

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG ENERGY MARINE ENVIRONMENTAL TECHNOLOGY CO., LTD, CITIC SECURITIES (HONG KONG) LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Zhejiang Energy Marine Environmental Technology Co., Ltd (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-4] to [I-79], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2026 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-4] to [I-79] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “Document”) in connection with the [REDACTED] of the shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and 31 May 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2025 and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
REVENUE	5	2,368,763	2,397,498	3,501,174	1,323,471	2,507,000
Cost of sales	7	(1,557,586)	(1,555,808)	(2,438,508)	(948,634)	(1,634,716)
Gross profit		811,177	841,690	1,062,666	374,837	872,284
Other income and gains	6	51,674	103,064	114,393	47,924	32,252
Selling and distribution expenses		(35,080)	(59,561)	(55,677)	(22,250)	(29,102)
Administrative expenses		(13,496)	(28,905)	(43,579)	(18,298)	(22,123)
Research and development costs	7	(84,757)	(120,781)	(137,090)	(50,214)	(53,688)
Impairment losses on financial assets, net	7	(3,296)	(2,490)	(11,977)	(5,437)	(5,864)
Other expenses		–	–	(18,742)	(201)	(59,349)
Finance costs	8	(5,887)	(12,270)	(14,756)	(6,337)	(6,504)
PROFIT BEFORE TAX	7	720,335	720,747	895,238	320,024	727,906
Income tax expense	11	(99,250)	(95,241)	(121,932)	(42,707)	(105,802)
PROFIT FOR THE YEAR/PERIOD		<u>621,085</u>	<u>625,506</u>	<u>773,306</u>	<u>277,317</u>	<u>622,104</u>
Attributable to: Owners of the parent		<u>621,085</u>	<u>625,506</u>	<u>773,306</u>	<u>277,317</u>	<u>622,104</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	13	<u>2.76</u>	<u>2.78</u>	<u>3.44</u>	<u>1.23</u>	<u>2.76</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR/PERIOD	<u>621,085</u>	<u>625,506</u>	<u>773,306</u>	<u>277,317</u>	<u>622,104</u>
OTHER COMPREHENSIVE INCOME/(LOSS)	—	8	(295)	26	(646)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: Exchange differences on translation of foreign operations	<u>—</u>	<u>8</u>	<u>(295)</u>	<u>26</u>	<u>(646)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>—</u>	<u>8</u>	<u>(295)</u>	<u>26</u>	<u>(646)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>—</u>	<u>8</u>	<u>(295)</u>	<u>26</u>	<u>(646)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD . . .	<u>621,085</u>	<u>625,514</u>	<u>773,011</u>	<u>277,343</u>	<u>621,458</u>
Attributable to: Owners of the parent	<u>621,085</u>	<u>625,514</u>	<u>773,011</u>	<u>277,343</u>	<u>621,458</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	24,093	24,248	39,442	44,772
Net investment in the sublease	15	—	—	—	203,793
Prepayments, other receivables and other assets	19	2,171	4,520	16,216	7,625
Right-of-use assets	15	4,448	194,883	153,267	140,799
Intangible assets		22	485	138	426
Trade receivables	18	264,343	227,401	140,354	223,140
Deferred tax assets	16	44,547	52,423	73,004	57,268
Total non-current assets		339,624	503,960	422,421	677,823
CURRENT ASSETS					
Inventories	17	391,108	395,420	948,981	793,085
Trade receivables	18	653,595	801,979	588,712	724,249
Net investment in the sublease	15	—	—	—	81,325
Prepayments, other receivables and other assets	19	167,559	273,102	496,997	338,569
Cash and cash equivalents . .	20	414,073	687,982	793,768	1,504,235
Restricted cash	20	6,135	6,227	—	—
Total current assets		1,632,470	2,164,710	2,828,458	3,441,463
CURRENT LIABILITIES					
Lease liabilities	15	1,568	20,321	36,958	120,277
Trade payables	21	387,184	551,707	542,994	675,807
Other payables and accruals .	22	174,505	201,699	74,969	519,837
Contract liabilities	23	98,516	73,954	444,645	259,179
Provision	24	57,565	41,433	42,560	39,219
Interest-bearing bank and other borrowings	25	330,297	429,838	145,900	115,700
Tax payable		48,094	37,300	44,240	22,756
Total current liabilities		1,097,729	1,356,252	1,332,266	1,752,775
NET CURRENT ASSETS		534,741	808,458	1,496,192	1,688,688
TOTAL ASSETS LESS CURRENT LIABILITIES .					
		874,365	1,312,418	1,918,613	2,366,511

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		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings 25 – – 58,100 115,300					
Contract liabilities 23 – – 32,952 35,431					
Lease liabilities 15 1,505 155,318 118,699 301,114					
Total non-current liabilities . . 1,505 155,318 209,751 451,845					
Net assets 872,860 1,157,100 1,708,862 1,914,666					
EQUITY					
Share capital 26 – 225,000 225,000 225,000					
Paid-in capital 26 22,141 – – –					
Reserves 28 850,719 932,100 1,483,862 1,689,666					
Total equity 872,860 1,157,100 1,708,862 1,914,666					

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	RMB'000 (note 26)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000
At 1 January 2023	22,141	6,012	21,957	347,114	397,224
Profit for the year and total comprehensive income for the year	—	—	—	621,085	621,085
Equity-settled share-based payments (note 27)	—	2,441	—	—	2,441
Capital contribution under share incentive schemes (note 27)	—	2,682	—	—	2,682
Transfer to statutory surplus reserve	—	—	62,108	(62,108)	—
Dividends declared (note 12)	—	—	—	(150,572)	(150,572)
At 31 December 2023	<u>22,141</u>	<u>11,135</u>	<u>84,065</u>	<u>755,519</u>	<u>872,860</u>

Year ended 31 December 2024

	Attributable to owners of the parent						
	Paid-in capital	Share capital	Capital reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total equity
	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000 (note 28)	RMB'000	RMB'000
At 1 January 2024	22,141	—	11,135	84,065	—	755,519	872,860
Profit for the year	—	—	—	—	—	625,506	625,506
Exchange differences related to foreign operations	—	—	—	—	8	—	8
Total comprehensive income for the year	—	—	—	—	8	625,506	625,514
Conversion into a joint stock company (note 26)	(22,141)	225,000	321,785	(21,957)	—	(502,687)	—
Equity-settled share-based payments (note 27)	—	—	8,726	—	—	—	8,726
Transfer to statutory surplus reserve	—	—	—	55,406	—	(55,406)	—
Dividends declared (note 12)	—	—	—	—	—	(350,000)	(350,000)
At 31 December 2024	<u>—</u>	<u>225,000</u>	<u>341,646</u>	<u>117,514</u>	<u>8</u>	<u>472,932</u>	<u>1,157,100</u>

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Year ended 31 December 2025

	Attributable to owners of the parent					
	Share capital	Capital reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total equity
	<i>RMB'000</i> (note 26)	<i>RMB'000</i> (note 28)	<i>RMB'000</i> (note 28)	<i>RMB'000</i> (note 28)	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025 . . .	225,000	341,646	117,579	8	472,867	1,157,100
Profit for the year	—	—	—	—	773,306	773,306
Exchange differences related to foreign operations	—	—	—	(295)	—	(295)
Total comprehensive income for the year .	—	—	—	(295)	773,306	773,011
Equity-settled share-based payments (note 27) .	—	10,431	—	—	—	10,431
Dividends declared (note 12)	—	—	—	—	(231,680)	(231,680)
At 31 December 2025 .	<u>225,000</u>	<u>352,077</u>	<u>117,579</u>	<u>(287)</u>	<u>1,014,493</u>	<u>1,708,862</u>

Five months ended 31 May 2025

	Attributable to owners of the parent					
	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025 . . .	225,000	341,646	117,579	8	472,867	1,157,100
Profit for the period (unaudited)	—	—	—	—	277,317	277,317
Exchange differences related to foreign operations (unaudited)	—	—	—	26	—	26
Total comprehensive income for the period (unaudited) . .	—	—	—	26	277,317	277,343

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	Attributable to owners of the parent					
	Share capital	Capital reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity-settled share-based payments (<i>note 27</i>) (unaudited)	—	4,346	—	—	—	4,346
Dividends declared (<i>note 12</i>) (unaudited)	—	—	—	—	(231,680)	(231,680)
At 31 May 2025 (unaudited)	225,000	345,992	117,579	34	518,504	1,207,109

Five months ended 31 May 2026

	Attributable to owners of the parent					
	Share capital	Capital reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 26)	(note 28)	(note 28)	(note 28)		
At 1 January 2026 . . .	225,000	352,077	117,579	(287)	1,014,493	1,708,862
Profit for the period . .	—	—	—	—	622,104	622,104
Exchange differences related to foreign operations	—	—	—	(646)	—	(646)
Total comprehensive income for the period	—	—	—	(646)	622,104	621,458
Equity-settled share-based payments (note 27)	—	4,346	—	—	—	4,346
Dividends declared (note 12)	—	—	—	—	(420,000)	(420,000)
At 31 May 2026	225,000	356,423	117,579	(933)	1,216,597	1,914,666

* These reserve accounts comprise the consolidated reserves of RMB850,719,000, RMB932,100,000, RMB1,483,862,000 and RMB1,689,666,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 31 May 2026, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
	Notes	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax . .		720,335	720,747	895,238	320,024	727,906
Adjustments for:						
Finance costs	8	5,887	12,270	14,756	6,337	6,504
Foreign exchange differences, net . .	7	(11,197)	(39,677)	17,776	(16,780)	59,347
Bank interest income	6	(10,794)	(24,508)	(35,453)	(8,243)	(8,657)
Depreciation of property, plant and equipment . .	7, 14	1,823	5,098	7,849	2,992	4,672
Depreciation of right-of-use assets	7, 15(a)	4,048	7,015	42,427	18,657	18,840
Amortisation of intangible assets .	7	14	265	380	152	199
Impairment of trade receivables, net . .	7, 18	3,296	2,490	11,977	5,437	3,319
Impairment of the undiscounted lease receivables		—	—	—	—	2,545
Write-down/(reversal of write-down) of inventories to net realisable values .	7	4,545	247	(690)	(893)	(2,520)
Provision	7, 24	31,373	25,972	36,327	10,609	6,791
Equity-settled share-based payment expense	27	2,441	8,726	10,431	4,346	4,346
Resigned employees compensation . . .	27	2,682	—	—	—	—
Gain on derecognition of right-of-use assets on sublease		—	—	—	—	(8,035)
		754,453	718,645	1,001,018	342,638	815,257

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<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
(Increase)/decrease in inventories . . .	(97,689)	(4,559)	(552,871)	(154,247)	158,416
(Increase)/decrease in trade receivables	(492,374)	(76,676)	110,331	(43,945)	(266,864)
(Increase)/decrease in prepayments, other receivables and other assets .	(59,415)	(107,893)	(232,000)	(161,510)	163,428
Increase/(decrease) in trade payables	161,987	162,236	(7,064)	126,764	136,486
Increase/(decrease) in contract liabilities	57,990	(26,437)	408,119	191,556	(161,069)
Increase/(decrease) in other payables and accruals	23,482	(16,318)	(246)	(57,475)	12,915
Decrease in restricted cash . .	—	—	6,227	—	—
Cash generated from operations .	348,434	648,998	733,514	243,781	858,569
Bank interest received	10,794	24,508	35,453	8,243	8,657
Income tax paid . .	(108,320)	(113,911)	(135,573)	(69,498)	(111,550)
Net cash flows from operating activities	<u>250,908</u>	<u>559,595</u>	<u>633,394</u>	<u>182,526</u>	<u>755,676</u>

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	Note	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment . .		(10,997)	(5,981)	(26,667)	(12,039)	(6,898)
Decrease in net investment in the sublease		—	—	—	—	22,301
Net cash flows (used in)/ generated from investing activities		(10,997)	(5,981)	(26,667)	(12,039)	15,403
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank borrowings		335,857	583,500	284,000	100,000	107,000
New related party borrowings		—	—	50,000	—	—
Repayment of bank borrowings		(120,773)	(484,000)	(559,500)	(217,500)	(30,000)
Repayment of related party borrowings		—	—	—	—	(50,000)
Interest paid		(5,694)	(12,229)	(15,094)	(4,029)	(6,504)
Principal portion of lease payments . .	29(b)	(3,585)	(24,884)	(20,793)	(987)	(39,303)
Dividends paid to shareholders		(223,482)	(350,000)	(231,680)	(231,680)	—
Net cash flows used in financing activities		(17,677)	(287,613)	(493,067)	(354,196)	(18,807)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS .						
		222,234	266,001	113,660	(183,709)	752,272
Cash and cash equivalents at beginning of year/period		186,758	414,073	687,982	687,982	793,768
Effect of foreign exchange rate changes, net		5,081	7,908	(7,874)	(266)	(41,805)

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<i>Note</i>	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD .	<u>414,073</u>	<u>687,982</u>	<u>793,768</u>	<u>504,007</u>	<u>1,504,235</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows	<u>414,073</u>	<u>687,982</u>	<u>793,768</u>	<u>504,007</u>	<u>1,504,235</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	24,093	23,589	25,306	22,767
Prepayments, other receivables and other assets	19	2,171	4,520	12,625	7,625
Right-of-use assets	15	4,448	194,883	3,531	6,606
Intangible assets		22	485	138	426
Trade receivables	18	264,343	227,401	140,354	223,140
Deferred tax assets	16	44,547	52,423	71,299	54,369
Investments in subsidiaries . .	1	—	10,711	30,711	30,711
Total non-current assets		339,624	514,012	283,964	345,644
CURRENT ASSETS					
Inventories	17	391,108	367,335	885,931	727,760
Trade receivables	18	653,595	830,464	620,462	736,530
Prepayments, other receivables and other assets	19	167,559	264,838	472,601	293,031
Cash and cash equivalents . .	20	414,073	650,316	633,801	1,292,729
Restricted cash	20	6,135	6,227	—	—
Total current assets		1,632,470	2,119,180	2,612,795	3,050,050
CURRENT LIABILITIES					
Lease liabilities	15	1,568	20,321	339	3,467
Trade payables	21	387,184	532,394	507,645	633,716
Other payables and accruals .	22	174,505	194,723	53,065	455,760
Contract liabilities	23	98,516	68,342	432,111	222,968
Provision	24	57,565	41,433	42,560	39,219
Interest-bearing bank and other borrowings	25	330,297	429,838	71,900	44,700
Tax payable		48,094	37,236	40,013	12,628
Total current liabilities		1,097,729	1,324,287	1,147,633	1,412,458
NET CURRENT ASSETS . . .		534,741	794,893	1,465,162	1,637,592
TOTAL ASSETS LESS					
CURRENT LIABILITIES .		874,365	1,308,905	1,749,126	1,983,236

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		As at 31 December			As at 31 May
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank and					
other borrowings	25	—	—	58,100	115,300
Contract liabilities	23	—	—	32,952	35,431
Lease liabilities	15	1,505	155,318	—	1,028
Total non-current liabilities . .		1,505	155,318	91,052	151,759
Net assets		872,860	1,153,587	1,658,074	1,831,477
EQUITY					
Share capital	26	—	225,000	225,000	225,000
Paid-in capital	26	22,141	—	—	—
Reserves	28	850,719	928,587	1,433,074	1,606,477
Total equity		872,860	1,153,587	1,658,074	1,831,477

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Zhejiang Energy Marine Environmental Technology Co., Ltd (the “Company”) is a joint stock company with limited liability established in People’s Republic of China (“PRC”) on 22 June 2018. The registered office of the Company is located at 6th Floor, Building 5, No. 71 Jin’er Road, Xiaoshan Economic and Technological Development Zone, Xiaoshan District, Hangzhou, Zhejiang Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the sale of green shipping equipment and systems and the provision of related services.

As at the date of this report, the particulars of the Company’s principal subsidiaries are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
ZEME International Private Limited (note (a)).	Singapore 24 January 2024	USD100,000	100%	–	Served as the sales order platform and after-sales service outlet
ZEME Shipyard Co., Ltd* (“ZEME Shipyard”) (“浙能船 舶重工(蘇州)有限公 司”) (note (b)) . . .	PRC/Chinese mainland 7 April 2024	RMB30,000,000	100%	–	Vessel green retrofitting

Notes:

- (a) The statutory financial statements of this entity for the year ended 31 December 2024 prepared under Financial Reporting Standards were audited by RSM SG Assurance LLP, public accountants and chartered accountants registered in Singapore.

The statutory financial statements of this entity for the year ended 31 December 2025 prepared under Financial Reporting Standards were audited by Ernst & Young LLP, public accountants and chartered accountants registered in Singapore.

- (b) The statutory financial statements of this entity for the year ended 31 December 2024 prepared under PRC GAAP were audited by Pan-China Certified Public Accountants LLP (“天健會計師事務所(特殊普通合夥)”), certified public accountants registered in the PRC.

The statutory financial statements of this entity for the year ended 31 December 2025 prepared under PRC GAAP were audited by Zhonghui Certified Public Accountants LLP (“中匯會計師事務所(特殊普通合夥)”), certified public accountants registered in the PRC.

- * The English name of this company registered in the PRC represents the best effort made by the directors of the Company to translate the Chinese name as this company has not been registered with any official English name.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group.

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The carrying amounts of the Company’s investments in subsidiaries are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Investments in subsidiaries, at cost	–	10,711	30,711	30,711
	=	=	=	=

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

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2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements¹</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency¹</i>

1 Effective for annual/reporting periods beginning on or after 1 January 2027

2 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 Presentation of Financial Statements. The new IFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

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 management-defined performance measures will be disclosed in a separate note to the historical financial information.

Except for the IFRS 18, the adoption of the above standards and amendments will not expect to have significant impact on the operating results, comprehensive income and financial position of the Group.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Impairment of non-financial assets

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

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

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

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Related parties

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

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

or

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

Property, plant and equipment and depreciation

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

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

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

Machinery	5 to 10 years
Vehicles	5 to 6 years
Leasehold improvements	Over the shorter of the lease terms and 3 years

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

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

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

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Office premises	15 months to 60 months
Plant, equipment and shipyard	60 months

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

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

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General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

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

The Group’s financial liabilities include trade payables, other payables and interest-bearing bank loans.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

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

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

The Group provides for warranties in relation to the sale of certain comprehensive suites of marine devices and provision of related services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

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

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

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

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ACCOUNTANTS’ REPORT

Revenue recognition

Revenue from contracts with customers

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

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

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

Sale of green shipping equipment and systems

The sale of green shipping equipment and systems may involve design, manufacture, construction, installation and commissioning and testing of tailor-made products to the customers, which are necessary to be performed to bring about the completion of the equipment and system. Since the Group’s promise to transfer the good or service to the customer is not separately identifiable from other promises in the contract, each set of the green shipping equipment and system is accounted for as a single performance obligation. Revenue is recognised at a point in time when control of the asset is transferred to the customer, generally upon the customers’ acceptance of the sets of green shipping equipment and systems.

Provision of vessel retrofit and servicing

Revenue from most of the vessel retrofit and servicing provision is recognised at the point in time when the goods and services have been rendered to and accepted by the customer, generally upon customers’ acceptance of the goods and services, except for certain servicing which is minimal, revenue is recognised over time based on the progress towards completion of such service.

Other income

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

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

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investments outstanding in respect of the leases.

Contract liabilities

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

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ACCOUNTANTS’ REPORT

Share-based payments

The Company operates certain incentive shares schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of share award refers to the fair value of the underlying ordinary shares of the Company on the respective dates of grant, further details of which are given in note 27 to the Historical Financial Information.

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

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

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-unlocking condition, the transactions are treated as unlocking irrespective of whether the market or non-unlocking condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had unlocked on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

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

Other employee benefits

Pension scheme

The employees of the Company and the Group’s subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and the subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

There is no significant effect on the amounts recognised in the Group’s Historical Financial Information arising from the judgements, apart from those involving estimations, made by management in the process of applying the Group’s accounting policies.

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ACCOUNTANTS’ REPORT

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing period and days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical expected default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as the debtors and the economic environment. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical expected default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical expected default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The provision for impairment of trade receivables at the end of each of the Relevant Periods were set out in note 18 to the Historical Financial Information.

Provision for slow-moving inventories and net realisable value of inventories

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes a provision for slow-moving inventory items. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. A write-down of inventories to net realisable value is made based on the estimated net realisable value of inventories. The assessment of the write-down amount requires management’s estimates and judgement. Where the actual outcome or expectation in the future is different from the original estimate, such differences will impact the carrying value of inventories and the write-down/write-back of inventories in the period in which such estimate has been changed.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Share-based payments

An employee incentive scheme is operated for the purpose of providing incentives to the Company’s directors and the Group’s employees. The grant date fair values of the shares of the employee incentive scheme were estimated as at the grant date by an external valuer by using the discounted cash flow method. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. However, this estimate may be revised if the number of equity instruments that will ultimately vest changes in the future. Further details are contained in note 27 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that includes (i) vessel exhaust gas emission control and cleaning systems, (ii) vessel energy efficiency enhancement systems, (iii) vessel retrofit and servicing, (iv) intelligent vessel operating and maintenance systems, and (v) new energy vessel systems.

The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

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Geographical information

(a) Revenue from external customers

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Chinese mainland	783,998	185,930	286,947	142,636	131,716
Other countries/regions . .	1,584,765	2,211,568	3,214,227	1,180,835	2,375,284
Total	<u>2,368,763</u>	<u>2,397,498</u>	<u>3,501,174</u>	<u>1,323,471</u>	<u>2,507,000</u>

(b) Non-current assets

	As at 31 December			As at 31 May	
	2023	2024	2025	2026	
	RMB'000	RMB'000	RMB'000	RMB'000	
Chinese mainland		<u>28,563</u>	<u>219,616</u>	<u>192,847</u>	<u>185,997</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from major customers which individually accounted for 10% or more of the Group’s revenue during the Relevant Periods and the five months ended 31 May 2025 is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	874,250	1,373,102	2,309,479	762,311	1,700,281
Customer B	<u>761,390</u>	<u>N/A*</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group’s revenue during the Relevant Periods and the five months ended 31 May 2025.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers					
Sale of green shipping equipment and systems and provision of related services	<u>2,368,763</u>	<u>2,397,498</u>	<u>3,501,174</u>	<u>1,323,471</u>	<u>2,507,000</u>

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ACCOUNTANTS’ REPORT

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of goods and services

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Sale of green shipping equipment and systems	2,347,058	2,174,827	2,576,908	997,173	1,707,005
Provision of vessel retrofit and servicing	21,705	222,671	924,266	326,298	799,995
Total	<u>2,368,763</u>	<u>2,397,498</u>	<u>3,501,174</u>	<u>1,323,471</u>	<u>2,507,000</u>

Timing of revenue recognition

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
At a point in time	2,368,763	2,397,498	3,497,137	1,321,535	2,506,818
Over time	—	—	4,037	1,936	182
Total	<u>2,368,763</u>	<u>2,397,498</u>	<u>3,501,174</u>	<u>1,323,471</u>	<u>2,507,000</u>

The following table shows the amounts of revenue recognised in the Relevant Periods and the five months ended 31 May 2025, that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting year/period:					
Sale of green shipping equipment and systems	39,363	88,958	62,190	24,691	239,665
Provision of vessel retrofit and servicing	21	9,558	9,423	9,422	199,211
Total	<u>39,384</u>	<u>98,516</u>	<u>71,613</u>	<u>34,113</u>	<u>438,876</u>

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ACCOUNTANTS’ REPORT

(b) Performance obligations

Information about the Group’s performance obligations is summarised below:

Sale of green shipping equipment and systems

The performance obligation is satisfied upon the customers’ acceptance of the sets of green shipping equipment and systems. Short-term payments are generally due within 7 to 360 days upon acceptance. Long-term payments are generally settled by instalments of 2 to 4 years.

Provision of vessel retrofit and servicing

The performance obligation is satisfied upon the completion and acceptance of the vessel retrofit and servicing. Payments are generally due within 180 days upon acceptance, except for some contracts in which payments are agreed to be settled by instalments of 2.5 to 3 years.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023, 2024 and 2025 and 31 May 2026 are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Amounts expected to be recognised as revenue:				
Within one year	933,501	1,291,948	3,301,335	2,684,051
After one year	—	—	32,952	35,431
Total	<u>933,501</u>	<u>1,291,948</u>	<u>3,334,287</u>	<u>2,719,482</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to provision of vessel retrofit and servicing, of which the performance obligations are to be satisfied within several years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

6. OTHER INCOME AND GAINS

	Note	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Other income						
Government grants	(a)	11,697	11,515	52,413	11,306	4,579
Bank interest income		10,794	24,508	35,453	8,243	8,657
Interest income arising from revenue contracts		<u>8,842</u>	<u>23,268</u>	<u>25,490</u>	<u>11,471</u>	<u>8,147</u>
Finance income on the net investment in the sublease		—	—	—	—	<u>2,671</u>
Total other income		<u>31,333</u>	<u>59,291</u>	<u>113,356</u>	<u>31,020</u>	<u>24,054</u>

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ACCOUNTANTS’ REPORT

Note	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Gains					
Foreign exchange gains, net	11,197	39,677	–	16,780	–
Compensations from third parties	9,138	4,040	–	–	–
Gain on derecognition of right-of-use assets on sublease	–	–	–	–	8,035
Others	6	56	1,037	124	163
Total gains	20,341	43,773	1,037	16,904	8,198
Total other income and gains	51,674	103,064	114,393	47,924	32,252

Note:

- (a) The government grants related to income are rewards for the contribution to the local economic growth. These grants related to income are recognised in the statement of profit or loss upon receipt. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

Notes	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold* .	1,557,586	1,555,808	2,438,508	948,634	1,634,716
Depreciation of property, plant and equipment . .	14	1,823	5,098	7,849	2,992
Depreciation of right-of-use assets	15(a)	4,048	7,015	42,427	18,657
Amortisation of intangible assets**		14	265	380	152
Research and development costs***		84,757	120,781	137,090	50,214
Employee benefit expenses (excluding directors’ and chief executive’s remuneration as set out in note 9):					
Salaries, bonuses, allowances and benefits in kind		37,907	77,514	153,997	58,274
Pension scheme contributions****		2,483	8,034	12,710	4,353
Equity-settled share-based payment expense		2,441	4,082	5,724	2,385

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ACCOUNTANTS’ REPORT

	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
		42,831	89,630	172,431	65,012	89,937
Foreign exchange differences, net		(11,197)	(39,677)	17,776	(16,780)	59,347
Government grants		(11,697)	(11,515)	(52,413)	(11,306)	(4,579)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bank interest income		(10,794)	(24,508)	(35,453)	(8,243)	(8,657)
Expense relating to short-term leases	15(c)	74	479	9,768	4,953	5,408
Impairment of financial assets, net:						
Impairment of trade receivables, net	18	3,296	2,490	11,977	5,437	3,319
Impairment of the undiscounted lease receivables	15	–	–	–	–	2,545
Write-down/(reversal of write-down) of inventories to net realisable values		4,545	247	(690)	(893)	(2,520)
Warranty provision	24	31,373	25,972	36,327	10,609	6,791

* Cost of inventories sold include costs relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, write-down/(reversal of write-down) of inventories to net realisable values and employee benefit expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

** The amortisation of intangible assets for the Relevant Periods is included in “Cost of sales”, “Administrative expense”, “Research and development costs” in the consolidated statement of profit or loss.

*** Research and development costs include part of employee benefit expenses, materials and consumables, and research and development management expenses.

**** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Interest on bank borrowings	5,657	11,643	8,663	3,691	2,116
Interest on lease liabilities	230	627	6,093	2,646	4,388
Total	5,887	12,270	14,756	6,337	6,504

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ACCOUNTANTS’ REPORT

9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The remuneration of each of the Company’s directors and chief executive is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Fees	—	320	480	200	222
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	5,157	2,893	3,220	1,165	1,252
Equity-settled share-based payment expense	—	4,644	4,707	1,961	1,961
Pension scheme contributions . . .	109	129	219	90	90
Subtotal	5,266	7,666	8,146	3,216	3,303
Total	5,266	7,986	8,626	3,416	3,525

During the Relevant Periods and the five months ended 31 May 2025, certain shares were granted to a director, further details of which are included in the disclosures in note 27 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in the statement of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods and the five months ended 31 May 2025 is included in the above directors’ and chief executive’s remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the five months ended 31 May 2025 were as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Xu Donggen (i)*	—	80	120	50	50
Gao Hui (i)	—	80	120	50	—
Yu Jun (i)	—	80	120	50	50
Ye Hui (i)	—	80	120	50	50
Yau KwokWing Tony (i)	—	—	—	—	72
Total	—	320	480	200	222

Note:

- (i) Xu Donggen, Gao Hui, Yu Jun and Ye Hui were appointed as independent non-executive directors on 28 April 2024.

On 23 January 2026, the roles of Gao Hui as an independent non-executive director of the Company were terminated, and Yau KwokWing Tony was appointed as an independent non-executive director.

- * Xu Donggen resigned as an independent non-executive director on 22 June 2026.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the five months ended 31 May 2025.

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(b) Executive directors, non-executive directors and the chief executive

Executive directors

	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Year ended 31 December 2023				
Wang Xingru	1,121	–	37	1,158
Guo Jingrong (ii)	241	–	9	250
Ying Manqing (ii)	134	–	35	169
Wang Runeng (iii)	3,661	–	28	3,689
Total	<u>5,157</u>	<u>–</u>	<u>109</u>	<u>5,266</u>
Year ended 31 December 2024				
Wang Xingru	1,273	–	43	1,316
Guo Jingrong (ii)	884	4,644	43	5,571
Ying Manqing (ii)	<u>736</u>	<u>–</u>	<u>43</u>	<u>779</u>
Total	<u>2,893</u>	<u>4,644</u>	<u>129</u>	<u>7,666</u>
Year ended 31 December 2025				
Wang Xingru	1,423	–	73	1,496
Guo Jingrong (ii)	972	4,707	73	5,752
Ying Manqing (ii)	<u>825</u>	<u>–</u>	<u>73</u>	<u>898</u>
Total	<u>3,220</u>	<u>4,707</u>	<u>219</u>	<u>8,146</u>
Five months ended 31 May 2025 (unaudited)				
Wang Xingru	591	–	30	621
Guo Jingrong (ii)	251	1,961	30	2,242
Ying Manqing (ii)	<u>323</u>	<u>–</u>	<u>30</u>	<u>353</u>
Total	<u>1,165</u>	<u>1,961</u>	<u>90</u>	<u>3,216</u>
Five months ended 31 May 2026				
Wang Xingru	650	–	30	680
Guo Jingrong (ii)	279	1,961	30	2,270
Ying Manqing (ii)	<u>323</u>	<u>–</u>	<u>30</u>	<u>353</u>
Total	<u>1,252</u>	<u>1,961</u>	<u>90</u>	<u>3,303</u>

Notes:

(ii) Guo Jingrong and Ying Manqing were appointed as executive directors on 31 October 2023.

(iii) Wang Runeng resigned as an executive director on 31 October 2023.

Non-executive directors

Zhou Tao and Yan Jie were appointed as the non-executive directors during the Relevant Periods and the five months ended 31 May 2025.

There were no fees and other emoluments payable to the non-executive directors during the Relevant Periods and the five months ended 31 May 2025.

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There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the five months ended 31 May 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026 included two, two, two, two and two directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining three, three, three, three and three highest paid employees who are neither a director nor chief executive of the Company during the years ended 31 December 2023, 2024 and 2025 and the five months ended 31 May 2025 and 2026, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, bonuses, allowances and benefits in kind	2,836	3,208	3,606	1,489	1,683
Equity-settled share-based payment expense	814	963	1,113	464	464
Pension scheme contributions . . .	111	129	219	90	90
Total	<u>3,761</u>	<u>4,300</u>	<u>4,938</u>	<u>2,043</u>	<u>2,237</u>

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
HK\$500,001 to HK\$1,000,000	—	—	—	3	2
HK\$1,000,001 to HK\$1,500,000	2	2	2	—	1
HK\$1,500,001 to HK\$2,000,000	1	—	—	—	—
HK\$2,000,001 to HK\$2,500,000	—	1	1	—	—
Total	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Relevant Periods and the five months ended 31 May 2025, shares were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the Historical Financial Information. The fair values of such shares, which have been recognised in the statements of profit or loss, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the five months ended 31 May 2025 are included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

11. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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Chinese mainland

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Enterprise Income Tax Law, which was approved and became effective on 1 January 2008, except for the Company which is granted tax concession and is taxed at preferential tax rates.

The Company obtained its qualification as a High and New Technology Enterprise in 2023 and was subject to a reduced preferential tax rate of 15% from 2023 to 2025. This qualification is subject to review by the relevant tax authority in the PRC every three years. The Company has submitted an application for its qualification as a High and New Technology Enterprise in June 2026 and is expected to obtain such qualification. Therefore, the Company was expected to still enjoy a preferential tax rate of 15% during the five months ended 31 May 2026.

ZEME Shipyard was qualified as small and micro enterprise in 2024 and was entitled to a preferential income tax rate of a 5% for the first RMB3,000,000 of assessable profits.

Singapore

Pursuant to the relevant tax laws of Singapore, the subsidiary which operates in Singapore was subject to corporate income tax at the rate of 17% on the taxable income.

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax	110,668	103,117	142,513	42,111	90,066
Deferred income tax (note 16) .	(11,418)	(7,876)	(20,581)	596	15,736
Total tax charge for the year/period	<u>99,250</u>	<u>95,241</u>	<u>121,932</u>	<u>42,707</u>	<u>105,802</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before tax	720,335	720,747	895,238	320,024	727,906
Tax at the applicable income tax rate of 15%	108,050	108,112	134,286	48,004	109,186
Effect of different tax rates of certain subsidiaries	–	(8)	4,379	466	3,106
Expenses not deductible for tax	897	2,658	2,719	1,488	1,091
Additional deductible allowance for research and development expenses	(9,697)	(15,521)	(19,452)	(7,251)	(7,581)
Total tax charge for the year/period	<u>99,250</u>	<u>95,241</u>	<u>121,932</u>	<u>42,707</u>	<u>105,802</u>

12. DIVIDENDS

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Dividends	<u>150,572</u>	<u>350,000</u>	<u>231,680</u>	<u>231,680</u>	<u>420,000</u>

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Notes:

On 21 July 2023, the Company declared cash dividends of RMB150,572,000 to the shareholders of the Company, which have been fully paid in August 2023. The rate of dividends declared was 59.7%.

On 9 January 2024, the Company declared cash dividends of RMB350,000,000 to the shareholders of the Company, which have been fully paid in February 2024. The rate of dividends declared was 56.4%.

On 25 April 2025, the Company declared cash dividends of RMB231,680,000 to the shareholders of the Company, which have been fully paid in April 2025. The rate of dividends declared was 37.0%.

On 28 May 2026, the Company declared cash dividends of RMB420,000,000 to the shareholders of the Company, which have been fully paid in June 2026. The rate of dividends declared was 54.3%.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent. In March 2024, the Company was converted into a joint stock limited liability company and a total of 225,000,000 ordinary shares with a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered in the name of the then shareholders. For the purpose of computing basic and diluted earnings per share, the weighted average numbers of ordinary shares deemed to be outstanding before the Company’s conversion into a joint stock company were determined assuming the conversion had occurred since 1 January 2023, at the exchange ratio established in the conversion in March 2024.

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods and the five months ended 31 May 2025 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the five months ended 31 May 2025.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Earnings					
Profit attributable to owners of the parent	621,085	625,506	773,306	277,317	622,104
	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	'000	'000	'000	'000 (unaudited)	'000
Shares					
Weighted average number of ordinary shares used in the basic earnings per share calculation	225,000	225,000	225,000	225,000	225,000
	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(unaudited)	
Earnings per share attributable to ordinary equity holders of the parent					
Basic and diluted (RMB).	2.76	2.78	3.44	1.23	2.76

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
At 1 January 2023:					
Cost	4,572	349	1,967	11,114	18,002
Accumulated depreciation	(1,776)	(87)	(1,220)	–	(3,083)
Net carrying amount	<u>2,796</u>	<u>262</u>	<u>747</u>	<u>11,114</u>	<u>14,919</u>
At 1 January 2023, net of accumulated depreciation	2,796	262	747	11,114	14,919
Additions	1,478	355	436	8,728	10,997
Depreciation provided during the year	(1,076)	(93)	(654)	–	(1,823)
Transfers	<u>19,842</u>	<u>–</u>	<u>–</u>	<u>(19,842)</u>	<u>–</u>
At 31 December 2023, net of accumulated depreciation	<u>23,040</u>	<u>524</u>	<u>529</u>	<u>–</u>	<u>24,093</u>
At 31 December 2023:					
Cost	25,892	704	2,403	–	28,999
Accumulated depreciation	(2,852)	(180)	(1,874)	–	(4,906)
Net carrying amount	<u>23,040</u>	<u>524</u>	<u>529</u>	<u>–</u>	<u>24,093</u>

	Machinery	Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
At 1 January 2024:				
Cost	25,892	704	2,403	28,999
Accumulated depreciation	(2,852)	(180)	(1,874)	(4,906)
Net carrying amount	<u>23,040</u>	<u>524</u>	<u>529</u>	<u>24,093</u>
At 1 January 2024, net of accumulated depreciation	23,040	524	529	24,093
Additions	4,501	662	90	5,253
Depreciation provided during the year	(4,534)	(187)	(377)	(5,098)
At 31 December 2024, net of accumulated depreciation	<u>23,007</u>	<u>999</u>	<u>242</u>	<u>24,248</u>
At 31 December 2024:				
Cost	30,393	1,366	2,493	34,252
Accumulated depreciation	(7,386)	(367)	(2,251)	(10,004)
Net carrying amount	<u>23,007</u>	<u>999</u>	<u>242</u>	<u>24,248</u>
31 December 2025				
At 1 January 2025:				
Cost	30,393	1,366	2,493	34,252
Accumulated depreciation	(7,386)	(367)	(2,251)	(10,004)
Net carrying amount	<u>23,007</u>	<u>999</u>	<u>242</u>	<u>24,248</u>

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	<u>Machinery</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025, net of accumulated depreciation	23,007	999	242	24,248
Additions	22,720	323	–	23,043
Depreciation provided during the year	<u>(7,370)</u>	<u>(237)</u>	<u>(242)</u>	<u>(7,849)</u>
At 31 December 2025, net of accumulated depreciation	<u>38,357</u>	<u>1,085</u>	<u>–</u>	<u>39,442</u>
At 31 December 2025:				
Cost	53,113	1,689	2,493	57,295
Accumulated depreciation	<u>(14,756)</u>	<u>(604)</u>	<u>(2,493)</u>	<u>(17,853)</u>
Net carrying amount	<u>38,357</u>	<u>1,085</u>	<u>–</u>	<u>39,442</u>

	<u>Machinery</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 May 2026				
At 1 January 2026:				
Cost	53,113	1,689	2,493	57,295
Accumulated depreciation	<u>(14,756)</u>	<u>(604)</u>	<u>(2,493)</u>	<u>(17,853)</u>
Net carrying amount	<u>38,357</u>	<u>1,085</u>	<u>–</u>	<u>39,442</u>
At 1 January 2026, net of accumulated depreciation	38,357	1,085	–	39,442
Additions	10,002	–	–	10,002
Depreciation provided during the period	<u>(4,672)</u>	<u>–</u>	<u>–</u>	<u>(4,672)</u>
At 31 May 2026, net of accumulated depreciation	<u>43,687</u>	<u>1,085</u>	<u>–</u>	<u>44,772</u>
At 31 May 2026:				
Cost	63,115	1,689	2,493	67,297
Accumulated depreciation	<u>(19,428)</u>	<u>(604)</u>	<u>(2,493)</u>	<u>(22,525)</u>
Net carrying amount	<u>43,687</u>	<u>1,085</u>	<u>–</u>	<u>44,772</u>

The Company

	<u>Machinery</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023					
At 1 January 2023:					
Cost	4,572	349	1,967	11,114	18,002
Accumulated depreciation	<u>(1,776)</u>	<u>(87)</u>	<u>(1,220)</u>	<u>–</u>	<u>(3,083)</u>
Net carrying amount	<u>2,796</u>	<u>262</u>	<u>747</u>	<u>11,114</u>	<u>14,919</u>
At 1 January 2023, net of accumulated depreciation	2,796	262	747	11,114	14,919
Additions	1,478	355	436	8,728	10,997
Depreciation provided during the year	<u>(1,076)</u>	<u>(93)</u>	<u>(654)</u>	<u>–</u>	<u>(1,823)</u>
Transfers	<u>19,842</u>	<u>–</u>	<u>–</u>	<u>(19,842)</u>	<u>–</u>
At 31 December 2023, net of accumulated depreciation	<u>23,040</u>	<u>524</u>	<u>529</u>	<u>–</u>	<u>24,093</u>

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	<u>Machinery</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023:					
Cost	25,892	704	2,403	—	28,999
Accumulated depreciation	(2,852)	(180)	(1,874)	—	(4,906)
Net carrying amount	<u>23,040</u>	<u>524</u>	<u>529</u>	<u>—</u>	<u>24,093</u>

	<u>Machinery</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024				
At 1 January 2024:				
Cost	25,892	704	2,403	28,999
Accumulated depreciation	(2,852)	(180)	(1,874)	(4,906)
Net carrying amount	<u>23,040</u>	<u>524</u>	<u>529</u>	<u>24,093</u>
At 1 January 2024, net of accumulated depreciation	23,040	524	529	24,093
Additions	3,825	662	90	4,577
Depreciation provided during the year	<u>(4,517)</u>	<u>(187)</u>	<u>(377)</u>	<u>(5,081)</u>
At 31 December 2024, net of accumulated depreciation	<u>22,348</u>	<u>999</u>	<u>242</u>	<u>23,589</u>
At 31 December 2024:				
Cost	29,717	1,366	2,493	33,576
Accumulated depreciation	(7,369)	(367)	(2,251)	(9,987)
Net carrying amount	<u>22,348</u>	<u>999</u>	<u>242</u>	<u>23,589</u>

	<u>Machinery</u>	<u>Vehicles</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025				
At 1 January 2025:				
Cost	29,717	1,366	2,493	33,576
Accumulated depreciation	(7,369)	(367)	(2,251)	(9,987)
Net carrying amount	<u>22,348</u>	<u>999</u>	<u>242</u>	<u>23,589</u>
At 1 January 2025, net of accumulated depreciation	22,348	999	242	23,589
Additions	8,036	323	—	8,359
Depreciation provided during the year	<u>(6,163)</u>	<u>(237)</u>	<u>(242)</u>	<u>(6,642)</u>
At 31 December 2025, net of accumulated depreciation	<u>24,221</u>	<u>1,085</u>	<u>—</u>	<u>25,306</u>
At 31 December 2025:				
Cost	37,753	1,689	2,493	41,935
Accumulated depreciation	(13,532)	(604)	(2,493)	(16,629)
Net carrying amount	<u>24,221</u>	<u>1,085</u>	<u>—</u>	<u>25,306</u>

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	Machinery	Vehicles	Leasehold improvements	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 May 2026				
At 1 January 2026:				
Cost	37,753	1,689	2,493	41,935
Accumulated depreciation	(13,532)	(604)	(2,493)	(16,629)
Net carrying amount	<u>24,221</u>	<u>1,085</u>	<u>—</u>	<u>25,306</u>
At 1 January 2026, net of accumulated depreciation	24,221	1,085	—	25,306
Additions	399	—	—	399
Depreciation provided during the period	(2,938)	—	—	(2,938)
At 31 May 2026, net of accumulated depreciation	<u>21,682</u>	<u>1,085</u>	<u>—</u>	<u>22,767</u>
At 31 May 2026:				
Cost	38,152	1,689	2,493	42,334
Accumulated depreciation	(16,470)	(604)	(2,493)	(19,567)
Net carrying amount	<u>21,682</u>	<u>1,085</u>	<u>—</u>	<u>22,767</u>

15. LEASES

The Group as a lessee

Except for the vessels subleasing arrangement as disclosed in the following content of this note, the Group as a lessee has lease contracts for items of office premises, plant, equipment and shipyard used in its operations. Leases of office premises generally have lease terms between 15 months and 60 months. Leases of plant, equipment and shipyard generally have lease terms of 60 months.

(a) Right-of-use assets

The carrying amounts of the Group’s right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Office premises	Total
	RMB'000	RMB'000
31 December 2023		
As at 1 January 2023	6,430	6,430
Additions	2,066	2,066
Depreciation charge	(4,048)	(4,048)
As at 31 December 2023	<u>4,448</u>	<u>4,448</u>

	Office premises	Plant, equipment and shipyard	Total
	RMB'000	RMB'000	RMB'000
31 December 2024			
As at 1 January 2024	4,448	—	4,448
Additions	7,821	189,629	197,450
Depreciation charge	(3,906)	(3,109)	(7,015)
As at 31 December 2024	<u>8,363</u>	<u>186,520</u>	<u>194,883</u>

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	Office premises	Plant, equipment and shipyard	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
As at 1 January 2025	8,363	186,520	194,883
Additions	811	–	811
Depreciation charge	(5,643)	(36,784)	(42,427)
As at 31 December 2025	<u>3,531</u>	<u>149,736</u>	<u>153,267</u>

	Office premises	Plant, equipment and shipyard	Vessels	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 May 2026				
As at 1 January 2026	3,531	149,736	–	153,267
Additions	–	4,671	298,699	303,370
Depreciation charge	(2,185)	(16,655)	–	(18,840)
Reassessment as a result of lease modifications	1,701	–	–	1,701
Derecognition in subleasing arrangements	–	–	(298,699)	(298,699)
As at 31 May 2026	<u>3,047</u>	<u>137,752</u>	<u>–</u>	<u>140,799</u>

The Company

	Office premises	Total
	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023		
As at 1 January 2023	6,430	6,430
Additions	2,066	2,066
Depreciation charge	(4,048)	(4,048)
As at 31 December 2023	<u>4,448</u>	<u>4,448</u>

	Office premises	Plant, equipment and shipyard	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
As at 1 January 2024	4,448	–	4,448
Additions	7,821	189,629	197,450
Depreciation charge	(3,906)	(3,109)	(7,015)
As at 31 December 2024	<u>8,363</u>	<u>186,520</u>	<u>194,883</u>

	Office premises	Plant, equipment and shipyard	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
As at 1 January 2025	8,363	186,520	194,883
Additions	811	–	811
Depreciation charge	(5,643)	(18,433)	(24,076)
Termination*	–	(168,087)	(168,087)
As at 31 December 2025	<u>3,531</u>	<u>–</u>	<u>3,531</u>

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	Office premises	Plant, equipment and shipyard	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 May 2026			
As at 1 January 2026	3,531	–	3,531
Additions	–	4,671	4,671
Depreciation charge	(2,185)	(1,112)	(3,297)
Reassessment as a result of lease modifications	1,701	–	1,701
As at 31 May 2026	<u>3,047</u>	<u>3,559</u>	<u>6,606</u>

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of year/period	4,592	3,073	175,639	155,657
Additions	2,066	197,450	811	303,370
Accretion of interest recognised during the year/period	230	627	6,093	4,388
Lease payments	(3,815)	(25,511)	(26,886)	(43,691)
Reassessment as a result of lease modifications	–	–	–	1,701
Exchange realignment	–	–	–	(34)
Carrying amount at the end of year/period	<u>3,073</u>	<u>175,639</u>	<u>155,657</u>	<u>421,391</u>
Current portion	<u>1,568</u>	<u>20,321</u>	<u>36,958</u>	<u>120,277</u>
Non-current portion	<u>1,505</u>	<u>155,318</u>	<u>118,699</u>	<u>301,114</u>

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The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of year/period	4,592	3,073	175,639	339
Additions	2,066	197,450	811	4,671
Termination*	—	—	(173,140)	—
Accretion of interest recognised during the year/period	230	627	3,245	60
Lease payments	(3,815)	(25,511)	(6,216)	(2,276)
Reassessment as a result of lease modifications	—	—	—	1,701
Carrying amount at the end of year/period	3,073	175,639	339	4,495
Current portion	1,568	20,321	339	3,467
Non-current portion	1,505	155,318	—	1,028

The maturity analysis of lease liabilities is disclosed in note 34 to the Historical Financial Information.

* In June 2025, the Company signed a supplementary agreement with the lessor, pursuant to which the lease contract was transferred to its subsidiary.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Expense relating to short-term leases	74	479	9,768	4,953	5,408
Interest on lease liabilities	230	627	6,093	2,646	4,388
Depreciation charge of right-of-use assets	4,048	7,015	42,427	18,657	18,840
Total amount recognised in profit or loss	4,352	8,121	58,288	26,256	28,636

(d) The total cash outflows for leases are disclosed in note 29(c) to the Historical Financial Information.

The Group as a lessor

In February and April 2026, the Group leased two vessels from the shipowners under operating lease, and subleased the two vessels on the same date as an intermediate lessor. The terms of sublease terms are 39 months and 48 months, respectively, which are the same as the head lease, so the subleases were classified as finance leases by reference to the right-of-use assets arising from the head lease. Finance income on the net investment in the subleasing arrangement recognised by the Group was recorded in other income, with a total amount of RMB2,671,000 during the five months ended 31 May 2026. The Group derecognised the right-of-use assets relating to the head leases that they transfer to the sublessees and recognised the net investment in the subleases, and recognised the difference between the right-of-use assets and the net investment in the subleases in profit or loss, amounted to RMB8,035,000 as other income for the five months ended 31 May 2026, and retains the lease liability relating to the head leases. Both of the head lease and the sublease do not include variable payments.

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The lease receivables are set out below:

	As at 31 May
	2026
	RMB'000
Undiscounted lease receivables:	
Within 1 year	89,583
1 to 2 years	89,829
2 to 3 years	89,583
3 to 4 years	33,993
Less: unearned finance income	(15,325)
	<u>287,663</u>
Impairment of the undiscounted lease receivables	(2,545)
Net investment in the sublease	<u>285,118</u>
Analysed into:	
Current portion	81,325
Non-current portion	203,793

16. DEFERRED TAX

The Group

The movements in deferred tax assets during the Relevant Periods are as follows:

	Impairment of assets	Accrued expenses and costs	Lease liabilities	Provision	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	406	25,019	689	7,980	34,094
Deferred tax credited/(charged) to the statement of profit or loss during the year . . .	<u>1,177</u>	<u>9,517</u>	<u>(228)</u>	<u>655</u>	<u>11,121</u>
Gross deferred tax assets at 31 December 2023 . .	<u>1,583</u>	<u>34,536</u>	<u>461</u>	<u>8,635</u>	<u>45,215</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,583	34,536	461	8,635	45,215
Deferred tax credited/(charged) to the statement of profit or loss during the year . . .	<u>371</u>	<u>12,605</u>	<u>25,885</u>	<u>(2,420)</u>	<u>36,441</u>
Gross deferred tax assets at 31 December 2024 . .	<u>1,954</u>	<u>47,141</u>	<u>26,346</u>	<u>6,215</u>	<u>81,656</u>

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	Impairment of assets	Accrued expenses and costs	Lease liabilities	Provision	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	1,954	47,141	26,346	6,215	81,656
Deferred tax credited to the statement of profit or loss during the year	<u>1,789</u>	<u>14,820</u>	<u>12,534</u>	<u>169</u>	<u>29,312</u>
Gross deferred tax assets at 31 December 2025	<u>3,743</u>	<u>61,961</u>	<u>38,880</u>	<u>6,384</u>	<u>110,968</u>

	Impairment of assets	Accrued expenses and costs	Lease liabilities	Provision	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2026	3,743	61,961	38,880	6,384	110,968
Deferred tax credited/(charged) to the statement of profit or loss during the period	<u>1,086</u>	<u>(14,884)</u>	<u>43,608</u>	<u>(501)</u>	<u>29,309</u>
Gross deferred tax assets at 31 May 2026	<u>4,829</u>	<u>47,077</u>	<u>82,488</u>	<u>5,883</u>	<u>140,277</u>

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2023	965
Deferred tax credited to the statement of profit or loss during the year	<u>(297)</u>
Gross deferred tax liabilities at 31 December 2023	<u>668</u>

	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2024	668
Deferred tax charged to the statement of profit or loss during the year	<u>28,565</u>
Gross deferred tax liabilities at 31 December 2024	<u>29,233</u>

	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2025	29,233
Deferred tax charged to the statement of profit or loss during the year	<u>8,731</u>
Gross deferred tax liabilities at 31 December 2025	<u>37,964</u>

	Right-of-use assets	Net investment in the sublease	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2026	37,964	–	37,964
Deferred tax credited/(charged) to the statement of profit or loss during the period	<u>(3,425)</u>	<u>48,470</u>	<u>45,045</u>
Gross deferred tax liabilities at 31 May 2026	<u>34,539</u>	<u>48,470</u>	<u>83,009</u>

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	44,547	52,423	73,004	57,268

The Company

The movements in deferred tax assets during the Relevant Periods are as follows:

	Impairment of assets	Accrued expenses and costs	Lease liabilities	Provision	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	406	25,019	689	7,980	34,094
Deferred tax credited/(charged) to the statement of profit or loss during the year . . .	1,177	9,517	(228)	655	11,121
Gross deferred tax assets at 31 December 2023 . .	1,583	34,536	461	8,635	45,215

	Impairment of assets	Accrued expenses and costs	Lease liabilities	Provision	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,583	34,536	461	8,635	45,215
Deferred tax credited/(charged) to the statement of profit or loss during the year . . .	371	12,604	25,885	(2,420)	36,440
Gross deferred tax assets at 31 December 2024 . .	1,954	47,140	26,346	6,215	81,655

	Impairment of assets	Accrued expenses and costs	Lease liabilities	Provision	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	1,954	47,140	26,346	6,215	81,655
Deferred tax credited/(charged) to the statement of profit or loss during the year	1,481	14,819	(26,295)	169	(9,826)
Gross deferred tax assets at 31 December 2025	3,435	61,959	51	6,384	71,829

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	Impairment of assets	Accrued expenses and costs	Lease liabilities	Provision	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2026	3,435	61,959	51	6,384	71,829
Deferred tax credited/(charged) to the statement of profit or loss during the period	<u>168</u>	<u>(16,759)</u>	<u>623</u>	<u>(501)</u>	<u>(16,469)</u>
Gross deferred tax assets at 31 May 2026	<u>3,603</u>	<u>45,200</u>	<u>674</u>	<u>5,883</u>	<u>55,360</u>

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2023	965
Deferred tax credited to profit or loss during the year	<u>(297)</u>
Deferred tax liabilities at 31 December 2023	<u>668</u>
	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2024	668
Deferred tax charged to profit or loss during the year	<u>28,564</u>
Deferred tax liabilities at 31 December 2024	<u>29,232</u>
	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2025	29,232
Deferred tax credited to profit or loss during the year	<u>(28,702)</u>
Deferred tax liabilities at 31 December 2025	<u>530</u>
	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2026	530
Deferred tax charged to profit or loss during the period	<u>461</u>
Deferred tax liabilities at 31 May 2026	<u>991</u>

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For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the statement of financial position	44,547	52,423	71,299	54,369

17. INVENTORIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	88,707	179,087	147,469	235,490
Work in progress	302,401	216,333	801,512	557,595
Total	391,108	395,420	948,981	793,085

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	88,707	177,644	123,297	204,181
Work in progress	302,401	189,691	762,634	523,579
Total	391,108	367,335	885,931	727,760

18. TRADE RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Current	479,159	498,011	264,473	364,406
Current portion of long-term trade receivables	178,792	311,021	343,686	381,614
Non-current	265,992	228,843	141,379	225,160
	923,943	1,037,875	749,538	971,180
Impairment				
Current	(3,247)	(5,094)	(17,031)	(18,486)
Current portion of long-term trade receivables	(1,109)	(1,959)	(2,416)	(3,285)
Non-current	(1,649)	(1,442)	(1,025)	(2,020)
	(6,005)	(8,495)	(20,472)	(23,791)

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	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount				
Current	475,912	492,917	247,442	345,920
Current portion of long-term trade receivables	177,683	309,062	341,270	378,329
Non-current	264,343	227,401	140,354	223,140
	<u>917,938</u>	<u>1,029,380</u>	<u>729,066</u>	<u>947,389</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Current	479,159	526,237	294,549	372,333
Current portion of long-term trade receivables	178,792	311,021	343,686	381,614
Non-current	265,992	228,843	141,379	225,160
	<u>923,943</u>	<u>1,066,101</u>	<u>779,614</u>	<u>979,107</u>
Impairment				
Current	(3,247)	(4,835)	(15,357)	(14,132)
Current portion of long-term trade receivables	(1,109)	(1,959)	(2,416)	(3,285)
Non-current	(1,649)	(1,442)	(1,025)	(2,020)
	<u>(6,005)</u>	<u>(8,236)</u>	<u>(18,798)</u>	<u>(19,437)</u>
Carrying amount				
Current	475,912	521,402	279,192	358,201
Current portion of long-term trade receivables	177,683	309,062	341,270	378,329
Non-current	264,343	227,401	140,354	223,140
	<u>917,938</u>	<u>1,057,865</u>	<u>760,816</u>	<u>959,670</u>

The Group’s trading terms with its customers are mainly on credit. The Group determines the credit policy based on each contract, and credit periods are generally 7 days to 360 days, except for certain contracts of certain customers who will make the payments by installments in two to four years. Trade receivables with credit periods less than one year are non-interest-bearing. For the contracts with longer payment periods, financing components were considered and trade receivables were discounted at the rates in the range of 4.14% to 7.18% per annum, which reflected the credit characteristics of the customers at contract inception. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

Included in the Group’s trade receivables were amounts due from the Group’s related parties of RMB781,260,000, RMB453,218,000, RMB148,714,000 and RMB131,223,000, respectively, as at 31 December 2023, 2024 and 2025 and 31 May 2026, which are repayable on credit terms similar to those offered to other customers of the Group, further details are included in note 31 to the Historical Financial Information.

Included in the Company’s trade receivables were amounts due from subsidiaries of nil, RMB91,882,000, RMB163,418,000 and RMB233,380,000 respectively, as at 31 December 2023, 2024 and 2025 and 31 May 2026 (note 31(c)).

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An ageing analysis of the Group’s trade receivables receivable as at the end of each of the Relevant Periods, based on the days past due and net of loss allowance, is as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current	907,366	765,028	612,018	875,806
Within 3 months	5,706	232,433	72,089	45,793
3 to 6 months	3,525	31,508	25,054	9,695
6 to 9 months	1,309	411	16,806	11,533
9 to 12 months	1	–	2,328	4,016
Over 12 months	31	–	771	546
Total	<u>917,938</u>	<u>1,029,380</u>	<u>729,066</u>	<u>947,389</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current	907,366	816,039	666,281	910,538
Within 3 months	5,706	213,669	64,124	25,363
3 to 6 months	3,525	27,746	17,810	9,725
6 to 9 months	1,309	411	9,502	10,994
9 to 12 months	1	–	2,328	2,722
Over 12 months	31	–	771	328
Total	<u>917,938</u>	<u>1,057,865</u>	<u>760,816</u>	<u>959,670</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	2,709	6,005	8,495	20,472
Impairment losses, net	<u>3,296</u>	<u>2,490</u>	<u>11,977</u>	<u>3,319</u>
At end of year/period	<u>6,005</u>	<u>8,495</u>	<u>20,472</u>	<u>23,791</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year/period	2,709	6,005	8,236	18,798
Impairment losses, net	<u>3,296</u>	<u>2,231</u>	<u>10,562</u>	<u>639</u>
At end of year/period	<u>6,005</u>	<u>8,236</u>	<u>18,798</u>	<u>19,437</u>

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An impairment analysis is performed at each reporting date using a provision matrix based on customer credit risk, and the Group’s historical credit loss experience, to measure expected credit losses. The provision rates are based on days past due for grouping of customers with similar loss patterns. The calculation reflects the age of the balance, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

The Group

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	(RMB'000)		(RMB'000)
Current	913,027	0.62%	5,661
Past due:			
Within 3 months	5,767	1.06%	61
3 to 6 months	3,632	2.95%	107
6 to 9 months	1,444	9.35%	135
9 to 12 months	2	50.00%	1
Over 12 months	71	56.34%	40
Total	<u>923,943</u>	0.65%	<u>6,005</u>

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	(RMB'000)		(RMB'000)
Current	769,879	0.63%	4,851
Past due:			
Within 3 months	235,018	1.10%	2,585
3 to 6 months	32,513	3.09%	1,005
6 to 9 months	465	11.61%	54
Total	<u>1,037,875</u>	0.82%	<u>8,495</u>

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	(RMB'000)		(RMB'000)
Current	616,358	0.70%	4,340
Past due:			
Within 3 months	73,061	1.33%	972
3 to 6 months	26,314	4.79%	1,260
6 to 9 months	19,493	13.78%	2,687
9 to 12 months	5,088	54.25%	2,760
Over 12 months	9,224	91.64%	8,453
Total	<u>749,538</u>	2.73%	<u>20,472</u>

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As at 31 May 2026

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	(RMB'000)		(RMB'000)
Current	883,321	0.85%	7,515
Past due:			
Within 3 months	46,579	1.69%	786
3 to 6 months	10,207	5.02%	512
6 to 9 months	13,982	17.52%	2,449
9 to 12 months	9,086	55.80%	5,070
Over 12 months	8,005	93.18%	7,459
Total	971,180	2.45%	23,791

The Company

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	(RMB'000)		(RMB'000)
Current	913,027	0.62%	5,661
Past due:			
Within 3 months	5,767	1.06%	61
3 to 6 months	3,632	2.95%	107
6 to 9 months	1,444	9.35%	135
9 to 12 months	2	50.00%	1
Over 12 months	71	56.34%	40
Total	923,943	0.65%	6,005

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	(RMB'000)		(RMB'000)
Current	820,959	0.60%	4,920
Past due:			
Within 3 months	216,046	1.10%	2,377
3 to 6 months	28,631	3.09%	885
6 to 9 months	465	11.61%	54
Total	1,066,101	0.77%	8,236

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	(RMB'000)		(RMB'000)
Current	670,986	0.70%	4,705
Past due:			
Within 3 months	64,988	1.33%	864
3 to 6 months	18,706	4.79%	896
6 to 9 months	10,938	13.13%	1,436
9 to 12 months	5,088	54.25%	2,760
Over 12 months	8,908	91.34%	8,137
Total	779,614	2.41%	18,798

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As at 31 May 2026

	Gross carrying amount (RMB'000)	Expected credit loss rate	Expected credit losses (RMB'000)
Current	918,269	0.84%	7,731
Past due:			
Within 3 months	25,712	1.36%	349
3 to 6 months	10,207	4.72%	482
6 to 9 months	13,335	17.56%	2,341
9 to 12 months	6,140	55.67%	3,418
Over 12 months	5,444	93.98%	5,116
Total	979,107	1.99%	19,437

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deductible input value-added tax . .	153,414	227,729	249,297	233,060
Prepayments and prepaid expenses .	11,370	28,760	233,585	50,772
Deposits and other receivables . . .	4,798	15,317	16,419	39,092
Deferred [REDACTED] expense . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	148	5,816	1,434	3,309
	169,730	277,622	513,213	346,194
Analysed into:				
Current portion	167,559	273,102	496,997	338,569
Non-current portion	2,171	4,520	16,216	7,625

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deductible input value-added tax . .	153,414	222,221	238,936	221,976
Prepayments and prepaid expenses .	11,370	28,728	215,739	43,791
Deposits and other receivables . . .	4,798	15,092	17,247	14,561
Deferred [REDACTED] expense . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	148	3,317	826	367
	169,730	269,358	485,226	300,656
Analysed into:				
Current portion	167,559	264,838	472,601	293,031
Non-current portion	2,171	4,520	12,625	7,625

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Deposits and other receivables mainly represent rental deposits and deposits with suppliers, which are interest-free. Other receivables had no historical default. The financial assets included in the above balances relate to receivables were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables was minimal.

Included in the Group’s prepayments, other receivables and other assets were amounts due from the Group’s related parties of RMB413,000, RMB528,000, RMB21,386,000 and RMB18,160,000 respectively, as at 31 December 2023, 2024 and 2025 and 31 May 2026, which were unsecured, interest-free and have no fixed terms of repayment, further details are included in note 31 to the Historical Financial Information.

Included in the Company’s other receivables were amounts due from a subsidiary of nil, nil, RMB2,274,000 and RMB3,595,000 respectively, as at 31 December 2023, 2024 and 2025 and 31 May 2026, which were unsecured, interest-free and have no fixed terms of repayment, further details are included in note 31(c) to the Historical Financial Information.

20. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	420,208	694,209	793,768	1,504,235
Less: Restricted bank deposits	6,135	6,227	—	—
Cash and cash equivalents	<u>414,073</u>	<u>687,982</u>	<u>793,768</u>	<u>1,504,235</u>

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Denominated in				
RMB	1,138	17,282	2,152	27,504
US dollar (“USD”)	419,070	676,927	791,616	1,476,731
Total	<u>420,208</u>	<u>694,209</u>	<u>793,768</u>	<u>1,504,235</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	420,208	656,543	633,801	1,292,729
Less: Restricted bank deposits	6,135	6,227	—	—
Cash and cash equivalents	<u>414,073</u>	<u>650,316</u>	<u>633,801</u>	<u>1,292,729</u>

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Denominated in				
RMB	1,139	17,147	1,633	26,870
USD	419,069	639,396	632,168	1,265,859
Total	<u>420,208</u>	<u>656,543</u>	<u>633,801</u>	<u>1,292,729</u>

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The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Restricted bank deposits as at 31 December 2023 and 2024 were restricted for a lawsuit and subsequently released in 2025.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	<u>387,184</u>	<u>551,707</u>	<u>542,994</u>	<u>675,807</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	<u>387,184</u>	<u>532,394</u>	<u>507,645</u>	<u>633,716</u>

Included in the Company’s trade payables were amounts due to a subsidiary of nil, RMB6,277,000, RMB76,554,000 and RMB103,561,000 respectively, as at 31 December 2023, 2024 and 2025 and 31 May 2026 (note 31(c)).

As of the end of each of the Relevant Periods, the ageing analysis of trade payables, based on the invoice date, is as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Within a year	310,469	425,683	465,383	435,583
1 to 2 years	59,614	52,412	38,174	196,470
2 to 3 years	8,364	59,473	36,066	30,628
Over 3 years	<u>8,737</u>	<u>14,139</u>	<u>3,371</u>	<u>13,126</u>
Total	<u>387,184</u>	<u>551,707</u>	<u>542,994</u>	<u>675,807</u>

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The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within a year	310,469	406,370	430,401	442,746
1 to 2 years	59,614	52,412	37,808	147,216
2 to 3 years	8,364	59,473	36,066	30,628
Over 3 years	8,737	14,139	3,370	13,126
Total	<u>387,184</u>	<u>532,394</u>	<u>507,645</u>	<u>633,716</u>

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days after receiving invoice. There is no financing arrangement with the suppliers and the payment is made in line with the progress of settlement.

22. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Other tax payables	21,168	21,583	9,683	1,395
Payroll payables	–	969	–	14,125
Advance receipts	–	–	6,150	3,230
Other payables	153,337	179,147	59,136	81,087
Dividends payable	–	–	–	420,000
Total	<u>174,505</u>	<u>201,699</u>	<u>74,969</u>	<u>519,837</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Other tax payables	21,168	21,417	7,395	1,177
Payroll payables	–	–	–	2,897
Other payables	153,337	173,306	45,670	31,686
Dividends payable	–	–	–	420,000
Total	<u>174,505</u>	<u>194,723</u>	<u>53,065</u>	<u>455,760</u>

Other payables, accruals and other current liabilities are non-interest-bearing and repayable on demand.

Included in the Group’s other payables and accruals were amounts due to the Group’s related party of RMB6,817,000, RMB682,000, nil and RMB166,000, respectively, as at 31 December 2023, 2024 and 2025 and 31 May 2026, further details are included in note 31 to the Historical Financial Information.

Included in the Company’s other payables were amounts due to a subsidiary of nil, nil, RMB526,000 and RMB1,548,000 respectively, as at 31 December 2023, 2024 and 2025 and 31 May 2026 (note 31(c)).

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23. CONTRACT LIABILITIES

The Group

	As at 1 January	As at 31 December			As at 31 May
	2023	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Advances received from customers</i>					
Sale of green shipping equipment and systems	39,363	88,958	64,531	267,568	277,196
Provision of vessel retrofit and servicing	21	9,558	9,423	210,029	17,414
Total	39,384	98,516	73,954	477,597	294,610
Current portion	39,384	98,516	73,954	444,645	259,179
Non-current portion	—	—	—	32,952	35,431

The Company

	As at 1 January	As at 31 December			As at 31 May
	2023	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Advances received from customers</i>					
Sale of green shipping equipment and systems	39,363	88,958	58,919	255,279	241,002
Provision of vessel retrofit and servicing	21	9,558	9,423	209,784	17,397
Total	39,384	98,516	68,342	465,063	258,399
Current portion	39,384	98,516	68,342	432,111	222,968
Non-current portion	—	—	—	32,952	35,431

Contract liabilities include short-term advances received to deliver green shipping equipment and systems and provide related services. The increase in contract liabilities as at 31 December 2023 and 31 December 2025 was mainly due to the increase in short-term advances received from customers in relation to the sales of green shipping equipment and systems and the provision of related services at the end of the year. The decrease in contract liabilities as at 31 December 2024 and 31 May 2026 was mainly due to the recognition of revenue upon completion of green shipping equipment and systems and the provision of related services.

24. PROVISION

The Group and the Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of year/period	53,197	57,565	41,433	42,560
Additional provision	31,373	25,972	36,327	6,791
Amounts utilised during the year/period	(27,005)	(42,104)	(35,200)	(10,132)
Carrying amount at the end of year/period	57,565	41,433	42,560	39,219

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The warranty provision represents management’s best estimate of the Group’s and generally the Company’s liability under 3 months to 36 months assurance-type warranty granted on certain products and services, based on prior experience and industry averages for defective products. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	Effective interest rate (%)	Maturity	As at 31 December			As at 31 May
			2023	2024	2025	2026
			RMB'000	RMB'000	RMB'000	RMB'000
Current						
Bank loans – unsecured . .	2.75-3.45	2024	330,297	–	–	–
Bank loans – unsecured . .	2.30-2.80	2025	–	429,838	–	–
Bank loans – unsecured . .	2.11-2.24	2026	–	–	95,900	67,300
Bank loans – unsecured . .	2.19-2.36	2027	–	–	–	48,400
Other borrowings – unsecured*	2.11	2026	–	–	50,000	–
Total – current			330,297	429,838	145,900	115,700
Non-current						
Bank loans – unsecured . .	2.24	2027	–	–	58,100	58,100
Bank loans – unsecured . .	2.24	2028	–	–	–	39,200
Bank loans – unsecured . .	2.19	2029	–	–	–	18,000
Total – non-current			–	–	58,100	115,300
Total			330,297	429,838	204,000	231,000
Analysed into:						
Within one year			330,297	429,838	145,900	115,700
In the second year			–	–	58,100	97,300
In the third year			–	–	–	18,000
Total			330,297	429,838	204,000	231,000

* Other borrowings are related-party borrowings (note 31).

The Company

	Effective interest rate (%)	Maturity	As at 31 December			As at 31 May
			2023	2024	2025	2026
			RMB'000	RMB'000	RMB'000	RMB'000
Current						
Bank loans – unsecured . .	2.75-3.45	2024	330,297	–	–	–
Bank loans – unsecured . .	2.30-2.80	2025	–	429,838	–	–
Bank loans – unsecured . .	2.11-2.24	2026	–	–	71,900	43,300
Bank loans – unsecured . .	2.19-2.24	2027	–	–	–	1,400
Total – current			330,297	429,838	71,900	44,700
Non-current						
Bank loans – unsecured . .	2.24	2027	–	–	58,100	58,100
Bank loans – unsecured . .	2.24	2028	–	–	–	39,200
Bank loans – unsecured . .	2.19	2029	–	–	–	18,000
Total – non-current			–	–	58,100	115,300
Total			330,297	429,838	130,000	160,000

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	Effective interest rate (%)	Maturity	As at 31 December			As at 31 May
			2023	2024	2025	2026
			RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:						
Within one year			330,297	429,838	71,900	44,700
In the second year			–	–	58,100	97,300
In the third year			–	–	–	18,000
Total			<u>330,297</u>	<u>429,838</u>	<u>130,000</u>	<u>160,000</u>

26. SHARE CAPITAL/PAID IN CAPITAL

	Number of shares in issue	Paid-in capital	Share capital
		RMB'000	RMB'000
As at 1 January 2023, 31 December 2023 and 1 January 2024	–	22,141	–
Conversion into a joint stock company (note a)	<u>225,000,000</u>	<u>(22,141)</u>	<u>225,000</u>
As at 31 December 2024, 1 January 2025 and 31 December 2025, 1 January 2026 and 31 May 2026	<u>225,000,000</u>	<u>–</u>	<u>225,000</u>

Note:

- (a) On 28 March 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including paid-in capital, other reserve, statutory surplus reserve and retained profits, amounting to RMB559,966,000, of which RMB225,000,000 was converted into 225,000,000 shares with a nominal value of RMB1.00 each and the remaining amount was credited to the Company’s share premium.

27. SHARE INCENTIVE SCHEMES

Restricted Shares Plan

The Company adopted a Restricted Shares Plan (“the Plan”) to recognise and reward the contribution of certain eligible employees to the growth and development of the Group and to give them incentives in order to retain them for the continual operation and development of the Group. The Group granted restricted shares under the Plan through a share-based payment incentive platform, Hangzhou Xiling Environmental Technology Partnership (Limited Company).

On 18 October 2019, 9.67% shares of the Company were granted to 15 selected employees for a consideration of RMB2,579,000 (“Restricted Shares I”), which was equal to the fair value of these shares. There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period for 72 months. During the Relevant Periods, no share-based payment expense was charged to profit or loss.

On 22 February 2022, 0.64% shares of the Company were granted to 3 selected employees for a consideration of RMB210,000 (“Restricted Shares II”). On 25 December 2023, 1.06% shares of the Company were granted to a selected employee for a consideration of RMB6,466,000 (“Restricted Shares III”). On 28 June 2024, 0.57% shares of the Company were granted to 11 selected employees for a consideration of RMB5,035,000 (“Restricted Shares IV”). There is no performance target required except that the eligible participant remains as an employee of the Group during the vesting period for 72 months for Restricted Shares II, Restricted Shares III and Restricted Shares IV.

The fair values of Restricted Shares II, Restricted Shares III and Restricted Shares IV granted were estimated as at the grant date by an external valuer by using the discounted cash flow method. The share award expenses are charged to the statement of profit or loss over the vesting period. During the years ended 31 December 2023, 2024 and 2025 and five months ended 31 May 2025 and 2026, the Group recorded share award expenses of RMB2,441,000, RMB8,726,000, RMB10,431,000, RMB4,346,000 and RMB4,346,000, respectively.

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The following table lists the inputs to the model used:

	<u>As at 22 February 2022</u>
Discount rate	10.39%
Discount for lack of marketability	22.00%
	<u>As at 25 December 2023</u>
Discount rate	10.35%
Discount for lack of marketability	19.00%
	<u>As at 28 June 2024</u>
Discount rate	11.18%
Discount for lack of marketability	14.00%

The shares of Restricted Shares II, Restricted Shares III and Restricted Shares IV were transferred from some of the selected employees. In 2022 and 2023, due to the resignation of certain selected employees, the shares previously granted were repurchased based on the carrying amount of the net asset of the Company as of the most recent financial year-end prior to their resignation dates, and then re-granted to other selected employees at the same prices. For the resigned employees, the differences between the repurchase prices and the original grant prices were recognised as employee compensations. During the year ended 31 December 2023, the Group recorded compensation expense of RMB2,682,000.

28. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Capital reserve

a. Other reserve

Other reserve of the Group mainly arose from the capital injection.

b. Share premium

The share premium of the Group represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company in March 2024.

c. Equity-settled share incentive scheme reserve

The equity-settled share incentive scheme reserve represents the share-based compensation reserve due to equity-settled share award, details of which are set out in note 27 to the Historical Financial Information.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the Historical Financial Information.

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Statutory surplus reserve

In accordance with the Company Law of the PRC, each company in the PRC is required to allocate 10% of its statutory after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the company’s registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or to increase the registered capital of the company. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

The Company

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	6,012	21,957	347,114	375,083
Profit for the year and total comprehensive income for the year	–	–	621,085	621,085
Equity-settled share-based payments	2,441	–	–	2,441
Compensation incentives for terminated employees	2,682	–	–	2,682
Transfer to statutory surplus reserve	–	62,108	(62,108)	–
Dividends declared	–	–	(150,572)	(150,572)
At 31 December 2023	<u>11,135</u>	<u>84,065</u>	<u>755,519</u>	<u>850,719</u>
	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	11,135	84,065	755,519	850,719
Profit for the year and total comprehensive income for the year	–	–	622,001	622,001
Conversion into a joint stock company	321,785	(21,957)	(502,687)	(202,859)
Equity-settled share-based payments	8,726	–	–	8,726
Transfer to statutory surplus reserve	–	55,406	(55,406)	–
Dividends declared	–	–	(350,000)	(350,000)
At 31 December 2024	<u>341,646</u>	<u>117,514</u>	<u>469,427</u>	<u>928,587</u>
	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	341,646	117,514	469,427	928,587
Profit for the year and total comprehensive income for the year	–	–	725,736	725,736
Equity-settled share-based payments	10,431	–	–	10,431
Dividends declared	–	–	(231,680)	(231,680)
At 31 December 2025	<u>352,077</u>	<u>117,514</u>	<u>963,483</u>	<u>1,433,074</u>
	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026	352,077	117,514	963,483	1,433,074
Profit for the period and total comprehensive income for the period	–	–	589,057	589,057
Equity-settled share-based payments	4,346	–	–	4,346
Dividends declared	–	–	(420,000)	(420,000)
At 31 May 2026	<u>356,423</u>	<u>117,514</u>	<u>1,132,540</u>	<u>1,606,477</u>

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29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,066,000, RMB197,450,000, RMB811,000 and RMB303,370,000, respectively, in respect of lease arrangements for office premises, plant, equipment and shipyard.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank loans	Lease liabilities	Dividends payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	115,020	4,592	72,910	192,522
Changes from financing cash flows .	209,620	(3,815)	(223,482)	(17,677)
Dividends declared	–	–	150,572	150,572
Interest expense	5,657	230	–	5,887
New leases	–	2,066	–	2,066
At 31 December 2023 and 1 January 2024	330,297	3,073	–	333,370
Changes from financing cash flows .	87,898	(25,511)	(350,000)	(287,613)
Dividends declared	–	–	350,000	350,000
Interest expense	11,643	627	–	12,270
New leases	–	197,450	–	197,450
At 31 December 2024 and 1 January 2025	429,838	175,639	–	605,477
Changes from financing cash flows	(234,501)	(26,886)	(231,680)	(493,067)
Dividends declared	–	–	231,680	231,680
Interest expense	8,663	6,093	–	14,756
New leases	–	811	–	811
At 31 December 2025 and 1 January 2026	204,000	155,657	–	359,657
Changes from financing cash flows .	24,884	(43,691)	–	(18,807)
Dividends declared	–	–	420,000	420,000
Interest expense	2,116	4,388	–	6,504
New leases	–	303,370	–	303,370
Reassessment as a result of lease modifications	–	1,701	–	1,701
Exchange realignment	–	(34)	–	(34)
At 31 May 2026	231,000	421,391	420,000	1,072,391

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities	74	479	9,768	4,953	5,408
Within financing activities	3,815	25,511	26,886	987	43,691
Total	3,889	25,990	36,654	5,940	49,099

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30. COMMITMENTS

At the end of each of the Relevant Periods, the Group did not have any significant contractual commitments.

31. RELATED PARTY TRANSACTIONS

Details of the Group’s principal related parties are as follows:

Name of related party	Relationship with the Group
Zhejiang Zheneng Technology Environmental Protection Group Co., Ltd.	Controlling shareholder
Zhejiang Provincial Energy Group Co., Ltd.	The ultimate controlling shareholder
Zhejiang Provincial Energy Group Finance Co., Ltd.	An entity controlled by the ultimate controlling shareholder
Zhejiang Zhen Research Institute Ltd.	An entity controlled by the ultimate controlling shareholder
Zhejiang Tianyin Co., Ltd.	An entity controlled by the ultimate controlling shareholder
Zhejiang Zhen Digital Technology Co., Ltd.	An entity controlled by the ultimate controlling shareholder
Zhejiang Energy Atlas Marine Technology Co., Ltd.	Joint venture of the controlling shareholder
ZE Atlas Shipping Co., Limited.	An entity controlled by Zhejiang Energy Atlas Marine Technology Co., Ltd.
ZE Atlas V Shipping Co., Limited	An entity controlled by Zhejiang Energy Atlas Marine Technology Co., Ltd.
Crown Ship Management Corp Limited	An entity controlled by a shareholder
Zhejiang Zheneng Tianchen Environmental Protection Technology Co., Ltd.	An entity controlled by the controlling shareholder

(a) Related party transactions

In addition to the transactions detailed in note 31(b) to the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods and the five months ended 31 May 2025:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sales of goods to:					
Zhejiang Energy Atlas Marine Technology Co., Ltd.	232,762	10,682	—	—	—
ZE Atlas Shipping Co., Limited.	528,628	52,837	—	—	—
ZE Atlas V Shipping Co., Limited.	—	12,504	—	—	—
Total	761,390	76,023	—	—	—
Purchases of goods from:					
Zhejiang Zheneng Technology Environmental Protection Group Co., Ltd.	833	—	—	—	—

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	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchases of agent service from:					
Zhejiang Energy Atlas Marine Technology Co., Ltd.	—	—	5,159	171	4,164
Interest income from cash deposited in a related financial institution:					
Zhejiang Provincial Energy Group Finance Co., Ltd.	2	1	3	1	—
Interest expense on other borrowings in a related financial institution:					
Zhejiang Provincial Energy Group Finance Co., Ltd.	—	—	252	—	343
Interest income arising from revenue contracts from:					
ZE Atlas Shipping Co., Limited	5,871	10,091	6,461	2,539	2,004
ZE Atlas V Shipping Co., Limited	—	301	419	127	56
	5,871	10,392	6,880	2,666	2,060
Rental expense to:					
Zhejiang Zheneng Technology Environmental Protection Group Co., Ltd.	—	85	—	—	—
Service provided by:					
Zhejiang Tianyin Co., Ltd.	—	—	437	—	—
Crown Ship Management Corp Limited	346	268	—	—	—
Zhejiang Zhen Digital Technology Co., Ltd	—	33	66	—	—
Zhejiang Zhen Research Institute Ltd.	—	679	—	—	—
Zhejiang Zheneng Tianchen Environmental Protection Technology Co., Ltd.	—	—	100	—	—
Total	346	980	603	—	—
Other borrowings provided by:					
Zhejiang Provincial Energy Group Finance Co., Ltd.	—	—	50,000	—	—
Repayment of other borrowings:					
Zhejiang Provincial Energy Group Finance Co., Ltd.	—	—	—	—	50,000

* The above transactions were determined in accordance with the terms and conditions mutually agreed by the contracting parties.

(b) Other transactions with related parties:

In December 2025, an offset settlement agreement was signed by the Company and Zhejiang Energy Atlas Marine Technology Co., Ltd. (including its subsidiaries), pursuant to which trade receivables from Zhejiang Energy Atlas Marine Technology Co., Ltd. (including its subsidiaries) of RMB26,545,000 were offset against other payables to this entity arose from the agent services provided.

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From January to May 2026, a series of offset settlement agreements were signed by the Company and Zhejiang Energy Atlas Marine Technology Co., Ltd. (including its subsidiaries), pursuant to which trade receivables from Zhejiang Energy Atlas Marine Technology Co., Ltd. (including its subsidiaries) of RMB354,000 were offset against other payables to this entity arose from the agent services provided.

(c) Outstanding balances with related parties

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade:				
Due from related parties:				
Current				
Zhejiang Energy Atlas Marine Technology Co., Ltd.	165,574	6,027	–	–
ZE Atlas Shipping Co., Limited . . .	350,665	217,879	131,490	122,247
ZE Atlas V Shipping Co., Limited . .	–	11,650	6,223	8,175
Total	<u>516,239</u>	<u>235,556</u>	<u>137,713</u>	<u>130,422</u>
Non-current				
ZE Atlas Shipping Co., Limited . . .	265,021	206,012	8,853	801
ZE Atlas V Shipping Co., Limited . .	–	11,650	2,148	–
Total	<u>265,021</u>	<u>217,662</u>	<u>11,001</u>	<u>801</u>
Prepaid to a related party:				
Current				
Zhejiang Energy Atlas Marine Technology Co., Ltd.	–	–	21,386	17,742
Due to a related party:				
Current				
Zhejiang Energy Atlas Marine Technology Co., Ltd.	–	–	–	166

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	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash deposited in:				
Zhejiang Provincial Energy Group Finance Co., Ltd.	383	1,385	788	7
Non-trade				
Due from related parties:				
Zhejiang Zheneng Technology Environmental Protection Group Co., Ltd.	10	–	–	–
Zhejiang Tianyin Co., Ltd.	248	248	–	–
Zhejiang Energy Atlas Marine Technology Co., Ltd.	155	280	–	418
Total	413	528	–	418
Due to a related party:				
Zhejiang Zheneng Technology Environmental Protection Group Co., Ltd.	6,817	682	–	–
Other borrowings:				
Zhejiang Provincial Energy Group Finance Co., Ltd.	–	–	50,000	–

As confirmed by the Group, the non-trade outstanding balances as at 31 May 2026 will be fully settled upon [REDACTED].

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade:				
Due from subsidiaries:				
Current				
ZEME Shipyard	–	50,355	90,032	118,729
ZEME International Private Limited	–	41,527	73,386	114,651
Total	–	91,882	163,418	233,380
Due to a subsidiary:				
Current				
ZEME Shipyard	–	6,277	76,554	103,561
Total	–	6,277	76,554	103,561

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	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-trade				
Due from a subsidiary:				
ZEME Shipyard	–	–	2,274	3,595
Total	–	–	2,274	3,595
	=	=	=	=
Due to a subsidiary:				
ZEME Shipyard	–	–	526	1,548
Total	–	–	526	1,548
	=	=	=	=

(d) Compensation of key management personnel of the Group:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, bonuses, allowances and benefits in kind	8,532	6,101	6,826	2,654	2,934
Equity-settled share-based payment expense	814	5,607	5,820	2,425	2,425
Pension scheme contributions	220	258	438	180	180
Total	9,566	11,966	13,084	5,259	5,539
	=	=	=	=	=

The compensation information above includes the directors’ and the chief executive’s remuneration. Further details of directors’ and the chief executive’s remuneration are included in note 9 to the Historical Financial Information.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortised cost:				
Trade receivables	917,938	1,029,380	729,066	947,389
Net investment in the sublease	–	–	–	285,118
Financial assets included in prepayments, other receivables and other assets	4,798	15,317	16,419	39,092
Cash and cash equivalents	414,073	687,982	793,768	1,504,235
Total	1,336,809	1,732,679	1,539,253	2,775,834
	=	=	=	=

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	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	387,184	551,707	542,994	675,807
Financial liabilities included in other payables and accruals	153,337	179,147	56,974	81,087
Interest-bearing bank and other borrowings	330,297	429,838	204,000	231,000
Lease liabilities	3,073	175,639	155,657	421,391
Total	<u>873,891</u>	<u>1,336,331</u>	<u>959,625</u>	<u>1,409,285</u>

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortised cost:				
Trade receivables	917,938	1,057,865	760,816	959,670
Financial assets included in prepayments, other receivables and other assets	4,798	15,092	17,247	14,561
Cash and cash equivalents	414,073	650,316	633,801	1,292,729
Total	<u>1,336,809</u>	<u>1,723,273</u>	<u>1,411,864</u>	<u>2,266,960</u>

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	387,184	532,394	507,645	633,716
Financial liabilities included in other payables and accruals	153,337	173,306	45,670	31,686
Interest-bearing bank and other borrowings	330,297	429,838	130,000	160,000
Lease liabilities	3,073	175,639	339	4,495
Total	<u>873,891</u>	<u>1,311,177</u>	<u>683,654</u>	<u>829,897</u>

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, the current portion of trade receivables, current portion of net investment in the sublease, current portion of interest-bearing bank and other borrowings, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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The fair values of the non-current portion of interest-bearing bank and other borrowings, non-current portion of trade receivables, non-current portion of net investment in the sublease have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At the end of each of the reporting periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

Assets for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Non-current portion of trade receivables	–	268,023	–	268,023
	=	=	=	=

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Non-current portion of trade receivables	–	229,169	–	229,169
	=	=	=	=

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Non-current portion of trade receivables	–	142,442	–	142,442
	=	=	=	=

As at 31 May 2026

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	Fair value measurement using			
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion of trade receivables	– =	224,582 =	– =	224,582 =
Non-current portion of net investment in the sublease	– =	199,517 =	– =	199,517 =

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion of interest- bearing bank and other borrowings	– =	58,100 =	– =	58,100 =

As at 31 May 2026

	Fair value measurement using			
	Quoted prices inactive markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current portion of interest- bearing bank and other borrowings	– =	115,300 =	– =	115,300 =

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents and interest-bearing loans. The main purpose of these financial instruments is to support the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables, net investment in the sublease and trade payables which arise directly from its operations.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group’s financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

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The following table demonstrates the sensitivity as at the end of each of the Relevant Periods to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Group’s profit before tax (due to translation of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in profit before tax
		<i>RMB’000</i>
31 December 2023		
If the RMB weakens against the USD	5%	41,733
If the RMB strengthens against the USD	(5%)	(41,733)
31 December 2024		
If the RMB weakens against the USD	5%	65,168
If the RMB strengthens against the USD	(5%)	(65,168)
31 December 2025		
If the RMB weakens against the USD	5%	39,599
If the RMB strengthens against the USD	(5%)	(39,599)
31 May 2026		
If the RMB weakens against the USD	5%	100,633
If the RMB strengthens against the USD	(5%)	(100,633)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

Maximum exposure and year/period-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year/period-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables*	—	—	—	923,943	923,943
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,798	—	—	—	4,798
Cash and cash equivalents	414,073	—	—	—	414,073
Total	<u>418,871</u>	<u>—</u>	<u>—</u>	<u>923,943</u>	<u>1,342,814</u>

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	1,037,875	1,037,875
Financial assets included in prepayments, other receivables and other assets					
– Normal**	15,317	–	–	–	15,317
Cash and cash equivalents	687,982	–	–	–	687,982
Total	703,299	–	–	1,037,875	1,741,174

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	749,538	749,538
Financial assets included in prepayments, other receivables and other assets					
– Normal**	16,419	–	–	–	16,419
Cash and cash equivalents	793,768	–	–	–	793,768
Total	810,187	–	–	749,538	1,559,725

As at 31 May 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	971,180	971,180
Net investment in the sublease					
– Normal**	287,663	–	–	–	287,663
Financial assets included in prepayments, other receivables and other assets					
– Normal**	39,092	–	–	–	39,092
Cash and cash equivalents	1,504,235	–	–	–	1,504,235
Total	1,830,990	–	–	971,180	2,802,170

* For trade receivables to which the Group applies the simplified approach for impairment, further summary details of which are included in note 18 to the Historical Financial Information.

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** The credit quality of the net investment in the sublease and the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of these assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group’s objective is to maintain a balance between continuity of funding and flexibility through equity and debt financing.

The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	Within 1 year	1 to 3 years	Over 3 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	387,184	–	–	387,184
Financial liabilities included in other payables and accruals	153,337	–	–	153,337
Interest-bearing bank and other borrowings	335,016	–	–	335,016
Lease liabilities	1,665	1,529	–	3,194
Total	<u>877,202</u>	<u>1,529</u>	<u>–</u>	<u>878,731</u>

As at 31 December 2024

	Within 1 year	1 to 3 years	Over 3 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	551,707	–	–	551,707
Financial liabilities included in other payables and accruals	179,147	–	–	179,147
Interest-bearing bank and other borrowings	435,873	–	–	435,873
Lease liabilities	27,021	82,681	82,681	192,383
Total	<u>1,193,748</u>	<u>82,681</u>	<u>82,681</u>	<u>1,359,110</u>

As at 31 December 2025

	Within 1 year	1 to 3 years	Over 3 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	542,994	–	–	542,994
Financial liabilities included in other payables and accruals	56,974	–	–	56,974
Interest-bearing bank and other borrowings	146,969	59,065	–	206,034
Lease liabilities	41,341	82,681	41,341	165,363
Total	<u>788,278</u>	<u>141,746</u>	<u>41,341</u>	<u>971,365</u>

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As at 31 May 2026

	Within 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	675,807	—	—	675,807
Financial liabilities included in other payables and accruals	81,087	—	—	81,087
Interest-bearing bank and other borrowings	119,491	116,895	—	236,386
Lease liabilities	136,602	258,323	53,752	448,677
Total	<u>1,012,987</u>	<u>375,218</u>	<u>53,752</u>	<u>1,441,957</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders’ value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No change was made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is total debt divided by the total equity. Total debt is calculated as the sum of the interest-bearing bank loans and lease liabilities in both non-current and current liabilities in its consolidated statements of financial position.

The gearing ratios as at 31 December 2023, 2024 and 2025 and 31 May 2026 are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Total debt	333,370	605,477	359,657	652,391
Total equity	872,860	1,157,100	1,708,862	1,914,666
Gearing ratio	<u>38.2%</u>	<u>52.3%</u>	<u>21.0%</u>	<u>34.1%</u>

35. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 31 May 2026 that required additional disclosure or adjustments.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2026.