in complex scenarios. It builds an integrated intelligent AI platform featuring “perception, decision-making, collaboration, and optimisation,” marking a key step for ContiOcean in the field of smart shipping. In 2025, the Company completed the development of the system demo and accomplished onboard installation, commissioning, and trial operation.

## Patent Achievements

The Group was successfully granted 16 new patents (including 13 invention patents) in 2025, bringing the total portfolio to 96 patents (including 55 invention patents).

## Awards and Recognitions

In the Reporting Period, we have been honored with the following awards and accolades:

ContiOcean Environment Tech Group Co., Ltd.	Presenting Authority/Association
2025 Shanghai Manufacturing Single Champion (Product)	Shanghai Municipal Commission of Economy and Informatization
Specialized, Refined, Distinctive, and Innovative Small and Medium-sized Enterprises Enterprise in Shanghai	Shanghai Municipal Commission of Economy and Informatization
Environmental, Social, and Governance Rating: BB	CCX Green Finance International Limited
Environmental, Social, and Governance Rating: A	Wind ESG

ContiOcean (Nantong) E.P. Equipment Co., Ltd.	Presenting Authority/Association
National Specialized, Refined, Distinctive and Innovative ‘Little Giant’ Enterprises	Ministry of Industry and Information Technology of China

## OUTLOOK

The year 2026 marks the beginning of a new journey. We will continue to deepen our core business operations, enhance investment in research and innovation, advance capital initiatives, and accelerate our progress on the path of high-quality development. At the same time, we will remain committed to long-termism, continue to cultivate the field of ESG, empower corporate growth with the concept of green development, and demonstrate brand value through social responsibility.

Though challenges may lie ahead, by staying true to our original aspirations, we will overcome difficulties together and achieve our goals. The future of ContiOcean depends on the joint efforts of every ContiOcean member and investor.

# Management Discussion and Analysis *(Continued)*

In the new year, may we unite in consensus, share the mission, move forward together, and embark on a new chapter. In 2026, let us carry forward the past glory and confidence, unite our hearts, and stride together toward a brilliant future for ContiOcean.

## FINANCIAL REVIEW

### Revenue

During the Year, the Group's revenue amounted to approximately RMB383.2 million, decreased by approximately RMB231.2 million or approximately 37.6% as compared to that of approximately RMB614.4 million in 2024. The decrease in revenue was mainly from the decrease in revenue from marine exhaust gas cleaning systems, marine energy-saving devices and maritime services as discussed in the section headed "Business Segment Analysis" in this Annual Report.

### Gross profit and gross profit margin

During the Year, the Group's gross profit amounted to approximately RMB118.0 million, decreased by approximately RMB127.8 million or approximately 52.0%, mainly due to the decreases in gross profit of marine exhaust gas cleaning systems from approximately RMB142.2 million in 2024 to approximately RMB43.3 million in 2025.

Our overall gross profit margin decreased from approximately 40.0% in 2024 to approximately 30.8% in 2025, mainly due to the fierce market competition for marine exhaust gas cleaning systems and marine energy-saving devices, which had led to an overall decline in market selling prices.

### Other income

The Group's other income amounted to approximately RMB9.0 million in 2025, increased by approximately RMB1.6 million or approximately 21.6% as compared to that of approximately RMB7.4 million in 2024, mainly due to (i) the increased government grants related to income, which was approximately RMB3.6 million in 2025, compared to approximately RMB2.5 million in 2024; and (ii) the increase in the Group's capital scale this year, more bank interest income was generated by subscribing to term deposits and bank wealth management products with idle funds.

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Government grants related to income (Note)	<b>3,638</b>	2,451
Interest income on bank deposits	<b>5,134</b>	4,914
Others	<b>207</b>	–
	<b>8,979</b>	7,365

Note: The amount mainly represents various subsidies granted by the PRC local government authorities to group entities as incentives for the Group's operating activities. The government grants were unconditional and had been approved by the PRC local government authorities, which are recognised when payments were received.

# Management Discussion and Analysis *(Continued)*

## Other gains and losses, net

The Group recorded a gain of approximately RMB4.3 million in 2024 and a loss of approximately RMB5.6 million in 2025 for other gains and losses, net, primarily due to (i) net foreign exchange gains of approximately RMB4.4 million recorded in 2024, compared to the net foreign exchange losses of approximately RMB8.8 million incurred in 2025. This was mainly due to foreign exchange rate fluctuation impacting the listing proceeds that were denominated in HK dollars and U.S. dollars; and (ii) in 2025, the Group subscribed to principal-guaranteed wealth management products using idle funds, generating a fair value gain of approximately RMB3.2 million.

For details, please refer to the below table:

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Net foreign exchange (losses) gains	<b>(8,764)</b>	4,371
Loss on disposal of equipment	–	(158)
Fair value gain of financial assets at FVTPL	<b>3,243</b>	–
Others	<b>(52)</b>	117
	<b>(5,573)</b>	4,330

## Distribution and selling expenses

The Group's distribution and selling expenses amounted to approximately RMB29.3 million in 2025, decreased by approximately RMB10.7 million or approximately 26.8% from that of approximately RMB40.0 million in 2024. The decrease was primarily due to the reduction in selling commission expenses from approximately RMB25.5 million in 2024 to approximately RMB12.5 million in 2025, in line with the decrease in revenue.

## Administrative expenses

The Group's administrative expenses amounted to approximately RMB44.5 million in 2025, slightly increased by approximately RMB0.7 million or approximately 1.6% from that of approximately RMB43.8 million in 2024.

## Research and development expenses

The Group's research and development expenses amounted to approximately RMB17.6 million in 2025, decreased by approximately RMB9.6 million or approximately 35.3% from approximately RMB27.2 million in 2024. This decrease was primarily due to the a decrease in direct materials inputs for R&D from approximately RMB11.4 million in 2024 to approximately RMB3.4 million in 2025, which was because the Group conducted intensive prototype trial production activities in the second half of 2024, leading to increased demand for material costs. The production and manufacturing of prototypes for certain new product developments this year were scheduled to be completed in 2026, with associated material inputs.

# Management Discussion and Analysis *(Continued)*

## Listing expenses

The Group's listing expenses amounted to approximately RMB21.5 million in 2025 which represent one-off expenses incurred in connection with the listing of the Company's H Shares on the Stock Exchange in January 2025, and should be recognised as expenses in accordance with the relevant accounting standards for the year ended 31 December 2025.

## Impairment losses under expected credit loss model, net of reversal

The Group's impairment losses under the ECL model, net of reversal, amounted to approximately RMB0.8 million in 2025, decreased by approximately RMB1.4 million or approximately 63.6% as compared to approximately RMB2.2 million in 2024. The decrease was mainly due to the balance of trade receivables as of the end of 2025 only had a slight change compared to the end of 2024, while the balance as of the end of 2024 had increased significantly relative to the end of 2023.

## Finance costs

The Group's finance costs amounted to approximately RMB3.3 million in 2025, increased by approximately RMB2.3 million or approximately 230.0% as compared to approximately RMB1.0 million in 2024. The increase in finance costs was primarily due to the higher average balance of our bank borrowings in 2025 as compared to 2024.

## Income tax expense

Our income tax expense decreased by approximately 99.1% from approximately RMB22.6 million in 2024 to approximately RMB0.2 million in 2025. The decrease in the income tax expense was mainly attributable to a reduction in the Group's pre-tax profit.

## Profit for the Year

As a result of the foregoing, the Group's profit for the Year amounted to approximately RMB4.2 million, decreased by approximately RMB116.1 million or approximately 96.5% as compared to approximately RMB120.3 million in 2024.

## Property, plant and equipment

Our property, plant and equipment mainly consisted of (i) buildings, (ii) machinery and equipment, (iii) office equipment and furniture, (iv) transportation equipment, (v) leasehold improvements and (vi) construction in progress. As at 31 December 2025, the Group's property, plant and equipment amounted to approximately RMB43.6 million, decreased by approximately RMB3.2 million or approximately 6.8% from approximately RMB46.8 million as at 31 December 2024. The decrease was mainly due to depreciation in 2025.

## Inventories

Our inventories primarily consisted of (i) raw materials and consumables such as stainless-steel plates and stainless-steel pipes, (ii) work in progress, representing products (including marine desulfurization systems, clean energy supply systems, and marine energy-saving devices) at various stages of the production process prior to the completion of quality inspection, and (iii) finished goods, i.e. products that were manufactured, completed quality inspection processes and were ready to be delivered.

## Management Discussion and Analysis *(Continued)*

The Group's inventories amounted to approximately RMB57.9 million as at 31 December 2025, increased by approximately RMB29.3 million or approximately 102.4% as compared to approximately RMB28.6 million as at 31 December 2024. The increase was primarily due to the Group's new shipbuilding orders had entered an intensive delivery phase, especially as orders for marine exhaust gas cleaning systems were being transported to shipyards for installation and commissioning, resulting in a significant increase in the inventory level.

### Trade and notes receivables, and other receivables

Our trade and notes receivables, and other receivables mainly consisted of (i) trade receivables, less allowance for expected credit losses, in connection with the outstanding amounts due from customers, (ii) notes receivable, all are letters of credit issued by banks on behalf of customers, and (iii) other receivables comprising prepayments, deferred issue costs, value-added-tax recoverable, VAT export refund receivable, rental deposits, letter of credit deposits, deposits paid, and fund held by trustee for restricted share scheme.

The Group's trade and notes receivables, and other receivables amounted to approximately RMB294.7 million as at 31 December 2025, increased by approximately RMB129.1 million or approximately 78.0% as compared to approximately RMB165.6 million as at 31 December 2024, which was mainly due to the following reasons:

- (i) prepayments for purchase of materials and operating expenses increased by approximately RMB108.6 million from approximately RMB31.6 million as of 31 December 2024, to approximately RMB140.2 million as of 31 December 2025, primarily attributable to prepaid amounts for procurement contracts, collaborative R&D fees, and consulting service fees;
- (ii) the deposits mainly represented a USD5,500,000 (equivalent to approximately RMB38,658,000) refundable deposit paid to a cooperating party under an arrangement entered into by the Group for the cooperating party to procure vessels for the Group under the Group's collaborative vessel acquisition arrangements. Such deposit is refundable prior to the cooperating party's payment for any vessel acquisition;
- (iii) the Group's plan to implement the 2025 H share restricted share scheme, entrusting a qualified trust manager as the trustee to establish a trust for this purpose, with an advance of approximately RMB12.2 million to the trust remaining unused for share purchases as of 31 December 2025; and
- (iv) as at 31 December 2024, the remaining balance of listing expenses paid by the Group in connection with the global offering amounted to RMB27.4 million. Such issuance costs had been fully settled, with no remaining balance as at the end of 2025.

# Management Discussion and Analysis *(Continued)*

## Financial assets at fair value through profit or loss

As at 31 December 2025, the Group's financial assets at fair value through profit or loss amounted to approximately RMB136.8 million (2024: RMB19.8 million). These financial assets represent the Group's subscriptions in wealth management products issued by independent third parties.

According to the terms of subscription, the underlying investment portfolio of these wealth management products mainly consists of short-term and high-quality money market instruments, such as United States Treasury securities with remaining maturities of less than one year, and cash and cash equivalents.

Except for LSC Stable Income LPF, which has no expected annual return rate, the remaining wealth management products carry expected annual return rates ranging from 1.0% to 4.5% (2024: 1.0% to 4.5% for Prudent Wealth Global Fund SPC). For LSC Stable Income LPF, the Directors of the Company anticipate the expected annual return rate to range from 1% to 3% (2024: Nil).

## Restricted bank deposits

Our restricted bank deposits represent margin funds held with banks for purposes such as bank guarantees, letters of credit, bank acceptance bills, and subscribing to bank wealth management products. The Group's restricted bank deposits increased by approximately RMB28.2 million from approximately RMB7.5 million as of 31 December 2024, to approximately RMB35.7 million as of 31 December 2025. This increase was mainly due to margin deposits required for bank wealth management products subscribed by the Group. Although the wealth management products matured at the end of 2025, the corresponding bank deposit was not released in a timely manner. This deposit was subsequently released and became unrestricted in early 2026.

## Cash and cash equivalents

The Group's cash and cash equivalents increased by approximately RMB82.0 million or approximately 61.5% from approximately RMB133.4 million as at 31 December 2024 to approximately RMB215.4 million as at 31 December 2025. The increase was primarily due to proceeds from the Group's H-share issuance.

## Trade and notes payables, and other payables

The Group's trade and notes payables, and other payables increased by approximately RMB11.9 million or approximately 13.6% from approximately RMB87.9 million as at 31 December 2024 to approximately RMB99.8 million as at 31 December 2025. The increase was mainly due to the trade payables increased from approximately RMB40.8 million as of 31 December 2024, to approximately RMB71.8 million as of 31 December 2025, due to our ongoing negotiations with suppliers to extend payment terms.

# Management Discussion and Analysis *(Continued)*

## Contract liabilities

The Group's contract liabilities amounted to approximately RMB66.3 million as at 31 December 2025, increased by approximately 112.5% as compared to approximately RMB31.2 million as at 31 December 2024. The increase was primarily due to the Company's new shipbuilding orders entering an intensive delivery phase, where the goods have been transported to shipyards for installation and commissioning, and the Company collects contract payments upon shipment.

## LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, we have sufficient working capital to meet our requirement for business operation. Our cash and cash equivalents increased from approximately RMB133.4 million as of 31 December 2024 to approximately RMB215.4 million as of 31 December 2025. The increase was primarily due to proceeds from the Group's H-share issuance.

## CASH FLOW USED IN OPERATING ACTIVITIES

For the year ended 31 December 2025, the net cash used in operating activities by the Group amounted to approximately RMB41.7 million (2024: generated approximately RMB42.5 million), the decrease was mainly due to (i) the extended lead time for newbuild vessel deliveries, revenue and profit scale decreased during the year; (ii) the substantial advanced payments made by the Group for procurement contracts, collaborative R&D expenses, consultancy fees, and other items; (iii) listing of the H shares of the Company on the Stock Exchange in January 2025 have been recognised in profit or loss in accordance with the relevant requirements of the applicable accounting standards for the year ended 31 December 2025.

## CASH FLOW USED IN INVESTING ACTIVITIES

For the year ended 31 December 2025, the net cash used in investing activities by the Group amounted to approximately RMB155.1 million (2024: generated approximately RMB6.5 million), primarily due to the Group's subscription of capital-guaranteed wealth management products. These wealth management products were fully redeemed in January 2026 and March 2026, respectively.

## CASH FLOW GENERATED FROM FINANCING ACTIVITIES

For the year ended 31 December 2025, the net cash generated from financing activities by the Group amounted to approximately RMB289.8 million (2024: used approximately RMB93.6 million), which was primarily due to (i) we completed the listing on the Main Board of the Stock Exchange, generating net proceeds of approximately RMB294.5 million in the Reporting Period; and (ii) we obtained net proceeds of RMB118.0 million from bank borrowings.

# Management Discussion and Analysis *(Continued)*

## CAPITAL EXPENDITURES AND INVESTMENT

For the year ended 31 December 2025, the Group's total capital expenditures amounted to approximately RMB40.3 million, which was primarily attributable to the acquisition of the vessels. Save as disclosed above, the Group did not make any significant investments during the year ended 31 December 2025.

## ORDER BOOK

Our order backlog (by order number and value) as at 31 December 2025 were as follows:

- (i) Marine exhaust gas cleaning systems: we had 226 orders on hand as of 31 December 2025, including 73 orders for ship exhaust gas cleaning systems and 153 orders for spare parts, with a total contract value of approximately RMB328.0 million (185 orders on hand as of 31 December 2024, including 20 orders for ship exhaust gas cleaning systems and 165 orders for spare parts, with a total contract value of approximately RMB140.4 million).
- (ii) Marine energy-saving devices: we had 55 orders on hand with a total contract value of approximately RMB48.9 million as of 31 December 2025 (32 orders on hand with a total contract value of approximately RMB20.9 million as of 31 December 2024).
- (iii) Marine clean-energy supply systems: we had 90 orders on hand with a total contract value of approximately RMB123.6 million as of 31 December 2025 (70 orders on hand with a total contract value of approximately RMB148.6 million as of 31 December 2024).
- (iv) Maritime services: we had 518 orders on hand with a total contract value of approximately RMB382.4 million as of 31 December 2025 (649 orders on hand with a total contract value of approximately RMB273.2 million as of 31 December 2024).

## INDEBTEDNESS

Our indebtedness mainly included bank borrowings and lease liabilities. Our indebtedness increased from approximately RMB41.9 million as of 31 December 2024 to approximately RMB151.5 million as of 31 December 2025. It was primarily attributable to increase of bank borrowings.

## PLEDGE OF ASSETS

As of 31 December 2025, the Group did not pledge any assets.

# Management Discussion and Analysis *(Continued)*

## GEARING RATIO

The gearing ratio is total liabilities divided by total asset at the end of year and multiplied by 100%. As of 31 December 2025, the gearing ratio of the Group was approximately 39.5% (as of 31 December 2024: approximately 37.3%).

## CONTINGENT LIABILITIES

As of 31 December 2025, we did not have any material contingent liabilities.

## CAPITAL COMMITMENT

As at 31 December 2025, the Group had capital commitments totaling US\$28,750,000 (equivalent to approximately RMB202,078,000) in respect of the acquisition of vessels, which were contracted but not provided for.

On 15 December 2025, two subsidiaries of the Group entered into separate Memoranda of Agreement to acquire two vessels at an aggregate purchase price of US\$28,750,000 (equivalent to approximately RMB202,078,000). The transactions are subject to certain conditions, including shareholders' approval, approval from the Stock Exchange and other regulatory bodies, and the approval for overseas direct investment ("ODI").

Pursuant to the agreements, aggregate deposits of US\$5,750,000 (equivalent to approximately RMB40,416,000) were required to be paid within three calendar weeks after the execution of the agreements. As at 31 December 2025, these deposits had not yet been paid, and were subsequently paid in January 2026, totaling US\$5,750,000 (equivalent to approximately RMB40,416,000).

## MATERIAL ACQUISITIONS AND DISPOSALS

The Group has entered into the Memoranda of Agreement on 15 December 2025 for the acquisition of the vessels at a consideration of US\$28,750,000 (equivalent to approximately RMB202,078,000) in aggregate. The transaction represents the vessel acquisition as contemplated in the Prospectus and is estimated to be concluded in the first half of 2026.

Besides that, the Group has not undertaken any material acquisition or disposal transactions.

## FOREIGN EXCHANGE RISK

We mainly operate in Mainland China and are exposed to foreign exchange risk arising from currency exposures with respect to U.S. dollars. We have not yet established a foreign currency hedging policy. Instead, we have formulated risk management strategies and policies with respect to the foreign exchange forward and option contracts we enter into.

# Management Discussion and Analysis *(Continued)*

## EMPLOYEES AND REMUNERATION

As at 31 December 2025, the Group had a total workforce of 133 employees (31 December 2024: 111 employees).

The total remuneration cost for 2025 was approximately RMB50.0 million, as compared to approximately RMB49.3 million for 2024, which remained relatively stable.

The remuneration package of our employees includes salaries, allowances, performance-based bonus and retirement benefit scheme contributions. The Group formulates employee remuneration plans based on the overall market remuneration situation, industry practices and the Group's remuneration strategy.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus and this Annual Report, the Group currently does not have other plans for material investments or capital assets investments.

## FINAL DIVIDEND

The Board did not recommend or declare the payment of final dividend for the year ended 31 December 2025.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company completed the Global Offering of its H Shares on 9 January 2025. The net proceeds received by the Group from the Global Offering after deducting underwriting fee and relevant expenses amounted to approximately HK\$273.4 million (equivalent to approximately RMB253.2 million). The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

For details, please refer to the section headed "Use of Proceeds from the Global Offering" in the Report of Directors in this Annual Report.



# Directors, Supervisors and Senior Management

## DIRECTORS

The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and final reports, and exercising other powers, functions and duties as conferred by the Articles. Our Board comprises eight Directors, including five executive Directors and three independent non-executive Directors.

### Executive Directors

**Mr. Zhou Yang (周洋)**, aged 48, one of the Co-founders of our Company, was appointed as a Director on 20 July 2019 and re-designated as our executive Director on 27 July 2024. Mr. Zhou is also Chairman of our Board. He is responsible for overseeing corporate governance and our Company's strategic position, safeguarding the interests of the Shareholders, managing the senior management, engaging in business development on behalf of our Group and overseeing our Board. He is also a core technical personnel of our Company, and is responsible for the strategic planning of technological initiatives, oversight of R&D, quality assurance, improving internal processes, driving advancement in and enhancement of efficiencies and competitiveness of our technologies. Mr. Zhou is also a director of ContiOcean Hong Kong.

Mr. Zhou has over 23 years of experience in the shipbuilding industry and heavy industry. Prior to joining our Group, from September 2001 to February 2005, he worked as a quality personnel at Shanghai Waigaoqiao Shipbuilding Co., Ltd. (上海外高橋造船有限公司), a company principally engaged in the design and construction of civilian ships, marine constructions, ship equipment, where he was primarily responsible for maintaining the quality assurance system, product quality assurance, overseeing the manufacturing process, driving continuous improvement in overall product quality. From March 2005 to February 2006, he worked as a ship surveyor for Bureau Veritas Marine (China) Co., Ltd., a company principally engaged in the classification of shipbuilding and marine engineering projects, statutory inspections, certification of safety and quality management systems, inspection and certification of shipbuilding materials and equipment, and providing comprehensive technical support for shipbuilding and marine engineering projects, where he was primarily responsible for conducting ship surveys to ensure compliance with safety and environmental standards, supervising engineering projects, on-voyage inspections and providing recommendations for improvement. From April 2006 to August 2018, he worked as an assistant president at Jiangsu Rongsheng Heavy Industry Co., Ltd. (江蘇熔盛重工有限公司), a company principally engaged in the manufacturing of equipment for shipbuilding and marine engineering, where he was primarily responsible for quality control, painting and dock assembly work. Mr. Zhou was also appointed as a representative at the 18th People's Congress of Rugao City (如皋市第十八屆人民代表大會) in 2022.

Mr. Zhou received a bachelor's degree in ship engineering from Dalian Ocean University (大連海洋大學) in Dalian in July 2001. He also holds a qualification of senior engineer issued by the Jiangsu Bureau of the Ministry of Human Resources and Social Security (江蘇省人力資源社會保障局) since December 2012.

Mr. Zhou is one of our Controlling Shareholders.

## Directors, Supervisors and Senior Management *(Continued)*

**Mr. Zhao Mingzhu (趙明珠)**, aged 47, one of the Co-founders of our Company, was appointed as a Director on 20 July 2019 and re-designated as our executive Director on 27 July 2024. Mr. Zhao is also the chief executive officer of our Company. Mr. Zhao joined our Company on 6 September 2017 and became the financial person-in-charge of our Company in October 2017 and was primarily responsible for the global marketing and sales of our Company's products and global customer relationship management. Since December 2022, he has been responsible for overseeing the overall operations and management, setting and taking the lead in executing strategic goals, facilitating profit growth, optimizing resource allocation, coordinating internal and external relations, and promoting the development of our Company. He also holds directorships in various subsidiaries of our Company, including ContiOcean Hong Kong, ContiLashing Pte. Ltd., WTC, and ContiOcean International, and is a supervisor of ContiOcean Industrial.

Mr. Zhao has over 21 years of experience in the shipping and shipbuilding industries. Prior to joining our Group, from July 2003 to June 2004, he worked as a technician at Dalian COSCO Shipping Engineering Co., Ltd. (大連中遠船務工程有限公司), a company principally engaged in the sales of equipment and spare parts for ship and marine engineering, and mechanical and electrical equipment, where he was primarily responsible for project planning. From June 2004 to March 2010, he worked as a manager at Zhoushan COSCO Shipping Engineering Co., Ltd. (舟山中遠船務工程有限公司), a company principally engaged in the sales of equipment and spare parts for ship and marine engineering, as well as mechanical and electrical equipment, where he was primarily responsible for overseeing the projects undertaken by the shipyard and the day-to-day affairs of the operations department. From March 2010 to January 2017, he worked as a manager of the operations department at COSCO Shipping Heavy Industry Co., Ltd. (中遠海運重工有限公司), a company principally engaged in the sales of equipment and spare parts for ship and marine engineering, and mechanical and electrical equipment, where he was primarily responsible for overseeing the company's ship repair and refit business, marketing and sales, and customer relationship management.

Mr. Zhao received a bachelor's degree in ship and marine engineering from Dalian University of Technology (大連理工大學) in Dalian in July 2003.

Mr. Zhao is one of our Controlling Shareholders.



## Directors, Supervisors and Senior Management *(Continued)*

**Mr. Chen Zhiyuan (陳志遠)**, aged 44, one of the Co-founders of our Company, was appointed as a Director on 20 July 2019 and re-designated as our executive Director on 27 July 2024. Mr. Chen is also the chief technology officer of our Company. Mr. Chen joined our Company on 10 May 2018 as the chief technology officer of our Company. He is responsible for leading R&D initiatives, enhancing the technology embedded in our products, solving key technical challenges, facilitating progress in our projects, leading the technical team, cultivating technical talents, and ensuring competitiveness of our technologies. He is also the general manager of ContiOcean Industrial. Additionally, he is a director of each of ContiOcean Hong Kong and ContiOcean Singapore, and a supervisor of ContiOcean International, all of which are subsidiaries of our Company.

Mr. Chen has approximately 21 years of experience in the shipping and shipbuilding industries. Prior to joining our Group, from October 2004 to March 2006, he worked as an assistant project manager at China Navigation Co Pte. Ltd (太古輪船有限公司), a company under Swire Pacific Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock codes: 19 (A-shares) and 87 (B-shares)) and principally engaged in shipping services and ship management, where he was primarily responsible for assisting the project manager in project planning, progress tracking, resource coordination, document management, internal and external communication, and risk monitoring to support the smooth implementation and delivery of projects. From May 2006 to September 2008, he worked as a superintendent engineer at Man B&W Diesel (Shanghai) Co., Ltd (曼恩柴油機有限公司(上海)), a company principally engaged in diesel engine and fuel engine manufacturing, where he was primarily responsible for the maintenance, fault diagnosis, regular inspection, and updating maintenance logs for vessels or mechanical equipment, to ensure the safety of equipment and fulfillment of industry standards and regulatory requirements. From November 2008 to May 2018, Mr. Chen rejoined China Navigation Co Pte. Ltd as a newbuilding and projects manager, where he was primarily responsible for overall project planning, schedule control, budget management, team coordination and customer communication to ensure the timing and quality completion of projects.

Mr. Chen received a bachelor's degree in engineering from Dalian Ocean University (大連海洋大學) in Dalian in July 2001. He also received a master of science in marine technology from Newcastle University in the United Kingdom in December 2005.

Mr. Chen is one of our Controlling Shareholders.

## Directors, Supervisors and Senior Management *(Continued)*

**Mr. Shu Wa Tung, Laurence (舒華東)**, aged 53, has been the chief financial officer of our Company since September 2020. He was appointed as a Director of the Company on 20 December 2022 and re-designated as our executive Director of the Company on 27 July 2024. He was re-elected as an executive Director of the Company at the extraordinary general meeting that was held on 6 January 2026. He also acted as the company secretary of our Company from 10 July 2024 to 6 January 2026. He is responsible for formulating our Company's financial strategies, capital management, budgeting, financial reporting, risk control and tax planning to ensure our Company's financial health and compliance with relevant regulations. He is also the chief financial officer of ContiOcean Hong Kong and WTC, both of which are subsidiaries of our Company. He discharges these duties with the support of our senior management, as well as other staff of the Company for daily management.

Mr. Shu has over 31 years of experience in audit, corporate finance and financial management. He was an independent non-executive director of Chengdu Expressway Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1785) from November 2016 to September 2022, Riverine China Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1417) since November 2017, Twintek Investment Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 6182) from December 2017 to January 2026, Goldstream Investment Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1328) since December 2019, Zero Fintech Group Limited (formerly known as Termbray Industries International (Holdings) Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 00093) since April 2022, and Texhong International Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2678) ("Texhong") since May 2023.

Mr. Shu started as a staff accountant at Deloitte Touche Tohmatsu from March 1994 and left the same group in October 2000, and became a manager at Deloitte & Touche Corporate Finance Co. Ltd (a corporate finance service company of Deloitte Touche Tohmatsu) from July 2001 to November 2002. Mr. Shu was an associate director of Piper Jaffray Asia Limited (formerly known as Goldbond Capital (Asia) Limited) from November 2002 to April 2005. Mr. Shu was the chief financial officer and the company secretary of Texhong from May 2005 to July 2008. He served as the chief financial officer of Rongsheng Heavy Industries Holding Co., Ltd (熔盛重工控股有限公司) from July 2008 to June 2010, the chief financial officer of Petro-king Oilfield Services Limited (formerly known as Termbray Petroking Oilfield Services Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 2178) from July 2010 to July 2018, and the chief financial officer of Brainhole Technology Limited (formerly known as Top Dynamic International Holdings Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 2203) from August 2018 to November 2019.

## Directors, Supervisors and Senior Management *(Continued)*

Mr. Shu graduated from Deakin University in Australia in September 1994 and obtained his bachelor's degree in accounting, and completed his CFO Programme at China Europe International Business School (中歐國際工商學院) in November 2009. He also received an executive Master of Business Administration degree from Washington University in St. Louis in the United States in May 2022. Mr. Shu was accredited as a certified public accountant associate by Hong Kong Institute of Certified Public Accountants in September 1997. Mr. Shu was admitted as a member to the Hong Kong Independent Non-executive Director Association in May 2019.

Mr. Shu is a Shareholder.

**Mr. Chen Rui (陳睿)**, aged 47, was appointed as a Director on 20 December 2022 and re-designated as our executive Director on 27 July 2024. He has also been the secretary to our Board since 6 January 2020. He is responsible for organizing meetings of the Board and meetings of the Shareholders, corporate documentation, coordinating internal and external communications, corporate governance and compliance, information disclosure, and maintaining investor relations. He is also a senior engineer of our Company responsible for leading complex engineering projects, research and development, resolving technical hurdles, coaching intermediate and junior engineers, improving the technical expertise of our engineer team, and ensuring the quality of completed projects. He is also an executive director of Alfaback Automation.

Mr. Chen has over 23 years of experience in the shipbuilding industry. Prior to joining our Group, from August 2001 to June 2005 he worked at Shanghai Waigaoqiao Shipbuilding Co., Ltd. (上海外高橋造船有限公司), a company principally engaged in the design and construction of civilian ships, marine construction and ship equipment, where he was primarily responsible for planning and executing shipbuilding projects. From June 2005 to March 2006, he worked for Shanghai Wangdong Electrical Equipment Co., Ltd. (上海旺東電氣設備有限公司), a company principally engaged in distributing bearing, where he was primarily responsible for providing technical support. From April 2006 to September 2018, he worked as a head of planning management at Jiangsu Rongsheng Heavy Industries Co., Ltd. (江蘇熔盛重工有限公司), where he was primarily responsible for planning and management of shipbuilding projects.

Mr. Chen was also recognized as one of the Top Ten Outstanding Youths of Rugao City (如皋市十大傑出青年) in May 2009. Mr. Chen received a bachelor's degree in engineering from Shenyang University of Technology (瀋陽工業大學) in Shenyang in June 2001. He also received a master's degree in engineering from Shanghai Jiao Tong University (上海交通大學) in Shanghai in September 2013. He also obtained a qualification of senior engineer issued by the Jiangsu Bureau of the Ministry of Human Resources and Social Security (江蘇省人力資源社會保障局) in December 2014.

# Directors, Supervisors and Senior Management *(Continued)*

## Independent Non-Executive Directors

**Dr. Guan Yanmin (管延敏)**, aged 43, was appointed as an independent non-executive Director on 27 July 2024, with effect from the Listing Date. Dr. Guan is responsible for providing oversight of the Board and independent advice on the operation and management of our Group. From March 2012 to June 2016, Dr. Guan was the deputy director of the ship design institute of Jiangsu Rongsheng Heavy Industries Co., Ltd. (江蘇熔盛重工有限公司). He has been a lecturer at the School of Naval Architecture and Ocean Engineering of Jiangsu University of Science and Technology (江蘇科技大學) since November 2016. Dr. Guan received a bachelor's degree in ship and marine engineering in June 2007 and a doctor of philosophy in the design and manufacture of ships and marine structures in June 2011, both from Huazhong University of Science and Technology (華中科技大學) in Wuhan. He also obtained a qualification of senior engineer issued by the Jiangsu Bureau of the Ministry of Human Resources and Social Security (江蘇省人力資源社會保障局) in December 2015.

**Mr. Zhu Rongyuan (朱榮元)**, aged 46, was appointed as an independent non-executive Director on 27 July 2024, with effect from the Listing Date. Mr. Zhu is responsible for providing oversight of the Board and independent advice on the operation and management of our Group. Mr. Zhu has over 22 years of experience in accounting, finance, and corporate governance. From September 2002 to November 2004, he was an auditor of Ernst & Young Dahua Certified Public Accountants (Special General Partnership) (安永大華會計師事務所). From December 2004 to May 2011, he was a senior manager of BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)). From June 2011 to December 2014, he was a salary partner of Dahua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)). From November 2014 to June 2016, Mr. Zhu served as a board secretary and an assistant to general manager at OTEC Technology (SHANGHAI) Co., Ltd. (上海澳潤信息科技有限公司). From July 2017 to September 2019, he served as a board secretary at Shanghai Golden Education Technology Co., Ltd. (上海高頓教育科技有限公司). Since April 2020, he has served as a director, secretary to the board, and chief financial officer at Bestudy (Shanghai) Medical Technology Co., Ltd. (百試達(上海)醫藥科技股份有限公司).

Mr. Zhu received a bachelor's degree in management, majoring in accounting, from Shanghai University of Finance and Economics (上海財經大學) in Shanghai in July 2002. Mr. Zhu was accredited as a certified public accountant by the Chinese Institute of Certified Public Accountants in October 2016.



## Directors, Supervisors and Senior Management *(Continued)*

**Ms. Ng Sin Kiu (吳先僑)**, aged 52, was appointed as an independent non-executive Director of the Company on 27 July 2024, with effect from 9 January 2025. She was re-elected as an independent non-executive Director of the Company at the extraordinary general meeting that was held on 6 January 2026. Ms. Ng is responsible for providing oversight of the Board and independent advice on the operation and management of our Group.

Ms. Ng has over 21 years of experience in legal practice and, in particular, substantial experience in corporate finance matters, and has advised on a broad spectrum of matters, including initial public offerings, secondary equity and equity-linked offerings, mergers and acquisitions, transactional and compliance matters, and other commercial matters. She has been a partner of Jingtian & Gongcheng LLP since February 2026. From August 1998 to March 1999, Ms. Ng last served as an assistant solicitor at Chiu & Partners. From April 1999 to August 1999, she was an assistant solicitor at Siao, Wen & Leung. From August 1999 to February 2000, she was an assistant solicitor at Pun & Associates. From February 2000 to April 2001, she was an assistant solicitor at Gallant Y. T. Ho & Co. (now known as Gallant). From May 2001 to December 2007, she was an assistant solicitor at Sidley Austin. From January 2008 to October 2008, she was an assistant solicitor at Paul Hastings. From October 2008 to December 2009, she was an assistant solicitor at Sidley Austin. From January 2010 to March 2012, Ms. Ng was a consultant at Sidley Austin. From April 2012 to December 2015, she was a partner of Squire Patton Boggs. From December 2015 to February 2026, she was a partner of Watson Farley & Williams LLP.

Ms. Ng has served as an independent non-executive director of Palasino Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2536 and principally engaged in gaming and leisure business) since March 2024, Zhongmiao Holdings (Qingdao) Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1471 and principally engaged in the insurance business) since August 2024, and Perfect Group International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 3326 and principally engaged in the jewelry, property, and photovoltaic power generation businesses) since September 2024, respectively.

## Directors, Supervisors and Senior Management *(Continued)*

Ms. Ng obtained her Bachelor of Laws degree and Postgraduate Certificate in Laws from The University of Hong Kong in November 1995 and in June 1996, respectively. She was awarded a Master of Laws degree from The University of Hong Kong in December 1999. Ms. Ng was qualified as a solicitor in Hong Kong and England and Wales in August 1998 and March 1999, respectively, as well as a lawyer of the Greater Bay Area in May 2023.

Ms. Ng was a director of Gain Pacific Investment Limited (裕國投資有限公司), a company incorporated in Hong Kong with limited liability and dissolved by way of striking off on 8 May 2020. The company had no business prior to its dissolution and was dissolved because of failure to pay annual registration fee. Ms. Ng confirmed that she has not been involved in any dispute with such company's creditors, shareholders and directors in respect of the dissolution, that such company has been dissolved with no outstanding liability or claim in relation thereto, had no material non-compliances or litigations before the dissolution and was solvent at the time of dissolution, that the dissolution of such company had not resulted in any liability or obligation being imposed against her, that her involvement in such company was in relation to her appointment as a director of such company and that no misconduct or misfeasance on her part had been involved in the dissolution.

### SUPERVISORS

In accordance with the PRC Company Law, with certain exceptions, all joint stock companies are generally required to establish a supervisory committee, which is responsible for supervising the Board and senior management on fulfilling their respective duties, financial performance, internal control management and risk management of the corporation. Our supervisory committee consists of three members comprising one employee representative Supervisor and two Supervisors representing Shareholders.

**Mr. Shen Xiaowei (沈小偉)**, aged 39, was appointed as a Supervisor and chairman of our supervisory committee on 20 December 2022. He is responsible for supervising the overall operation of the supervisory committee, our Board, senior management and the financial management of our Group. Mr. Shen also holds the position of general manager of our marketing department, where he is primarily responsible for overseeing the day-to-day affairs of our marketing department and the sales of our products.

Mr. Shen has over 17 years of experience in the shipbuilding industry. Prior to joining our Group, from February 2008 to November 2017, he worked as an inspector in the quality assurance department, section chief and then assistant to the department head at Jiangsu Rongsheng Heavy Industries Co., Ltd. (江蘇熔盛重工有限公司), where he was primarily responsible for quality assurance. Mr. Shen joined our Group in August 2018 and has worked as a manager and executive Director.

Mr. Shen received a bachelor's degree in engineering from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in Nanjing in July 2020 via distance learning. He also obtained a qualification of marine and ocean engineer (船舶與海洋工程系列工程師) issued by the Nantong Municipal Human Resources and Social Security Bureau (南通市人力資源社會保障局) in Jiangsu on 27 November 2014.

## Directors, Supervisors and Senior Management *(Continued)*

**Mr. Yu Yuanyang (于遠洋)**, aged 38, was appointed as a Supervisor on 20 December 2022. Mr. Yu has also been an electrical engineer of our Company since joining our Company on 14 September 2017, primarily responsible for providing technical support to our Company's marketing activities, and the technical design of our existing projects, including formulating working principles, production design and software design.

Mr. Yu has over 14 years of experience in the shipbuilding industry. Prior to joining our Group, from August 2010 to July 2016, he worked as an electrical engineer at Hudong Zhonghua Shipbuilding (Group) Co., Ltd. (滬東中華造船(集團)有限公司), a company principally engaged in shipbuilding, where he was primarily responsible for electricity plan design. From July 2016 to August 2017, he worked as an electrical engineer at Eurostar Ship Design Co., Ltd. (歐之星船舶設計有限公司), a company principally engaged in shipbuilding, where he was primarily responsible for electricity plan design.

Mr. Yu is also a supervisor of ContiOcean Nantong and Alfaback Automation. Mr. Yu obtained a bachelor's degree in engineering, majoring in automation from Dalian Ocean University (大連海洋大學) in Dalian in July 2010.

**Mr. Wu Yunfeng (吳雲峰)**, aged 40, was appointed as our employee representative Supervisor on 1 April 2024. He is responsible for supervising and providing independent advice to the Board. Mr. Wu has held the position of department manager with our Company since 19 October 2020, primarily responsible for overseeing the operation and management of our Company's production management system.

Mr. Wu has over 15 years of experience in the shipbuilding industry. Prior to joining our Group, from June 2009 to September 2016, he worked as a production planning manager at Jiangsu Rongsheng Heavy Industries Co., Ltd. (江蘇熔盛重工有限公司), a company principally engaged in shipbuilding, where he was primarily responsible for production planning. From October 2016 to March 2019, he has worked as the assistant to manager of engineering department, the manager of engineering department and the assistant to the general manager at Jiangsu Biaolong Mechanical and Electrical Installation Engineering Co., Ltd. (江蘇標龍機電安裝工程有限公司), where he was responsible for construction management and assisting the general manager in daily affairs, and from April 2019 to June 2020, he worked as a planning manager at Nantong Xiangyu Shipbuilding & Offshore Engineering Co., Ltd. (南通象嶼海洋裝備有限責任公司), where he was responsible for corporate management. From June 2020 to October 2020, Mr. Wu worked at Xinda Yang Shipbuilding Co., Ltd. (新大洋造船有限公司) as the production planning chief and was responsible for production management. Mr. Wu joined ContiOcean Nantong, a subsidiary of our Company in October 2020 as the head of production management, overseeing production management.

Mr. Wu obtained a bachelor's degree in measurement and control technologies and instrument from Nanjing University of Science and Technology Zijin College (南京理工大學紫金學院) in Jiangsu in June 2008. He also obtained a qualification of assistant engineer issued by Nantong Bureau of the Ministry of Human Resources and Social Security (南通市人力資源和社會保障局) in Jiangsu since 30 June 2012.

# Directors, Supervisors and Senior Management *(Continued)*

## SENIOR MANAGEMENT

Our senior management comprises our executive Directors (see “— Board of Directors — Executive Directors” in this section for further details) together with Ms. Shen Xiaojiao and Mr. Qu Shixiang.

**Ms. Shen Xiaojiao (申小嬌)**, aged 32, joined our Group on 19 July 2021 and became the general manager of the finance department of our Company on 4 April 2023. She is responsible for overseeing financial planning and strategy, managing financial risks, supervising financial reporting, and ensuring our Company’s financial health and compliance with regulations.

Ms. Shen has over 8 years of experience in the audit and accounting field. Prior to joining our Group, from September 2016 to May 2021, Ms. Shen served as a staff auditor then a senior auditor at Ernst & Young Hua Ming LLP, Shanghai Branch, where she was primarily responsible for auditing.

Ms. Shen obtained a bachelor’s degree in international economics and trade from the Shanghai University of International Business and Economics (上海對外經貿大學) in Shanghai in June 2016. She also obtained a qualification of certified public accountant issued by the Certified Public Accountant Examination Committee of the Ministry of Finance (財政部註冊會計師考試委員會) of the PRC in December 2019.

**Mr. Qu Shixiang (曲世祥)**, aged 40, joined our Group became the general manager of the R&D department of our Company on 1 June 2018. He is responsible for leading the development of new products based on market demands and our Company’s market positioning, optimizing and upgrading existing products based on operational data, and assisting in devising the direction for future product development.

Mr. Qu has over 11 years of experience in R&D. Prior to joining our Group, from July 2013 to May 2018, Mr. Qu served as a research assistant at the Shanghai Institute of Applied Physics, Chinese Academy of Sciences, where he was primarily responsible for the identification of safety-related accidents for a molten salt reactor and conducting core thermal-hydraulic simulation experiments.

Mr. Qu obtained a bachelor’s degree in engineering from Jiangsu University (江蘇大學) in China in June 2008. He also obtained a master’s degree in engineering from Shanghai Jiao Tong University (上海交通大學) in China in March 2013, majoring in reactor thermal-hydraulics and reactor physics.



## Directors, Supervisors and Senior Management *(Continued)*

### COMPANY SECRETARIES

**Mr. Shu Wa Tung, Laurence (舒華東)** was appointed as the company secretary of our Company on 10 July 2024 and resigned on 6 January 2026. For the biographical details of Mr. Shu, see pages 32 and 33 above.

**Mr. TUNG Tat Chiu Michael** was appointed as the Company Secretary of the Company on 6 January 2026.

Mr. Tung, aged 63, is the senior partner of Tung & Co.. He holds a Bachelor of Arts degree in law and accounting from the University of Manchester, the United Kingdom. He has over 35 years of experience as practising lawyer in Hong Kong. He is also a China-Appointed Attesting Officer. He was qualified as a lawyer of Guangdong-Hong Kong-Macau Greater Bay Area recognised by the Department of Justice of Guangdong Province of the People's Republic of China in June 2024. Mr. Tung currently serves as a joint company secretary of Jiangxi Copper Company Limited (stock code: 358), Harbin Electric Company Limited (stock code: 1133) and Qingling Motors Co. Ltd (stock code: 1122) and the sole company secretary of City Coolxuan Company Limited (stock code: 8050), Central New Energy Holding Group Limited (stock code: 1735) and TATA Health International Holdings Limited (stock code: 1255), respectively.

Mr. Tung is an external service provider and the primary person at the Company whom Mr. Tung can contact is Mr. Chen Rui, an executive Director.

# Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2025.

## COMPANY'S CULTURE

The Board views corporate culture as the cornerstone for the Group's sustainable development, driving business growth and the creation of long-term value. In 2025, we remained committed to our mission of "Serve every vessel with eco-friendly technics" and our vision of "Serve every vessel with eco-friendly technics" driving the green transition of the shipping industry through technological innovation.

Through systematic training, skills enhancement, and internal and external exchanges, we have integrated our culture into strategy and operations, ensuring alignment with our ESG goals and implementing green development across R&D, delivery, and social responsibility initiatives.

The Board will continue to steer the corporate culture in alignment with the Group's strategy, uniting all employees to build a sustainable future. For detailed information, please refer to the 2025 Environmental, Social and Governance (ESG) Report.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard shareholder interests and enhance corporate value and accountability. The Company has adopted the CG Code as its own governance framework.

Prior to the listing of H Shares on the Main Board of the Stock Exchange on 9 January 2025, the Code was not applicable to the Company. To the best of the Board's knowledge, from the Listing Date and during the Reporting Period, the Company has complied with all code provisions set out in part 2 of the CG Code. The Company will continuously review and strengthen its corporate governance practices to ensure ongoing adherence to the CG Code.

# Corporate Governance Report *(Continued)*

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code and has also formulated the Securities Transaction Code for Directors, Supervisors and Senior Management which is stricter than Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, Supervisors and senior management who, because of his/her office or employment, is likely to possess inside information in relation to Company or its securities.

Having made specific enquiries of all the Directors and Supervisors, they have confirmed that they have complied with the Model Code and Securities Transaction Code for Directors, Supervisors and Senior Management since the Listing Date and during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group since the Listing Date and during the Reporting Period

## BOARD OF DIRECTORS

As of the date of this Annual Report, the Board comprises five executive Directors and three independent non-executive Directors.

### Executive Directors

Mr. Zhou Yang (*Chairman*)

Mr. Zhao Mingzhu (*Chief executive officer*)

Mr. Chen Zhiyuan

Mr. Shu Wa Tung, Laurence

Mr. Chen Rui

### Independent Non-executive Directors

Mr. Zhu Rongyuan

Dr. Guan Yanmin

Ms. Ng Sin Kiu

The biographical details of the current Directors are set out in the section headed “Directors, Supervisors and Senior Management” of this Annual Report. To the best knowledge of the Directors, there is no relationship (including, financial, business, family or other material/relevant relationship(s)) between the Board members.

# Corporate Governance Report *(Continued)*

## RESPONSIBILITIES OF THE DIRECTORS

The Board is responsible for, and has general powers for, the management and conduct of our business. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties. All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

## BOARD INDEPENDENCE

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms to support an independent Board and ensure independent views. The current composition of the Board includes more than one third independent non-executive Directors. The remuneration of independent non-executive Directors is subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his or her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

Pursuant to the Board's independence assessment mechanism, the Board conducts an annual review of its independence. The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances require. From the Listing date to the date of this Annual Report, the Board reviewed the implementation and effectiveness of the Board's independence assessment mechanism and found the results satisfactory.

# Corporate Governance Report *(Continued)*

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

The Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the appointment of independent non-executive Directors representing at least one-third of the Board. Among the three independent non-executive Directors, Mr. Zhu Rongyuan has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

## DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE AND INDEMNITY

The Company has arranged Corporate Liability Insurance and Public Offering of Securities Insurance to indemnify the Directors, Supervisors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. Every newly appointed Director should receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the Reporting Period, all Directors namely Mr. Zhou Yang, Mr. Zhao Mingzhu, Mr. Chen Zhiyuan, Mr. Shu Wa Tung, Laurence, Mr. Chen Rui, Mr. Zhu Rongyuan, Dr. Guan Yanmin and Ms. Ng Sin Kiu were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. All Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary. All Directors are encouraged to attend relevant training courses at the Company's expenses and required to submit a signed training records to the Company on an annual basis.

# Corporate Governance Report *(Continued)*

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

All executive Directors and independent non-executive Directors of the Company have entered into service contracts with the Company, which include provisions for compliance with applicable laws and regulations, adherence to the Company's Articles of Association. Pursuant to the Articles of Association, the term of office for all Directors is three years. The procedures and processes governing the appointment, re-election, and removal of Directors are set out in the Articles of Association.

The Company re-elected all 8 Directors on 6 January 2026.

The Nomination Committee is responsible for reviewing the composition of the Board, overseeing the appointment, re-election, and succession planning of Directors (particularly the Chairman and senior executives of the Company), and providing recommendations to the Board.

## BOARD COMMITTEES

The Board delegates certain responsibilities to various Board committees. In accordance with the relevant PRC laws and regulations and the Listing Rules, we have established the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of each of these committees are available on the websites of the Company and the Stock Exchange.

## AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The Audit Committee consists of Mr. Zhu Rongyuan, Dr. Guan Yanmin and Ms. Ng Sin Kiu, with Mr. Zhu Rongyuan being the chairperson of the committee.

Director name	Roles
Mr. Zhu Rongyuan ( <i>independent non-executive Director</i> )	Chairperson
Dr. Guan Yanmin ( <i>independent non-executive Director</i> )	Member
Ms. Ng Sin Kiu ( <i>independent non-executive Director</i> )	Member

# Corporate Governance Report *(Continued)*

The primary duties of the Audit Committee include, but not limited to, the following:

- (I) to supervise and evaluate the work of the external auditor;
- (II) to guide the internal audit work;
- (III) to oversee the effectiveness of financial reporting system, risk management and internal control system;
- (IV) to review the Company's financial report and express opinions thereon;
- (V) to perform the corporate governance functions of the Company;
- (VI) to coordinate the communication between the management, internal audit department and relevant departments and the external auditor; and
- (VII) other matters as authorized by the board of directors of the Company and as required with relevant laws and regulations.

The following is a summary of work performed by the Audit Committee in the Reporting Period:

- (i) Review and recommend for the Board's approval the 2024 annual results announcement, audited consolidated financial statements for the year ended 31 December 2024, 2025 interim results announcement, 2025 interim report, and unaudited condensed consolidated financial information for the six months ended 30 June 2025;
- (ii) Review the reports of the external auditor;
- (iii) Review the risk management and internal control systems, and provide recommendations on the appointment and reappointment of the external auditor; on 7 November 2025, proposed to the Board the replacement of the external auditor with Fan, Chan & Co. Limited and the discontinuation of the services of Deloitte Touche Tohmatsu;
- (iv) Review the nature and scope of audit services provided or to be provided by the external auditor, and evaluate their impact on the auditor's independence; and
- (v) Review the guarantees expected to be provided for the Company's subsidiaries in 2026.

# Corporate Governance Report *(Continued)*

In the Reporting Period, 4 Audit Committee meetings were held and the attendance of each committee member is set out below:

Director name	Attendance/Number of meetings
Mr. Zhu Rongyuan ( <i>Chairperson</i> )	4/4
Dr. Guan Yanmin	4/4
Ms. Ng Sin Kiu	4/4

## REMUNERATION COMMITTEE

The Company has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The remuneration committee consists of Dr. Guan Yanmin, Mr. Zhu Rongyuan and Mr. Shu Wa Tung, Laurence, with Dr. Guan Yanmin being the chairperson of the committee.

Director Name	Roles
Dr. Guan Yanmin ( <i>independent non-executive Director</i> )	Chairperson
Mr. Zhu Rongyuan ( <i>independent non-executive Director</i> )	Member
Mr. Shu Wa Tung, Laurence ( <i>executive Director</i> )	Member

The primary duties of the Remuneration Committee include, but not limited to, the following:

- (I) to make recommendations to the board of directors on the Company's remuneration policy and structure for all directors, supervisors and senior management and on the establishment of formal and transparent procedures for formulating the remuneration policy;
- (II) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives set by the board of directors (including benefits in kind, pensions and payment of compensation (including the compensation for losing or terminating the office or appointment));
- (III) to determine the specific terms of the remuneration package for each executive director and senior management;
- (IV) to make recommendations to the board of directors on the remuneration of non-executive directors;
- (V) to make recommendations to the board of directors on the remuneration of supervisors;
- (VI) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions for other positions within the group;

## Corporate Governance Report *(Continued)*

- (VII) to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (VIII) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate;
- (IX) to ensure that no director or any of his or her associates is involved in determining his or her own remuneration;
- (X) to evaluate the performance of executive directors and incorporate the evaluation into the annual work summary;
- (XI) to review the terms of the service contracts of directors and supervisors;
- (XII) to review, approve and handle matters relating to share schemes under the responsibility of the Remuneration Committee as referred to in Chapter 17 of the Listing Rules (where applicable); and
- (XIII) other matters as authorized by the board of directors.

Details of the remuneration payable to each Director, Supervisor, and the five highest paid individuals for the Reporting Period are set out in note 12 to the consolidated financial statements. The remuneration of the Directors was determined with reference to their time commitment and responsibilities.

The following is a summary of work performed by the Remuneration Committee from the Listing Date and up to the date of this Annual Report:

- (i) reviewed the remuneration of the Directors, Supervisors and senior management;
- (ii) reviewed the performances of the Directors and their contracts; and
- (iii) reviewed the Company's compensation policy and structure, and performance management system.

In the Reporting Period, 2 Remuneration Committee meetings were held and the attendance of each committee member is set out below:

Director name	Attendance/Number of meetings
Dr. Guan Yanmin ( <i>Chairperson</i> )	2/2
Mr. Zhu Rongyuan	2/2
Mr. Shu Wa Tung, Laurence	2/2

# Corporate Governance Report *(Continued)*

## NOMINATION COMMITTEE

Our Company has established the Nomination Committee with written terms of reference in compliance with Rule 3.27 of the Listing Rules and paragraph B.3 of the CG Code. The Nomination Committee consists of Mr. Zhu Rongyuan, Mr. Zhou Yang and Ms. Ng Sin Kiu, with Mr. Zhu Rongyuan being the chairperson of the committee.

Director name	Roles
Mr. Zhu Rongyuan ( <i>independent non-executive Director</i> )	Chairperson
Mr. Zhou Yang ( <i>executive Director</i> )	Member
Ms. Ng Sin Kiu ( <i>independent non-executive Director</i> ) <sup>(note)</sup>	Member
Dr. Guan Yanmin ( <i>independent non-executive Director</i> ) <sup>(note)</sup>	Member

Note: With effect from 28 March 2025, Dr. Guan Yanmin ceased to be a member of the Nomination Committee and Ms. Ng Sin Kiu was appointed as a member of the Nomination Committee.

The primary functions of the Nomination Committee include, but not limited to, the following:

- (I) to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board at least once a year, to assist the Board in maintaining the Board skills matrix and to make recommendations on any proposed changes to the Board to implement the Company's strategies;
- (II) to extensively identify individuals qualified to serve as directors, and select and nominate relevant individuals to serve as directors, or advise the Board on such nomination;
- (III) to review the independence of the independent non-executive directors;
- (IV) to make recommendations to the Board on appointment or reappointment of directors as well as the succession plan of directors, in particular that of the chairman/chairlady of the Board and the chief executive officer;
- (V) to assist the Company in regularly assessing the performance of the Board;
- (VI) to review the Board Diversity Policy as well as any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and the progress on achieving such objectives, and to disclose the Board Diversity Policy or the highlights thereof in the corporate governance report;

## Corporate Governance Report *(Continued)*

- (VII) where the Board proposes to put forward a resolution to elect an individual as an independent non-executive director at the general meeting, it shall set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting the following details: (1) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent; (2) if the proposed independent non-executive director will be holding his or her seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; (3) the views, perspectives, skills and experience that the individual can bring to the Board; and (4) how the individual contributes to the diversity of the Board;
- (VIII) to review the implementation and effectiveness of the corporate mechanism(s) to ensure independent views and opinions are available to the Board;
- (IX) to report its decisions or suggestions to the Board, except where it is prohibited to do so under laws or regulatory requirements;
- (X) other requirements on the duties and authorities of the Nomination Committee according to the Listing Rules, as amended from time to time; and
- (XI) other duties and powers authorized by the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Nomination Policy that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

The following is a summary of work performed by the Nomination Committee in the Reporting Period:

- (i) reviewed the independence of the independent non-executive Directors;
- (ii) reviewed the Board Diversity Policy;
- (iii) reviewed the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board; and
- (iv) reviewed the implementation and effectiveness of the corporate mechanism(s) to ensure independent views and opinions are available to the Board.

# Corporate Governance Report *(Continued)*

In the Reporting Period, 2 Nomination Committee meetings were held and the attendance of each committee member is set out below:

Director name	Attendance/Number of meetings
Mr. Zhu Rongyuan ( <i>Chairperson</i> )	2/2
Mr. Zhou Yang	2/2
Ms. Ng Sin Kiu <sup>(note)</sup>	2/2
Dr. Guan Yanmin <sup>(note)</sup>	N/A

Note: With effect from 28 March 2025, Dr. Guan Yanmin ceased to be a member of the Nomination Committee and Ms. Ng Sin Kiu was appointed as a member of the Nomination Committee.

## ESG COMMITTEE

Our Company has established the ESG Committee with written terms of reference in compliance with the CG Code. The ESG committee consists of Mr. Zhao Mingzhu , Mr. Chen Zhiyuan, Mr. Chen Rui and Mr. Zhu Rongyuan, with Mr. Zhao Mingzhu being the chairperson of the committee.

Director name	Roles
Mr. Zhao Mingzhu ( <i>executive Director</i> )	Chairperson
Mr. Chen Zhiyuan ( <i>executive Director</i> )	Member
Mr. Chen Rui ( <i>executive Director</i> )	Member
Mr. Zhu Rongyuan ( <i>independent non-executive Director</i> )	Member

The primary functions of the ESG committee include, but not limited to, the following:

- (I) To pay active attention to the research of the laws, regulations and policies related to the ESG, and to conduct research and make recommendations on the work direction regarding environmental protection, social responsibility and standardised governance of the Company;
- (II) To study and formulate the strategic planning, structure of management, system and details of implementation of the Company's management of ESG;
- (III) To identify and supervise risks and opportunities related to ESG that may significantly affect the business of the Company, and guide the management to take appropriate countermeasures against such risks and opportunities;
- (IV) To guide, supervise and review the implementation of environmental, social responsibility and corporate governance efforts of the Company, and to make recommendations accordingly following assessing the Company's overall performance in the ESG;

# Corporate Governance Report *(Continued)*

- (V) To review the environmental, social and corporate governance (ESG) related reports of the Company and other significant matters related to the ESG; and
- (VI) Other matters as delegated by the board of directors.

The following is a summary of work performed by the ESG Committee from the Listing Date and up to the date of this Annual Report:

- (i) reviewed the ESG report of the Company and other significant matters related to the ESG;
- (ii) reviewed the implementation of environmental, social responsibility and corporate governance efforts of the Company, and to make recommendations accordingly following assessing the Company's overall performance in the ESG; and
- (iii) identified and supervised risks and opportunities related to ESG that may significantly affect the business of the Company, and guide the management to take appropriate countermeasures against such risks and opportunities.

As the Company was listed on 9 January 2025, the ESG Committee did not hold any meetings during the financial year ended 31 December 2024.

In the Reporting Period, 1 ESG committee meeting was held and the attendance of each committee member is set out below:

Director name	Attendance/Number of meetings
Mr. Zhao Mingzhu ( <i>Chairperson</i> )	1/1
Mr. Chen Zhiyuan	1/1
Mr. Chen Rui	1/1
Mr. Zhu Rongyuan	1/1

## NOMINATION POLICY

The Company has adopted a Nomination Policy in accordance with the CG Code.

In accordance with the requirements under relevant laws and regulations, the Listing Rules and the Articles of Association, and in view of the actual condition of the Company, the Nomination Committee shall analyze the selection criteria, selection procedures and terms of office of directors and senior management of the Company to form a resolution and submit it to the Board for approval upon filing, and, if approved, implement the same accordingly.

## Corporate Governance Report *(Continued)*

The selection procedures of directors and senior management are as follows:

- (I) the Nomination Committee shall actively communicate with the relevant departments of the Company to study the demand of the Company for new directors and senior management and to produce the result in writing;
- (II) the Nomination Committee may extensively identify candidates for directors and senior management within the Company and its controlling (investee) enterprises as well as in the labor market;
- (III) the Nomination Committee shall gather information about the occupation, education background, job title, detailed information in relation to the work experience and all the part-time positions of the preliminary proposed candidates, and to formulate written materials thereon;
- (IV) the nominee shall not be deemed as the candidate for director or senior management unless his or her consent for nomination is obtained;
- (V) the Nomination Committee shall convene a Nomination Committee meeting to review the qualifications of the candidates in accordance with the requirements for directors and senior management;
- (VI) the Nomination Committee shall make suggestions to the board of directors regarding the candidates for the director and senior management position and submit relevant information to the board of directors one to two months prior to the election of new directors and appointment of new senior management;
- (VII) the Nomination Committee shall carry out other follow-up work according to the decision of and feedback from the board of directors.

The Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Nomination Committee shall also monitor and review the implementation of the Nomination Policy, as appropriate from time to time, and will report to the Board annually.

## BOARD DIVERSITY POLICY

Pursuant to Rule 13.92 of the Listing Rules, the Nomination Committee shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report.

In order to achieve sustainable and balanced growth, the Company considers the enhancement of diversity at the Board level as a key element to support the achievement of its strategic objectives and its sustainable development.

The Company recognizes and welcomes the benefits of a diverse board and considers the increasing diversity of the Board as a key factor in supporting the Company's strategic objectives and sustainable development. In determining the composition of the Board, the Company will take into account the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, talents, skills, independence, knowledge and length of service, as well as any other factors that the Board may from time to time deem relevant and applicable. The Company will select potential candidates for election to the Board on the basis of their calibre and potential contribution to the Board, taking into account its business model and specific needs from time to time. The Company places great emphasis on ensuring that the Board has a balanced mix of skills and experience to provide a variety of views and perspectives, insights and inquiries to enable the Board to effectively discharge its duties, formulate sound policies on the core business and strategies of the Company and its subsidiaries and complement the succession planning and development of the Board. In order for the Board to be effective, the Company may set additional measurable objectives/specific diversification targets and review them from time to time to ensure that the relevant targets are appropriate and feasible.

The Nomination Committee will review this Board Diversity Policy, as and when appropriate, to ensure its effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Board will review the implementation and effectiveness of the board diversity policy on an annual basis. The Nomination Committee will monitor the implementation of this Board Diversity Policy.

As at the date of this Annual Report, our Board consists of seven male members and one female member with six Directors of age 41 to 50 years old, two Directors of age 51 to 60 years old. Our Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operation.

# Corporate Governance Report *(Continued)*

The Board will take the opportunity to progressively increase the proportion of female directors in the selection and election of suitable candidates for electing to the Board. The Board will endeavour to ensure an appropriate balance between male and female members of the Board, taking into account the expectations of stakeholders and the best practices of international and local recommendations, with the ultimate goal of moving towards gender parity on the Board. The Board will also strive to have an appropriate proportion of Board members with direct experience of the Group's core markets, of different ethnic backgrounds and reflective of the Group's strategy. The Board of Directors shall include at least one (1) female director. The Company shall also ensure that gender diversity is maintained in the recruitment of mid-to-senior level employees, thereby enabling the Company to cultivate a talent pipeline for future female senior management and potential Board successors. The Company aims to maintain an appropriate gender diversity balance in alignment with stakeholder expectations and international and locally recommended best practices.

## WORKFORCE DIVERSITY

The gender ratio of male to female in the workforce (including senior management) for the Reporting Period is 89:44.

Diversity is a core value of the Company. The Company is committed to creating an inclusive and supportive work environment for its employees, where individual differences are respected and employees are treated with dignity. The Company is further committed to promoting gender empowerment, gender equality and gender diversity in its workforce and to providing equal opportunities in recruitment, training and development, compensation, career and promotion opportunities. The Company also recognizes the importance of gender diversity and will ensure that gender diversity is maintained in the recruitment of middle and senior level employees so that the Company will have a talent pool of female senior management and potential successors to the Board in the future. The Company aims to maintain an appropriate gender balance in line with stakeholder expectations and recommended international and local best practice.

For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosure in the "Environmental, Social and Governance Report" which is to be published on the same day as this Annual Report.

## CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code. The Board had reviewed:

- the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements;
- code of conduct and compliance manual (if any) applicable to employees and Directors;
- the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and
- training and continuous professional development of Directors and senior management relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

# Corporate Governance Report *(Continued)*

## BOARD MEETINGS, COMMITTEE MEETINGS

The Company's H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 9 January 2025. The Company holds Board meetings at least four times annually, approximately once per quarter. The Nomination Committee, the Remuneration Committee and the ESG Committee hold meetings at least once a year, while the Audit Committee meets at least twice annually.

Sufficient notice in accordance with all applicable requirements shall be provided for all scheduled Board meetings and ad hoc Board or Committee meetings, ensuring all Directors or Committee members have adequate opportunity to attend and include matters on the meeting agenda. Agendas and accompanying Board materials are distributed to Directors or Committee members before the scheduled meeting date, allowing sufficient time for review and preparation.

If a Director or Committee member is unable to attend a meeting, they are informed of the agenda items in advance and provided an opportunity to raise comments or concerns to the Chairman or Committee members. Minutes of meetings are maintained by the company secretary, with copies distributed to the relevant Board or Committee for review and record-keeping.

The minutes of Board and Committee meetings comprehensively document the matters discussed, decisions made, and any concerns or dissenting views raised by members. Draft minutes of each Board or Committee meeting are circulated to relevant members for feedback within a reasonable timeframe following the meeting date. Finalized minutes are available for review by Directors at all times.

The independent non-executive Directors attended seven Board meetings during the financial year ended 31 December 2025.

# Corporate Governance Report *(Continued)*

The table below sets forth the details of the attendance at the Board meetings:

Director name	Attendance/ Number of Board Meetings in the Reporting Period
Mr. Zhou Yang	7/7
Mr. Zhao Mingzhu	7/7
Mr. Chen Zhiyuan	7/7
Mr. Shu Wa Tung, Laurence	7/7
Mr. Chen Rui	7/7
Mr. Zhu Rongyuan	7/7
Dr. Guan Yanmin	7/7
Ms. Ng Sin Kiu	7/7

## RISKS AND UNCERTAINTIES RELATING TO THE COMPANY'S BUSINESS

The Company's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties related directly or indirectly to the Company's business. Below sets out the main risks and uncertainties of which the Company is aware. In addition to those listed below, there may be other risks and uncertainties not known to the Company or which may not be material at present but may become material in the future.

### Macroeconomic Risk

Since shipping market conditions and fuel prices are heavily influenced by macroeconomic trends, changes in the global macroeconomic environment could lead to volatility in the Company's order volumes and product prices. The Company will continuously increase product diversity and service levels, intensify brand promotion and awareness campaigns, and actively expand domestic and international clientele. These efforts aim to effectively mitigate risks arising from macroeconomic fluctuations in China and maintain the Company's stable and sustainable operations.

### Policy Risk

The promulgation and implementation of the MARPOL Convention have been a key driver behind the rapid growth of markets such as ship desulfurization, new energy applications, and decarbonization. Specific zones like Emission Control Areas (ECAs) impose stricter emission standards, requiring vessels navigating within them to install more efficient desulfurization and decarbonization equipment. Therefore, policy-driven factors are the fundamental cause of market development. If significant changes occur in regulatory standards or their enforcement zones in the future, it may adversely impact the development of the ship environmental protection market. The Company will monitor policy developments in real-time, thoroughly interpret regulatory requirements, diversify market and business strategies, and maintain competitive advantages.

# Corporate Governance Report *(Continued)*

## Customer Concentration Risk

During the Reporting Period, the sales revenue from the Company's top five customers accounted for 71.5% of its total operating income. This high customer concentration is closely tied to the consolidated nature of the downstream industries, particularly the shipping industry, which exhibits large-scale and centralized characteristics. If the Company fails to meet clients' customized needs or adapt to other downstream market demands through product innovation, or if major customers experience significant declines in demand due to market downturns or operational challenges, the Company's financial performance may be adversely affected, leading to heightened volatility risks. The Company will expand domestic and international clientele to diversify revenue sources and reduce reliance on key accounts and optimize products and services, offering customized solutions tailored to client requirements to strengthen partnerships and enhance customer stickiness.

## Foreign Exchange Loss Risk

The Company's overseas sales are primarily settled in US dollars. During the Reporting Period, significant fluctuations in the RMB-USD exchange rate led to substantial changes in foreign exchange gains/losses. If exchange rates continue to experience high volatility in the future, the company may face increased risks of exchange losses due to currency fluctuations. The Company will closely monitor international exchange rate movements, implement risk controls in accordance with its established Foreign Exchange Risk Management Policy and Capital Planning Management System, optimize capital allocation, and effectively mitigate exchange loss risk.

## Changes in Tax Incentive Policies Risk

During the Reporting Period, the Company has benefited from tax incentive policies such as those for high-tech enterprises. If future changes in national tax policies render the Company's business ineligible for these preferential treatments, or if the Company fails to meet the legally mandated tax-related conditions, its tax burden may increase, adversely affecting financial performance. The Company will closely monitor policy updates, proactively analyze the latest tax incentive policies to ensure compliance and strategic alignment and optimize tax planning. We will also strengthen financial resilience by enhancing cash flow management and reserve buffers to mitigate potential tax-related volatility,

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for maintaining appropriate and effective risk management and internal control systems. The systems are designed to manage rather than eliminate risks of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established and implemented a comprehensive risk management mechanism, clarifies requirements for business process control, authorization control, financing control, prevention of conflicts of interest, investment control, and accounting system control, etc.

The Board confirmed that the systems were in place and were effective throughout the Reporting Period.

# Corporate Governance Report *(Continued)*

## Internal Control System

The Company has established an internal control system which enables the Company to prevent and control the risks, and improve the Company's risk management level. The components of the internal control system framework are set out below:

- the establishment of the Audit Committee responsible for overseeing our financial records, internal control procedures and risk management systems.
- the appointment of Mr. Shu Wa Tung, Laurence as the company secretary of our Company to ensure the compliance of our operation with relevant laws and regulations.

Mr. Shu Wa Tung resigned as the company secretary on 6 January 2026 and TUNG Tat Chiu Michael was appointed as the company secretary on the same day.

- the appointment of China Galaxy International Securities (Hong Kong) Co., Limited as our compliance adviser to advise us on compliance with the Listing Rules.
- the engagement of external legal advisers to advise us on compliance with the Listing Rules and to ensure our compliance with relevant regulatory requirements and applicable laws, where necessary.

Based on the internal monitoring review conducted as of the date of this Annual Report, no material internal monitoring deficiencies were identified.

# Corporate Governance Report *(Continued)*

## Effectiveness of Risk Management and Internal Control Systems

The Board of Directors confirms its responsibility for maintaining appropriate and effective risk management and internal control systems. These systems are designed to manage, rather than eliminate, the risk of failing to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses. The Board affirms that the systems operated effectively throughout the reporting period.

The Board, through its annual review and the annual review conducted by its internal audit department and the Audit Committee which covered all the significant controls of the Group including financial, operational and compliance controls during the Reporting Period, concluded that the risk management and internal control systems were effective and adequate during the Reporting Period.

## Internal Audit Function

The Audit Committee is responsible for overseeing our financial records, internal control procedures and risk management systems. At the same time, the internal audit department assists the Audit Committee in handling the daily internal audit practices and directly report to the Audit Committee on the progress, quality and execution of the internal audit work.

## Anti-corruption

Our company maintains a zero-tolerance stance against bribery, corruption, extortion, and similar misconduct. To uphold this principle, we have established a robust anti-corruption framework, including:

- **Internal Policies:** The *Employee Handbook* and *Anti-Fraud and Anti-Corruption Policies* clearly define prohibited conduct (e.g., fraud, bribery, corruption) and outline our internal control programs targeting fraud and corruption.
- **Governance Oversight:** The Board of Directors oversees the implementation of these measures and fosters a culture of integrity through:
  - **Ethics Training:** In 2025, mandatory anti-corruption training sessions (totaling 18 hours) were provided to all directors and employees, emphasizing compliance and ethical business practices.
  - **Cultural Initiatives:** Promoting an internal culture of integrity and accountability.

## Whistle-blowing Policies

We have put in place a whistle-blowing channel where employees and other relevant parties can file complaint or report violation acts.

# Corporate Governance Report *(Continued)*

## DISSEMINATION OF INSIDE INFORMATION

The Group regulates the handling and dissemination of inside information according to internal procedures and policy so as to ensure inside information remains confidential until the disclosure and publication of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

The Board is responsible for approving the *Measures for the Prevention of Insider Dealing and the Reporting of Material Information*, which are intended to provide guidelines, practices and procedures to assist the Group's elite and senior officers in conveying inside information to the Board to enable it to make timely disclosure decisions (if necessary); and communicate with the Group's shareholders in a manner consistent with the SFO and the Listing Rules.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the Reporting Period.

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

## AUDITOR'S REMUNERATION

The Company resolved on 7 November 2025 to cease the appointment of Deloitte Touche Tohmatsu (Practising Accountant and Registered PIE Auditor) and to appoint Fan, Chan & Co. Limited as the auditor under the Main Board Listing Rules of The Stock Exchange for the reporting period. The statement of Fan, Chan & Co. Limited regarding its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report in this annual report.

Details of the fees paid or payable to the Company's auditors, in respect of the audit and non-audit services for the Reporting Period are set out in the table below:

Services rendered for the Company	HKD '000
Audit and audit related services	1,000
TOTAL	1,000

# Corporate Governance Report *(Continued)*

## COMPANY SECRETARY

Mr. Shu Wa Tung, Laurence was the company secretary of the Company. He resigned as the company secretary on 6 January 2026 and TUNG Tat Chiu Michael was appointed as the company secretary on the same day.

In compliance with Rule 3.29 of the Listing Rules, Mr. Shu Wa Tung, Laurence and TUNG Tat Chiu Michael undertook the relevant professional training to update their skills and knowledge during the Reporting Period.

## SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed by the chairman of that meeting for each substantially separate issue at Shareholder meetings, including nomination and election of individual directors. All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each Shareholder meeting in accordance with the Listing Rules.

### Procedures for Shareholders to convene an extraordinary general meeting

Pursuant to the Article 52 of the Articles of Association, shareholders individually or jointly holding 10% or more of the Company's shares (excluding treasury shares) who have requested the board of directors to convene an extraordinary general meeting shall submit such request to the board of directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, give written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene an extraordinary general meeting, the Board of Directors will issue a notice of convening the shareholders' meeting within five days after the Board of Directors' resolution is made, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

If the Board of Directors disagrees to convene an extraordinary general meeting or fails to provide feedback within 10 days upon receipt of the request, shareholders individually or jointly holding 10% or more of the Company's shares (excluding treasury shares) shall have proposed to the Audit Committee to convene an extraordinary general meeting and shall submit such request to the Audit Committee in writing.

If the Audit Committee agrees to convene an extraordinary general meeting, the board of supervisors will issue a notice of convening the shareholders' meeting within five days upon receipt of the request, and any changes to the original request contained in the notice shall be approved by the shareholders concerned.

## Corporate Governance Report *(Continued)*

If the Audit Committee fails to issue the notice of convening the extraordinary general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the shareholders' meeting, in which case shareholders individually or jointly holding 10% or more of the Company's shares (excluding treasury shares) for more than 90 consecutive days can convene and preside over the shareholders' meeting of its own accord. Prior to the announcement of the resolution adopted at the shareholders' meeting, shareholders convening the shareholders' meeting shall jointly hold 10% or more of the Company's shares.

When shareholders individually or jointly holding 10% or more of the Company's shares request to convene an extraordinary general meeting, the Board of Directors and the board of supervisors shall make a decision on whether to convene the extraordinary general meeting and reply to the shareholders in writing within 10 days upon receipt of the request.

### **Procedures for putting forward proposals at general meeting**

Pursuant to the Article 57 of the Articles of Association, when the Company convenes a shareholders' meeting, the Board of Directors, the Audit Committee and shareholders individually or jointly holding 1% or more of the Company's shares are entitled to submit proposals to the Company. Shareholders individually or jointly holding 1% or more of the Company's shares may make a provisional proposal and submit it in writing to the convener 10 days prior to the convening of the shareholders' meeting. The convener of the shareholders' meeting shall issue a supplemental notice of shareholders' meeting within two days upon receipt of such proposal, setting out the content of the provisional proposal and submitting such provisional proposal to the shareholders' meeting for consideration; provided, however, that the provisional proposal shall be in compliance with the provisions of the laws, administrative regulations or the Articles of Association or shall fall within the scope of functions and powers of the shareholders' meeting.

Except as provided in the preceding paragraph, the convener shall not modify or add new proposals after issuing the notice of shareholders' meeting. No vote or resolutions shall be cast or passed at the shareholders' meeting on proposals that are not listed in the notice of shareholders' meeting or that do not comply with laws, regulations and the Articles of Association.

In the notices of shareholders' meetings and their supplementary notices, the specific content of the proposal as well as all the information or explanations needed to enable shareholders to make reasonable judgments on the matters to be discussed should be adequately and completely disclosed.

### **Inquiries to the Board or Proposals at Company's General Meetings**

Shareholders and investors may send written enquiries or requests to the Company and proposals at general meetings of the Company as follows:

Address: Unit 3002, 30/F, South Tower, Shanghai International Fortune Center, No. 36 Xin Jin Qiao Road, Pudong New District, Shanghai

Email: [ir@contioceangroup.com](mailto:ir@contioceangroup.com)

Telephone: (+86) 21-50315500

Fax: (+86) 21-50310066

Enquiries will be dealt with in a timely and informative manner.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

The Company adopted the Shareholders' Communication Policy, which sets out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner. The Shareholders' Communication Policy will be reviewed on a regular basis by the Board.

The Company also has a website at <http://www.contioceangroup.com> with a dedicated "Investor Relations" section containing corporate communications documents, Listings documents, announcements, reports, company information and other documents published by the Company on the website of the Hong Kong Stock Exchange for public inspection. The Company's website serves as a platform for communication with shareholders and investors.

Shareholders and investors may also write to the Company's principal place of business and headquarters in the PRC at Unit 3002, 30/F, South Tower, Shanghai International Fortune Center, No. 36 Xin Jin Qiao Road, Pudong New District, Shanghai or email to [ir@contioceangroup.com](mailto:ir@contioceangroup.com) for enquiries. Such enquiries will be responded to as soon as possible.

Information shall be provided to the Shareholders and the investment community mainly through the following communication channels:

- (a) the Company's announcements, circulars, interim reports and annual reports etc.;
- (b) the Company's annual general meetings and extraordinary general meetings;
- (c) investors and analysts meetings;
- (d) press releases; and
- (e) the Company's website at <http://www.contioceangroup.com> and the HKEX news website of the Stock Exchange at <https://www.hkexnews.hk>.

The Board regularly reviews the Shareholders' Communication Policy on an annual basis to ensure its effectiveness. After reviewing the various measures, the Board is of the view that the Shareholders' Communication Policy for the year ended 31 December 2025 has been properly implemented and effective.

# Corporate Governance Report *(Continued)*

## DIVIDEND POLICY

Subject to Articles of Association and the PRC Company Law, we have adopted the dividend policy as below:

- (1) The Company shall prioritize reasonable investment returns for shareholders, ensuring the continuity and stability of its profit distribution policy.
- (2) The principles for dividend distribution shall include:
  - (i) Compliance with applicable laws, regulations, and our articles of association, including adherence to prescribed conditions and procedures;
  - (ii) Balancing long-term corporate development with equitable returns to investors;
  - (iii) Equal rights and benefits for shares of the same class.
- (3) The Company may adopt cash dividends, stock dividends, or a combination of cash and stock for profit distribution.

Upon approval of the profit distribution plan at the shareholders' meeting, the Board of Directors must complete the dividend (or stock) distribution procedures within 2 months after the shareholders' meeting.

## CHANGES IN ARTICLES OF ASSOCIATION

The Articles of Association have been amended and restated with effect from the Listing Date, and are available on the respective websites of the Stock Exchange and the Company. On 28 March 2025 and 15 December 2025, the Board further proposed amendments to the Articles of Association to reflect the changes as a result of, among others, the listing of the H shares of the Company on the Stock Exchange and certain events in accordance with the requirements of the PRC Company Law and the Listing Rules. The proposed amendments have been approved by the shareholders of the Company by way of special resolution at the annual general meeting and extraordinary general meeting of the Company held on 16 May 2025 and 6 January 2026. For details, please refer to the Company's announcement dated 28 March 2025 and 15 December 2025. Save as disclosed above, there have been no other changes in constitutional documents of the Company during the Reporting Period.

# Report of Directors

The Board of Directors is pleased to submit this Annual Report together with the audited financial statements of the Group for the Reporting Period.

## BOARD OF DIRECTORS

The Board currently comprises five executive Directors and three independent non-executive Directors.

The Directors, in the Reporting Period were:

### Executive Directors

Mr. Zhou Yang (*Chairman*)  
Mr. Zhao Mingzhu  
Mr. Chen Zhiyuan  
Mr. Shu Wa Tung, Laurence  
Mr. Chen Rui

### Independent Non-executive Directors

Mr. Zhu Rongyuan  
Dr. Guan Yanmin  
Ms. Ng Sin Kiu

The biographical details of the current Directors are set out in the section of “Directors, Supervisors and Senior Management” of this Annual Report. The Company has received written confirmation from all independent non-executive Directors regarding their independence as required under Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent.

## GENERAL INFORMATION

The Company was established as a limited liability company in the PRC on 31 May 2017 and was converted into a joint stock company with limited liability on 28 December 2022 under the laws of the PRC. The Company’s H Shares were initially listed on the Main Board of the Stock Exchange on 9 January 2025.

# Report of Directors *(Continued)*

## PRINCIPAL ACTIVITIES

We are a world leading maritime environmental protection equipment and system provider serving customers from different regions.

An analysis of the Company's revenue and operating profit for the year by principal activities is set out in the section of "Management Discussion and Analysis" in this Annual Report.

## Corporate Risk Disclosure Statement

The Board of Directors is aware that the Group's financial position, operating performance, business operations, and future prospects may be impacted by various risks and uncertainties. Key risks are set out in the Corporate Governance Report in this Annual Report.

## BUSINESS REVIEW AND OUTLOOK

The business review and outlook of the Group for the year ended 31 December 2025 is set out in the "Management Discussion and Analysis" of this Annual Report which constitutes part of this Report of Directors.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to operating its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations. Further details of the Company's environmental policies and performance are disclosed in the "Environmental, Social and Governance Report" which is to be published on the same day as this Annual Report.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group. During the year ended 31 December 2025, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

# Report of Directors *(Continued)*

## EMPLOYEES AND REMUNERATION POLICIES

The Company enters into employment contracts with employees, establishes a standardized compensation system, and contributes to employees' social insurance and housing provident fund. The Company continuously optimizes institutional documents such as the Personnel Management System and the Employee Handbook, implementing them in strict accordance with established regulations. Meanwhile, tailored to distinct business requirements across different departments, the Company implements position-based incentive policies, effectively enhancing employees' work motivation.

## RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiary in PRC are members of a state-managed retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions. For details on pension contributions, please refer to note 36 to the consolidated financial statements.

## MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, the revenue contributed by the Group's largest customer accounted for approximately 23.5% of the Group's total revenue for the same year, while the total revenue contributed by its top five customers accounted for approximately 71.5% of the Group's total revenue for the same year.

For the year ended 31 December 2025, the procurement from the top five suppliers accounted for 44.6% of the Group's total amount, with the largest supplier accounted for approximately 15.4% of the Group's total procurement.

Save as disclosed above, the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) do not have any interest in any of the abovementioned major customers.

## BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and senior management of the Company during the Reporting Period are set out in the section of "Directors, Supervisors and Senior Management" of this Annual Report.

# Report of Directors *(Continued)*

## CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

Save as disclosed in this Annual Report, the Directors and Supervisors confirm that there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at the date of this Annual Report.

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of our Directors and Supervisors has entered into a service contract with our Company. The principal particulars of these service contracts comprise (a) a term of three years commencing from the date of appointment; and (b) termination provisions in accordance with their respective terms. Our Directors may be re-appointed subject to Shareholders' approval.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Annual Report, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and the Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors and the Supervisors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

## REMUNERATION OF THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

The Company has adopted the Pre-IPO Share Option Scheme as incentive to eligible employees, details of the scheme are set out in the paragraph headed "Share Option Scheme" below.

Details of the Directors' Supervisors', senior management's emoluments and emoluments of the five highest paid individuals in the Group are set out in note 12 to the consolidated financial statements.

## Report of Directors *(Continued)*

In accordance with code provision E.1.5 of the CG Code, the remuneration range of the Group's top five senior management during the Reporting Period are set out in the table below:

	Year ended 31 December	
	2025	2024
	No. of employees	No. of employees
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	2	2
HK\$7,500,001 to HK\$8,000,000	–	–
	5	5

### INTERESTS OF THE DIRECTORS, SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACT OF SIGNIFICANCE

The Directors have confirmed that other than business of the Group, none of the Directors, Supervisors and entities connected with the Directors or Supervisors had a material interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

### CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACT OF SIGNIFICANCE

No contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by Controlling Shareholders or any of their subsidiaries was entered into during the Reporting Period.

# Report of Directors *(Continued)*

## **DIRECTORS INTERESTS IN COMPETING BUSINESS**

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

## **MANAGEMENT CONTRACTS**

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

## **DEED OF NON-COMPETITION**

The deed of non-competition dated 12 October 2023 (the “**Deed of Non-Competition**”) was entered into by each of the Controlling Shareholders in favor of the Company, as further described under the section headed “Relationship with our Controlling Shareholders — Non-competition Undertaking” in the Prospectus. The Company has received an annual declaration in writing from each Controlling Shareholder confirming that it had complied with the non-competition undertakings provided to the Company under the Deed of Non-Competition. The independent non-executive Directors reviewed the status of compliance and enforcement of the Deed of Non-Competition and confirmed that all the undertakings thereunder have been complied with for the year ended 31 December 2025.

## **RELATIONS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS**

The success of the Group relies on the support of important relations such as employees, suppliers and customers.

The Company maintains a good relationship with its employees, customers, suppliers and investors in order to ensure our business continues to develop.

## **RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS**

No related party transactions and connected transactions occurred during the Reporting Period.

## Report of Directors *(Continued)*

### DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

During the Reporting Period, so far as the Directors are aware, the following Directors, Supervisors and chief executives of the Company had or were deemed or taken to have interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

#### Long positions in the Shares or underlying Shares of the Company

Name	Nature of Interest	Class of Shares	Number of Shares <sup>(1)</sup>	Approximate percentage of relevant class of share capital (%)	Approximate shareholding percentage in total share capital of the Company (%)	
Mr. Zhou Yang <sup>(2)</sup>	Beneficial owner	Non-H Share	9,787,500 (L)	32.63	24.47	
		H Share	167,500 (L) <sup>(3)</sup>	1.68	0.42	
	Interest in controlled corporation	Non-H Share	2,400,000 (L)	8.00	6.00	
		Interest held jointly with another person	Non-H Share	16,312,500 (L)	54.38	40.78
Mr. Zhao Mingzhu <sup>(2)</sup>	Beneficial owner	H Share	335,000 (L)	3.35	0.84	
		Non-H Share	8,156,250 (L)	27.19	20.39	
	Interest in controlled corporation	H Share	167,500 (L) <sup>(3)</sup>	1.68	0.42	
		Non-H Share	2,400,000 (L)	8.00	6.00	
Mr. Chen Zhiyuan <sup>(2)</sup>	Beneficial owner	Non-H Share	17,943,750 (L)	59.81	44.86	
		H Share	335,000 (L)	3.35	0.84	
	Interest in a controlled corporation	Non-H Share	8,156,250 (L)	27.19	20.39	
		H Share	167,500 (L) <sup>(3)</sup>	1.68	0.42	
Mr. Shu Wa Tung, Laurence	Beneficial owner	Non-H Share	2,400,000 (L)	8.00	6.00	
		Interest held jointly with another person	Non-H Share	17,943,750 (L)	59.81	44.86
		H Share	335,000 (L)	3.35	0.84	
Mr. Chen Rui	Beneficial owner	Non-H Share	1,500,000 (L)	5.00	3.75	
		H Share	134,000 (L) <sup>(3)</sup>	1.34	0.34	
		H Share	201,000 (L) <sup>(3)</sup>	2.01	0.05	

## Report of Directors *(Continued)*

### Notes:

- (1) The letter “L” denotes respectively a “long position” (as defined under Part XV of the SFO) in such Shares.
- (2) Mr. Zhou Yang, Mr. Zhao Mingzhu, and Mr. Chen Zhiyuan are parties acting in concert. Please see “Relationship with Our Controlling Shareholders — Controlling Shareholders — The Concert Party Agreement” in the Prospectus for further details. In addition, for the purpose of Part XV of the SFO, each of them is deemed to be interested in the 2,400,000 Shares held by ContiOcean Development, whose general partner is ContiOcean Industrial, a company owned by Mr. Zhou Yang, Mr. Zhao Mingzhu and Mr. Chen Zhiyuan.
- (3) Each of Mr. Zhou Yang, Mr. Zhao Mingzhu, Mr. Chen Zhiyuan, Mr. Shu Wa Tung, Laurence and Mr. Chen Rui was granted share options under the Pre-IPO Share Option Scheme to each subscribe for 250,000 Shares, 250,000 Shares, 250,000 Shares, 200,000 Shares and 300,000 Shares. 33% of the corresponding share options had lapsed as the vesting conditions were not met.

Save as disclosed above, during the Reporting Period, there were no other Directors, Supervisor and chief executives of the Company who had or were deemed or taken to have interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Report of Directors *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

During the Reporting Period, so far as the Directors are aware, the following persons (other than the Directors, Supervisors or chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Class of Share	Number of Shares <sup>(1)</sup>	Approximate percentage of relevant class of share capital (%)	Approximate shareholding percentage in total share capital of the Company (%)
Ms. Sun Xin <sup>(2)</sup>	Interest of spouse	Non-H Share	28,500,000 (L)	95.00	71.25
		H Share	502,500 (L)	5.03	1.26
Ms. Sun Wenting <sup>(3)</sup>	Interest of spouse	Non-H Share	28,500,000 (L)	95.00	71.25
		H Share	502,500 (L)	5.03	1.26
Ms. Sun Yuanyuan <sup>(4)</sup>	Interest of spouse	Non-H Share	28,500,000 (L)	95.00	71.25
		H Share	502,500 (L)	5.03	1.26
Ms. Ko Ming Mei Joanna <sup>(5)</sup>	Interest of spouse	Non-H Share	1,500,000 (L)	5.00	3.75
China Credit Trust Co., Ltd <sup>(6)</sup>	Interest in a controlled corporation	H Share	2,443,000 (L)	24.43	6.11
Harvest Fund Management Co., Ltd. <sup>(6)</sup>	Interest in a controlled corporation	H Share	2,443,000 (L)	24.43	6.11
ContiOcean Industrial <sup>(7)</sup>	Interest in a controlled corporation	Non-H Share	2,400,000 (L)	24.00	6.00
ContiOcean Development <sup>(7)</sup>	Beneficial owner	Non-H Share	2,400,000 (L)	24.00	6.00
Matrix Income SPC — Matrix Income SP <sup>(8)</sup>	Investment manager	H Share	1,170,500 (L)	11.71	2.93
Invincible Investment SPC — Invincible Stable Growth SP <sup>(9)</sup>	Investment manager	H Share	870,000 (L)	8.70	2.18
Capital Melody Investments LPF <sup>(10)</sup>	Beneficial owner	H Share	732,900 (L)	7.33	1.83

## Report of Directors *(Continued)*

### Notes:

- (1) The letter “L” denotes a “long position” (as defined under Part XV of the SFO) in such Shares.
- (2) Ms. Sun Xin, who is the spouse of Mr. Zhou Yang, is deemed to be interested in all the Shares in which Mr. Zhou Yang is interested.
- (3) Ms. Sun Wenting, who is the spouse of Mr. Zhao Mingzhu, is deemed to be interested in all the Shares in which Mr. Zhao Mingzhu is interested.
- (4) Ms. Sun Yuanyuan, who is the spouse of Mr. Chen Zhiyuan, is deemed to be interested in all the Shares in which Mr. Chen Zhiyuan is interested.
- (5) Ms. Ko Ming Mei Joanna, who is the spouse of Mr. Shu Wa Tung, Laurence, is deemed to be interested in all the Shares in which Mr. Shu Wa Tung Laurence, is interested.
- (6) According to the disclosure of interests form submitted by China Credit Trust Co., Ltd and Harvest Fund Management Co., Ltd. dated 9 January 2025, Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Oriental SP is owned as to 91% by Harvest Global Investments Limited. Harvest Global Investments Limited is in turn owned as to 100% by Harvest Fund Management Co., Ltd. Harvest Fund Management Co., Ltd. is in turn owned as to 40% by China Credit Trust Co., Ltd. China Credit Trust Co., Ltd. and Harvest Fund Management Co., Ltd. are therefore deemed to be interested in 2,443,000 H Shares beneficially owned by Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Oriental SP.
- (7) ContiOcean Industrial is the general partner of ContiOcean Development. ContiOcean Industrial is therefore deemed to be interested in the 2,400,000 Non-H Shares held by ContiOcean Development.
- (8) According to the disclosure of interests form submitted by Matrix Income SPC — Matrix Income SP dated 9 January 2025, Matrix Income SPC — Matrix Income SP is interested in 1,170,500 H Shares in the capacity of investment manager.
- (9) According to the disclosure of interests form submitted by Invincible Investment SPC — Invincible Stable Growth SP dated 9 January 2025, Invincible Investment SPC — Invincible Stable Growth SP is interested in 870,000 H Shares in the capacity of investment manager.
- (10) According to the disclosure of interests form submitted by Capital Melody Investments LPF dated 14 July 2025, he is the beneficial owner of 732,900 H Shares.

Save as disclosed above, during the Reporting Period, there were no other persons (other than the Directors, Supervisor and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

# Report of Directors *(Continued)*

## PRE-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme which became effective on 27 July 2024. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by the Company after the Listing.

### (a) Purpose

The purpose of the Pre-IPO Share Option Scheme is to improve our Company's incentive mechanism to attract and retain outstanding talents, to better align the interests of our Company's employees and senior management with those of the Shareholders and our Company, and to promote the long-term, sustainable and healthy development of our Company.

### (b) Number of Shares

The maximum number of Shares underlying the options under the Pre-IPO Share Option Scheme shall be 3,930,000 H Shares, representing approximately 13.1% of the issued share capital of the Company on 27 July 2024 (being the date of approval of the scheme). Each option entitles the purchase of one H Share. There is no reserved entitlement under the Pre-IPO Share Option Scheme. No further options will be granted under the Pre-IPO Share Option Scheme after Listing.

### (c) Participants

The Participants of the Pre-IPO Share Option Scheme are our executive Directors, senior managements (as defined under the Articles of Association) and core employees working for our Group as approved by the shareholders' meeting of the Company.

### (d) Administration

The Board is responsible for the implementation of the Pre-IPO Share Option Scheme.

### (e) Implementation

Adjustment of the number of share options and the exercise price: In the event of any conversion of capital reserve into share capital, distribution of stock dividends, share split, reduction of share capital, allotment of shares or distribution of dividends by the Company before exercise of share options, the number of share options and the exercise price shall be adjusted accordingly pursuant to the terms of the Pre-IPO Share Option Scheme.

Alternation and termination of the Pre-IPO Share Option Scheme: Shareholders' approval is required for considering and approving the implementation, alteration and termination of the Pre-IPO Share Option Scheme and authorizing the Board for handling certain matters relating to the Pre-IPO Share Option Scheme. Upon the termination of the Pre-IPO Share Option Scheme, the Company shall cancel any outstanding share options. The total number of share options available for grant under the Pre-IPO Share Option Scheme is 3,930,000 H Shares, which have been granted on 29 July 2024.

## Report of Directors *(Continued)*

### (f) Date of grant of options

All options under the Pre-IPO Share Option Scheme have been granted on 29 July 2024. No consideration was paid for the grant of such options, which is to align with the purpose of the Pre-IPO Share Option Scheme as disclosed above. No further options will be granted under the Pre-IPO Share Option Scheme.

### (g) Exercising Arrangement

The options granted under the Pre-IPO Share Option Scheme shall be exercised in tranches as per the agreed proportions upon satisfaction of the exercising conditions. The exercising date must be a trading day within the validity period of the Pre-IPO Share Option Scheme. Details of the exercising period and exercising arrangements for all options granted under the Pre-IPO Share Option Scheme are as follows:

Exercising period	Exercising time	Exercising proportion
First exercising period	From the first trading day after 12 months from the Listing Date to the last trading day within 24 months from the Listing Date	33%
Second exercising period	From the first trading day after 24 months from the Listing Date to the last trading day within 36 months from the Listing Date	33%
Third exercising period	From the first trading day after 36 months from the Listing Date to the last trading day within 48 months from the Listing Date	34%

## Report of Directors *(Continued)*

### (h) Exercise of Options

The Board shall consider whether the exercising conditions stipulated in the Pre-IPO Share Option Scheme are satisfied. The exercising conditions stipulated in the Pre-IPO Share Options Scheme include performance targets at both Company-level and grantee-level. The Company-level performance target is based on the net profit of the Company during the exercising period. The grantee-level performance target is based on the annual grantee-level performance appraisal of the relevant grantee. Only those grantees who achieve at least a grantee-level performance appraisal of satisfactory standard are qualified to exercise their options. For grantees who satisfy the exercising conditions, the Company may make centralized arrangements for the exercise of share options and handle relevant matters of the exercise. For grantees who fail to satisfy the conditions, the Company shall cancel their share options with respect to such exercise that they have applied for.

Exercise price of share options: The exercise price of all share options granted under the Pre-IPO Share Option Scheme is RMB25 per H Share. The exercise price was determined by reference to the fair value per share established in the issuer's asset valuation report as of 30 November 2023.

Cancellation of options: If a grantee fails to apply for exercise of options within the requisite period or is unable to apply for exercise of options due to the failure to meet exercising conditions, the Company shall cancel the corresponding options that have not been exercised according to the specified rules under the Pre-IPO Share Option Scheme.

### (i) Expiry of options

The validity period for all of the options granted under the Pre-IPO Share Option Scheme shall be from 29 July 2024 (being the date of grant) to the date on which the relevant share option granted are exercised or cancelled, which in any event will not be longer than 10 years from the date of grant. The Participants of the Pre-IPO Share Option Scheme may only exercise their options within the validity period in accordance with relevant rules. After the expiry of the validity period, all outstanding share options will lapse and be cancelled.

### (j) Rights and restrictions attached to the Pre-IPO Share Option Scheme

The Participants who are granted options under the Pre-IPO Share Option Scheme shall abide by the rights and obligations under the Pre-IPO Share Option Scheme and relevant laws and regulations. Share options under the Pre-IPO Share Option Scheme shall not be transferred, used as security or to repay debts. If a Participant leaves the Group for any reason other than death, disability, retirement or redeployment, that Participant's unexercised and unvested options under the Pre-IPO Share Option Scheme will be cancelled by the Company. Such Participant's exercised options under the Pre-IPO Share Option Scheme will not be affected. If a Participant retires and continues to provide services to the Group, the Participant's options under the Pre-IPO Share Option Scheme will remain valid and the individual performance target in relation to exercising conditions will be based on the combined performance of the original and new positions. If a Participant retires and does not continue to provide services to the Group, that Participant's unexercised and unvested options under the Pre-IPO Share Option Scheme will be cancelled by the Company.

## Report of Directors *(Continued)*

### (k) Summary of Grantees

On 29 July 2024, our Company granted share options for an aggregate of 3,930,000 H Shares (being the maximum number of H Shares underlying the options under the Pre-IPO Share Option Scheme), representing 9.83% of the issued share capital of the Company immediately following completion of the Global Offering to 50 grantees.

Details of the share options under the Pre-IPO Share Option Scheme during the Year are as follows:

#### Share Options Movements

Grantee	Number of outstanding share options as at the beginning of the Reporting Period	Number of share options granted during the Reporting Period	Number of share options exercised during the Reporting Period	Number of share options cancelled during the Reporting Period	Number of outstanding share options lapsed in accordance with the terms of the scheme during the Reporting Period (Note)	Number of outstanding share options as at the end of the Reporting Period
Directors						
Zhou Yang	167,500	–	–	–	82,500	85,000
Zhao Mingzhu	167,500	–	–	–	82,500	85,000
Chen Zhiyuan	167,500	–	–	–	82,500	85,000
Shu Wa Tung, Laurence	134,000	–	–	–	66,000	68,000
Chen Rui	201,000	–	–	–	99,000	102,000
Employees (Other than Directors)	1,775,500	–	–	–	874,500	901,000
<b>Total</b>	<b>2,613,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,287,000</b>	<b>1,326,000</b>

Note:

These options were regarded as lapsed during the year ended 31 December 2025 in accordance with terms of the scheme.

## Report of Directors *(Continued)*

The number of Shares that may be issued in respect of share options granted during the Year under the Pre-IPO Share Option Scheme divided by the weighted average number of Shares of the relevant class in issue for the year ended 31 December 2025 was nil as no H Share was issued before the Listing Date.

The vesting period of the Pre-IPO Share Option Scheme is from the date of grant until the commencement of the period during which they are exercisable.

The Pre-IPO Share Option Scheme will expire on 28 July 2034 unless otherwise cancelled or amended. As at the date of this Annual Report, the remaining period of validity of the Pre-IPO Share Option Scheme is approximately 8 years.

### The 2025 H Share Restricted Share Scheme

The Scheme was effective upon the approval of the Scheme by the Shareholders at the EGM on 1 August 2025.

#### (1) Purpose of the Scheme:

The purpose of the Scheme is to recognise and acknowledge the contributions which the Eligible Participants have made or may make to the Group. The Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company, with the view to achieving the following principal objectives:

- motivating the Eligible Participants to optimise their performance and efficiency for the benefit of the Group;
- rewarding the Eligible Participants who have achieved outstanding performance; and
- attracting and retaining or otherwise maintaining ongoing business relationships with the Eligible Participants whose contributions are, or will, or are expected to be, beneficial to the Group.

#### (2) Administration of the Scheme

The general meeting of the Shareholders as the highest authority of the Company can authorize the Board to handle matters pertaining to the Scheme within the scope of its authority. In order to implement the Scheme, the general meeting of the Shareholders authorizes the Board and the Committee as authorized by the Board to serve as the administrators of the Scheme, which are responsible for reviewing and approving the implementation, changes and termination of the Scheme, and handling other related matters of the Scheme within the scope as authorized by the general meeting of the Shareholders.

## Report of Directors *(Continued)*

### (3) Eligible Participants and the basis of determining the eligibility of the Eligible Participants

The Eligible Participants who may participate in the Scheme shall be the persons who have the right to receive the Award as determined by the Board in accordance with the terms of the Scheme, and the scope of the Eligible Participants include: (i) Employee Participants; (ii) Related Entity Participants; (iii) Service Providers; and (iv) Other Participants. In determining the basis of eligibility of each Eligible Participant, the Board or the Committee would take into account of, among others, the experience of the Eligible Participant in respect of the business of the Group, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions that the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

### (4) Source of the Awards

The Board shall entrust a qualified trust manager to act as the Trustee under the Scheme to establish a trust plan with the objective of implementing equity incentives. The Eligible Participants will be granted the Awards and thus indirectly hold the interest of the Company's shares through the Trust. The Awards will be vested upon the fulfilment of certain conditions. The Awards granted to the Eligible Participants shall be subject to the terms of the Scheme and the restrictive terms as agreed in the Trust Deed. The Eligible Participants shall be entitled to the corresponding rights and interests in accordance with the terms agreed in the Trust Deed. The Board instructs the Trustee to purchase existing H Shares on the Stock Exchange or off the Stock Exchange from existing Shareholders. Should the Shares be purchased by the Trustee off the Stock Exchange from existing Shareholders, the purchase price must not be higher than the lower of the following: (i) the closing market price on the date of such purchase; and (ii) the average closing market price for the five (5) preceding trading days on which the H Shares were traded on the Stock Exchange

### (5) Life of the Scheme

Subject to any early termination of the Scheme pursuant to the terms of the Scheme, the Scheme shall be valid and effective for ten (10) years commencing from the Adoption Date (i.e. 1 August 2025 which is the day on which the Scheme is approved by the Shareholders at the EGM).

### (6) Maximum number of shares of the Scheme

The maximum number of H Shares that the Trustee can acquire and hold from time to time under the Scheme throughout the life of the Scheme shall not exceed 10% of the total number of issued Shares of the Company (excluding treasury shares, if any) (the "Scheme Mandate Limit"). As at the Latest Practicable Date, the total number of issued Shares of the Company (excluding treasury shares) was 40,000,000 Shares. Assuming that there is no change in the total number of the issued Shares of the Company during the period between the Latest Practicable Date and the Adoption Date (which may change from time to time), the Scheme Mandate Limit will be 4,000,000 Shares (representing 10% of the total number of the issued Shares of the Company (excluding treasury shares, if any) as at the Adoption Date). Within the Scheme Mandate Limit, the maximum number of H Shares that may be granted to the Service Providers under the Scheme and all share options and share awards that may be granted under any other share scheme(s) of the Company must not in aggregate exceed 1% of the total number of issued Shares of the Company (excluding treasury shares) (the "Service Provider Sublimit"). Assuming that there is no change in the total number of issued Shares of the Company during the period between the Latest Practicable Date and the Adoption Date (which may change from time to time), the Service Provider Sublimit will be 400,000 Shares (representing 1% of the total number of the issued Shares of the

## Report of Directors *(Continued)*

Company (excluding treasury shares) as at the Adoption Date). The Company will take appropriate measures to ensure at least 25% of the Company's total issued Shares are held by the public Shareholders from time to time, and the Company will not make any Award under the 2025 H Share Restricted Share Scheme which will render the Company failing to maintain the public float requirement.

### (7) Maximum entitlement to each Eligible Participant

According to the Scheme, the maximum entitlement of the Awards and all share options and share awards that may be granted under any other scheme(s) to be granted to any Eligible Participant (excluding any Awards lapsed in accordance with the terms of the Scheme) in any period of twelve (12) months up to and including the date of such grant shall not in aggregate exceed 1% of the total number of issued Shares of the Company (excluding treasury shares, if any) unless approved by way of special resolution at the general meeting.

### (8) Date of grant

The date on which the Awards are granted to the Eligible Participants is the date when the Company signs and issues the Award Letter to the Eligible Participants. The date of grant shall be determined by the Board or the Committee.

### (9) Consideration for the grant of the Scheme

According to the provisions of the Scheme, the incentive consideration (if any) of the Eligible Participants shall be determined by the Board or the Committee and shall be agreed in the Award Letter. The Eligible Participant shall, in accordance with the Scheme, pay the relevant amount of the purchase price, if any, corresponding to the Awards vested and received by the Eligible Participant to the Company or such other entity as the Company may designate in accordance with the instructions as set out in the Award Letter.

### (10) Vesting period

Subject to the satisfaction of all vesting conditions as set out in the Award Letter to each Eligible Participant, the Award granted under the Scheme shall be held for not less than twelve (12) months before being vested on the Eligible Participant and in accordance with the applicable vesting schedule as set out in the Award Letter. However, to ensure the practicability in fully attaining the purpose of the Scheme, the Board and the Remuneration Committee are of the view that (1) there are certain instances where a strict twelve (12) months vesting requirement would not work or would not be fair to the holders of the Awards, (2) there is a need for the Company to retain flexibility in certain cases to provide a competitive remuneration package to attract and retain individuals to provide services to the Group, and (3) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition and thus should have flexibility to impose vesting conditions depending on individual circumstances and performance-based vesting conditions, or such other time-based vesting criteria which effectively restricts an Eligible Participant's Award shares for at least 12 months. Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period is in line with the market practice and is appropriate and aligns with the purpose of the Scheme. Vesting Date may be less than twelve (12) months from the grant date in the following circumstances: (1) grants of "make whole" Awards to a new Employee Participant to replace Awards such Employee Participant forfeited when leaving his or her previous employer; (2) grants of Awards which are subject to the fulfilment of performance targets pursuant to the terms of the Scheme; (3) grants of Awards that are made in batches during a year for administrative and compliance reasons; (4) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or (5) grants of Awards with a total vesting and holding period of more than 12 months.

## Report of Directors *(Continued)*

### (11) Vesting conditions of the Scheme and clawback mechanism

The Awards granted to an Eligible Participant shall be vested to the Eligible Participant during the vesting period upon satisfaction of the vesting conditions and the performance targets, if any, set forth in the Scheme. The vesting conditions and the performance targets, if any, shall be determined at the sole discretion of the Board or the Committee in the Award Letter. The performance targets, if any, shall be based on the performance of the Eligible Participant and/or the operating or financial performance of the Group and/or such other performance target to be determined by the Board or the Committee in its absolute discretion from time to time. If the Eligible Participant fails to fulfil the vesting conditions applicable to the relevant Awards, the relevant part of the Awards which may otherwise be vested during the respective vesting period shall, unless the Board or the Committee otherwise agrees, lapse forthwith and the relevant Restricted Shares shall not vest on the relevant vesting date. In such case, the Company will give notice of such partial lapse to the Trustee, who will hold the relevant unvested shares as returned shares ("Returned Shares") for the purpose of the Scheme and may upon instructions by the Board or the Committee (i) allocate such Returned Shares as Restricted Shares to any Grantees; or (ii) sell or procure to be sold such Returned Shares, in which case the net sale proceeds thereof shall be deemed as income of the trust fund of the Trust and shall be applied in accordance with the Scheme. Under the Scheme, the Board or the Committee may impose a clawback mechanism for the Company to recover or withhold the remuneration (which may include any Awards granted) to any Eligible Participants in the event of serious misconduct, a material misstatement in the financial statements of the Company or other circumstances in respect of the Awards granted. The Board believes that the aforesaid will provide the Board with more flexibility in setting the terms and conditions of the Restricted Shares under particular circumstances of each grant and facilitate the Board's aim to offer meaningful incentives to attract and retain or otherwise maintain ongoing business relationships that are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole.

### (12) Rights on voting and dividends

Neither the Eligible Participants nor the Trustee may exercise any voting rights attached to any Shares held by the Trustee under the Trust Deed. Subject to the provisions of the Scheme, a Grantee shall not have the right to receive dividends prior to the vesting date. Dividends payable in respect of Awards which have not yet vested shall be retained by the Trustee and form part of the trust fund of the Trust.

### (13) Restrictions and limitations

A Grant or any instruction from the Board to the Trustee to acquire or sell H Shares may not be made after a price sensitive event or inside information has occurred or a price sensitive matter or inside information has been the subject of a decision until such price sensitive information or inside information has been published in accordance with the Listing Rules. In particular, during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results, no Grant may be made to the Directors or connected persons, and the Board shall not give any instruction to the Trustee to purchase or sell the H Shares.

Upon the sale or purchase of the Awards by the Eligible Participants, such person shall comply with the restrictive requirements under the relevant laws and regulations, including but not limited to the restrictions on inside information and compliance with the restrictions (if any) in the number of Shares to be sold.

## Report of Directors *(Continued)*

### (14) Termination of the Scheme

In the event of termination of the Scheme, any ungranted Awards shall lapse and the Restricted Shares underlying the lapsed Awards shall be sold by the Trustee. The Scheme shall terminate on the earlier of: (i) the expiration of the life of the Scheme; or (ii) the date as determined by the Board or the Committee

As of the Latest Practicable Date, in accordance with the rules of the 2025 H Share Restricted Share Scheme and the terms of the trust deed, a total of 910,000 Shares of the Company have been purchased by the trustee of the Scheme on The Stock Exchange of Hong Kong Limited, and no Shares have been granted.

### **MATERIAL LITIGATION**

The Company was not involved in any litigation, arbitration or claim of material importance, during the year ended 31 December 2025. The Directors are also not aware of any litigation, arbitration or claim of material importance that are pending or threatened against the Group which would have a material adverse effect on our financial condition or results of operations, taken as a whole, during the year ended 31 December 2025.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Reporting Period, in accordance with the rules of the Company's 2025 H Share Restricted Share Scheme and the terms of the trust deed, the trustee of the Scheme has purchased a total of 490,000 Shares of the Company on The Stock Exchange of Hong Kong, for a total consideration of approximately HKD15.5 million.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2025.

### **SHARE CAPITAL AND SHARES ISSUED**

On 9 January 2025, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited. Based on the offer price of HK\$31.8 per share, the net proceeds with 10,000,000 H Shares offered from the Global Offering received by the Company, after deduction of the underwriting commission and relevant expenses by the Company in connection with the Global Offering were HK\$273.4 million.

### **BANK LOANS AND OTHER BORROWINGS**

Particulars of bank loans of the Group as at 31 December 2025 are set out in note 27 respectively to the consolidated financial statements.

### **LOAN AND GUARANTEE**

As of 31 December 2025, we have not made any loan or provided any guarantee for loans, directly or indirectly, to the Directors, Supervisors and senior management of the Company, the Controlling Shareholders of the Company or their respective connected persons.

# Report of Directors *(Continued)*

## CONVERTIBLE BONDS

The Group did not issue any convertible bonds during the year ended 31 December 2025.

## DIVIDENDS

The Board has not recommended the payment of final dividend for the Reporting Period.

There was no arrangement under which any Shareholder has waived or agreed to waive any dividend during the Reporting Period.

## PERMITTED INDEMNITY

The Company has purchased appropriate liability insurance for its Directors, Supervisors and senior management in January 2026, and such permitted indemnity provision for the benefit of Directors, Supervisors and senior management still in force and continued to be in force till the date of this Annual Report.

## RESERVES

Details of movements in the reserves of the Company during the year ended 31 December 2025 are set out in the note 38 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company has distributable reserves of RMB28,519,000 in total available for distribution, the Board has not recommended the payment of final dividend for the Reporting Period.

## CHARITABLE DONATIONS

For the year ended 31 December 2025, the donations made by the Group are set out in the section headed “Fostering Harmonious Communities” of the ESG report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company completed the Global Offering of its H Shares on 9 January 2025. After deducting underwriting commissions and related listing expenses, the net proceeds received by the Group from the Global Offering amounted to approximately HKD273.4 million (equivalent to RMB253.2 million). As at the Latest Practicable Date, save as disclosed in the announcement of the Company dated 15 December 2025, there has been no change to the intended application of the net proceeds from the Global Offering according to the intentions previously disclosed in the “Future Plans and Use of Proceeds” section of the Prospectus, and that the Company had used, and proposed to use, the net proceeds from the Global Offering according to the intentions disclosed therein in the Prospectus.

## Report of Directors *(Continued)*

Further details of the usage as at the Latest Practicable Date were as follows:

	Percentage of the total net proceeds as previously disclosed in the Prospectus %	Approximate allocation of net proceeds as previously disclosed in the Prospects (RMB million)	Approximate amount of net proceeds unutilized as at the Latest Practicable Date (RMB million)	Approximate utilization amount of proceeds from the Listing Date (RMB million)	Estimated timeline for utilization of net proceeds
Acquire the controlling stake in a company holding an ocean-going ship as our maritime R&D platform and a mobile exhibition platform to showcase our equipment and system offering and pipeline products	35.8%	90.7	–	90.7	Before end of 2025 (note: the acquisition is currently in progress and is scheduled for completion before the end of July 2026.)
Development of prototype products such as the LFSS (for ammonia), optimization development of the carbon capture system and the waste heat recovery system	7.7%	19.5	7.3	12.2	Before end of 2026
Recruitment of and retaining around 13 new R&D staff	4.1%	10.4	9.0	1.4	Before end of 2025 (note: currently under active recruitment, expected to be delayed until the end of 2026; the fundraising amount is calculated based on the new salaries of 13 employees for 3 years.)

## Report of Directors *(Continued)*

	Percentage of the total net proceeds as previously disclosed in the Prospectus %	Approximate allocation of net proceeds as previously disclosed in the Prospects (RMB million)	Approximate amount of net proceeds unutilized as at the Latest Practicable Date (RMB million)	Approximate utilization amount of proceeds from the Listing Date (RMB million)	Estimated timeline for utilization of net proceeds
Cooperative R&D with universities, enterprises, or R&D institutions	2.4%	6.1	3.5	2.6	In 2025 and 2026
Potential mergers and acquisitions	15.0%	37.9	37.9	–	Before end of 2026
Leasing a production facility in mainland China or Southeast Asia	15.0%	37.9	37.9	–	The location to be determined by 2025 following an extensive research (note: due to market conditions, the location has not yet been finalized, and completion is now expected to be delayed until the end of 2026.)
Establishing four service centers internationally	8.0%	20.3	20.2	0.1	In 2025 and 2026
Upgrading our service centers	2.0%	5.1	3.1	2.0	Before end of 2026
Working capital and other general corporate purposes	10.0%	25.3	–	25.3	N/A
<b>Total</b>	<b>100%</b>	<b>253.2</b>	<b>119.0</b>	<b>134.2</b>	

# Report of Directors *(Continued)*

## PARTICULARS OF SUBSIDIARIES

Details of the Company's principal subsidiaries are set out in note 37 to the consolidated financial statements.

## SIGNIFICANT EVENTS AFTER REPORTING PERIOD

At the extraordinary general meeting held on 6 January 2026, the Company resolved to abolish the Supervisory Board. For details, please refer to the announcement released on that date. Save for the above, no significant event of the Group occurred subsequent to the Reporting Period.

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on 22 May 2026. A notice convening the AGM will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.contioceangroup.com](http://www.contioceangroup.com), and dispatched to the Shareholders of the Company in the manner required by the Listing Rules in due course.

In order to qualify for attending and voting at the AGM, the register of members of H Shares of the Company will be closed from 19 May 2026 to 22 May 2026 (both days inclusive), during which no share transfer will be registered. All transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on 18 May 2026.

Shareholders of unlisted shares may contact the secretary of the Board for details of the transfer registration of unlisted shares. The contact information of the secretary of the Board is Unit 3002, 30/F, South Tower, Shanghai International Fortune Center, No. 36 Xin Jin Qiao Road, Pudong New District, Shanghai.

## CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on publicly available information and to the knowledge of the Directors, as at the date of this Annual Report, the public float of the Company was approximately 22.73%. For details, please refer to the announcements released by the Company on 4 March 2026, 24 March 2026 and 9 April 2026.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

# Report of Directors *(Continued)*

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the People's Republic of China that would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

## AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and external auditors the accounting principles and policies adopted by the Company, the audited consolidated financial statements for the Reporting Period, and discussed internal control, risk management and financial reporting matters.

## AUDITORS

The financial statements have been audited by Fan, Chan & Co. Limited who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment. Save for the resignation of Deloitte Touche Tohmatsu with effect from 7 November 2025 and the appointment of Fan, Chan & Co. Limited with effect from 6 January 2026, there has been no other change in auditor of the Group since the Listing Date.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules. All references above to other sections, reports or notes in this report form part of this Annual Report.

By order of the Board  
**ContiOcean Environment Tech Group Co., Ltd.**  
**Zhou Yang**  
*Chairman and Executive Director*

Shanghai, PRC, 31 March 2026

# Report of the Supervisory Committee

## SUPERVISORY COMMITTEE

In accordance with the relevant provisions of the new Company Law, and in compliance with the applicable regulations, the Company, with the aim of further enhancing its operational efficiency, considered and approved the abolition of the Supervisory Committee at the 2026 First Extraordinary General Meeting held on 6 January 2026. The relevant functions of the Supervisory Committee will continue to be assumed by the Company's Audit Committee. From the date of listing until 6 January 2026, the Supervisory Committee consisted of:

The Supervisory Committee comprised three Supervisors. From the Listing Date and up to the date of this annual report, the Supervisory Committee consists:

Mr. Shen Xiaowei (*chairman of the Supervisory Committee*)

Mr. Yu Yuanyang

Mr. Wu Yunfeng

The biographical details of the current Supervisors are set out in the section headed "Directors, Supervisors and Senior Management" of the Annual Report.

## WORKS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

During the Reporting Period, the Supervisory Committee of the Company held two meetings in accordance with relevant rules:

- (1) On 28 March 2025, the Company's Supervisory Committee convened an on-site meeting, during which the following proposals were reviewed and approved: (i) "2024 Annual Results Announcement"; (ii) "Proposal on the Company's 2024 Annual Report and Its Summary"; (iii) "2024 Annual Financial Report"; (iv) "2025 Financial Budget Report"; (v) "Proposal on the Company's 2024 Profit Distribution Plan"; (vi) "Proposal on the Anticipated Guarantee for the Company's Subsidiaries"; (vii) "Proposal on Reappointing the Company's 2025 Audit Firm"; (viii) "2024 Annual Report of the Supervisory Committee";
- (2) On 15 December 2025, the Company's Supervisory Committee convened an on-site meeting, during which the "Proposal on abolition of Supervisory Committee of the Company".

# Report of the Supervisory Committee *(Continued)*

During the Reporting Period, the attendance of Supervisors at meetings of the Supervisory Committee is as follows:

Name	Attendance/ Number of meetings
Mr. Shen Xiaowei	2/2
Mr. Yu Yuanyang	2/2
Mr. Wu Yunfeng	2/2

## RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Reporting Period, there were no related party transactions and connected transactions.

On behalf of the Supervisory Committee  
**ContiOcean Environment Tech Group Co., Ltd.**  
**Shen Xiaowei**  
*Chairman*

Shanghai, PRC, 31 March 2026



# Report of the Independent Non-executive Directors

As Independent Directors of the Company, Mr. Zhu Rongyuan, Dr. Guan Yanmin and Ms. Ng Sin Kiu have strictly adhered to the provisions of the Company Law, the Articles of Association, and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during their tenure. They have conscientiously, diligently, and prudently performed their duties, actively attended relevant meetings, carefully deliberated on various proposals, and completed all tasks assigned by the Board of Directors. Dr. Guan Yanmin, Mr. Zhu Rongyuan, and Ms. Ng Sin Kiu were all appointed as Independent Directors of the Company in July 2024, with their appointments taking effect from the date of the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited on 9 January 2025. The report on the performance of their duties as Independent Directors for the year 2025 is as follows:

## 1. Basic Information of the Independent Directors

The biographical details of the current Independent Directors are set out in the section headed "Directors, Supervisors and Senior Management" of the Annual Report.

## 2. Statement of Independence

As Independent Directors of the Company, since the date of our respective appointment up to the date of this report, we, our immediate family members, and our principal social connections do not hold any position other than that of Independent Director within the Company and its subsidiaries. There exists no connected relationship between us and the other directors, supervisors, senior management, or the controlling shareholder of the Company. We have not provided financial, legal, consultancy, or other services to the Company or its subsidiaries. We possess the independence required by the Company's Articles of Association and relevant laws and regulations, as well as the qualifications to serve as Independent Directors of the Company. We are capable of exercising objective and independent professional judgment, and no circumstances exist that may affect our independence.

## 3. Annual Report Overview of Independent Directors

As Independent Directors of the Company, we have adhered to a diligent and responsible approach in performing our duties. We attended the Company's Board meetings and general meetings of shareholders on time, and carefully deliberated on the meeting proposals. Prior to meetings, we engaged in adequate communication with the Company's management, the Board Secretary, and other relevant personnel. Based on a full understanding of the actual circumstances, we exercised independent judgment, provided independent opinions, and voted on all proposals submitted by the Company, drawing upon our professional capabilities and experience. We cast affirmative votes on all proposals submitted to the Board of Directors for deliberation, and no dissenting or abstaining votes were cast.

## 4. Meeting Attendance

During 2025, the Company convened a total of seven Board meetings and three general meetings of shareholders. The attendance details for 2025 of Independent Directors, Mr. Zhu Rongyuan, Dr. Guan Yanmin and Ms. Ng Sin Kiu are set out in the section of the Corporate Governance Report.

# Report of the Independent Non-executive Directors *(Continued)*

The Board of Directors has established four specialized committees: the Remuneration Committee, the Audit Committee, the Nomination Committee, and the ESG Committee. Serving as members or chairpersons of these Board committees, the Independent Directors have diligently fulfilled their responsibilities within each committee's scope of work during their tenure. They ensured timely awareness of the progress regarding the Company's significant matters, effectively performed their duties as Independent Directors, and genuinely safeguarded the interests of the Company and all shareholders. The attendance details for 2025 of the four specialized committees are also set out in the section of the Corporate Governance Report.

## 5. Performance of the Independent Directors' Special Powers

During the performance of their duties in 2025, the Independent Directors reviewed and approved the proposal regarding the change of the Company's auditors to Fan, Chan & Co. Limited. During this period, there were no instances where the Independent Directors proposed convening a Board meeting, requested the Board to convene an extraordinary general meeting, independently engaged external audit firms or consultancy firms, or conducted on-site inspections.

## 6. Other matters requiring explanation

- (i) As Independent Directors of the Company, we have strictly performed our duties in accordance with relevant laws, regulations, and the Company's Articles of Association. We attended the Board meetings, carefully deliberated on various proposals, objectively expressed our opinions and views, and exercised independent and impartial judgment based on our professional expertise, effectively safeguarding the interests of minority shareholders.
- (ii) We monitored the Company's operational and management conditions. Through on-site and remote communication methods, we gained an in-depth understanding of matters such as the improvement and implementation of the Company's production, operation, and internal control systems; the execution of Board resolutions; financial management; and business development. We paid close attention to the Company's daily operational status and governance practices, promptly obtained the information and materials necessary for decision-making, and fully expressed our views at Board meetings, thereby promoting the scientific and objective nature of the Board's decision-making.
- (iii) Through continuous study of laws and regulations related to the performance of duties by Independent Directors, we have deepened our understanding and comprehension of these regulations and enhanced our awareness of protecting the legitimate rights and interests of the Company and its investors.

Mr. Zhu Rongyuan, Dr. Guan Yanmin and Ms. Ng Sin Kiu  
Independent Directors of the Company  
31 March 2026

# Independent Auditor's Report



## TO THE SHAREHOLDERS OF CONTIOCEAN ENVIRONMENT TECH GROUP CO., LTD.

(上海匯舸環保科技集團股份有限公司)

*(incorporated in People's Republic of China with limited liability)*

### OPINION

We have audited the consolidated financial statements of ContiOcean Environment Tech Group Co., Ltd. (“上海匯舸環保科技集團股份有限公司”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 99 to 190, which comprise the consolidated statement of financial position of the Group as at 31 December, 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December, 2025 and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report *(Continued)*

## KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>As disclosed in Note 5 to the consolidated financial statements, the Group recognised revenue generated from providing goods and services amounting to RMB383 million for the year ended 31 December, 2025. Revenue has a significant impact on the Group's consolidated financial statements and is one of the Group's key performance indicators, which has an inherent risk of manipulation to achieve the expected goals. Therefore, we identify the occurrence of revenue recognition as a key audit matter.</p>	<p>The major audit procedures we performed in relation to the occurrence of revenue recognition include:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of the key controls over the revenue recognition process, evaluating the design and implementation of these controls, and testing the operating effectiveness of relevant controls;</li><li>• Obtaining and evaluating the Group's revenue recognition policy and assessing whether it complies with the requirements of IFRS 15 <i>Revenue from Contracts with Customers</i>, based on our review of the key terms of selected sales contracts;</li><li>• Performing tests of details by selecting samples of revenue transactions and vouching them to supporting documentation, including customer acceptance documents and, where relevant, sea trial reports evidencing completion of performance obligations, to assess whether the revenue transactions had occurred; and</li><li>• For the samples selected, obtaining and inspecting evidence of payments received from customers or letters of credit issued by customers in accordance with the contractual terms.</li></ul>

# Independent Auditor's Report *(Continued)*

## KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<p><b>Fair value measurement and occurrence of financial assets at fair value through profit or loss ("FVTPL")</b></p> <p>As disclosed in Note 24 to the consolidated financial statements, the Group's investments in wealth management products classified as financial assets at FVTPL amounted to approximately RMB137 million as at 31 December, 2025 with fair value gain of approximately RMB3 million recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December, 2025. The valuation of the financial assets at FVTPL are categorised within Level 3 of the fair value hierarchy. The fair values were determined by the management primarily based on the net assets statements provided by the fund issuers. The inherent risks relating to the occurrence of the underlying investments and the fair value measurement under Level 3 of the fair value hierarchy are significant. We identified the fair value measurement of the Group's investments in wealth management products classified as financial assets at FVTPL as a key audit matter due to the significance of the amount invested in the underlying investments, and subjective judgements required and estimation uncertainty involved in determining the fair values.</p>	<p>The major audit procedures we performed in relation to the fair value measurement and occurrence of financial assets at FVTPL include:</p> <ul style="list-style-type: none"><li>• Understanding the key controls over the approval, execution, recording and valuation of investments;</li><li>• Assessing the appropriateness of management's valuation methodology used in determining the fair value of the investments in accordance with the requirements of applicable accounting standards;</li><li>• Holding discussions with relevant personnel of the investment vehicles to understand the terms of the investments and the business relationship;</li><li>• Examining, on a sample basis, supporting documentation for investment transactions, including subscription agreements and bank payment records;</li><li>• Agreeing the number of shares and the fair value of the investments held by the Group to the confirmations received independently from the fund issuers;</li><li>• Inspecting the investment statements and evaluating the basis of the net asset values reported;</li><li>• Performing analytical procedures to compare the aggregate market values disclosed in the net assets statements with available external market data, such as yield-to-maturity benchmarks, where applicable, to assess whether the reported fair values are reasonable;</li><li>• Evaluating the disclosures related to financial assets at FVTPL in the consolidated financial statements.</li></ul>

# Independent Auditor's Report *(Continued)*

## OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2025.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

# Independent Auditor's Report *(Continued)*

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Independent Auditor's Report *(Continued)*

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Fan, Chan & Co. Limited**

*Certified Public Accountants*

### **Leung Kwong Kin**

Practising Certificate Number P03702

Hong Kong, 31 March, 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December, 2025

	NOTES	Year ended 31 December,	
		2025	2024
		RMB'000	RMB'000
Revenue	5	<b>383,179</b>	614,395
Cost of sales		<b>(265,151)</b>	(368,625)
<b>Gross profit</b>		<b>118,028</b>	245,770
Other income	7	<b>8,979</b>	7,365
Other gains and losses, net	8	<b>(5,573)</b>	4,330
Distribution and selling expenses		<b>(29,270)</b>	(40,003)
Administrative expenses		<b>(44,521)</b>	(43,788)
Research and development expenses		<b>(17,587)</b>	(27,169)
Listing expenses		<b>(21,507)</b>	(377)
Impairment losses under expected credit loss ("ECL") model, net of reversal		<b>(777)</b>	(2,218)
Finance costs	9	<b>(3,315)</b>	(1,017)
<b>Profit before tax</b>	10	<b>4,457</b>	142,893
Income tax expense	11	<b>(212)</b>	(22,627)
<b>Profit for the year</b>		<b>4,245</b>	120,266
<b>Other comprehensive (expense) income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		<b>(2,489)</b>	412
<b>Other comprehensive (expense) income for the year, net of income tax</b>		<b>(2,489)</b>	412
<b>Total comprehensive income for the year</b>		<b>1,756</b>	120,678

# Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

For the year ended 31 December, 2025

	NOTES	Year ended 31 December,	
		2025	2024
		RMB'000	RMB'000
<b>Profit (loss) for the year attributable to:</b>			
Owners of the Company		<b>5,637</b>	120,891
Non-controlling interests		<b>(1,392)</b>	(625)
<b>Profit for the year</b>		<b>4,245</b>	120,266
<b>Total comprehensive income (expense) for the year attributable to:</b>			
Owners of the Company		<b>1,728</b>	121,530
Non-controlling interests		<b>28</b>	(852)
		<b>1,756</b>	120,678
<b>EARNINGS PER SHARE</b>			
Basic (in RMB)	13	<b>0.14</b>	4.03
Diluted (in RMB)	13	<b>0.14</b>	4.03

# Consolidated Statement of Financial Position

As at 31 December, 2025

	NOTES	At 31 December,	
		2025 RMB'000	2024 RMB'000
<b>Non-Current Assets</b>			
Property, plant and equipment	15	43,635	46,781
Right-of-use assets	16	9,721	8,412
Goodwill	17	8,459	8,710
Other intangible assets	18	598	303
Deferred tax assets	19	4,527	1,702
Restricted bank deposits	25	1,118	1,172
		<b>68,058</b>	67,080
<b>Current Assets</b>			
Inventories	20	57,879	28,649
Trade and notes receivables	21	100,336	89,482
Other receivables	21	194,352	76,135
Contract assets	22	1,701	1,776
Contract costs	23	4,273	9,459
Tax recoverable		338	–
Financial assets at fair value through profit or loss ("FVTPL")	24	136,770	19,768
Term deposits with an original maturity over three months but within one year	25	–	21,565
Restricted bank deposits	25	34,556	6,303
Cash and cash equivalents	25	215,418	133,402
		<b>745,623</b>	386,539
<b>Current Liabilities</b>			
Trade and notes payables	26	75,602	55,684
Other payables	26	24,194	32,188
Bank borrowings	27	147,950	9,950
Income tax payable		975	4,335
Lease liabilities	28	1,990	1,396
Provisions	29	2,765	4,109
Contract liabilities	22	66,313	31,181
		<b>319,789</b>	138,843
<b>Net Current Assets</b>		<b>425,834</b>	247,696
<b>Total Assets Less Current Liabilities</b>		<b>493,892</b>	314,776

# Consolidated Statement of Financial Position *(Continued)*

As at 31 December, 2025

		At 31 December,	
	NOTES	2025	2024
		RMB'000	RMB'000
<b>Capital and Reserves</b>			
Share capital	30	40,000	30,000
Shares held for restricted share scheme	31	(14,106)	–
Reserves		463,363	252,422
Equity attributable to owners of the Company		489,257	282,422
Non-controlling interests		2,649	1,810
<b>Total Equity</b>		<b>491,906</b>	284,232
<b>Non-Current Liabilities</b>			
Deferred tax liability	19	502	–
Bank borrowings	27	–	30,000
Lease liabilities	28	1,484	544
		1,986	30,544
		493,892	314,776

The consolidated financial statements on pages 99 to 190 were approved and authorised for issue by the board of directors of the Company on 31 March, 2026 and signed on its behalf by:

**Zhou Yang**  
Director

**Shu Wa Tung, Laurence**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December, 2025

	Attributable to the Owners of the Company									
	Share capital RMB'000 (Note 30)	Shares held for restricted share scheme RMB'000	Share premium RMB'000	Foreign currency translation reserve RMB'000	Other reserves RMB'000 (Note a)	Share-based payment reserve RMB'000	Retained profits RMB'000 (Note b)	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January, 2024	30,000	-	36,229	3,411	14,476	7,626	160,387	252,129	2,662	254,791
Profit (loss) for the year	-	-	-	-	-	-	120,891	120,891	(625)	120,266
Other comprehensive income (expense) for the year	-	-	-	639	-	-	-	639	(227)	412
Total comprehensive income (expense) for the year	-	-	-	639	-	-	120,891	121,530	(852)	120,678
Recognition of equity settled share-based payments (Note 31)	-	-	-	-	-	4,763	-	4,763	-	4,763
Appropriation to surplus reserve	-	-	-	-	2,803	-	(2,803)	-	-	-
Distributions to shareholders (Note 14)	-	-	-	-	-	-	(96,000)	(96,000)	-	(96,000)
Provision of safety fund surplus reserve	-	-	-	-	1,505	-	(1,505)	-	-	-
Utilisation of safety fund surplus reserve	-	-	-	-	(301)	-	301	-	-	-
At 31 December, 2024	30,000	-	36,229	4,050	18,483	12,389	181,271	282,422	1,810	284,232
Profit (loss) for the year	-	-	-	-	-	-	5,637	5,637	(1,392)	4,245
Other comprehensive income (expense) for the year	-	-	-	(3,909)	-	-	-	(3,909)	1,420	(2,489)
Total comprehensive income (expense) for the year	-	-	-	(3,909)	-	-	5,637	1,728	28	1,756
Issuance of H shares (Note 30)	10,000	-	284,468	-	-	-	-	294,468	-	294,468
Transaction costs attributable to issue of shares (Note 30)	-	-	(15,759)	-	-	-	-	(15,759)	-	(15,759)
Recognition of equity settled share-based payments (Note 31)	-	-	-	-	-	1,315	-	1,315	-	1,315
Distributions to shareholders (Note 14)	-	-	-	-	-	-	(60,000)	(60,000)	-	(60,000)
Provision of safety fund surplus reserve	-	-	-	-	1,396	-	(1,396)	-	-	-
Purchase of shares held for restricted share scheme (Note 31)	-	(14,106)	-	-	-	-	-	(14,106)	-	(14,106)
Utilisation of safety fund surplus reserve	-	-	-	-	(242)	-	242	-	-	-
Adjustment arising from increase in equity interest in a subsidiary (Note 32)	-	-	-	-	(811)	-	-	(811)	811	-
At 31 December, 2025	40,000	(14,106)	304,938	141	18,826	13,704	125,754	489,257	2,649	491,906

## Notes:

- The other reserves mainly consist of surplus reserve and safety fund surplus reserve. Pursuant to a notice of the Ministry of Finance and the Ministry of Emergency Management on Issuing the Administrative Measures for the Collection and Utilisation of Enterprise Work Safety Funds (Cai Zi 2022 No. 136), ContiOcean (Nantong) E.P. Equipment Co., Ltd. ("ContiOcean Nantong"), as a mechanical manufacturing enterprise, is required to establish a safety fund surplus reserve. The safety fund is accrued on a monthly basis using the excess progressive rate method based on the previous year's operating revenue. As ContiOcean Nantong's revenue is between RMB10 million and RMB100 million, the applicable rates are 2.35% of the portion of the previous year's operating revenue up to RMB10 million, and 1.25% of the portion between RMB10 million and RMB100 million. The safety fund is specifically used to improve or enhance ContiOcean Nantong's safety production conditions. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.
- As at 31 December, 2025 and 2024, the retained earnings of the Group included RMB2,503,000 and RMB2,052,000 respectively representing surplus reserve of ContiOcean Nantong and ContiOcean International, which is undistributable.
- During the year ended 31 December, 2021, the Group acquired the entire equity interest in ContiOcean Pte. Ltd. ("ContiOcean Singapore") for a consideration of RMB48,000 from Mr. Zhou Yang, Mr. Zhao Mingzhu and Mr. Chen Zhiyuan, who act in concert in accordance with the concert party agreement entered into among them on 13 October, 2022 and also confirmed such acting in concert arrangement has been in place since the establishment of the Company (the "Controlling Party"). During the year ended 31 December, 2022, the Group acquired the equity interest in ContiLashing Pte. Ltd. ("CTL") for a consideration of RMB202,000 from the Controlling Party. CTL and ContiOcean Singapore were incorporated and controlled by the Controlling Party. The acquisitions are accounted for as business combination under common control by applying merger accounting principle and the considerations paid of RMB48,000 and RMB202,000, respectively, are deemed to represent distributions to the Controlling Party rather than purchase consideration.
- On 31 August, 2023, the Company acquired the entire business of Conti Marine Services Pte. Ltd. ("CMS"), a company controlled by the Controlling Party, at nil consideration. The acquisition was accounted for as business combination under common control by applying merger accounting principle and the difference of RMB4,006,000 between assets and liabilities not retained by the Group at the acquisition date was recognized as a deemed distribution to the Controlling Party.

# Consolidated Statement of Cash Flows

For the year ended 31 December, 2025

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	4,457	142,893
Adjustments for:		
Interest income	(5,134)	(4,914)
Investment income	(207)	–
Interest expense on borrowings	3,179	905
Interest expenses on lease liabilities	136	112
Depreciation of property, plant and equipment	2,587	4,662
Depreciation of right-of-use assets	2,512	1,558
Amortisation of other intangible assets	256	74
Gain on changes in fair value of financial assets at FVTPL	(3,243)	–
Impairment loss, net of reversal-financial assets and other items under ECL	777	2,218
Reversal of write-down of inventories, net	(3)	(1,570)
Net foreign exchange losses	8,764	676
Loss on disposal of equipment	–	158
Listing expenses	21,507	–
Share-based payment expenses	1,315	4,763
Operating cash flow before movements in working capital	36,903	151,535
Decrease in contract costs	5,186	2,441
Increase in contract assets	(92)	(1,153)
Increase in trade and other receivables	(106,292)	(51,879)
(Increase) decrease in restricted bank deposits	(254)	33,301
Decrease in provisions	(1,344)	(430)
Increase in trade and other payables	22,895	18,673
Increase (decrease) in contract liabilities	35,132	(143,681)
(Increase) decrease in inventories (Note (i))	(27,615)	60,197
Cash (used in) generated from operations	(35,481)	69,004
Income tax paid	(6,232)	(26,493)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(41,713)</b>	<b>42,511</b>

Note:

- (i) During the years ended 31 December 2025 and 2024, the (increase)/decrease in inventories mainly includes capitalised depreciation of property, plant and equipment.

# Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31 December, 2025

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
<b>INVESTING ACTIVITIES</b>		
Interest received	5,134	4,914
Investment income received	207	–
Rental deposits paid	–	(80)
Refund of rental deposits	–	157
Purchase of property, plant and equipment	(1,052)	(2,395)
Deposit paid under arrangement for vessel acquisition	(38,658)	–
Proceeds from disposal of property, plant and equipment	–	91
Purchase of intangible assets	(551)	(283)
Purchase of financial assets at FVTPL	(113,759)	(19,768)
Withdrawal of term deposits	21,565	45,414
Placement of term deposits	–	(21,565)
Increase in restricted bank deposits	(27,999)	–
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(155,113)</b>	6,485
<b>FINANCING ACTIVITIES</b>		
Capital element of lease rentals paid	(2,285)	(1,461)
Interest element of lease rentals paid	(136)	(112)
Proceeds from bank borrowings	117,950	51,900
Repayment of bank borrowings	(9,950)	(31,850)
Bank interest paid	(3,179)	(905)
Proceeds received from issuance of H shares	294,468	–
Deferred issue cost paid	(20,786)	(15,218)
Dividends paid	(60,000)	(96,000)
Capital injected into the trust fund for restricted share scheme	(12,174)	–
Purchase of shares held for restricted share scheme	(14,106)	–
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>289,802</b>	(93,646)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>92,976</b>	(44,650)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	133,402	177,414
Effects of exchange rate changes	(10,960)	638
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>215,418</b>	133,402

# Notes to the Consolidated Financial Statements

For the year ended 31 December, 2025

## 1. GENERAL INFORMATION

ContiOcean Environment Tech Group Co., Ltd. (“上海匯舸環保科技集團股份有限公司”) (the “Company”) was established in the People’s Republic of China (the “PRC”) on 31 May, 2017, as a limited liability company. On 28 December, 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The Non-H Shares of the Company became quoted on National Equities Exchange and Quotations (“NEEQ”) (stock code: 874207.NQ) in February 2024 and delisted on NEEQ in August 2025. On 9 January, 2025, the Company’s H shares became listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The respective address of the registered office and the principal place of business of the Company are Room 1101, No. 2 Maji Road, China (Shanghai) Pilot Free Trade Zone, Shanghai. As at the date of this report, the Company is collectively controlled by Mr. Zhou Yang (the Chairman), Mr. Zhao Mingzhu (executive director of the Company) and Mr. Chen Zhiyuan (executive director of the Company), who act in concert in accordance with the Concert Party Agreement entered into among them on 13 October, 2022 (the “Controlling Shareholders”).

The Company and its subsidiaries (collectively referred to as the “Group”), are a marine exhaust gas cleaning system, marine energy-saving devices, marine clean-energy supply systems and maritime services provider. Particulars and principal activities of the subsidiaries are disclosed in Note 37.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January, 2025 for the preparation of the Group’s consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
----------------------	-------------------------

The application of the amendments to the IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

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

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

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-Dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January, 2026.

<sup>3</sup> Effective for annual periods beginning on or after 1 January, 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of these new and amendments to IFRS Accounting Standards will have no material impact on the Group's financial position and performance in foreseeable future.

### IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 *Presentation and Disclosure in Financial Statements*, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides disclosures on management-defined performance measures ("MPMs") in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7 *Financial Instruments: Disclosures*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS *(Continued)*

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

#### **IFRS 18 Presentation and Disclosure in Financial Statements** *(Continued)*

IFRS 18, and the consequential amendments to other standards, will be effective for annual periods beginning on or after 1 January, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have a significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 Basis of preparation consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have assessed the Group's ability to continue as a going concern at the time of approving these consolidated financial statements. Based on this assessment, the directors of the Company have a reasonable expectation that the Group has sufficient resources to continue its operations and to meet its obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, incomes, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Business combinations**

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC-Int 21 *Levies*, in which the Group applies IAS 37 or IFRIC-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 *Lease*) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Business combinations** *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

#### **Merger accounting for business combination involving businesses under common control**

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Merger accounting for business combination involving businesses under common control**

*(Continued)*

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

#### **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or group of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the CGU within group of CGUs in which the Group monitors goodwill). When the Group disposes of an operation within the CGUs (or a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the CGUs disposed of and the portion of the CGUs (or the group of CGUs) retained.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Revenue from contracts with customers**

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5, 22 and 23.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

##### *Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets the Group held are subsequently measured at FVTPL.

##### Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

##### *Financial assets (Continued)*

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“FVTOCI”) or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets which are subject to impairment assessment under IFRS 9. These financial assets include trade receivables, contract assets and other receivables, excluding prepayments for purchases of materials, prepaid operating expenses, VAT recoverable and prepaid income tax. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognised lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognised lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

##### *Financial assets (Continued)*

##### Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, for example, a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### Financial instruments *(Continued)*

##### Financial assets *(Continued)*

##### Significant increase in credit risk *(Continued)*

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### Definition of default

For internal credit risk management, the Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

##### *Financial assets (Continued)*

##### Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

##### Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

##### *Financial assets (Continued)*

##### Measurement and recognition of ECL *(Continued)*

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

##### Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other gains and losses, net” line item as part of the net foreign exchange gains or losses;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other gains and losses, net” line item as part of the fair value gains or losses of the financial assets.

##### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### *Financial liabilities and equity*

##### Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

##### *Financial liabilities and equity (Continued)*

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### Financial liabilities

All financial liabilities the Group held are subsequently measured at amortised cost using the effective interest method.

##### Financial liabilities subsequently measured at amortised cost

Financial liabilities, including trade and other payables and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

##### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses, net" line item in profit or loss.

##### Derecognition of financial liabilities

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Leases**

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Leases** *(Continued)*

##### *The Group as a lessee*

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

##### Short-term leases

The Group applies the short-term lease recognition exemption to leases of offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

##### Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Leases** *(Continued)*

##### *The Group as a lessee (Continued)*

##### Refundable rental deposits

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

##### Lease liabilities

At the commencement date of a lease, the Group recognised and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e., RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Employee benefits**

##### *Retirement benefit costs*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

##### *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

#### **Share-based payment**

##### *Equity-settled share-based payment transactions*

Shares/Share options granted to employees

Equity-settled share-based payment to employees (including directors of the Company) are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payment determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payment reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share-based payment reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Share-based payment** *(Continued)*

##### *Equity-settled share-based payment transactions (Continued)*

##### *Shares/Share options granted to employees (Continued)*

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will continue to be held in share-based payment reserve.

When shares granted are vested, the amount previously recognised in the share-based payment reserve will transfer to share premium.

Under the restricted share scheme adopted on 1 August, 2025, the board of directors of the Company shall instruct the trustee to purchase existing H shares of the Company on the Stock Exchange or off the Stock Exchange from existing shareholders of the Company. According to the trust deed, the trustee may procure its wholly-owned trust holding company to purchase existing H shares of the Company in accordance with instruction given by the board of directors of the Company. The shares purchased by the Company that are not yet vested for this restricted share scheme were recorded as treasury shares and recorded as “Shares held for restricted share scheme” as a deduction under equity. Upon vesting of the awarded shares, the related costs of the purchased shares are reduced from the “Shares held for restricted share scheme”, and the related fair value of the awarded shares are debited to share-based payment reserve with the difference charged or credited to equity.

#### **Taxation**

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Taxation** *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Taxation** *(Continued)*

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### **Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Property, plant and equipment** *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### **Intangible assets**

##### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### *Internally-generated intangible assets — research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Intangible assets** *(Continued)*

##### *Internally-generated intangible assets — research and development expenditure (Continued)*

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

#### **Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGUs to which they belong for the purpose of evaluating impairment of that CGU.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill** *(Continued)*

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale.

#### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

#### **Warranties**

The Group provides assurance-type warranties for its products and certain services in accordance with the terms of the relevant contracts with customers. These warranties provide assurance that the products or services supplied comply with the agreed-upon specifications and will operate as intended for a specified warranty period.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Warranties** *(Continued)*

Provisions for the expected costs of fulfilling these assurance-type warranty obligations are recognised at the same point in time when the related revenue is recognised, based on the directors' best estimates of the expenditure required to settle the Group's obligations. The estimates are determined with reference to historical warranty claim experience, current information on product performance, and future expectations of defect trends.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

In applying the Group's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Key sources of estimation uncertainty**

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

#### **Impairment assessment of goodwill**

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the group of CGUs to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows being expected to arise from the group of CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected or change in facts and circumstances results in a downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise. As at 31 December, 2025, the carrying amount of goodwill is RMB8,459,000 (2024: RMB8,710,000).

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTIES

*(Continued)*

### Key sources of estimation uncertainty *(Continued)*

#### Recognition of share-based payment expenses

The share-based compensation expense is measured based on the fair value of the share awards/options as calculated under the discounted cash flow model. The directors of the Company are responsible for determining the fair value of the share awards/options granted to directors and employees. The key assumptions used to determine the fair value of the share awards/options at the grant date include discount rate, expected volatility and risk-free interest rate. Changes in these assumptions could significantly affect the fair value of share awards and hence the amount of compensation expenses the Group recognised in the consolidated financial statements. Details of the share-based payment expenses are disclosed in Note 31.

#### Provision of ECL for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 21 and Note 35.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 5. REVENUE

### Disaggregation of revenue from contracts with customers

The Group's revenue streams are categorised as follows:

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Type of goods or services		
Marine exhaust gas cleaning systems	116,234	287,814
Marine energy-saving devices	14,665	64,360
Marine clean-energy supply systems	84,235	67,040
Maritime services	168,045	195,181
	<b>383,179</b>	614,395

#### (i) Performance obligations for contracts with customers and revenue recognition policies

Information about the Group's performance obligations and their corresponding revenue recognition policies are summarised below:

##### *Marine exhaust gas cleaning systems, marine energy-saving devices and marine clean-energy supply systems*

These marine equipment and systems revenue streams are individually available to the customers. Each of the sale of equipment or systems involves design, manufacture and delivery of the tailor-made products, and installation, commissioning and system testing on the customers' marine vessels. Since the customers cannot benefit from part of the process, each of the contract for sale of equipment and systems is accounted for as a single performance obligation. Revenue is recognised at a point in time when the control of the tailor-made products has been transferred to the customers. When a performance test including the commissioning tests and sea trials is required to be conducted, the control of the promised good is transferred upon the award of the sea trial report following the completion of commissioning and trials being obtained, representing the timing when the customer can direct the use of the products and the Group has attained the enforceable rights to the contract consideration. In other cases, the control is transferred when the related equipment and systems is accepted by the customer.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 5. REVENUE *(Continued)*

### Disaggregation of revenue from contracts with customers *(Continued)*

#### (i) Performance obligations for contracts with customers and revenue recognition policies

*(Continued)*

##### *Maritime services*

This revenue stream consists of a series of different service and product offerings to customers, mainly including: (i) ship interior decoration services for design and decoration of the ship's living quarters, with revenue of RMB70,559,000 for the year ended 31 December, 2025 (2024: RMB96,716,000); (ii) other products and maritime services, mainly including containership and pure car and truck carrier lashing gears products sales, with revenue of RMB97,486,000 for the year ended 31 December, 2025 (2024: RMB98,465,000).

Revenue from ship interior decoration services is recognised on over time basis because the Group's performance creates or enhances the ship that the customer controls as the work progresses. Progress towards satisfaction of the performance obligation is measured using an input method, based on the proportion of costs incurred to date relative to the estimated total costs required to fulfil the contract. Abnormal or inefficient costs (such as rework or wasted materials) are excluded from the measure of progress. For the supply of container fixed and loose fittings related equipment and systems, it involves design, manufacture and supply of the products in accordance with the requirements of technical specifications, industry practices or standards and classification of society rules and regulations. Revenue is recognised at a point in time when the control of the products has been transferred to the customers, which typically occurs when the products have been delivered to the customer and have been inspected and accepted in accordance with the contract terms.

The Group normally requires advance and progress payments at a particular percentage of the contract value as agreed with customers. Such advance payment schemes result in contract liabilities until the control of the promised goods and services has been transferred to the customer.

A receivable is recognised by the Group when the revenue recognised is in excess of the advance and progress payments received before the revenue recognition except when the Group's right to consideration is conditional on the fulfilment of warranty obligations in an agreed period. In such case, a contract asset is recognised by the Group.

Contracts with customers normally include warranties period of 12 to 60 months from the point the goods or services being accepted by customers. This type of warranty is an assurance-type warranty that ensures that the goods and services fulfil the established quality standards and cannot be purchased separately, which does not constitute a single performance obligation. Accordingly, the Group accounts for warranties in accordance with IAS 37.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 5. REVENUE *(Continued)*

### Disaggregation of revenue from contracts with customers *(Continued)*

#### (ii) Geographical markets

The Group's revenue from external customers, presented by geographical region, determined based on the domicile location of the external customers, are as follows:

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Mainland China	221,835	311,662
Hong Kong	7,213	46,391
Singapore	102,734	214,409
United Kingdom	20,822	18,196
United States	14,364	1,625
Others	16,211	22,112
	<b>383,179</b>	614,395

Timing of revenue recognition	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
At a point in time	312,620	517,679
Over time	70,559	96,716
	<b>383,179</b>	614,395

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 5. REVENUE *(Continued)*

### Disaggregation of revenue from contracts with customers *(Continued)*

#### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December, 2025 and the expected timing of recognising revenue are as follows:

	Marine exhaust gas cleaning systems RMB'000	Marine energy-saving devices RMB'000	Marine clean-energy supply systems RMB'000	Maritime service RMB'000
Within one year	269,821	25,061	95,784	148,570
More than one year but not more than two years	45,583	17,111	24,185	191,064
More than two years	12,572	6,733	3,655	42,809
	<b>327,976</b>	<b>48,905</b>	<b>123,624</b>	<b>382,443</b>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December, 2024 and the expected timing of recognising revenue were as follows:

	Marine exhaust gas cleaning systems RMB'000	Marine energy-saving devices RMB'000	Marine clean-energy supply systems RMB'000	Maritime service RMB'000
Within one year	119,205	11,872	96,343	108,789
More than one year but not more than two years	21,211	6,425	52,205	85,038
More than two years	–	2,579	–	79,338
	<b>140,416</b>	<b>20,876</b>	<b>148,548</b>	<b>273,165</b>

Based on management's estimates as at 31 December, 2025 and 2024, these remaining performance obligations are expected to be recognised as revenue within three years since the end of each year.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”), who is identified as the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. During the reporting period, the CODM assesses the operating performance and allocates the resources of the Group as a whole. Therefore, the CODM considers the Group only has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole prepared based on the same material accounting policies as set out in Note 3 and no further analysis of the single operating segment is presented.

### Information about major customers

During each of the reporting periods, revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Customer A	<b>89,738</b>	139,522
Customer B	<b>59,641</b>	113,595
Customer C	<b>55,998</b>	104,294
Customer D	<b>50,522</b>	75,532
	<b>255,899</b>	432,943

### Geographical information

Information about the Group’s non-current assets is presented based on the geographical location of the assets. Non-current assets excluded deferred tax assets and restricted bank deposits.

	At 31 December,	
	2025 RMB'000	2024 RMB'000
Mainland China	<b>60,618</b>	64,179
Overseas	<b>1,795</b>	27
	<b>62,413</b>	64,206

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 7. OTHER INCOME

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Government grants related to income (Note)	3,638	2,451
Interest income on bank deposits	5,134	4,914
Others	207	–
	<b>8,979</b>	7,365

Note: The amount mainly represents various subsidies granted by the PRC local government authorities to group entities as incentives for the Group's operating activities. The government grants were unconditional and had been approved by the PRC local government authorities, which are recognised when payments were received.

## 8. OTHER GAINS AND LOSSES, NET

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Net foreign exchange (losses) gains	(8,764)	4,371
Loss on disposal of equipment	–	(158)
Fair value gain of financial assets at FVTPL	3,243	–
Others	(52)	117
	<b>(5,573)</b>	4,330

## 9. FINANCE COSTS

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Interest expenses on borrowings	3,179	905
Interest expenses on lease liabilities	136	112
	<b>3,315</b>	1,017

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 10. PROFIT BEFORE TAX

Profit before tax has been charged and credited by the following:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Profit before tax for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	4,198	4,556
Depreciation of right-of-use assets	2,512	1,558
Amortisation of other intangible assets	256	74
	<b>6,966</b>	6,188
Changes in amount capitalised in inventories, net	<b>(1,611)</b>	106
	<b>5,355</b>	6,294
Sales commissions (included in distribution and selling expenses)	12,546	25,478
Legal and professional fees (included in administrative expenses)	5,747	8,746
Listing expenses (Note iii)	21,507	–
Auditor's remuneration	926	4,660
— capitalised in deferred issue cost	–	2,980
Directors and supervisors' remuneration	12,569	13,685
Other staff costs:		
— Salaries, bonus and other allowances	34,345	30,349
— Retirement benefit scheme contributions	2,538	2,077
— Equity-settled share-based payment expenses	898	3,195
	<b>50,350</b>	49,306
Changes in amount capitalised in inventories, net	<b>(943)</b>	1,704
	<b>49,407</b>	51,010
Sub-contractor costs (included in cost of sales)	21,807	34,043
Cost of inventories sold (Note i)	243,344	334,582
Reversal of write-down of inventories, net	(3)	(1,570)

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 10. PROFIT BEFORE TAX *(Continued)*

Notes:

- (i) For the year ended 31 December, 2025, cost of inventories sold mainly represented cost of raw materials and equipment components purchased from external suppliers amounting to RMB238,408,000 (2024: RMB330,457,000), together with capitalised staff costs and depreciation and amortisation expenses.
- (ii) For the year ended 31 December, 2025, the Group incurred research and development expenses of RMB17,587,000 (2024: RMB27,169,000), all of which were charged to profit or loss as they did not meet the criteria for capitalisation. These expenses are mainly included in the various expense categories above, and mainly consist of the following as part of the research and development expenses:

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Research and development expenses:		
Depreciation of property, plant and equipment	255	242
Amortisation of other intangible assets	190	40
Staff costs	9,083	12,292
Fees for research and development services provided by external third parties at their own facilities	2,952	2,146
Cost of inventories used for research and development activities	3,446	11,407

- (iii) During the initial public offering process of the Company that resulted in the Company's H shares becoming listed on The Stock Exchange of Hong Kong Limited on 9 January, 2025, the Company incurred legal and professional fees amounted to RMB26,506,000 (mainly including lawyers' fees of RMB16,463,000, sponsors' fees of RMB4,614,000 and reporting accountants' fees and expenses of RMB3,376,000). The total IPO costs incurred by the Company amounted to RMB37,266,000, of which the incremental IPO costs which were directly attributable to issuing new H-Shares of the Company during the IPO process were determined to amount to RMB15,759,000 and were accounted for as a deduction from equity. The remaining IPO costs of RMB21,507,000 have been charged in consolidated profit or loss as listing expenses.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 11. INCOME TAX EXPENSE

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Income tax expenses comprise:		
Current tax:		
PRC Enterprise Income Tax ("EIT")	1,002	14,279
Hong Kong Profits tax	1,111	2,023
Singapore Income tax	466	1,582
	<b>2,579</b>	17,884
(Over) under provision in respect of prior years	(45)	3,010
Deferred tax (Note 19)	(2,322)	1,733
	<b>212</b>	22,627

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Company has been accredited as a High-New Technology Enterprise (the "HNTE") by the Science and Technology Bureau of Shanghai and relevant authorities and enjoyed a preferential income tax rate of 15% from year 2025 to 2027. Besides, ContiOcean Nantong, a wholly-owned subsidiary of the Company, has been accredited as a HNTE in December 2025, and subjected to the preferential income tax rate of 15% from 2025 to 2027.

Under the two-tiered profits tax rates regime in Hong Kong, the first Hong Kong Dollar ("HK\$")2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5% for the years ended 31 December, 2025 and 2024.

The tax rate used by the subsidiaries in Singapore is 17% during the years ended 31 December, 2025 and 2024. The subsidiaries in Singapore enjoy a 75% exemption on the first Singapore dollar ("SGD") 10,000 of taxable income and a further 50% exemption on the next SGD190,000 of taxable income during the years ended 31 December, 2025 and 2024.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 11. INCOME TAX EXPENSE *(Continued)*

The tax charge for the reporting periods can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Profit before tax	<b>4,457</b>	142,893
Tax at the domestic income tax rate of 15% (Note i)	<b>669</b>	21,434
Tax effect of expenses that are not deductible for tax purpose	<b>904</b>	718
Tax effect of extra deduction of research and development expenses (Note ii)	<b>(1,883)</b>	(2,652)
Tax effect of tax losses not recognised	<b>497</b>	304
Utilization of tax losses previously not recognised	<b>–</b>	(12)
Income tax at concessionary rate	<b>(220)</b>	(601)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>378</b>	426
(Over) under provision in respect of prior years	<b>(45)</b>	3,010
Others	<b>(88)</b>	–
Income tax expenses recognised in profit or loss	<b>212</b>	22,627

Notes:

- i. The domestic tax rate (which is PRC EIT preferential tax rate) in the jurisdiction where the operation of the Group is substantially based is used.
- ii. Pursuant to Caishui 2023 circular No. 7, the Company and ContiOcean Nantong enjoyed super deduction of 200% on qualified research and development expenditures throughout the years ended 31 December, 2025 and 2024.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 12. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments paid or payable to the individuals who were appointed as directors, supervisors and the chief executive officer of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors and supervisors of the Company) during the reporting periods are as follows:

	Date of appointment	Director's fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme RMB'000	Share-based payments RMB'000 (Note 31)	Discretionary bonus RMB'000	Total RMB'000	
For the year ended 31 December, 2025								
<b>Executive directors:</b>								
	Mr. Zhou Yang ( <i>Chairman</i> )	20 July, 2019	–	1,866	71	70	–	2,007
	Mr. Zhao Mingzhu	20 July, 2019	–	1,846	88	70	720	2,724
	Mr. Chen Zhiyuan	20 July, 2019	–	1,846	88	70	720	2,724
	Mr. Shu Wa Tung, Laurence	20 December, 2022	–	1,920	16	56	–	1,992
	Mr. Chen Rui	20 December, 2022	–	820	54	100	–	974
			–	8,298	317	366	1,440	10,421
<b>Independent non-executive directors:</b>								
	Dr. Guan Yanmin	27 July, 2024	80	–	–	–	–	80
	Mr. Zhu Rongyuan	27 July, 2024	100	–	–	–	–	100
	Ms. Ng Sin Kiu	27 July, 2024	166	–	–	–	–	166
			346	–	–	–	–	346
<b>Supervisors:</b>								
	Mr. Shen Xiaowei	20 December, 2022	–	403	65	34	305	807
	Mr. Yu Yuanyang	20 December, 2022	–	420	66	17	142	645
	Mr. Wu Yunfeng	1 April, 2024	–	273	20	–	57	350
			–	1,096	151	51	504	1,802

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 12. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

	Date of appointment	Director's fee RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme RMB'000	Share-based payments RMB'000 (Note 31)	Discretionary bonus RMB'000	Total RMB'000
--	---------------------	---------------------------	--	--------------------------------------	--	--------------------------------	------------------

For the year ended  
31 December, 2024

### Executive directors:

Mr. Zhou Yang ( <i>Chairman</i> )	20 July, 2019	–	1,836	71	101	537	2,545
Mr. Zhao Mingzhu	20 July, 2019	–	1,800	89	101	476	2,466
Mr. Chen Zhiyuan	20 July, 2019	–	1,800	89	101	162	2,152
Mr. Shu Wa Tung, Laurence	20 December, 2022	–	1,184	16	81	481	1,762
Mr. Chen Rui	20 December, 2022	–	389	60	387	973	1,809
		–	7,009	325	771	2,629	10,734

### Independent

#### non-executive directors:

Dr. Guan Yanmin	27 July, 2024	–	–	–	–	–	–
Mr. Zhu Rongyuan	27 July, 2024	–	–	–	–	–	–
Ms. Ng Sin Kiu	27 July, 2024	–	–	–	–	–	–
		–	–	–	–	–	–

### Supervisors:

Mr. Shen Xiaowei	20 December, 2022	–	436	64	531	482	1,513
Mr. Yu Yuanyang	20 December, 2022	–	447	65	266	198	976
Mr. Wang Zhenkang	27 March, 2023	–	42	18	–	–	60
Mr. Wu Yunfeng	1 April, 2024	–	326	20	–	56	402
		–	1,251	167	797	736	2,951

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 12. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Notes:

- (i) None of the directors nor the chairman of the Company waived or agreed to waive any emoluments during the years ended 31 December, 2025 and 2024.
- (ii) During the years ended 31 December, 2025 and 2024, no emoluments were paid by the Group to any of the directors nor the chairman of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.
- (iii) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company. The supervisors' emoluments shown above were mainly for their services in supervising the Company's financial affairs and the performance of the directors and senior management, ensuring compliance with laws and regulations.
- (iv) The discretionary bonuses were performance related incentive payments which were determined with reference to the duties and responsibilities of the relevant individuals within the Group and the Group's performance.

### Five highest paid employees

The five highest paid individuals of the Group are directors and supervisors of the Company for the years ended 31 December, 2025 and 2024, details of whose remuneration are set out above. The emoluments of these employees are within the following bands:

	Year ended 31 December,	
	2025	2024
	No. of employees	No. of employees
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	2	2
	<b>5</b>	<b>5</b>

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 13. EARNINGS PER SHARE

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

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Profit for the year attributable to owners of the Company	<b>5,637</b>	120,891

	Year ended 31 December,	
	2025	2024
	'000	'000
Weighted average number of ordinary shares in issue	<b>39,789</b>	30,000

For the year ended 31 December, 2025, the weighted average number of ordinary shares in issue for the purpose of basic earnings per share has excluded 490,000 shares purchased for the restricted share scheme adopted in August 2025. Details of this restricted share scheme are disclosed in note 31 to the consolidated financial statements.

The computation of diluted earnings per share for the years ended 31 December, 2025 and 2024 does not assume the exercise of the Company's options granted under a share option scheme adopted in 2024 (the "Pre-IPO Share Option Scheme"), because the performance conditions included were not satisfied as at 31 December, 2025 and 2024.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 14. DIVIDENDS

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2023 final dividend: RMB1.6 per ordinary share	–	48,000
2024 special dividend: RMB1.6 per ordinary share	–	48,000
2024 final dividend: RMB1.5 per ordinary share	<b>60,000</b>	–
	<b>60,000</b>	96,000

The board of directors of the Company does not recommended the payment of final dividend for the year ended 31 December, 2025 (2024: final dividend of RMB1.50 per share).

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Office equipment and furniture	Transportation equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>COST</b>							
As at 1 January, 2024	46,174	5,155	2,967	5,350	927	942	61,515
Additions	-	-	871	670	144	798	2,483
Disposal	-	-	(96)	(293)	-	-	(389)
Transfer	710	-	-	-	-	(710)	-
As at 31 December, 2024	<b>46,884</b>	<b>5,155</b>	<b>3,742</b>	<b>5,727</b>	<b>1,071</b>	<b>1,030</b>	<b>63,609</b>
Additions	-	-	393	-	659	-	1,052
As at 31 December, 2025	<b>46,884</b>	<b>5,155</b>	<b>4,135</b>	<b>5,727</b>	<b>1,730</b>	<b>1,030</b>	<b>64,661</b>
<b>ACCUMULATED DEPRECIATION</b>							
As at 1 January, 2024	5,682	1,309	1,568	3,509	344	-	12,412
Provided for the year	2,240	539	683	855	239	-	4,556
Eliminated on disposals	-	-	(58)	(82)	-	-	(140)
As at 31 December, 2024	<b>7,922</b>	<b>1,848</b>	<b>2,193</b>	<b>4,282</b>	<b>583</b>	<b>-</b>	<b>16,828</b>
Provided for the year	<b>2,235</b>	<b>539</b>	<b>483</b>	<b>552</b>	<b>389</b>	<b>-</b>	<b>4,198</b>
As at 31 December, 2025	<b>10,157</b>	<b>2,387</b>	<b>2,676</b>	<b>4,834</b>	<b>972</b>	<b>-</b>	<b>21,026</b>
<b>CARRYING VALUES</b>							
As at 31 December, 2024	38,962	3,307	1,549	1,445	488	1,030	46,781
As at 31 December, 2025	<b>36,727</b>	<b>2,768</b>	<b>1,459</b>	<b>893</b>	<b>758</b>	<b>1,030</b>	<b>43,635</b>

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis after taking into account of the residual value as follows:

Buildings	5.00% per annum
Machinery and equipment	9.50%–19.00% per annum
Office equipment and furniture	19.00%–31.67% per annum
Transportation equipment	9.50%–23.75% per annum
Leasehold improvements	Over the shorter of the lease term or 5 years

## 16. RIGHT-OF-USE ASSETS

	Leased properties RMB'000	Land use right RMB'000	Shoreline use right RMB'000	Total RMB'000
<b>Carrying amount</b>				
As at 1 January, 2024	2,578	4,792	2,090	9,460
Additions	513	–	–	513
Depreciation charge	(1,408)	(105)	(45)	(1,558)
Exchange realignment	(3)	–	–	(3)
As at 31 December, 2024	<b>1,680</b>	<b>4,687</b>	<b>2,045</b>	<b>8,412</b>
Additions	<b>3,819</b>	–	–	<b>3,819</b>
Depreciation charge	<b>(2,362)</b>	<b>(104)</b>	<b>(46)</b>	<b>(2,512)</b>
Exchange realignment	<b>2</b>	–	–	<b>2</b>
As at 31 December, 2025	<b>3,139</b>	<b>4,583</b>	<b>1,999</b>	<b>9,721</b>

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 16. RIGHT-OF-USE ASSETS *(Continued)*

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Expense relating to short-term leases	136	67
Total cash outflow for leases	2,557	1,640

The Group regularly entered into short-term leases for office properties. As at 31 December, 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

During the years ended 31 December, 2025 and 2024, the Group leases various properties for its operations. Lease contracts are entered into for fixed term of 21 months to 72 months. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension or termination options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The lump sum payments for land use right and shoreline use right were made upfront and with fixed terms of 50 years and 50 years respectively and depreciated on a straight-line basis since the date of acquisition to the end of the contract terms.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

### Restrictions or covenants on leases

In addition, lease liabilities of RMB3,474,000 (2024: RMB1,940,000) are recognised with related right-of-use assets of RMB3,139,000 as at 31 December, 2025 (2024: RMB1,680,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. These leased assets may not be used as security for borrowing purposes.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 17. GOODWILL

		WTC Group RMB'000
COST AND CARRYING AMOUNT		
As at 1 January, 2024		8,524
Exchange realignment		186
As at 31 December, 2024		<b>8,710</b>
Exchange realignment		<b>(251)</b>
As at 31 December, 2025		<b>8,459</b>

For the purpose of goodwill impairment assessment as at 31 December, 2025 and 2024, the Group determined the recoverable amount of a group of CGUs ("the CGUs") comprising certain entities engaged in provision of marine exhaust gas cleaning systems and marine clean-energy supply systems. The goodwill acquired in the business combination involving the acquisition by the Group of Wavelength Technology Center, LDA and its subsidiary (the "WTC Group") was, from the acquisition date, allocated to the CGUs which were expected to benefit from the synergies arising from the acquisition. The recoverable amount of the CGUs was determined based on value-in-use calculations using the discounted cashflow method. The value-in-use calculations were done based on the financial budgets of the relevant business prepared by the management of the Company covering a five-year period. The cash flows beyond the five-year period were extrapolated by using a steady 2.0% (2024: 2.0%) growth rate, which was estimated with reference to the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. The estimated revenue, costs and expenses were based on the past performance and the management's expectation of future market development. Pre-tax discount rate of 15.12% (2024: 14.72%) was used to reflect market assessment of time value and the specific risks relating to the CGUs for the impairment assessment as at 31 December, 2025 and 2024.

As at 31 December, 2025 and 2024, the recoverable amount of the CGUs exceeded its carrying amount. The management of the Group was in the view that there was sufficient headroom in respect of the reasonably possible changes in the key parameters, and had not identified that reasonably possible changes in the key parameters would cause the carrying amount of the CGUs to exceed the recoverable amount as at 31 December, 2025 and 2024. Based on the impairment testing performed, no material impairment loss is identified for both years.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 18. OTHER INTANGIBLE ASSETS

	Intellectual properties RMB'000
<b>COST</b>	
As at 1 January, 2024	147
Additions	283
As at 31 December, 2024	430
Additions	551
As at 31 December, 2025	<b>981</b>
<b>ACCUMULATED AMORTISATION</b>	
As at 1 January, 2024	53
Provided for the year	74
As at 31 December, 2024	127
Provided for the year	256
As at 31 December, 2025	<b>383</b>
<b>CARRYING VALUES</b>	
As at 31 December, 2024	303
As at 31 December, 2025	<b>598</b>

The above intangible assets mainly refer to industrial software and technological patent, which have finite useful lives. Such intangible assets are amortised on a straight-line basis over 10 years.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 19. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Deferred tax assets	4,527	1,702
Deferred tax liability	(502)	–
	<b>4,025</b>	<b>1,702</b>

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the years:

	Accrued expenses	Provision for impairment of assets	Right-of-use assets	Lease liabilities	Unrealised profit on internal transactions	Tax losses	Provision	ECL provision	Gain on changes in fair value of financial assets at FVTPL	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January, 2024	79	444	(393)	441	683	1,068	681	430	–	3,433
(Charged) credited to profit or loss	(24)	(251)	144	(153)	(353)	(1,069)	(65)	38	–	(1,733)
Exchange adjustments	–	1	–	(1)	–	1	–	1	–	2
As at 31 December, 2024	55	194	(249)	287	330	–	616	469	–	1,702
(Charged) credited to profit or loss	(46)	20	(179)	192	26	2,509	(202)	504	(502)	2,322
Exchange adjustments	–	–	–	–	–	1	–	–	–	1
As at 31 December, 2025	9	214	(428)	479	356	2,510	414	973	(502)	4,025

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 19. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

As at 31 December, 2025, the Group has unrecognised tax losses of approximately RMB10,291,000 (2024: RMB7,142,000) related to overseas subsidiaries. These tax losses of the overseas subsidiaries have no expiry date and may be carried forward indefinitely under the respective tax laws of their jurisdictions. No deferred tax asset has been recognised in respect of these losses as the availability of future taxable profits against which such losses can be utilised is not considered probable at this stage.

No deferred tax liability is recognised on temporary differences of RMB74,149,000 as at 31 December, 2025 (2024: RMB66,650,000) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

The remittance of these earnings is subject to the dividend distribution laws and foreign exchange regulations of the respective jurisdictions (Hong Kong and Singapore). Under the EIT Law and the Implementation Regulation of the EIT Law, the Company has been accredited as the HNTE and enjoyed a preferential income tax rate of 15%. Consequently, if such earnings were remitted to the Company, the dividend income received would be subject to enterprise income tax at the Company's applicable preferential rate of 15%. Pursuant to the Operational Guidance on Foreign Tax Credit for Enterprise Income Tax (SAT Announcement 2010 No. 1) and relevant rules, the Company may claim a foreign tax credit for any income taxes already paid overseas on those earnings, to the extent permitted, to avoid double taxation.

The Group has determined that it can control the reversal of these temporary differences and has no intention to remit these earnings to the Company in the foreseeable future, as the undistributed profits are intended to be reinvested in overseas operations. Accordingly, it is not probable that the reversal of these temporary differences will result in a tax liability, and therefore no deferred tax liability has been recognised.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 20. INVENTORIES

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Raw materials and consumables	4,464	1,143
Work in progress	7,041	3,329
Finished goods	46,374	24,177
	<b>57,879</b>	28,649

The inventories primarily consisted of (i) raw materials and consumables such as stainless-steel plates and stainless-steel pipes, (ii) work in progress, representing products (including marine desulfurization systems, clean energy supply systems, and marine energy-saving devices) at various stages of the production process prior to the completion of quality inspection, and (iii) finished goods, i.e. products that were manufactured, completed quality inspection processes and were ready to be delivered.

Finished goods are net of a write-down of approximately RMB491,000 as at 31 December, 2025 (2024: RMB360,000). During the year ended 31 December, 2024, a write-down reversal of RMB1,570,000 arising from the sale of inventories previously written down was recognised in profit or loss.

Raw materials are net of a write-down of approximately RMB707,000 as at 31 December, 2025 (2024: RMB841,000). During the year ended 31 December, 2025, a reversal of write-down of RMB3,000 was recognised in profit or loss arising from raw materials consumed in production (2024: nil).

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 21. TRADE AND NOTES RECEIVABLES, AND OTHER RECEIVABLES

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Trade receivables	<b>82,246</b>	84,446
Less: allowance for ECL (Note 35)	<b>(4,831)</b>	(4,226)
Trade receivables, net	<b>77,415</b>	80,220
Notes receivables (Note i)	<b>22,921</b>	9,262
Subtotal	<b>100,336</b>	89,482
Prepaid for purchases of materials	<b>86,611</b>	25,074
Prepaid operating expenses (Note ii)	<b>53,557</b>	6,497
Deferred issue costs	–	27,449
Value-added-tax (“VAT”) recoverable	<b>976</b>	1,413
Prepaid income tax	<b>107</b>	410
VAT export refund receivable	<b>668</b>	28
Rental deposits	<b>975</b>	1,073
Less: allowance for ECL (Note 35)	–	(638)
Deposits paid (Note iii)	<b>38,798</b>	–
Letter of credit deposits	–	13,934
Advance to employees	<b>429</b>	498
Funds held by trustee for restricted share scheme (Note iv)	<b>12,174</b>	–
Others	<b>57</b>	397
Subtotal	<b>194,352</b>	76,135
	<b>294,688</b>	165,617

The Group normally grants a credit period of 30 to 90 days from the date when the revenue were recognised.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 21. TRADE AND NOTES RECEIVABLES, AND OTHER RECEIVABLES *(Continued)*

Notes:

- i. All the Group's notes receivables are letters of credit issued by banks on behalf of customers.
- ii. Prepaid operating expenses are mainly market promotion expenses and commissioned research and development expenses.
- iii. The deposits mainly represented a US\$5,500,000 (equivalent to approximately RMB38,658,000) refundable deposit paid to a cooperating party (acting as an authorised agent) under an arrangement entered into by the Group for the cooperating party to procure vessels for the Group under the Group's collaborative vessel acquisition arrangements.
- iv. Funds held by trustee for restricted share scheme represent amounts advanced to the trustee of the Group's restricted share scheme (see note 31 for details), which are intended for the purchase of the Company's shares in the open market within the period of 12 months after the reporting period. As at the reporting date, the trustee had not yet utilised the funds for purchasing the shares and the balance is therefore presented as other receivables. Details for the purchase of the Company's shares in the open market by the trustee after the reporting period are set out in note 42.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on revenue recognition dates at the end of each reporting period:

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
0–30 days	47,260	47,232
31–90 days	11,306	30,035
91–180 days	6,415	2,775
181–365 days	6,141	151
Over 365 days	6,293	27
	<b>77,415</b>	80,220

Details of the assessment on the provision of ECL of trade receivables are set out in Note 35.

The Group does not hold any collateral over these balances.

The maturity date of the notes receivables is generally within 1 month.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 21. TRADE AND NOTES RECEIVABLES, AND OTHER RECEIVABLES *(Continued)*

Trade receivables denominated in foreign currencies (other than the functional currencies of the respective group entities) were nil for both years. Other receivables that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
EUR	–	11,058
SGD	7	61
HK\$	12,345	20
United States dollar ("US\$")	38,658	–
	<b>51,010</b>	11,139

## 22. CONTRACT ASSETS AND CONTRACT LIABILITIES

### Contract Assets

Certain marine services contracts of the Company and its subsidiaries include terms that require certain portion of the payments to be withheld by the customers until the expiry of the warranty period.

The Group typically agrees to a retention period of 12 months for a percentage ranging from 2% to 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditioned on the marine services not having any quality issues. The contract assets are transferred to trade receivables when the warranty obligations expire.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

### Contract Liabilities

For the contracts which require prepayments from the customers, the Group typically receive a deposit and progress payments, based on the different stages of the projects, of up to 80% of the total contract sum prior to the transfer of control. Instead of requiring customers to place deposits in advance, orders for newbuilding vessels are secured by letters of credit that are collected in full (100%) upon shipment.

Revenue of RMB31,181,000 recognised for the year ended 31 December, 2025 (2024: RMB174,862,000) was included in the contract liabilities balance at the beginning of the year. The contract liabilities balance amounted to RMB174,862,000 as at 1 January, 2024.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 22. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Continued)*

Contract liabilities that are expected to be settled within one year are classified as current liabilities. As at 31 December, 2025 and 2024, there were no contract liabilities expected to be settled after one year.

The significant increase in contract liabilities of the Group as at 31 December, 2025 was mainly attributable to the substantial new orders secured from customers during the year, which were supported by large amounts of advance deposits received from customers. In addition, certain projects that were scheduled to be delivered after the reporting period also contributed to the build-up of contract liabilities.

## 23. CONTRACT COSTS

Details of contract costs are as follows:

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Incremental costs to obtain contracts (Note i)	1,598	8,204
Costs to fulfil contracts (Note ii)	2,675	1,255
	4,273	9,459

Notes:

- i. Contract costs capitalised relate to the incremental sales commissions to sales agents whose selling activities resulted in customers entering into sale and purchase agreements whose revenue has not yet been recognised at each of the end of the reporting period.
- ii. Costs to fulfill contracts are mainly in relation to the design review fees of ongoing projects at each of the end of the reporting period.

Contract costs are recognised as expenses in the consolidated statement of profit or loss in the period in which the corresponding revenue is recognised.

There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the years ended 31 December, 2025 (2024: nil).

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Financial assets at FVTPL	<b>136,770</b>	19,768

During the year ended 31 December, 2025, the Group subscribed to five (2024: one) wealth management products, that mainly represent short-term and high-quality monetary market instruments, issued by China Rock Fund SPC, North Rock Fund SPC, Vanguard Fund SPC, Prudent Wealth Global Fund SPC and LSC Stable Income LPF (collectively the “Fund Issuers”), all of them are independent third parties, for a total of US\$19,000,000 (equivalent to approximately RMB133,547,000) (2024: Prudent Wealth Global Fund SPC of US\$2,750,000 (equivalent to approximately RMB19,768,000)).

As at 31 December, 2025, the fair value of the wealth management products held by the Group amounted to US\$19,650,000 (equivalent to approximately RMB136,770,000) (2024: US\$2,750,000 (equivalent to approximately RMB19,768,000)). Details of the fair value measurement are disclosed in note 35(c).

According to the terms of subscription of the wealth management products, the underlying investment portfolio (the “Underlying Funds”) of the wealth management products mainly includes short-term and high-quality monetary market instruments such as United States Treasury securities with remaining maturities of less than one year, and cash and cash equivalents. Except for LSC Stable Income LPF, the subscription agreement of the remaining wealth management products carry expected annual return rate from 1.0% to 4.5% (2024: 1.0% to 4.5% for Prudent Wealth Global Fund SPC). As at 31 December, 2025 and 2024, the Group had not pledged any of its investments in the wealth management products.

In January and March 2026, the Group exercised the redemption rights embedded in the wealth management products by issuing redemption notices to the Fund Issuers of the wealth management products, and all the respective principal amounts of the wealth management products were received by the Group in January and March 2026.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 25. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS/TERM DEPOSITS

Cash and cash equivalents comprise demand deposits and short-term bank deposits held by the Group. Bank balances carry interests at market rates which was ranging from 0.00% to 0.05% as at 31 December, 2025 (2024: from 0.05% to 1.13%).

Restricted bank deposits comprise margins for letters of guarantee and letters of credit, which bear interest at market rates ranging from 0.05% to 2.32% per annum as at 31 December, 2025 (2024: 0.1% to 0.8%), and a restricted bank deposit of HK\$31,000,000 (equivalent to approximately RMB27,999,200), representing the proceeds of a dual currency deposit which bore interest at a fixed rate of 2.32% per annum, matured on 29 December, 2025 and had not yet been released by the bank as at 31 December, 2025. The balance was subsequently released in early January 2026.

As at 31 December, 2025, there are no outstanding term deposits with an original maturity over three months but within one year. As at 31 December, 2024, term deposits with an original maturity over three months but within one year of approximately RMB21,565,000 which carried interest at market rate of 4.25%.

Cash and cash equivalents, restricted bank deposits and term deposits that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
RMB	796	14,290
EUR	86	2,047
US\$	98,500	8,104
SGD	454	1,261
HK\$	65,064	130
	<b>164,900</b>	25,832

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 26. TRADE AND NOTES PAYABLE, AND OTHER PAYABLES

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Trade payables (Note i)	<b>71,751</b>	40,822
Notes payable (Note ii)	<b>3,851</b>	14,862
<b>Subtotal</b>	<b>75,602</b>	55,684
Construction cost payable	<b>3,490</b>	3,070
IPO expenses payable	<b>1,262</b>	12,231
Outsourced research and development payable	<b>460</b>	935
Other accrued expenses	<b>10,558</b>	7,167
Payroll payables	<b>7,130</b>	7,608
Other tax payables	<b>1,294</b>	1,177
<b>Subtotal</b>	<b>24,194</b>	32,188
	<b>99,796</b>	87,872

Notes:

- i The average credit period on purchases of goods and services of the Group is within 120 days (2024: 120 days).
- ii These relate to trade payables in respect of which the Group has arranged for the issuance of letters of credit and bank acceptance bills by banks in favour of the relevant suppliers as settlement instruments for trade payables incurred in the ordinary course of business. Under these arrangements, the suppliers may obtain payment from the banks on the maturity dates of the letters of credit or bank acceptance bills, subject to the presentation of complying documents, and the Group is obliged to make payments to the relevant banks on the due dates of the bills in accordance with the original terms agreed with the suppliers without any extension of payment terms. The Group continues to recognise these balances as notes payables, as the use of letters of credit and bank acceptance bills does not change the nature or timing of the underlying payment obligations and represents credit enhancement or settlement mechanisms only. In the consolidated statement of cash flows, settlements of these letters of credit and bank acceptance bills by the Group are included within operating cash flows, consistent with the nature of the arrangements.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 26. TRADE AND NOTES PAYABLE, AND OTHER PAYABLES *(Continued)*

The following is an aged analysis of trade payables, presented based on earlier of the date of goods and services received and the invoice dates at the end of each reporting period:

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
0–90 days	51,546	8,986
91–180 days	5,311	19,394
181–365 days	10,262	9,204
Over 365 days	4,632	3,238
	<b>71,751</b>	40,822

Trade and other payables that are denominated in currencies other than the functional currencies of the respective group entities are set out below:

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
HK\$	4,499	3,981
SGD	25	57
EUR	312	91
US\$	68	7,166

The other payables are unsecured, interest-free and repayable on demand.

The maturity date of the notes payable is generally between 1 to 6 months.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 27. BANK BORROWINGS

As at 31 December, 2025, bank borrowings of RMB58,000,000 are unsecured but guaranteed by the Company (2024: RMB30,000,000).

As at 31 December, 2025, bank borrowings of RMB69,950,000 are unsecured and unguaranteed (2024: RMB9,950,000).

As at 31 December, 2025, bank borrowings of RMB10,000,000 are unsecured but guaranteed by Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs (2024: nil).

As at 31 December, 2025, bank borrowings of RMB10,000,000 are unsecured but guaranteed by the Company and Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs (2024: nil).

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	At 31 December,	
	2025	2024
Fixed-rate borrowings	2.30%-3.00%	3.00%-3.40%

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
The carrying amounts of the above borrowings are repayable		
Within one year	147,950	9,950
Over one year but within two years	–	30,000
	147,950	39,950

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 28. LEASE LIABILITIES

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	1,990	1,396
Within a period of more than one year but not exceeding two years	1,229	544
Within a period of more than two years but not exceeding five years	255	–
	<b>3,474</b>	1,940
Less: Amount due for settlement with 12 months shown under current liabilities	<b>(1,990)</b>	(1,396)
Amount due for settlement after 12 months shown under non-current liabilities	<b>1,484</b>	544

The weighted average incremental borrowing rates applied to lease liabilities is 3.33% (2024: 4.75%).

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 29. PROVISIONS

	<b>Warranty provision</b> RMB'000
At 1 January, 2024	4,539
Additional provision during the year	353
Utilisation of provision	(783)
At 31 December, 2024	<b>4,109</b>
Over provision during the year	<b>(894)</b>
Utilisation of provision	<b>(450)</b>
At 31 December, 2025	<b>2,765</b>

The warranty provision represents management's best estimate of the Group's and the Company's liability under 12 to 60 months assurance-type warranty granted on products and services, based on prior experience and industry averages for defective products.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 30. SHARE CAPITAL

	Number of shares	Nominal value of shares RMB'000
Domestic shares of RMB1 each Registered, issued and fully paid As at 1 January, 2024, 31 December, 2024, 1 January, 2025 and 31 December, 2025	30,000,000	30,000
H-shares of RMB1 each Registered, issued and fully paid As at 1 January, 2024, 31 December, 2024 and 1 January, 2025	–	–
Issuance of H shares (Note)	10,000,000	10,000
As at 31 December, 2025	10,000,000	10,000

As at 31 December, 2025, the Company had 40,000,000 shares (2024: 30,000,000) in issue, including 30,000,000 (2024: 30,000,000) domestic shares and 10,000,000 (2024: nil) H-shares.

H-shares are shares of the Company that are listed and traded on the Hong Kong Stock Exchange. The holders of domestic shares and H-shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All unlisted domestic shares and listed H-shares rank equally with regard to the Company's residual assets.

Note: On 9 January, 2025, the Company issued 10,000,000 H-shares at a price of HK\$31.80 per share as a result of completion of the global offering. Total fund raised amounted to HK\$318,000,000 (equivalent to approximately RMB294,468,000). The transaction costs directly attributable to issue of the H-shares upon the share offering in the IPO process amounted to approximately RMB15,759,000 and was treated as deduction from share premium in the consolidated financial statements.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 31. SHARE-BASED PAYMENT TRANSACTIONS

### a) Equity-settled restricted shares scheme of the Company

In February 2019, the shareholders' meeting of the Company passed a resolution to transfer 8% of the equity interests in the Company to six core management members and technical backbones upon the company's establishment, at the price of RMB1.00 per the then paid-in capital, in order to attract and retain the employees for the continual operation and development of the Group. The fair value of the equity interests of the Company at the grant date was determined to be RMB24.84 per unit of paid-in capital. The equity interests would vest over a three-year period with 1/3 of the equity interests granted vesting on each of the first, second and third anniversary of the grant date, subject to the performance condition of the Company's successful listing at a recognised stock exchange. The difference between the fair value of the equity interests transferred to these employees at the grant date and the price payable by them for such transfer was accounted for as equity settled share-based payment and the relevant expenses were recognised over the expected vesting period.

In May 2021, one of the six key employees resigned and the shares granted to this employee were transferred to Mr. Zhou Yang, the Chairman, at cost; and Mr. Zhou Yang, Mr. Zhao Mingzhu (executive director of the Company), Mr. Chen Zhiyuan (executive director of the Company), and the other five key employees transferred 8% equity interests of the Company to ContiOcean Corporate Development LLP ("ContiOcean Development").

In January 2022, in order to attract and retain the employees for the continual operation and development of the Group, Mr. Zhou Yang transferred 12.50% of the interest in ContiOcean Development to ten employees, which represented 1% of the equity interests in the Company indirectly at the price of RMB0.55 per the then paid-in capital. The fair value of the Company's equity interests at the grant date was RMB24.70 per the then paid-in capital. The equity interests will vest over a three-year period with 1/3 of the equity interests granted vesting on each of the first, second and third anniversary of the grant date. The vesting of the equity interests is also subject to the performance condition of the Company's successful listing at a recognised stock exchange. The difference between the fair value of the equity interests transferred to these employees at the grant date and the price paid by them for such transfer was accounted for as equity settled share-based payment and the relevant expenses were recognised over the expected vesting period.

In November 2023, 0.7% of the shares of the Company were granted to Mr. Zhou Yang indirectly through the shares of ContiOcean Development, in order to retain and motivate Mr. Zhou Yang for the continual operation and development of the Group. These shares were vested immediately. As a result, the difference between the fair value of the shares at the grant date and the price paid by Mr. Zhou Yang was accounted for as equity settled share-based payment and the relevant expenses were recognised during the year ended 31 December, 2023.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 31. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### a) Equity-settled restricted shares scheme of the Company *(Continued)*

Set out below are details of the movements of the outstanding unvested shares granted under the share-based payment arrangements during the years ended 31 December, 2025 and 2024. The number of shares listed below is adjusted retrospectively for the Company's conversion into a joint stock company in 2022 and the 10,000,000 shares issued in 2023 by conversion of the share premium into the share capital of the Company, as if 30,000,000 shares were in issue as at 1 January, 2023.

	At 31 December,	
	2025	2024
Directors		
At the beginning of the year	75,000	75,000
Vested during the year	(75,000)	–
At the end of the year	–	75,000
Supervisors		
At the beginning of the year	225,000	225,000
Vested during the year	(225,000)	–
At the end of the year	–	225,000
Other employees		
At the beginning of the year	390,000	390,000
Vested during the year	(390,000)	–
At the end of the year	–	390,000

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 31. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### b) Equity-settled share option scheme of the Company

On 27 July, 2024, to improve the Company's incentive mechanism to attract and retain outstanding talents and to promote the long-term development of the Company, the Company adopted a share option scheme pursuant to which a maximum of 3,930,000 options shall be granted to its directors, supervisors, senior management and core employees of the Group, subject to the accomplishment of certain non-market performance conditions. The exercise price for each option is RMB25.00. On 29 July, 2024, the Company granted 3,930,000 options.

The options granted under the Pre-IPO Share Option Scheme may be vested in tranches: (1) 33% vested on the first anniversary of the listing date of the H Shares of the Company on the Stock Exchange (the "Listing Date"), and exercisable from the first trading day after 12 months from the Listing Date to the last trading day within 24 months from the Listing Date, subject to the performance condition to be fulfilled; (2) 33% vested on the second anniversary of the Listing Date, and exercisable from the first trading day after 24 months from the Listing Date to the last trading day within 36 months from the Listing Date, subject to the performance condition to be fulfilled; and (3) 34% vested on the third anniversary of the Listing Date, and exercisable from the first trading day after 36 months from the Listing Date to the last trading day within 48 months from the Listing Date, subject to the performance condition to be fulfilled.

Set out below are details of the movements of the outstanding shares options granted under the share-based payment arrangements during both years.

	At 31 December,	
	2025	2024
Directors		
At the beginning of the year	<b>837,500</b>	–
Granted during the year	–	1,250,000
Forfeited during the year	<b>(412,500)</b>	(412,500)
At the end of the year	<b>425,000</b>	837,500
Other employees		
At the beginning of the year	<b>1,775,500</b>	–
Granted during the year	–	2,680,000
Forfeited during the year	<b>(874,500)</b>	(904,500)
At the end of the year	<b>901,000</b>	1,775,500

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 31. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### b) Equity-settled share option scheme of the Company *(Continued)*

During the year, the second batch, which is 33% of the total granted share options under the Pre-IPO Share Option Scheme, were forfeited due to the performance conditions included were not satisfied.

The share option outstanding of 31 December, 2025 had a weighted average remaining contractual life of 2 years (2024: 3 years).

The Group has applied discounted cash flow method to determine the fair value of the underlying shares of RMB24.84 per the then paid-in capital granted in February 2019, RMB24.70 per the then paid-in capital granted in January 2022, RMB23.58 per share granted in November 2023 and RMB24.06 per share option granted in July 2024. Best estimates of key assumptions, such as discount rate and projections of future performance, were required to be determined by management. Key assumptions used in determining the fair value of shares under the share-based payment arrangements were as follows:

	Shares and share options granted at			
	February	January	November	July
	2019	2022	2023	2024
	%	%	%	%
Discount rate	14.76	13.38	11.41	<b>10.72</b>
Risk-free interest rate	3.17	2.78	2.67	<b>1.84</b>
Volatility	50	45	40	<b>44</b>

During the year ended 31 December, 2025, equity-settled share-based payment compensation expenses of RMB1,315,000 (2024: RMB4,763,000), in relation to the above-mentioned share-based payment arrangements were charged to profit or loss.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 31. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### c) Restricted share scheme 2025 of the Company

On 1 August, 2025, the shareholders of the Company passed a resolution to adopt the 2025 H share restricted share scheme (the "Restricted Share Scheme 2025"). The purpose of the Restricted Share Scheme 2025 is to recognise and acknowledge the contributions which the eligible participants have made or may make to the Group. The Restricted Share Scheme 2025 will provide the eligible participants with an opportunity to acquire proprietary interests in the Company, with the view to achieving the objectives including (1) motivating the eligible participants to optimise their performance and efficiency for the benefit of the Group; (2) rewarding the eligible participants who have achieved outstanding performance; and (3) attracting and retaining or otherwise maintaining ongoing business relationships with the eligible participants whose contributions are, or will, or are expected to be, beneficial to the Group. The eligible participants who may participate in the Restricted Share Scheme 2025 shall be the persons who have the right to receive the award as determined by the board of directors of the Company in accordance with the terms of the Restricted Share Scheme 2025. The scope of eligible participants include (i) employee participants; (ii) related entity participants; (iii) service providers; and (iv) other participants as determined by the board of directors of the Company or its delegated committee in which they are not employee participants, related entity participants, service providers or core connected persons. Details of the Restricted Share Scheme 2025 are set out in the circular of the Company dated 26 July, 2025.

During the year ended 31 December, 2025, the board of directors of the Company has entrusted a qualified trust manager to act as the trustee under the Restricted Share Scheme 2025 and has established a trust plan with the objective of implementing equity incentives. The eligible participants will be granted the awards and thus indirectly hold the interest of the Company's shares through the trust. The awards will be vested upon the fulfilment of certain conditions. The awards granted to the eligible participants shall be subject to the terms of the Restricted Share Scheme 2025 and the restrictive terms as agreed in the trust deed. The eligible participants shall be entitled to the corresponding rights and interests in accordance with the terms agreed in the trust deed.

Subject to any early termination of the Restricted Share Scheme 2025 pursuant to the terms of the Restricted Share Scheme 2025, the Restricted Share Scheme 2025 shall be valid and effective for ten (10) years commencing from the adoption date (i.e. 1 August, 2025, which is the day on which the Restricted Share Scheme 2025 is approved by the shareholders of the Company at the extraordinary general meeting).

As at the adoption date, the maximum number of H shares that may be awarded to eligible participants under the Restricted Share Scheme 2025 is 4,000,000 shares, representing 10% of the total number of the issued shares of the Company (excluding treasury shares, if any) as at the adoption date.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 31. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

### c) Restricted share scheme 2025 of the Company *(Continued)*

The award granted to an eligible participant shall be vested to the eligible participant during the vesting period upon satisfaction of the vesting conditions and the performance targets, if any, set forth in the Restricted Share Scheme 2025. The vesting conditions and the performance targets, if any, shall be determined at the sole discretion of the board of directors of the Company or its delegated committee in the award letter.

The performance targets, if any, shall be based on the performance of the eligible participant and/or the operating or financial performance of the Group and/or such other performance target to be determined by the board of directors of the Company or its delegated committee in its absolute discretion from time to time.

During the year ended 31 December, 2025, no award has been granted to any eligible participants under the Restricted Share Scheme 2025.

During the year ended 31 December, 2025, the Company instructed the trust holding company controlled by the trustee of the Restricted Share Scheme 2025 to purchase 490,000 H shares from the open market. The total consideration paid for these purchases amounted to approximately HK\$15,767,000 (equivalent to approximately RMB14,106,000), which has been deducted from equity as at 31 December, 2025. The shares purchased by the Company that had not yet vested under the Restricted Share Scheme 2025 were recorded as shares held under Restricted Share Scheme of the Company. As at 31 December, 2025, a total of 490,000 treasury shares were held through the trust holding company controlled by the trustee of the Restricted Share Scheme 2025.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 32. ACQUISITION OF NON-CONTROLLING INTERESTS

In January and March 2025, ContiOcean Hong Kong injected a total of EUR200,000 (equivalent to approximately RMB1,531,000) into WTC, thereby increasing its equity interests in WTC from 51% to 55%.

	2025 RMB'000
Carrying amount of non-controlling interests before capital injection	(745)
Carrying amount of non-controlling interests after capital injection	66
Decrease in equity attributable to owners of the Company	(811)

## 33. RELATED PARTY TRANSACTIONS

### (a) Compensation of key management personnel

The remuneration of the directors, supervisors and senior management of the Group during the reporting periods were as follows:

	Year ended 31 December,	
	2025 RMB'000	2024 RMB'000
Short-term benefits	10,628	9,172
Discretionary bonus (Note)	2,220	3,842
Retirement benefit scheme contributions	589	609
Share-based payments	577	1,948
	<b>14,014</b>	15,571

Note: Discretionary bonus is determined based on the duties and responsibilities of the relevant individuals within the Group and the Group's performance.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net liquid assets, which includes cash and cash equivalents, restricted bank deposits and term deposits, net of bank borrowings and lease liabilities, and equity attributable to owners of the Company, comprising issued share capital, retained profits, other reserves and non-controlling interests were as follows:

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Cash and cash equivalents	215,418	133,402
Restricted bank deposits (current portion)	34,556	6,303
Term deposits (current portion)	–	21,565
Less: Bank borrowings (current portion)	(147,950)	(9,950)
Less: Lease liabilities (current portion)	(1,990)	(1,396)
Net liquid assets	100,034	149,924
Share capital	40,000	30,000
Shares held for restricted share scheme	(14,106)	–
Retained profits	125,754	181,271
Reserves	337,609	71,151
Equity attributable to owners of the Company	489,257	282,422
Non-controlling interests	2,649	1,810
Total equity	491,906	284,232

The management of the Group regularly reviews capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the new shares issues as well as the issue of new debts and redemption of existing debts.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 35. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Amortised cost (including cash and cash equivalents)	<b>404,528</b>	267,216
FVTPL	<b>136,770</b>	19,768
	<b>541,298</b>	286,984
Financial liabilities		
Amortised cost	<b>239,322</b>	113,261

### (b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables (excluding prepayments for purchases of materials, prepaid operating expenses, VAT recoverable, prepaid income tax), financial assets at FVTPL, cash and cash equivalents, restricted bank deposits, term deposits, trade and other payables (excluding payroll payables and other tax payables) and bank borrowings. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Market risk

The Group's activities expose it primarily to currency risk and interest rate risk. There has been no change in the Group's exposure to these risks or the manner in which it manages and measures the risks.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 35. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### Market risk *(Continued)*

##### (i) Currency risk

Cash and cash equivalents, trade and other receivables, and trade and other payables are denominated in foreign currency of respective group entities which are exposed to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are mainly as follows:

The Group

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
Assets		
US\$	207,446	8,104
HK\$	77,409	150
SGD	461	1,322
EUR	86	13,105
RMB	796	14,290
	<b>286,198</b>	36,971
Liabilities		
US\$	68	7,166
HK\$	4,499	3,981
SGD	25	57
EUR	312	91
	<b>4,904</b>	11,295

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 35. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### Market risk *(Continued)*

##### (i) Currency risk *(Continued)*

###### Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currencies against respective entities' functional currencies, with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive/negative number below indicates an increase/decrease in profit where foreign currencies strengthen 5% against functional currencies. For a 5% weakening of foreign currencies against functional currencies, there would be an equal and opposite impact on profit for the year.

	Year ended 31 December,	
	2025	2024
	RMB'000	RMB'000
Impact on profit or loss	11,955	1,091

##### (ii) Interest rate risk

The Group are exposed to fair value interest rate risk in relation to restricted bank deposits, fixed rate bank borrowings and lease liabilities. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, therefore no sensitivity analysis on such risk has been prepared.

#### Credit risk

The carrying amounts of trade and other receivables, contract assets, bank balances, restricted bank deposits, and the wealth management products classified as financial assets at FVTPL included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 35. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### **Credit risk** *(Continued)*

For trade receivables and contract assets, the Group has individually assessed trade receivables and contract assets with significant balances and credit-impaired. The Group has also applied the simplified approach in IFRS 9 to measure the loss allowance of trade receivables and contract assets, which are not assessed individually, at lifetime ECL. The ECL on trade receivables and contract assets that are assessed collectively, has been based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each reporting period.

According to assessment of the management, since the majority of the trade receivables and contract assets balance is still within the credit term and there's no indicator that the credit risk would significantly increase in the foreseeable future, in the opinion of the management, the impairment loss for the trade receivables and contract assets is insignificant.

In order to minimise the credit risk with customers, the management of the Group has delegated its finance team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Group has concentration of credit risk of the trade receivables, as trade receivables due from the Group's largest debtor as at 31 December, 2025 amounted to RMB11,553,000 (2024: RMB14,649,000), representing 14.05% (2024: 17.35%) of total trade receivables of the Group. RMB41,030,000 (2024: RMB42,336,000) of the trade receivables was due from the five largest debtors that are principally engaged in ship building or shipping services, representing 49.89% (2024: 50.13%) of total trade receivables as at 31 December, 2025.

As at 31 December, 2025, the credit loss rate of trade receivable is 5.87% (2024: 5.00%).

For other receivables, the Group has applied ECL model in accordance to IFRS 9 to measure the loss allowance. The ECL on other receivables are assessed individually based on historical settlement records and past default experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each year. The management of the Group believes that the Group's credit risk in other receivables which were not credit impaired is insignificant and therefore, the credit loss rate is nil as at 31 December, 2025 (2024: nil).

The credit risk on cash and cash equivalents and restricted bank deposits are limited because the counterparties are reputable financial institutions. The Group assesses 12m ECL for bank balances, restricted bank deposits and considered the ECL allowance is insignificant at the end of each reporting period.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 35. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### Credit risk *(Continued)*

The following tables shows the movement in allowances for lifetime ECL that have been recognised for trade receivables and contract assets under the simplified approach and credit impaired other receivables.

	Trade receivables (Lifetime ECL) RMB'000	Contract assets (Lifetime ECL) RMB'000	Other receivables (Lifetime ECL) RMB'000	Total RMB'000
As at 1 January, 2024	2,054	37	638	2,729
— Impairment losses recognised, net of reversal	2,130	88	—	2,218
— Write off	—	(32)	—	(32)
— Exchange differences	42	—	—	42
<b>As at 31 December, 2024</b>	<b>4,226</b>	<b>93</b>	<b>638</b>	<b>4,957</b>
— Impairment losses recognised, net of reversal	609	168	—	777
— Write off	—	—	(638)	(638)
— Exchange differences	(4)	—	—	(4)
<b>As at 31 December, 2025</b>	<b>4,831</b>	<b>261</b>	<b>—</b>	<b>5,092</b>

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 35. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 31 December, 2025						
Trade and other payables	–	91,372	–	–	91,372	91,372
Bank borrowings	2.53	151,693	–	–	151,693	147,950
Lease liabilities	3.33	2,064	1,257	257	3,578	3,474
		245,129	1,257	257	246,643	242,796
At 31 December, 2024						
Trade and other payables	–	73,311	–	–	73,311	73,311
Bank borrowings	3.25	9,964	31,992	–	41,956	39,950
Lease liabilities	4.75	1,456	550	–	2,006	1,940
		84,731	32,542	–	117,273	115,201

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 35. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value measurements of financial instruments

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets at FVTPL of the Group are measured at fair value at 31 December, 2025. The following table gives information about how the fair value of the financial assets is determined (in particular, the valuation techniques and key inputs used).

Financial asset	Fair value as at 31 December,		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input
	2025	2024			
	RMB'000	RMB'000			
Financial assets at FVTPL	<b>136,770</b>	19,768	Level 3	Based on the reported net asset value per unit of the Underlying Funds as at 31 December, 2025 (2024: 31 December, 2024), which were set out in the net asset statements provided by the Fund Issuers. The reported net asset valuations reflect aggregate market values of the underlying investment portfolios of the Underlying Funds, together with adjustments for related expenses, without disclosure of the number of units or observable quoted prices of the underlying investments	Issuer-provided aggregate NAV and assumptions embedded in NAV

The classification of the fair value measurement of the wealth management products as Level 3 of the fair value hierarchy reflects that the valuation is based on net assets statements provided by the Fund Issuers that provide only aggregate market values of the underlying investments, without disclosing the observable prices of the underlying investments held by the Underlying Funds. Accordingly, significant unobservable inputs are involved in the valuation processes in preparing the net assets statements, and the fair value measurement has been classified as Level 3.

There were no transfers between Level 1 and Level 2, or between Level 2 and Level 3, during the years ended 31 December, 2025 and 2024.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 35. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value measurements of financial instruments *(Continued)*

#### Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(Continued)*

Reconciliation of fair value measurement categories within Level 3

	Wealth management products classified as financial assets at FVTPL RMB'000
Opening balance at 1 January, 2025	19,768
Transfer into level 3	–
Fair value gain recognised in profit or loss	3,243
Purchases	113,759
<hr/>	
Closing balance at 31 December, 2025	136,770

The Group has assessed its exposure to other price risk arising from the wealth management products classified as financial assets at FVTPL, taking into account factors including the short-term nature, the characteristics and the historical price volatility of the underlying investments. The Group considers such exposure to be insignificant and, accordingly, no sensitivity analysis has been presented.

#### Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

## 36. RETIREMENT BENEFIT PLANS

The employees of the Group's subsidiaries in PRC are members of a state-managed retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the payroll costs of their employees, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions. The total amount provided by the Group to the scheme in the PRC is RMB3,006,000 (2024: RMB2,569,000) for the years ended 31 December, 2025.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 37. PARTICULARS OF SUBSIDIARIES

As at 31 December, 2025 and 2024, the Group's subsidiaries are as follows:

Name of subsidiaries	Place/Country and date of establishment / incorporation	Issued and fully paid share/registered capital as at		Equity interest attributable to the Group as at		Principal activities
		31 December, 2025	31 December, 2024	31 December, 2025 %	31 December, 2024 %	
ContiOcean (Nantong) E.P. Equipment Co., Ltd (ContiOcean Nantong) (Note ii)	PRC, 28 January, 2019	RMB30,000,000	RMB30,000,000	100	100	Manufacture of ship desulfurization systems
ContiOcean Environment Tech Co., Limited (ContiOcean Hong Kong)	Hong Kong, 28 December, 2017	HK\$10,000,000	HK\$10,000,000	100	100	Ship desulfurization system business and maritime services
ContiOcean International Development Co., Ltd (ContiOcean International) (Note ii)	PRC, 15 March, 2023	RMB20,000,000	RMB10,000,000	100	100	Marine equipment sales
ContiOcean Pte. Ltd (ContiOcean Singapore)	Singapore, 20 July, 2018	SGD10	SGD10	100	100	Ship desulfurization system business, ship clean-energy supply systems, and maritime services
ContiLashing Pte. Ltd	Singapore, 1 August, 2019	SGD100	SGD100	100	100	Ship lashing fitting business
ContiOcean Global Energy Solution Pte. Ltd.	Singapore, 3 January, 2019	SGD1,200,000	SGD1,200,000	70	70	Provision of marketing services to intra-group companies.
Wavelength Technology Center, LDA (WTC) (Note i)	The Portuguese Republic, 14 April, 2022	EUR1,111	EUR1,020	55	51	Research and Development of clean energy supply systems, such as methanol gas supply systems
Wavelength Technology Center AS	Norway, 29 June, 2022	NOK30,000	NOK30,000	55	51	Research and technology service
Alfaback Automation Co., Ltd (Note ii)	PRC, 30 September, 2019	RMB1,000,000	RMB1,000,000	100	100	Inactive
ContiOcean Tankers Company Limited	Hong Kong, 24 October, 2025	HK\$10,000	N/A	100	N/A	Inactive
CO Pioneer Shipping Co., Limited	Hong Kong, 22 January, 2025	HK\$10,000	N/A	100	N/A	Inactive
AMS ContiOcean Partners Limited	Hong Kong, 24 March, 2025	HK\$1,000,000	N/A	51	N/A	Marine equipment sales

Notes:

- i In January and March 2025, ContiOcean Hong Kong injected a total of EUR200,000 into WTC, comprising EUR91 credited as paid-in capital and EUR199,909 as capital reserve. Consequently, its shareholding in WTC increased from 51% to 55%.
- ii The form of business structure of these subsidiaries is limited liability company incorporated in the PRC.

All the subsidiaries adopted 31 December as financial year end.

None of the subsidiaries has issued any debt securities as at 31 December, 2025 and 2024.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
<b>Non-Current Assets</b>		
Property, plant and equipment	1,724	2,221
Right-of-use assets	1,793	1,656
Investments in subsidiaries	79,183	68,976
Other intangible assets	598	303
Deferred tax assets	2,942	505
Restricted bank deposits	–	1,172
	<b>86,240</b>	74,833
<b>Current Assets</b>		
Inventories	389	468
Trade and other receivables	177,209	86,476
Contract assets	433	606
Contract costs	857	518
Financial assets at fair value through profit or loss	72,270	–
Amounts due from subsidiaries (Note i)	65,126	27,671
Tax recoverable	311	–
Restricted bank deposits	29,160	1,677
Cash and cash equivalents	155,326	85,466
	<b>501,081</b>	202,882
<b>Current Liabilities</b>		
Trade and other payables	20,416	59,436
Amounts due to subsidiaries (Note i)	89,522	5,263
Bank borrowings	69,950	9,950
Lease liabilities	1,294	1,370
Provisions	1,000	1,398
Contract liabilities	5,130	–
	<b>187,312</b>	77,417
<b>Net Current Assets</b>	<b>313,769</b>	125,465
<b>Total Assets Less Current Liabilities</b>	<b>400,009</b>	200,298

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	At 31 December,	
	2025	2024
	RMB'000	RMB'000
<b>Capital and Reserves</b>		
Share capital	40,000	30,000
Shares held for restricted share scheme	(14,106)	–
Reserves	373,045	169,754
<b>Total Equity</b>	<b>398,939</b>	199,754
<b>Non-Current Liabilities</b>		
Lease liabilities	297	544
Deferred Tax Liability	773	–
	1,070	544
	400,009	200,298

Note:

- i Balances with subsidiaries, comprising amounts due from and to subsidiaries, are non-trade in nature, unsecured, interest-free and repayable on demand.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

The movement of the reserves of the Company are as follows:

	Share premium RMB'000	Other reserves RMB'000	Share-based payment reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January, 2024	40,437	18,873	7,626	101,401	168,337
Profit and total comprehensive income for the year	–	–	–	92,654	92,654
Appropriation of surplus reserve	–	2,803	–	(2,803)	–
Distribution to the shareholders	–	–	–	(96,000)	(96,000)
Recognition of equity settled share-based payments	–	–	4,763	–	4,763
<b>At 31 December, 2024</b>	<b>40,437</b>	<b>21,676</b>	<b>12,389</b>	<b>95,252</b>	<b>169,754</b>
Loss and total comprehensive expense for the year	–	–	–	(6,733)	(6,733)
Issuance of H shares (Note 30)	284,468	–	–	–	284,468
Transaction costs attributable to issuance of H shares (Note 30)	(15,759)	–	–	–	(15,759)
Distribution to the shareholders	–	–	–	(60,000)	(60,000)
Recognition of equity settled share-based payments	–	–	1,315	–	1,315
<b>At 31 December, 2025</b>	<b>309,146</b>	<b>21,676</b>	<b>13,704</b>	<b>28,519</b>	<b>373,045</b>

## 39. MAJOR NON-CASH TRANSACTIONS

There are no major non-cash transactions during the years ended 31 December, 2025 and 2024.

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 40. RECONCILIATION OF ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Other payables RMB'000	Lease liabilities RMB'000	Bank Borrowings RMB'000	Total RMB'000
At 1 January, 2024	–	2,888	19,900	22,788
Financing cash flows	(112,123)	(1,573)	20,050	(93,646)
Non-cash changes:				
New lease entered	–	513	–	513
Dividend declared	96,000	–	–	96,000
Accrued issue costs	27,449	–	–	27,449
Interest expenses	905	112	–	1,017
At 31 December, 2024	<b>12,231</b>	<b>1,940</b>	<b>39,950</b>	<b>54,121</b>
Financing cash flows	<b>(83,965)</b>	<b>(2,421)</b>	<b>108,000</b>	<b>21,614</b>
Non-cash changes:				
New lease entered	–	3,819	–	3,819
Dividend declared	60,000	–	–	60,000
Accrued issue costs	9,817	–	–	9,817
Interest expenses	3,179	136	–	3,315
At 31 December, 2025	<b>1,262</b>	<b>3,474</b>	<b>147,950</b>	<b>152,686</b>

# Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31 December, 2025

## 41. CAPITAL COMMITMENT

As at 31 December, 2025, the Group had capital commitments totaling US\$28,750,000 (approximately RMB202,078,000) in respect of the acquisition of vessels, which were contracted but not provided for.

On 15 December, 2025, two subsidiaries of the Group entered into separate Memoranda of Agreement to acquire two vessels at an aggregate purchase price of US\$28,750,000 (approximately RMB202,078,000). The transactions are subject to certain conditions, including shareholder approval, approval from the Hong Kong Stock Exchange and other regulatory bodies, and the approval for overseas direct investment.

Pursuant to the agreements, aggregate deposits of US\$5,750,000 (approximately RMB40,416,000) were required to be paid within three calendar weeks after the execution of the agreements. As at 31 December, 2025, these deposits had not yet been paid, and were subsequently paid in January 2026, totaling US\$5,750,000 (approximately RMB40,416,000).

## 42. SUBSEQUENT EVENTS

During January 2026, the Company instructed the trust holding company controlled by the trustee of the Restricted Share Scheme 2025 to purchase 420,000 H shares from the open market. The total consideration paid for these purchases amounted to approximately HK\$13,467,000 (equivalent to approximately RMB12,043,000).

## 43. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.