

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial information and the related notes thereto included in the Accountants’ Report set out in Appendix I to this document. You should read the entire Accountants’ Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with the IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance, which involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in “Risk Factors” and elsewhere in this document. For further details, see “Forward-Looking Statements.”

OVERVIEW

Founded in 2018, we are a leading global green shipping equipment and system provider. To meet the needs of global shipping companies, shipowners, and shipyards, we have developed five business lines, including vessel exhaust gas emission control and cleaning systems, vessel energy efficiency enhancement systems, vessel retrofit and servicing, new energy vessel systems, and intelligent vessel operating and maintenance systems. During the Track Record Period, among these five business lines, we primarily generated revenue from our vessel exhaust gas emission control and cleaning systems, vessel energy efficiency enhancement systems, and vessel retrofit and servicing. Our business lines encompass equipment design and manufacturing to vessel retrofit, onboard installation, commissioning, and technical support, comprehensively contributing to ship value enhancement. According to CIC, we are the largest green shipping equipment and system provider in the world in terms of revenue in 2025.

During the Track Record Period, our revenue and net profit sustained steady financial growth. Our revenue remained relatively stable at RMB2.37 billion in 2023 and at RMB2.40 billion in 2024, and our profit for the year remained relatively stable at RMB621.1 million in 2023 and at RMB625.5 million in 2024. Our revenue increased by 46.0% from RMB2.40 billion in 2024 to RMB3.50 billion in 2025, and our profit increased by 23.6% from RMB625.5 million in 2024 to RMB773.3 million in 2025. Our revenue increased by 89.4% from RMB1.32 billion for the five months ended May 31, 2025 to RMB2.51 billion for the five months ended May 31, 2026, and our profit increased significantly from RMB277.3 million for the five months ended May 31, 2025 to RMB622.1 million for the same period in 2026.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, many of which are outside of our control, including those discussed below.

Favorable Regulatory Policies Underlying the Global Green Shipping Equipment and System Industry

Our results of operations are materially affected by a rapidly evolving global regulatory landscape and a heightened industry-wide commitment to environmental stewardship in the global green shipping equipment and system industry.

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Market demand for our equipment and systems, particularly, the vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems, increasingly underpinned by the necessity for shipowners to comply with the International Maritime Organization’s (IMO) stringent decarbonization measures, including the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII). The IMO’s revised Greenhouse Gas strategy, adopted in July 2023 with a target of net-zero emissions by 2050, alongside regional mandates such as the EU Emissions Trading System and the upcoming FuelEU Maritime regulations, have fundamentally shifted the maritime sector toward sustainable technology. To navigate this ESG-focused framework, shipping companies are actively investing in either retrofitting existing fleets with green emission systems and energy efficiency enhancement systems or commissioning new vessels powered by new energy. This sustained regulatory pressure has transitioned environmental compliance into a core operational priority for our customers, serving as a primary catalyst for the growth in our sales and market share.

During the Track Record Period, the sales of vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems contributed considerably to our revenue. Our revenue from vessel exhaust gas emission control and cleaning systems was RMB2.33 billion, RMB1.88 billion, RMB1.57 billion, RMB611.3 million, and RMB767.3 million in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, accounting for 98.5%, 78.5%, 44.7%, 46.2%, and 30.6% of our total revenue of the respective periods. In addition, during the Track Record Period, our revenue from vessel energy efficiency enhancement systems was nil, RMB251.0 million, RMB854.6 million, RMB353.0 million, and RMB859.5 million in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, accounting for nil, 10.5%, 24.4%, 26.7%, and 34.3% of our total revenue of the respective periods.

Our Ability to Retain Existing Customers and Attract New Customers

Our business success depends on our ability to retain existing customers and acquire new ones, both of which have a direct impact on our revenue scale and overall operating performance. Our ability to maintain and further expand our large and loyal customer base depends on various factors, such as our ability to offer more products that address the needs of our existing and prospective customers at competitive prices, the strengths of our technologies, and the effectiveness of our sales and marketing efforts.

Our equipment and systems are designed with a high degree of flexibility to accommodate the varying specifications and technical requirements of different vessel types. For example, our exhaust gas cleaning system features an open framework that allows for greater installation flexibility and easier access for maintenance, making it adaptable to a wider range of vessels. Such adaptability enables us to provide more customized services for individual customers and vessel configurations, which increases switching costs for customers and strengthens long-term customer relationships. In addition, our ability to provide one-stop service model — covering design, manufacturing, installation, commissioning, and technical support — has further enhanced client confidence and trust. This capability is supported by a network of service points in 10 countries, which enables us to respond efficiently to customer needs. With respect to new customer acquisition, we benefit from referrals and recommendations from our existing customers, which have served as an important source of new business opportunities. In parallel, we seek to enhance our market visibility through an integrated communication approach that leverages online platforms, sector-leading media channels, and active participation in industry conferences and events, thereby broadening our reach among potential customers.

Looking ahead, we expect to further strengthen our customer retention and acquisition capabilities by continually enhancing the quality, flexibility, and breadth of our offerings, deepening engagement with existing customers, and expanding our outreach channels. We believe that these initiatives will support sustained customer loyalty, broaden our customer base, and contribute to the continued growth of our revenue and overall financial performance.

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Our Product Mix

Our gross margin is significantly influenced by our product mix, with profitability varying based on the technical sophistication and market demand for each product. As such, the ongoing evolution of our product mix is a critical factor in our financial performance. Leveraging our robust research and development pipeline, we have expanded our product portfolio to stay ahead of rapid technological shifts and evolving client demands. This strategic focus has catalyzed a fundamental transformation in our revenue profile, transitioning us from a near-total reliance on a single business line in 2023 to a diverse, multi-pillar growth model in 2025.

Historically, our revenue was highly concentrated, with vessel exhaust gas emission control and cleaning systems accounting for 98.5%, 78.5%, and 44.7% of our total revenue in 2023, 2024, and 2025, respectively. Through our close monitoring of market conditions and strategic assessment of evolving industry trends, for the five months ended May 31, 2026, our revenue was broadly balanced across our three principal business lines, namely vessel exhaust gas emission control and cleaning systems, vessel energy efficiency enhancement systems, and vessel retrofit and servicing, which accounted for 30.6%, 34.3%, and 31.9% of our total revenue, respectively. We also continued to develop intelligent vessel operating and maintenance systems and new energy vessel systems, which we believe have further growth potential. Going forward, as we continue to adjust our product mix in response to prevailing market demand, changes in the revenue contribution and gross profit margins of individual business lines may affect our overall gross profit margin.

Fluctuations in the Prices of Equipment and Raw Materials

Our results of operations are materially affected by our cost of sales, which are subject to fluctuations in the prices of equipment and raw materials. During the Track Record Period, our cost of sales was RMB1.56 billion, RMB1.56 billion, RMB2.44 billion, RMB948.6 million, and RMB1.63 billion in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, accounting for 65.8%, 64.9%, 69.6%, 71.7%, and 65.2% of our total revenue for the respective periods. Our cost of sales consisted of material expenses, modification service fees, and outsourcing processing fees. Among them, material expenses constitute a considerable portion of our cost of sales. Any significant fluctuation in the prices of equipment such as generators and water pumps, and raw materials such as steel plates, could affect our cost of sales and significantly impact our profit. The fluctuations in the prices are driven by exogenous factors including commodity market trends, logistical costs, and international trade regulations and tariffs, all of which all beyond our control. These factors may have an adverse effect on our business operations.

Our Investment in Technology

As we continue to expand our business, investment in research and development for the expansion and upgrade of our offerings are critical to our business, operations, and growth prospects. Our research and development efforts primarily focus on vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems. We have developed and commercialized a number of products in this area and continue to invest in the development of new products to address evolving market demand. In parallel, we are advancing the application of AI technology in vessel energy efficiency enhancement systems and intelligent vessel operating and maintenance systems. In addition, for certain key research and development projects, we may establish two teams to conduct parallel research and development efforts and select the most effective technical proposal. While this approach enhances innovation quality and reduces the risk of technical failure, it also leads to higher research and development expenses.

During the Track Record Period, we incurred research and development expenses of RMB84.8 million, RMB120.8 million, RMB137.1 million, RMB50.2 million, and RMB53.7 million in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively. Our significant spending of research and development are market-oriented, with a strong emphasis on cost-effectiveness, scalability, and broad market adoption. Research and development decisions are

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closely aligned with client demand and commercialization potential, which we believe improves the efficiency of our research and development spending. Going forward, we expect to continue to invest in research and development and believe that research and development will continue to be a key driver for our sustained growth.

OUR GROSS MARGIN PROFILE AND PROFITABILITY

Our business focus has gradually shifted from vessel exhaust gas emission control and cleaning systems to a more diverse product and service portfolio, primarily driven by market demand and our product diversification strategy. In particular, as shipowners and operators increasingly sought solutions to improve vessel energy efficiency and meet evolving decarbonization requirements, we expanded our offerings in vessel energy efficiency enhancement systems, vessel retrofit and servicing, intelligent vessel operating and maintenance systems, and new energy vessel systems.

During the Track Record Period, revenue from vessel exhaust gas emission control and cleaning systems decreased from RMB2.33 billion in 2023 to RMB1.88 billion in 2024, and further to RMB1.57 billion in 2025. While the revenue from this business line increased from RMB611.3 million for the five months ended May 31, 2025 to RMB767.3 million for the same period in 2026, it is primarily due to the settlement with a customer for historic costs incurred in connection with certain products that were no longer required following adjustments to its fleet. As a comparison, revenue from vessel energy efficiency enhancement systems increased from nil in 2023 to RMB251.0 million in 2024, and further to RMB854.6 million in 2025. Revenue from this business line increased significantly from RMB353.0 million for the five months ended May 31, 2025 to RMB859.5 million for the same period in 2026. Revenue from vessel retrofit and servicing also increased significantly from RMB21.7 million in 2023 to RMB222.7 million in 2024, and further to RMB924.3 million in 2025, primarily due to increasing market demand and the launch and ramp-up of new products and services. Revenue from this business line sustained strong growth and increased from RMB326.3 million for the five months ended May 31, 2025 to RMB800.0 million for the same period in 2026.

Vessel energy efficiency enhancement systems and vessel retrofit and servicing generally recorded lower gross profit margins than vessel exhaust gas emission control and cleaning systems during the Track Record Period. As a result, although our revenue increased from RMB2.40 billion in 2024 to RMB3.50 billion in 2025, our overall gross profit margin decreased from 35.1% in 2024 to 30.4% in 2025, mainly due to the increased revenue contribution from vessel energy efficiency enhancement systems and vessel retrofit and servicing.

In addition, we cannot assure you that our net profit margin will not decrease, because of (i) the increased contribution from the relatively lower-margin vessel energy efficiency enhancement systems and vessel retrofit and servicing as we continue to diversify our product and service portfolio, and (ii) the expected increase in operating expenses, including employee benefit expenses, depreciation and amortization, and impairment losses on financial assets, in connection with our business expansion and continued investment in new product and service capabilities.

Nevertheless, this does not indicate a deterioration in our overall business fundamentals or profitability in absolute terms. During the Track Record Period, we continued to record revenue growth and maintained positive profitability. In particular, our revenue increased from RMB2.40 billion in 2024 to RMB3.50 billion in 2025, and our gross profit increased from RMB841.7 million in 2024 to RMB1.06 billion in 2025. Our revenue increased from RMB1.32 billion for the five months ended May 31, 2025 to RMB2.51 billion for the same period in 2026, and our gross profit increased from RMB374.8 million for the five months ended May 31, 2025 to RMB872.3 million for the same period in 2026. Going forward, we expect our revenue, gross profit, and net profit to continue to increase in absolute amount, mainly driven by the continued growth of vessel energy efficiency enhancement systems and vessel retrofit and servicing and our broader product and service portfolio. In addition, from an industry perspective, we believe that vessel exhaust gas

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emission control and cleaning systems, vessel energy efficiency enhancement systems, and vessel retrofit and servicing will continue to present sizable market opportunities, supported by the shipping industry’s ongoing green transformation and efficiency improvement needs. Furthermore, while we continue to develop new businesses, vessel exhaust gas emission control and cleaning systems remain one of our key business lines and is expected to continue to contribute stable revenue and gross profit.

In addition, our overall gross profit margin increased from 28.3% for the five months ended May 31, 2025 to 34.8% for the same period in 2026, and our net profit margin increased from 21.0% to 24.8%. These improvements reflected our efforts to reduce costs and improve efficiency. In particular, the gross profit margin of vessel energy efficiency enhancement systems increased from 23.4% for the five months ended May 31, 2025 to 39.6% for the same period in 2026, mainly due to more favorable purchase prices secured through our enhanced bargaining power with suppliers, cost savings from further design optimizations, and a higher revenue contribution from higher-margin products, such as high-power shaft generator systems, PSVs, and wind shields. This increase supported the improvement in our overall profitability. Going forward, we intend to continue strengthening cost control, optimizing product design and mix, and improving operating efficiency.

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 January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the historical financial information throughout the Track Record Period.

The historical financial information has been prepared under the historical cost.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

For a discussion of our critical accounting policies and estimates, see notes 2 and 3 to the Accountants’ Report in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss in absolute amount and as a percentage of our revenue for the periods indicated. This information should be read together with our consolidated financial statements and related notes included in Appendix I to this document. The results of operations in any year do not necessarily indicate our future trends.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>									
	<i>(Unaudited)</i>									
Revenue	2,368,763	100.0	2,397,498	100.0	3,501,174	100.0	1,323,471	100.0	2,507,000	100.0
Cost of sales	(1,557,586)	(65.8)	(1,555,808)	(64.9)	(2,438,508)	(69.6)	(948,634)	(71.7)	(1,634,716)	(65.2)
Gross profit	811,177	34.2	841,690	35.1	1,062,666	30.4	374,837	28.3	872,284	34.8
Other income and gains	51,674	2.2	103,064	4.3	114,393	3.3	47,924	3.6	32,252	1.3
Selling and distribution expenses	(35,080)	(1.5)	(59,561)	(2.5)	(55,677)	(1.6)	(22,250)	(1.7)	(29,102)	(1.2)
Administrative expenses	(13,496)	(0.6)	(28,905)	(1.2)	(43,579)	(1.2)	(18,298)	(1.4)	(22,123)	(0.9)
Research and development costs	(84,757)	(3.6)	(120,781)	(5.0)	(137,090)	(3.9)	(50,214)	(3.8)	(53,688)	(2.1)

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	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>						<i>(Unaudited)</i>			
Impairment losses on										
financial assets	(3,296)	(0.1)	(2,490)	(0.1)	(11,977)	(0.3)	(5,437)	(0.4)	(5,864)	(0.2)
Other expenses	—	—	—	—	(18,742)	(0.5)	(201)	(0.0)	(59,349)	(2.4)
Finance costs	(5,887)	(0.2)	(12,270)	(0.5)	(14,756)	(0.4)	(6,337)	(0.5)	(6,504)	(0.3)
Profit before tax	720,335	30.4	720,747	30.1	895,238	25.6	320,024	24.2	727,906	29.0
Income tax expenses	(99,250)	(4.2)	(95,241)	(4.0)	(121,932)	(3.5)	(42,707)	(3.2)	(105,802)	(4.2)
Profit for the										
year/period	621,085	26.2	625,506	26.1	773,306	22.1	277,317	21.0	622,104	24.8
Attributable to:										
Owners of the parent	621,085	26.2	625,506	26.1	773,306	22.1	277,317	21.0	622,104	24.8
Profit for the										
year/period	621,085	26.2	625,506	26.1	773,306	22.1	277,317	21.0	622,104	24.8

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

From 2023 to 2025, we generated our revenue primarily from vessel exhaust gas emission control and cleaning systems. We also provide vessel energy efficiency enhancement systems, vessel retrofit and servicing, intelligent vessel operating and maintenance systems, and new energy vessel systems. We have been continually diversifying our product and service mix. As a result, our revenue from vessel exhaust gas emission control and cleaning systems accounted for 98.5%, 78.5%, 44.7%, 46.2%, and 30.6% of our total revenue in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively. In addition, for the five months ended May 31, 2026, vessel energy efficiency enhancement systems and vessel retrofit and servicing also became our major revenue drivers, contributing to 34.3% and 31.9% of our revenue for the same period, respectively.

The following table sets forth a breakdown of our revenue by business line both in absolute amount and as a percentage of our total revenue for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except percentages)</i>						<i>(Unaudited)</i>			
Vessel Exhaust Gas										
Emission Control and										
Cleaning Systems	2,334,052	98.5	1,881,690	78.5	1,566,494	44.7	611,270	46.2	767,297	30.6
Vessel Energy Efficiency										
Enhancement Systems	—	—	250,979	10.5	854,566	24.4	352,974	26.7	859,534	34.3
Vessel Retrofit and										
Servicing	21,705	0.9	222,671	9.3	924,266	26.4	326,298	24.7	799,995	31.9
Intelligent Vessel										
Operating and										
Maintenance Systems	—	—	8,504	0.4	63,549	1.8	23,409	1.7	30,083	1.2
New Energy Vessel										
Systems	8,954	0.4	24,910	1.0	52,100	1.5	3,626	0.3	32,922	1.3
Others ⁽¹⁾	4,052	0.2	8,744	0.4	40,199	1.2	5,894	0.4	17,169	0.7
Total	2,368,763	100.0	2,397,498	100.0	3,501,174	100.0	1,323,471	100.0	2,507,000	100.0

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Note:

- (1) Primarily represents the sales of scrap materials.

During the Track Record Period, contribution from vessel energy efficiency enhancement systems and vessel retrofit and servicing to our overall revenue grew significantly.

During the Track Record Period, we generated revenue from China and other geographical locations. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, our overseas revenue was RMB1.58 billion, RMB2.21 billion, RMB3.21 billion, RMB1.18 billion, and RMB2.38 billion, respectively, representing 66.9%, 92.2%, 91.8%, 89.2%, and 94.7% of our total revenue for the same periods, respectively.

The following table sets forth a breakdown of our revenue by key countries or regions, both in absolute amount and as a percentage of our total revenue for the periods indicated. We define key countries or regions as the top six countries or regions in terms of revenue generation in the latest applicable period during the Track Record Period, namely for the five months ended May 31, 2026.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Cyprus	874,250	36.9	1,373,102	57.3	2,148,517	61.4	756,259	57.1	1,662,134	66.3
Singapore	59,723	2.5	292,613	12.2	252,746	7.2	120,856	9.1	436,626	17.4
Chinese Mainland	783,998	33.1	185,930	7.8	286,947	8.2	142,636	10.8	131,716	5.3
Canada	—	—	—	—	65,768	1.9	7,910	0.6	52,860	2.1
Panama	—	—	—	—	163,418	4.7	59,593	4.5	48,940	2.0
The Netherlands	—	—	—	—	41,487	1.2	10,882	0.8	40,421	1.6
Total	1,717,971	72.5	1,851,646	77.3	2,958,883	84.6	1,098,137	82.9	2,372,696	94.7

Cost of Sales

Our cost of sales primarily consists of (i) materials expenses, (ii) modification service fee, (iii) outsourcing processing fee, and (iv) staff costs.

The following table sets forth a breakdown of our cost of sales by nature both in absolute amount and as a percentage of total cost of sales for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Materials expenses	616,983	39.6	715,366	46.0	1,149,727	47.1	418,531	44.1	913,101	55.9
Modification service fee ⁽¹⁾	853,379	54.8	692,834	44.5	902,078	37.0	383,115	40.4	498,942	30.5
Outsourcing processing fee ⁽²⁾	38,116	2.4	49,385	3.2	109,950	4.5	46,198	4.9	65,098	4.0
Staff Costs	11,157	0.7	37,589	2.4	84,956	3.5	31,252	3.3	50,654	3.1
Warranty costs	23,235	1.5	28,303	1.8	44,249	1.8	12,249	1.3	14,693	0.9
Others	14,716	0.9	32,331	2.1	147,548	6.1	57,289	6.0	92,228	5.6
Total	1,557,586	100.0	1,555,808	100.0	2,438,508	100.0	948,634	100.0	1,634,716	100.0

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Notes:

- (1) Refer to fees incurred for installation and set-up services in connection with the delivery of our green shipping equipment and systems.
- (2) Refer to outsourcing charges incurred during the production process, such as fees paid to third-party processors for processing materials.

Gross Profit and Gross Profit Margin

Gross profit represents the difference between revenue and cost of sales. Gross profit margin represents gross profit as a percentage of total revenue. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, our gross profit was RMB811.2 million, RMB841.7 million, RMB1.06 billion, RMB374.8 million, and RMB872.3 million, respectively, with gross profit margin of 34.2%, 35.1%, 30.4%, 28.3%, and 34.8% for the respective periods.

The following table sets forth a breakdown of our gross profit and gross profit margins by business line for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit Margin		Gross Profit Margin		Gross Profit Margin		Gross Profit Margin		Gross Profit Margin	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Vessel Exhaust Gas Emission Control and Cleaning Systems . . .	801,376	34.3	705,398	37.5	617,503	39.4	214,732	35.1	388,966	50.7
Vessel Energy Efficiency Enhancement Systems . . .	—	—	79,824	31.8	214,184	25.1	82,742	23.4	340,494	39.6
Vessel Retrofit and Servicing	2,233	10.3	33,113	14.9	158,615	17.2	59,318	18.2	105,954	13.2
Intelligent Vessel Operating and Maintenance Systems . . .	—	—	5,289	62.2	28,350	44.6	13,447	57.4	10,445	34.7
New Energy Vessel Systems	3,737	41.7	10,842	43.5	13,840	26.6	728	20.1	10,987	33.4
Others	3,831	94.5	7,224	82.6	30,174	75.1	3,870	65.7	15,438	89.9
Total	811,177	34.2	841,690	35.1	1,062,666	30.4	374,837	28.3	872,284	34.8

Vessel Exhaust Gas Emission Control and Cleaning Systems. Our EGCS business is primarily project-based and involves customized, non-standard projects. As a result, our gross profit margin may fluctuate within a reasonable range due to various factors, including project scope, construction period, raw material price fluctuations, installation requirements, product mix, and customer mix. The increase in gross profit margin from 2023 to 2024 was mainly due to a higher contribution from hybrid EGCS projects, which generally had a relatively higher gross profit margin. The further increase in gross profit margin in 2025 was mainly due to an one-off settlement income arising from a customer’s vessel replacement arrangement, which involved minimal corresponding cost. Excluding this one-off settlement income, the gross profit margin of our vessel exhaust gas emission control and cleaning systems in 2025 would be 33.7%, lower than 2024, primarily due to a lower revenue contribution from hybrid EGCS projects as compared with 2024. The increase in gross profit margin from the five months ended May 31, 2025 to the same period in 2026 was mainly due to the settlement with a customer for historic costs incurred in connection with certain products that were no longer required following adjustment to its fleet, which incurred minimal costs in the current period. Excluding this settlement income, our gross profit margin for the vessel exhaust gas emission control and cleaning systems for the five months ended May 31, 2026 was 38.8%, higher than the same period in 2025, primarily because certain EGCS projects recognized during the period achieved relatively higher gross profit margins, reflecting normal period-to-period fluctuations arising from the project-based nature of our EGCS business.

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Vessel Energy Efficiency Enhancement Systems. The decrease in gross profit margin from 2024 to 2025 was mainly due to the increased contribution from shaft generator systems, which generally involved more complex cost components and higher project costs. The higher project costs of our shaft generator systems were mainly due to their greater product complexity and higher installation costs. Compared with our other vessel energy efficiency enhancement systems that generally involve only raw materials and processing costs, shaft generator systems require additional electromechanical equipment, including generators and frequency converter cabinets, which in aggregate accounted for approximately half of the total cost of shaft generator systems in 2025. In addition, shaft generator systems need to be fitted to each vessel’s existing engine and shaft setup and power requirements, which incur additional installation costs. Furthermore, as shaft generator systems were still at the stage of technical optimization and market rollout, their project costs were still in the process of being optimized. Nevertheless, the gross profit margin increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to more favorable purchase prices secured through our enhanced bargaining power with suppliers, cost savings from further design optimizations, and deliveries of products with improved and higher gross profit margin, such as high-power shaft generator systems, PSVs, and wind shields.

Vessel Retrofit and Servicing. Gross profit of vessel retrofit and servicing increased considerably during the Track Record Period, mainly because we expanded from providing ancillary after-sales support for EGCS into a broader range of revenue-generating vessel retrofit and servicing offerings. From 2023 to 2025, the gross profit margin increased mainly because of the increase in revenue contribution from higher-margin technical support services, such as global emergency repair. The gross profit margin of this business line decreased from the five months ended May 31, 2025 to the same period in 2026, primarily due to higher raw material procurement costs incurred for the projects delivered.

Intelligent Vessel Operating and Maintenance Systems. The decrease in gross profit margin from 2024 to 2025 and from the five months ended May 31, 2025 to the same period in 2026 was mainly because we bore the cost for upgraded configurations made in response to customers’ operational needs without increasing the sales price, in order to facilitate long-term and a wider range of cooperation with the customers.

New Energy Vessel Systems. The gross profit margin decreased in 2025 mainly because the shore power projects we undertook in 2025 were mainly retrofit projects, which generally involved higher costs. The increases in gross profit margin from the five months ended May 31, 2025 to the same period in 2026 were mainly due to (i) higher average selling prices for projects involving broader scopes of supply and more complex work, and (ii) lower installation fees secured under more favorable commercial terms with our suppliers.

Other Income and Gains

Our other income and gains primarily consist of bank interest income, interest income arising from revenue contracts, government grants, and foreign exchange gains (on a net basis). Our other income and gains were RMB51.7 million, RMB103.1 million, RMB114.4 million, RMB47.9 million, and RMB32.3 million in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively.

The following table sets forth a breakdown of our other income and gains both in absolute amount and as a percentage of our total other income and gains for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in thousands, except percentages)										
(Unaudited)										
Other income:										
Bank interest income . . .	10,794	20.9	24,508	23.8	35,453	31.0	8,243	17.2	8,657	26.8

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	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Interest income arising from revenue contracts	8,842	17.1	23,268	22.6	25,490	22.3	11,471	23.9	8,147	25.3
Government grants	11,697	22.6	11,515	11.2	52,413	45.8	11,306	23.6	4,579	14.2
Finance income on the net investment in the sublease	—	—	—	—	—	—	—	—	2,671	8.3
Gains:										
Gain on disposal of right-of-use assets	—	—	—	—	—	—	—	—	8,035	24.9
Foreign exchange gains, net	11,197	21.7	39,677	38.5	—	—	16,780	35.0	—	—
Compensations from third parties	9,138	17.7	4,040	3.9	—	—	—	—	—	—
Others	6	0.0	56	0.1	1,037	0.9	124	0.3	163	0.5
Total	51,674	100.0	103,064	100.0	114,393	100.0	47,924	100.0	32,252	100.0

From 2023 to 2025, our other income and gains continued to increase primarily due to the increase of bank interest income as a result of increased bank deposits and the government grants received in 2025. Our other income and gains decreased from the five months ended May 31, 2025 to the same period in 2026, primarily due to the decrease in foreign exchange gains resulting from the depreciation of the U.S. dollar against the Renminbi.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) sales agent service fees, (ii) employee benefit expenses, (iii) professional service fees, (iv) travel and hospitality expenses, and (v) advertising and promotion expenses.

The following table sets forth a breakdown of our selling and distribution expenses both in absolute amount and as a percentage of our total selling and distribution expenses for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Sales agent service fees .	25,243	72.0	46,227	77.6	36,027	64.7	14,771	66.4	17,149	58.9
Employee benefit expenses	2,971	8.5	4,554	7.6	7,969	14.3	3,411	15.3	4,387	15.1
Professional service fees	3,668	10.5	4,423	7.4	4,636	8.3	1,790	8.0	3,237	11.1
Travel and hospitality expenses	2,076	5.9	3,260	5.5	4,109	7.4	1,685	7.6	1,577	5.4
Advertising and promotion expenses . .	574	1.6	498	0.8	486	0.9	48	0.2	395	1.4
Office expenses	90	0.3	194	0.3	245	0.4	69	0.3	68	0.2
Others	458	1.3	405	0.7	2,205	4.0	476	2.2	2,289	7.9
Total	35,080	100.0	59,561	100.0	55,677	100.0	22,250	100.0	29,102	100.0

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Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses, (ii) professional service fees, (iii) taxes and surcharges, (iv) travel and hospitality expenses, (v) depreciation and amortization, and (vi) office expenses.

The following table sets forth a breakdown of our administrative expenses both in absolute amount and as a percentage of our total administrative expenses for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Employee benefit expenses	7,438	55.1	17,324	59.9	27,206	62.4	10,988	60.1	14,977	67.7
Professional service fees	1,031	7.6	1,848	6.4	1,621	3.7	299	1.6	2,490	11.3
Taxes and surcharges	2,089	15.5	3,824	13.2	3,855	8.8	1,960	10.7	1,269	5.7
Travel and hospitality expenses	584	4.3	1,433	5.0	1,891	4.3	699	3.8	1,012	4.6
Depreciation and amortization	1,524	11.3	1,402	4.9	3,135	7.2	573	3.1	280	1.3
Office expenses	145	1.1	929	3.2	1,272	2.9	624	3.4	167	0.8
Others	685	5.1	2,145	7.4	4,599	10.6	3,155	17.3	1,928	8.6
Total	13,496	100.0	28,905	100.0	43,579	100.0	18,298	100.0	22,123	100.0

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, (ii) materials and consumables, and (iii) management expenses.

The following table sets forth a breakdown of our research and development expenses both in absolute amount and as a percentage of our total research and development expenses for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
<i>(in thousands, except percentages)</i>										
<i>(Unaudited)</i>										
Employee benefit expenses	26,630	31.4	38,247	31.7	60,744	44.3	24,127	48.0	23,222	43.3
Materials and Consumables	46,738	55.1	66,244	54.8	57,992	42.3	19,346	38.5	22,646	42.2
Management expenses	10,957	12.9	12,531	10.4	13,934	10.2	4,996	9.9	6,059	11.3
Others	432	0.5	3,759	3.1	4,420	3.2	1,745	3.6	1,761	3.2
Total	84,757	100.0	120,781	100.0	137,090	100.0	50,214	100.0	53,688	100.0

Impairment Losses on Financial Assets

Our impairment losses on financial assets primarily represent impairment losses for trade receivables. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, our impairment losses on financial assets were RMB3.3 million, RMB2.5 million, RMB12.0 million, RMB5.4 million, and RMB5.9 million, respectively.

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Finance Costs

Our finance costs comprise interest on bank borrowings and lease liabilities. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, our finance costs were RMB5.9 million, RMB12.3 million, RMB14.8 million, RMB6.3 million, and RMB6.5 million, respectively.

Taxation

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on a statutory rate of 25% on the taxable income determined in accordance with the PRC Enterprise Income Tax Law, except that our Company is granted tax concession and is taxed at preferential tax rate.

Our Company obtained the qualification of High and New Technology Enterprise in 2023, and was entitled to a reduced preferential tax rate of 15% from 2023 to 2025. This qualification is subject to review by PRC tax authorities every three years. We applied to the renewal of the qualification and expect this renewal to be approved. Accordingly, we expect to remain eligible for the preferential tax rate from 2026 to 2028.

ZEME Shipyard was qualified as small and micro enterprises in 2024 and was entitled to a preferential income tax rate of 5% for the first RMB3.0 million of assessable profits.

Singapore

Pursuant to the tax laws of Singapore, our subsidiary that operates in Singapore is subject to corporate income tax at a rate of 17%.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or unresolved tax issues with tax authorities that may have a material adverse impact on our business, financial condition, and results of operations.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended May 31, 2025 Compared to Five Months Ended May 31, 2026

Revenue

Our revenue increased by 89.4% from RMB1.32 billion for the five months ended May 31, 2025 to RMB2.51 billion for the same period in 2026, primarily due to steady sales of vessel exhaust gas emission control and cleaning systems, together with continued strong growth in vessel energy efficiency enhancement systems and vessel retrofit and servicing.

Our revenue from vessel exhaust gas emission control and cleaning systems increased by 25.5% from RMB611.3 million for the five months ended May 31, 2025 to RMB767.3 million for the same period in 2026, primarily due to settlement with a customer for historic costs incurred in connection with certain products that were no longer required following adjustments to its fleet.

Our revenue from vessel energy efficiency enhancement systems increased significantly from RMB353.0 million for the five months ended May 31, 2025 to RMB859.5 million for the same period in 2026, primarily because our products gained further market recognition, resulting in continued strong growth in orders and sales volumes.

Our revenue from vessel retrofit and servicing increased significantly from RMB326.3 million for the five months ended May 31, 2025 to RMB800.0 million for the same period in 2026, primarily due to a higher level of project delivery.

Our revenue from intelligent vessel operating and maintenance systems increased by 28.5% from RMB23.4 million for the five months ended May 31, 2025 to RMB30.1 million for the same period in 2026, primarily due to increased recognition and orders from our customers.

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Our revenue from new energy vessel systems increased significantly from RMB3.6 million for the five months ended May 31, 2025 to RMB32.9 million for the same period in 2026, primarily driven by the customer demand.

Cost of Sales

In line with our revenue growth, our cost of sales increased by 72.3% from RMB948.6 million for the five months ended May 31, 2025 to RMB1.63 billion for the same period in 2026. Our cost of sales as a percentage of our total revenue decreased from 71.7% for the five months ended May 31, 2025 to 65.2% for the same period in 2026.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB374.8 million for the five months ended May 31, 2025 to RMB872.3 million for the same period in 2026. Our gross profit margin increased from 28.3% for the five months ended May 31, 2025 to 34.8% for the same period in 2026, primarily due to (i) the increased gross profit margin from vessel exhaust gas emission control and cleaning systems as a result of settlement with a customer for historic costs incurred in connection with certain products that were no longer required following adjustments to its fleet and (ii) the increased gross profit margin from vessel energy efficiency enhancement systems as a result of more favorable purchase prices secured through our enhanced bargaining power with suppliers, cost savings from further design optimizations, and deliveries of products with higher gross profit margin, such as high-power shaft generator systems, PSVs, and wind shields.

Other Income and Gains

Our other income and gains decreased by 32.7% from RMB47.9 million for the five months ended May 31, 2025 to RMB32.3 million for the same period in 2026, primarily due to the decrease in foreign exchange gains resulting from the depreciation of the U.S. dollar against the Renminbi.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 30.8% from RMB22.3 million for the five months ended May 31, 2025 to RMB29.1 million for the same period in 2026, primarily due to the increased sales agent service fees incurred for product promotion as our business expanded.

Administrative Expenses

Our administrative expenses increased by 20.9% from RMB18.3 million for the five months ended May 31, 2025 to RMB22.1 million for the same period in 2026, primarily due to the increased employee benefit expenses as our operation expanded and the resulting growth of employee headcounts.

Research and Development Expenses

Our research and development expenses increased by 6.9% from RMB50.2 million for the five months ended May 31, 2025 to RMB53.7 million for the same period in 2026, primarily due to increased spending on the optimization of shaft generator systems, PSVs, and EGCSSs, as well as the development of new products.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 7.9% from RMB5.4 million for the five months ended May 31, 2025 to RMB5.9 million for the same period in 2026, primarily because we made higher impairment provisions according to our accounting policies as a result of the slightly increased aging of the trade receivables.

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Other Expenses

Our other expenses increased significantly from RMB0.2 million for the five months ended May 31, 2025 to RMB59.3 million for the same period in 2026, primarily due to foreign exchange losses resulting from the depreciation of the U.S. dollar against the Renminbi.

Finance Costs

Our finance costs remained relatively stable at RMB6.3 million for the five months ended May 31, 2025 and at RMB6.5 million for the same period in 2026.

Income Tax Expenses

Our income tax expenses increased significantly from RMB42.7 million for the five months ended May 31, 2025 to RMB105.8 million for the same period in 2026, primarily due to an increase in the profit before tax.

Profit for the Period

As a result of the foregoing, our profit for the period increased significantly from RMB277.3 million for the five months ended May 31, 2025 to RMB622.1 million for the same period in 2026.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2025

Revenue

Our revenue increased by 46.0% from RMB2.40 billion in 2024 to RMB3.50 billion in 2025, primarily due to the significant growth in revenue from vessel energy efficiency enhancement systems and vessel retrofit and servicing, which began to generate revenue in 2024 and entered a more stable revenue-generating stage in 2025.

Our revenue from vessel exhaust gas emission control and cleaning systems decreased by 16.8% from RMB1.88 billion in 2024 to RMB1.57 billion in 2025, primarily because in response to changes in market conditions, we undertook more newbuild vessel projects and smaller-scale EGCS projects, which generally had lower contract values than retrofit projects. In particular, newbuild vessel projects generally only involved the sale of our products, while retrofit projects generally involved the sale of our products as well as additional vessel retrofit design, installation, modification, and fitting and testing work. As a result, newbuild vessel projects generally had lower contract values than retrofit projects.

Our revenue from vessel energy efficiency enhancement systems increased significantly from RMB251.0 million in 2024 to RMB854.6 million in 2025, primarily because we began to receive batch orders from customers after the relevant product offerings became more stable.

Our revenue from vessel retrofit and servicing increased significantly from RMB222.7 million in 2024 to RMB924.3 million in 2025, primarily because we expanded from providing ancillary after-sales support for EGCS into a broader range of revenue-generating vessel retrofit and servicing offerings, including whole-vessel retrofit, spare parts sales, global technical support, voyage repair, and complex equipment repair services.

Our revenue from intelligent vessel operating and maintenance systems increased significantly from RMB8.5 million in 2024 to RMB63.5 million in 2025, primarily because we began trial sales in 2024 and received batch orders in 2025.

Our revenue from new energy vessel systems increased significantly from RMB24.9 million in 2024 to RMB52.1 million in 2025, primarily due to the increase in sales of shore power systems.

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Cost of Sales

In line with our revenue growth, our cost of sales increased by 56.7% from RMB1.56 billion in 2024 to RMB2.44 billion in 2025, primarily due to higher material expenses and outsourcing processing fees resulting from our newly introduced business lines, particularly the vessel energy efficiency enhancement system. Our cost of sales as a percentage of our total revenue increased from 64.9% in 2024 to 69.6% in 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 26.3% from RMB841.7 million in 2024 to RMB1.06 billion in 2025. Our gross profit margin decreased from 35.1% in 2024 to 30.4% in 2025, primarily due to a significant increase in revenue contribution from vessel retrofit and servicing and vessel energy efficiency enhancement systems, both having relatively low profit margins compared to vessel exhaust gas emission control and cleaning system in 2025.

Other Income and Gains

Our other income and gains increased by 11.0% from RMB103.1 million in 2024 to RMB114.4 million in 2025, primarily due to an increase of RMB40.9 million in government grants, which was mainly attributable to the one-off disbursement in 2025 of fiscal subsidies accumulated from prior years.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 6.5% from RMB59.6 million in 2024 to RMB55.7 million in 2025, primarily due to fewer marketing activities through sales agents in 2025 compared to 2024 when we started to launch several new products.

Administrative Expenses

Our administrative expenses increased by 50.8% from RMB28.9 million in 2024 to RMB43.6 million in 2025, primarily due to an increase in employee benefit expenses as a result of the expansion of our relatively new business lines.

Research and Development Expenses

Our research and development expenses increased by 13.5% from RMB120.8 million in 2024 to RMB137.1 million in 2025, primarily due to our continued efforts to broaden our product portfolio and increase research and development investment in other environmentally friendly products.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased significantly from RMB2.5 million in 2024 to RMB12.0 million in 2025, primarily due to a higher proportion of long-aged trade receivables.

Other Expenses

While we did not have other expenses in 2024, we incurred other expenses of RMB18.7 million in 2025, primarily due to the foreign exchange losses incurred.

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Finance Costs

Our finance costs increased by 20.3% from RMB12.3 million in 2024 to RMB14.8 million in 2025, primarily due to an increase in interest on lease liabilities attributable to the expansion of our leased properties relating to our vessel retrofit and servicing business line.

Income Tax Expenses

Our income tax expenses increased by 28.0% from RMB95.2 million in 2024 to RMB121.9 million in 2025, primarily due to the increase in our pre-tax income in line with our business growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 23.6% from RMB625.5 million in 2024 to RMB773.3 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue remained relatively stable at RMB2.37 billion in 2023 and at RMB2.40 billion in 2024.

Our revenue from vessel exhaust gas emission control and cleaning systems decreased by 19.4% from RMB2.33 billion in 2023 to RMB1.88 billion in 2024, primarily due to intense market competition in this sector.

Our revenue from vessel energy efficiency enhancement systems amounted to RMB251.0 million in 2024, primarily due to the launch and commercialization of these systems in 2024, particularly the shaft generator system, with strong market demand driven by the International Maritime Organization’s decarbonization and emission reduction policies.

Our revenue from vessel retrofit and servicing increased significantly from RMB21.7 million in 2023 to RMB222.7 million in 2024, primarily because in 2023, we mainly provided vessel upgrade and technical support services that did not require work to be performed at our own shipyard, such as onboard inspection, maintenance service, installation guidance, commissioning support, and other on-site technical services at customers’ vessels or locations arranged by customers, whereas in 2024, the commencement of operations at our Zhangjiagang vessel retrofit and servicing base enhanced our vessel retrofit and servicing capabilities and enabled us to undertake a broader range of vessel retrofit and servicing projects.

Our revenue from intelligent vessel operating and maintenance systems amounted to RMB8.5 million in 2024, primarily due to the launch and commercialization of our intelligent vessel operating and maintenance systems in 2024.

Our revenue from new energy vessel systems increased significantly from RMB9.0 million in 2023 to RMB24.9 million in 2024, primarily due to the increase in demands for our products and the fulfillment and deliveries of our orders.

Cost of Sales

Our cost of sales remained relatively stable at RMB1.56 billion in 2023 and RMB1.56 billion in 2024, which is generally in line with our revenue growth in the respective years.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB811.2 million in 2023 to RMB841.7 million in 2024. Our gross profit margin remained relatively stable at 34.2% in 2023 and 35.1% in 2024.

Other Income and Gains

Our other income and gains increased significantly from RMB51.7 million in 2023 to RMB103.1 million in 2024, primarily due to (i) an increase of RMB28.5 million in net foreign exchange gains arising from the settlement and conversion of foreign currency balances, and (ii) an increase in the bank interest income arising from an increase in bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 69.8% from RMB35.1 million in 2023 to RMB59.6 million in 2024, primarily due to an increase in marketing activities through sales agents in 2024 as a result of the launch of our new products and services.

Administrative Expenses

Our administrative expenses increased significantly from RMB13.5 million in 2023 to RMB28.9 million in 2024, primarily due to an increase in employment benefit expenses as a result of our share incentive grants to attract more talents and the increase in our headcounts to accommodate our business growth.

Research and Development Expenses

Our research and development expenses increased by 42.5% from RMB84.8 million in 2023 to RMB120.8 million in 2024, primarily due to certain newly initiated research and development projects in 2024.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by 24.5% from RMB3.3 million in 2023 to RMB2.5 million in 2024, primarily due to a slower increase in trade receivables in 2024, resulting in lower additional impairment provisions.

Finance Costs

Our finance costs increased significantly from RMB5.9 million in 2023 to RMB12.3 million in 2024, primarily due to an increase in interest on bank borrowings of RMB6.0 million attributable to our financial planning in a low interest environment.

Income Tax Expenses

Our income tax expenses decreased by 4.0% from RMB99.3 million in 2023 to RMB95.2 million in 2024, primarily due to the increase in our super-deduction due to higher research and development expenses.

Profit for the Year

As a result of the foregoing, our profit for the year remained relatively stable at RMB621.1 million in 2023 and at RMB625.5 million in 2024.

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DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	May 31, 2026
	(RMB in thousands)			
Total current assets	1,632,470	2,164,710	2,828,458	3,441,463
Total non-current assets	339,624	503,960	422,421	677,823
Total assets	1,972,094	2,668,670	3,250,879	4,119,286
Total current liabilities	1,097,729	1,356,252	1,332,266	1,752,775
Total non-current liabilities	1,505	155,318	209,751	451,845
Total liabilities	1,099,234	1,511,570	1,542,017	2,204,620
Net current assets	534,741	808,458	1,496,192	1,688,688
Net assets	872,860	1,157,100	1,708,862	1,914,666
Share capital	—	225,000	225,000	225,000
Paid-in capital	22,141	—	—	—
Reserves	850,719	932,100	1,483,862	1,689,666
Total equity	872,860	1,157,100	1,708,862	1,914,666

Our total equity was RMB872.9 million, RMB1.16 billion, RMB1.71 billion, and RMB1.91 billion as of December 31, 2023, 2024, and 2025 and May 31, 2026, respectively. Our total equity increased from RMB872.9 million as of December 31, 2023 to RMB1.16 billion as of December 31, 2024, primarily due to RMB625.5 million profit for the year and RMB8.7 million equity-settled share-based payments, partially offset by RMB350.0 million dividends declared in 2024. Our total equity increased from RMB1.16 billion as of December 31, 2024 to RMB1.71 billion as of December 31, 2025, primarily due to RMB773.3 million profit for the year and RMB10.4 million equity-settled share-based payments, partially offset by RMB231.7 million dividends declared in 2025. Our total equity increased from RMB1.71 billion as of December 31, 2025 to RMB1.91 billion as of May 31, 2026, primarily due to RMB622.1 million profit for the period and RMB4.3 million equity-settled share-based payments, partially offset by RMB420.0 million dividends declared in 2026.

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of	As of
	2023	2024	2025	May 31, 2026	June 10, 2026
	(RMB in thousands)				(Unaudited)
Current assets:					
Inventories	391,108	395,420	948,981	793,085	825,415
Trade receivables	653,595	801,979	588,712	724,249	719,284
Net investment in the sublease	—	—	—	81,325	81,421
Prepayments, other receivables, and other assets	167,559	273,102	496,997	338,569	313,419
Cash and cash equivalents	414,073	687,982	793,768	1,504,235	1,644,383
Restricted cash	6,135	6,227	—	—	—
Total current assets	1,632,470	2,164,710	2,828,458	3,441,463	3,583,922

FINANCIAL INFORMATION

	As of December 31,			As of	As of
	2023	2024	2025	May 31, 2026	June 10, 2026
	(RMB in thousands)				(Unaudited)
Current liabilities:					
Lease liabilities	1,568	20,321	36,958	120,277	120,457
Trade payables	387,184	551,707	542,994	675,807	739,786
Other payables and accruals	174,505	201,699	74,969	519,837	509,630
Contract liabilities	98,516	73,954	444,645	259,179	318,305
Provision	57,565	41,433	42,560	39,219	47,832
Interest-bearing bank loans and other borrowings	330,297	429,838	145,900	115,700	115,700
Tax payable	48,094	37,300	44,240	22,756	22,967
Total current liabilities	1,097,729	1,356,252	1,332,266	1,752,775	1,874,677
Net current assets	534,741	808,458	1,496,192	1,688,688	1,709,245

We had net current assets of RMB534.7 million, RMB808.5 million, RMB1.50 billion, RMB1.69 billion, and RMB1.71 billion as of December 31, 2023, 2024, and 2025, May 31, 2026, and June 10, 2026, respectively. Our net current assets positions as of each of these dates were primarily attributable to cash and cash equivalents, trade receivables, and inventories, partially offset by our trade payables, contract liabilities, other payables and accruals, and interest-bearing bank loans.

Our net current assets increased from RMB1.69 billion as of May 31, 2026 to RMB1.71 billion as of June 10, 2026. The increase was mainly due to (i) an increase in cash and cash equivalents of RMB140.1 million and (ii) an increase in inventories of RMB32.3 million, partially offset by (x) an increase in trade payables of RMB64.0 million, (y) an increase in contract liabilities of RMB59.1 million, and (z) a decrease in prepayments, other receivables, and other assets of RMB25.2 million.

Our net current assets increased from RMB1.50 billion as of December 31, 2025 to RMB1.69 billion as of May 31, 2026. The increase was mainly due to (i) an increase in cash and cash equivalents of RMB710.5 million, (ii) a decrease in contract liabilities of RMB185.5 million, and (iii) an increase in trade receivables of RMB135.5 million, partially offset by (w) an increase in other payables and accruals of RMB444.9 million, (x) a decrease in prepayments, other receivables, and other assets of RMB158.4 million, (y) a decrease in inventories of RMB155.9 million, and (z) an increase in trade payables of RMB132.8 million.

Our net current assets increased from RMB808.5 million as of December 31, 2024 to RMB1.50 billion as of December 31, 2025. The increase was mainly due to (i) an increase in inventories of RMB553.6 million, (ii) a decrease in interest-bearing bank loans and other borrowings of RMB283.9 million, and (iii) an increase in prepayments, other receivables, and other assets of RMB223.9 million, partially offset by (y) an increase in contract liabilities of RMB370.7 million, and (z) a decrease in trade receivables of RMB213.3 million.

Our net current assets increased from RMB534.7 million as of December 31, 2023 to RMB808.5 million as of December 31, 2024. The increase was mainly due to (i) an increase in cash and cash equivalents of RMB273.9 million, (ii) an increase in trade receivables of RMB148.4 million, and (iii) an increase in prepayments, other receivables, and other assets of RMB105.5 million, partially offset by (y) an increase in trade payables of RMB164.5 million and, (z) an increase in interest-bearing bank loans and other borrowings of RMB99.5 million.

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Inventories

Our inventories consist of raw materials and work in progress.

The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	May 31, 2026
	(RMB in thousands)			
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

Our inventories remained relatively stable, increasing slightly from RMB391.1 million as of December 31, 2023 to RMB395.4 million as of December 31, 2024. Within the overall balance, raw materials increased significantly while work in progress decreased, reflecting increased procurement to support business growth and the timely completion of deliveries. Our inventories increased from RMB395.4 million as of December 31, 2024 to RMB949.0 million as of December 31, 2025, primarily due to an increase in work in progress of RMB585.2 million as a result of a significant increase of the orders to be fulfilled in line with our further business growth. Our inventories decreased from RMB949.0 million as of December 31, 2025 to RMB793.1 million as of May 31, 2026, primarily due to the decrease in work in progress of RMB243.9 million, reflecting the completion and delivery of a significant volume of products that had previously been recorded as work in progress for our projects.

The following table sets forth our inventory turnover days for the periods indicated.

	For the Year Ended December 31,			For the Five Months Ended May 31, 2026
	2023	2024	2025	
Inventory turnover days ⁽¹⁾	81	92	101	80

Note:

- (1) Inventory turnover days are calculated as the average of the beginning and ending balances of inventories divided by cost of sales for the year or period and multiplied by 365 days (for a year) or 150 days (for the five-month period).

We seek to maintain strict control over inventory turnover days through close monitoring of shipping schedules and procurement and production planning aligned with vessel schedules.

The following table sets forth an aging analysis of our inventories.

	As of December 31,			As of
	2023	2024	2025	May 31, 2026
	(RMB in thousands)			
Within one year	314,536	310,176	871,387	756,446
Over one year and within two years	36,602	42,461	36,730	27,452
Over two years and within three years . . .	22,405	14,585	20,951	3,617
Over three years	17,565	28,198	19,913	5,571
Total	391,108	395,420	948,981	793,085

As of June 10, 2026, RMB28.0 million, or 3.5% of our inventories as of May 31, 2026, had been subsequently utilized or sold.

We assess inventories at the lower of cost and net realizable value and make provision for inventory write-down where appropriate. As our inventories as of each year or period end during the Track Record Period were mainly aged within one year, we consider that there was no material impairment issue in respect of inventories.

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Trade Receivables

Our trade receivables (on a net basis) consisted of trade receivables net of impairment. Our trading terms with our customers are mainly on credit. Our credit period is generally 7 to 360 days except for certain customers who are allowed to make payments by installments in two to four years, depending on the specific payment terms in each contract.

Our trade receivables (on a net basis) increased by 12.1% from RMB917.9 million as of December 31, 2023 to RMB1.03 billion as of December 31, 2024, primarily due to new product launches in late 2024 for which receivables were subsequently settled in 2025. Our trade receivables (on a net basis) decreased by 29.2% from RMB1.03 billion as of December 31, 2024 to RMB729.1 million as of December 31, 2025, primarily due to the settlement of receivables relating to new products launched in 2024. Our trade receivables (on a net basis) increased by 29.9% from RMB729.1 million as of December 31, 2025 to RMB947.4 million as of May 31, 2026, in line with the growth of our business.

The following table sets forth the details of our trade receivables (on a net basis) as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	May 31, 2026
	(RMB in thousands)			
Trade receivables	923,943	1,037,875	749,538	971,180
Impairment	(6,005)	(8,495)	(20,472)	(23,791)
Trade receivables, net	917,938	1,029,380	729,066	947,389

The following table sets forth our trade receivable turnover days for the periods indicated.

	For the Year Ended December 31,			For the Five Months Ended May 31, 2026
	2023	2024	2025	
Trade receivable turnover days ⁽¹⁾	103	148	92	50

Note:

- (1) Trade receivable turnover days are calculated as the average of the beginning and ending balances of trade receivables divided by revenue for the year or period and multiplied by 365 days (for a year) or 150 days (for the five-month period).

We seek to maintain strict control over trade receivables turnover days through rigorous credit assessment of new customers and granting credit terms commensurate with their credit profiles.

The following table sets forth an aging analysis of our trade receivables.

	As of December 31,			As of
	2023	2024	2025	May 31, 2026
	(RMB in thousands)			
Current	907,366	765,028	612,018	875,806
Within 3 months	5,706	232,433	72,089	45,793
Over 3 months and within 6 months	3,525	31,508	25,054	9,695
Over 6 months and within 9 months	1,309	411	16,806	11,533
Over 9 months and within 12 months	1	—	2,328	4,016
Over 12 months	31	—	771	546
Total	917,938	1,029,380	729,066	947,389

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As of June 10, 2026, RMB29.4 million, or 3.0% of our trade receivables as of May 31, 2026, had been subsequently settled.

We had not experienced any material unrecoverable trade receivables during the Track Record Period and up to the Latest Practicable Date. Over 70% of our trade receivables were within credit terms, and the overdue balances were mainly overdue by less than three months, primarily due to customers’ normal internal payment approval process. Our trade receivables were also mainly due from large shipping companies with strong payment ability, with which we had maintained stable business relationships and settlement records. We had not written off any trade receivables during the Track Record Period and up to the Latest Practicable Date. We have assessed the recoverability of our trade receivables in accordance with our established accounting policies and have made sufficient allowance for expected credit losses. Accordingly, we consider that there was no material recoverability issue in respect of trade receivables.

Trade Payables

Our trade payables consist of payables for goods purchases and service fees. We had trade payables of RMB387.2 million, RMB551.7 million, RMB543.0 million, and RMB675.8 million as of December 31, 2023, 2024, and 2025 and May 31, 2026, respectively.

Our trade payables increased from RMB387.2 million as of December 31, 2023 to RMB551.7 million as of December 31, 2024, primarily because of an increase in procurement in line with higher order volumes, and remained relatively stable at RMB543.0 million as of December 31, 2025. Our trade payables increased from RMB543.0 million as of December 31, 2025 to RMB675.8 million as of May 31, 2026, primarily because our business growth requires more purchases from our suppliers.

Our trade payables are non-interest-bearing and are normally settled on 30 to 90 days after receiving invoice.

The following table sets forth our trade payables turnover days for the periods indicated.

	For the Year Ended December 31,			For the Five Months Ended
	2023	2024	2025	May 31, 2026
Trade payables turnover days ⁽¹⁾	83	110	82	56

Note:

- (1) Trade payables turnover days are calculated as the average of the beginning and ending balances of trade payables divided by cost of sales for the year or period and multiplied by 365 days (for a year) or 150 days (for the five-month period).

The following table sets forth an aging analysis of our trade payables based on invoice date as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	May 31, 2026
	(RMB in thousands)			
Within one year	310,469	425,683	465,383	435,583
Over one year and within two years	59,614	52,412	38,174	196,470
Over two years and within three years	8,364	59,473	36,066	30,628
Over three years	8,737	14,139	3,371	13,126
Total	387,184	551,707	542,994	675,807

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As of June 10, 2026, RMB6.4 million, or 0.9% of our trade payables as of May 31, 2026 had been settled.

Prepayments, Other Receivables, and Other Assets

Our prepayments, other receivables, and other assets primarily consisted of deductible input value-added tax and prepayments and prepaid expenses.

The following table sets forth our prepayments, other receivables, and other assets as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	May 31, 2026
	(RMB in thousands)			
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
Total	169,730	277,622	513,213	346,194
Analyzed into:				
Current portion	167,559	273,102	496,997	338,569
Non-current portion	2,171	4,520	16,216	7,625

Our prepayments, other receivables, and other assets increased by 63.6% from RMB169.7 million as of December 31, 2023 to RMB277.6 million as of December 31, 2024 primarily due to an increase in deductible input value-added tax, as changes in local VAT refund policies reduced actual refunds received during the year, resulting in a higher recoverable value-added tax balance on our books. Our prepayments, other receivables, and other assets further increased by 84.9% to RMB513.2 million as of December 31, 2025, primarily due to an increase in procurement amount for project delivery in 2025. Our prepayments, other receivables, and other assets decreased by 32.5% from RMB513.2 million as of December 31, 2025 to RMB346.2 million as of May 31, 2026, primarily reflecting the delivery of our project-related purchases for which prepayments had been made in 2025.

As of June 10, 2026, the subsequent settlement amount of our prepayments, other receivables, and other assets was RMB22.7 million, representing 6.6% of the balance as of May 31, 2026.

Contract Liabilities

Our contract liabilities decreased from RMB98.5 million as of December 31, 2023 to RMB74.0 million as of December 31, 2024, and increased significantly to RMB477.6 million as of December 31, 2025. The increase from 2024 to 2025 was mainly due to increased advance payments from newly signed contracts and higher progress payments along with our revenue growth. Our contract liabilities decreased from RMB477.6 million as of December 31, 2025 to RMB294.6 million as of May 31, 2026. This decrease was primarily due to the delivery of large-scale vessel retrofit work and the resulting recognition of the relevant contract liabilities as revenue.

As of June 10, 2026, RMB17.6 million of the contract liabilities as of May 31, 2026 had been subsequently recognized as revenue, representing 6.0% of the contract liabilities balance as of May 31, 2026.

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted of interest-bearing bank loans and lease liabilities. June 10, 2026 is the latest practicable date for the purpose of this statement of indebtedness in this document.

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The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of	As of
	2023	2024	2025	May 31, 2026	June 10, 2026
	(RMB in thousands)				(Unaudited)
Current:					
Interest-bearing bank loans and other borrowings	330,297	429,838	145,900	115,700	115,700
Lease liabilities	1,568	20,321	36,958	120,277	120,457
Non-current:					
Interest-bearing bank loans and other borrowings	—	—	58,100	115,300	115,300
Lease liabilities	1,505	155,318	118,699	301,114	300,979
Total	333,370	605,477	359,657	652,391	652,436

Interest-Bearing Bank Loans and Other Borrowings

Our interest-bearing bank loans and other borrowings represented unsecured bank loans. Our interest-bearing bank loans and other borrowings increased by 30.1% from RMB330.3 million as of December 31, 2023 to RMB429.8 million as of December 31, 2024 primarily due to our financial planning in a low-interest environment and decreased by 52.5% to RMB204.0 million as of December 31, 2025 primarily because we reduced our bank borrowings as we used more internal resources to support our daily operations. Our interest-bearing bank loans and other borrowings increased by 13.2% from RMB204.0 million as of December 31, 2025 to RMB231.0 million as of May 31, 2026, primarily due to additional borrowings to meet our working capital needs for daily operations. As of June 10, 2026, we had interest-bearing bank loans and other borrowings of RMB231.0 million. As of June 10, 2026, we had committed but unutilized banking facilities of RMB1.2 billion.

Our bank loans bore interest at 2.75% to 3.45%, 2.30% to 2.80%, and 2.11% to 2.24% per annum, as of December 31, 2023, 2024, and 2025, respectively. In addition, our bank loans bore interest at 2.19% to 2.36% per annum as of May 31, 2026.

Lease Liabilities

We had lease liabilities of RMB3.1 million, RMB175.6 million, RMB155.7 million, RMB421.4 million, and RMB421.4 million as of December 31, 2023, 2024, and 2025, May 31, 2026, and June 10, 2026, respectively. Our lease liabilities increased from December 31, 2025 to May 31, 2026 primarily because we entered into new vessel leases to support our business operations.

The following table sets forth our lease liabilities as of the date indicated.

	As of December 31,			As of	As of
	2023	2024	2025	May 31, 2026	June 10, 2026
	(RMB in thousands)				(Unaudited)
Lease liabilities:					
Current	1,568	20,321	36,958	120,277	120,457
Non-current	1,505	155,318	118,699	301,114	300,979
Total	3,073	175,639	155,657	421,391	421,436

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Statement of Indebtedness

Saved as disclosed above, as of June 10, 2026, we had no bank loans, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees, or other material contingent liabilities. We had not experienced any difficulty in obtaining additional debt or equity financing or any breach of covenants. Our Directors confirm that there has not been any material change in our indebtedness since June 10, 2026 and up to the date of this document, except that we had subsequently incurred bank loans of RMB40.0 million.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary uses of cash are to fund our working capital requirements and other recurring expenses. During the Track Record Period, we financed our capital expenditures and working capital requirements primarily through cash generated from our operating activities and bank loans.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash generated from our operating activities, bank loans, the estimated net [REDACTED] from the [REDACTED], and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital and diligently review future cash flow requirements and adjust our operations and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into consideration of financial resources presently available to us, our Directors are of the view that our available cash and cash equivalents, anticipated cash flow from operations, bank loans, and the estimated net [REDACTED] from the [REDACTED] will be sufficient to meet our present and anticipated cash requirements for the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated.

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
	(RMB in thousands)			(Unaudited)	
Net cash flows from operating activities	250,908	559,595	633,394	182,526	755,676
Net cash flows (used in)/ generated from investing activities	(10,997)	(5,981)	(26,667)	(12,039)	15,403
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 the beginning of the 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)
Cash and cash equivalents at the end of the year/period	414,073	687,982	793,768	504,007	1,504,235

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Net cash flows from operating activities

For the five months ended May 31, 2026, we had net cash flows from operating activities of RMB755.7 million, primarily due to profit before tax of RMB727.9 million, as adjusted by certain non-cash and non-operating items, mainly including foreign exchange differences on a net basis of RMB59.3 million and depreciation of right-of-use assets of RMB18.8 million, and changes in working capital that positively affected our cash flow, mainly including a decrease in prepayments, other receivables and other assets of RMB163.4 million, a decrease in inventories of RMB158.4 million, and an increase in trade payables of RMB136.5 million, partially offset by changes in working capital that negatively affected our cash flow, mainly including an increase in trade receivables of RMB266.9 million and a decrease in contract liabilities of RMB161.1 million.

In 2025, we had net cash flows from operating activities of RMB633.4 million, primarily due to profit before tax of RMB895.2 million, as adjusted by certain non-cash and non-operating items, mainly including depreciation of right-of-use assets of RMB42.4 million and provision of RMB36.3 million, and changes in working capital that positively affected our cash flow, mainly including an increase in contract liabilities of RMB408.1 million and a decrease in trade receivables of RMB110.3 million, partially offset by changes in working capital that negatively affected our cash flow, mainly including an increase in inventories of RMB552.9 million and an increase in prepayments, other receivables, and other assets of RMB232.0 million.

In 2024, we had net cash from operating activities of RMB559.6 million, primarily due to profit before tax of RMB720.7 million, as adjusted by certain non-cash and non-operating items, mainly including provision of RMB26.0 million and finance costs of RMB12.3 million, and changes in working capital that positively affected our cash flows, mainly including an increase in trade payables of RMB162.2 million, partially offset changes in working capital that negatively affected our cash flow, mainly including an increase in trade receivables of RMB76.7 million and an increase in prepayments, other receivables, and other assets of RMB107.9 million.

In 2023, we had net cash from operating activities of RMB250.9 million, primarily due to profit before tax of RMB720.3 million, as adjusted by certain non-cash and non-operating items, mainly including provision of RMB31.4 million, finance costs of RMB5.9 million, and depreciation of right-of-use assets of RMB4.0 million, and changes in working capital that positively affected our cash flows, mainly including increase in trade payables of RMB162.0 million, partially offset changes in working capital that negatively affected our cash flow, mainly including an increase in prepayments, other receivables, and other assets of RMB59.4 million, an increase in trade receivables of RMB492.4 million, and an increase in inventories of RMB97.7 million.

Net cash used in or generated from investing activities

For the five months ended May 31, 2026, our net cash generated from investing activities was RMB15.4 million, due to decrease in net investment in the sublease of RMB22.3 million, partially offset by purchases of property, plant and equipment of RMB6.9 million.

In 2025, our net cash used in investing activities was RMB26.7 million, due to purchases of items of property, plant, and equipment of RMB26.7 million.

In 2024, our net cash used in investing activities was RMB6.0 million, due to purchases of items of property, plant, and equipment of RMB6.0 million.

In 2023, our net cash used in investing activities was RMB11.0 million, due to purchases of items of property, plant, and equipment of RMB11.0 million.

Net cash used in financing activities

For the five months ended May 31, 2026, our net cash used in financing activities was RMB18.8 million, primarily due to repayment of related party borrowings of RMB50.0 million, principal portion of lease payments of RMB39.3 million, and repayment of bank borrowings of RMB30.0 million, partially offset by new bank borrowings of RMB107.0 million.

In 2025, our net cash used in financing activities was RMB493.1 million, primarily due to repayment of bank borrowings of RMB559.5 million and dividends paid to shareholders of RMB231.7 million, partially offset by new bank borrowings of RMB284.0 million.

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In 2024, our net cash used in financing activities was RMB287.6 million, primarily due to repayment of bank borrowings of RMB484.0 million and dividends paid to shareholders of RMB350.0 million, partially offset by new bank borrowings of RMB583.5 million.

In 2023, our net cash used in financing activities was RMB17.7 million, primarily due to dividends paid to shareholders of RMB223.5 million and repayment of bank borrowings of RMB120.8 million, partially offset by new bank borrowings of RMB335.9 million.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of (i) the purchases of property, plant, and equipment, and (ii) the purchases of intangible assets.

Our capital expenditures were RMB11.0 million in 2023, RMB6.0 million in 2024, RMB26.7 million in 2025, and RMB12.0 million and RMB6.9 million for the five months ended May 31, 2025 and 2026, respectively.

We intend to fund our future capital expenditures with cash flows generated from operating activities and bank loans. See “Future Plans and [REDACTED]” for more details. We may reallocate the fund to be utilized on capital expenditure and long-term investments based on our ongoing business needs.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments and arrangements.

[REDACTED]

Based on the [REDACTED] of HK\$[REDACTED] per Share, the total estimated [REDACTED] in relation to the [REDACTED] is RMB[REDACTED] million (HK\$[REDACTED] million) assuming no new Shares are [REDACTED] under the [REDACTED] immediately prior to the [REDACTED]. Such estimated total [REDACTED] include (i) [REDACTED] related [REDACTED] of RMB[REDACTED] million (HK\$[REDACTED] million), (ii) fees and expenses of our legal advisors and reporting accountant of RMB[REDACTED] million (HK\$[REDACTED] million), and (iii) other fees and expenses of RMB[REDACTED] million (HK\$[REDACTED] million).

As of May 31, 2026, we incurred [REDACTED] of RMB[REDACTED] million, of which RMB[REDACTED] million was charged to our consolidated statements of profit or loss and RMB[REDACTED] million will be deducted from equity upon [REDACTED]. We expect to incur additional [REDACTED] of RMB[REDACTED] million (HK\$[REDACTED] million), of which RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be charged to our consolidated statements of profit or loss and RMB[REDACTED] million (HK\$[REDACTED] million) will be deducted from equity from [REDACTED].

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, we entered into various related party transactions. For more details about our related party transactions, see note 31 to the Accountants’ Report in Appendix I to this document and “Relationship with Our Controlling Shareholders.”

FINANCIAL INFORMATION

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
	<i>(Unaudited)</i>				
Gross profit margin (%) . . .	34.2	35.1	30.4	28.3	34.8
Net profit margin (%)	26.2	26.1	22.1	21.0	24.8

	As of December 31,			As of May 31,	
	2023	2024	2025	2026	
Current ratio ⁽¹⁾ (times)	1.5	1.6	2.1	2.0	
Quick ratio ⁽²⁾ (times)	1.1	1.3	1.4	1.5	
Gearing ratio ⁽³⁾ (%)	38.2	52.3	21.0	34.1	

Notes:

- (1) Current ratio is calculated as total current assets divided by total current liabilities.
- (2) Quick ratio is calculated as total current assets less inventories divided by total current liabilities.
- (3) Gearing ratio is calculated as total indebtedness (including interest-bearing bank and other borrowings and lease liabilities) divided by total equity.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks mainly arising from our financial instruments, including foreign currency risk, credit risk, and liquidity risk.

Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between Renminbi and other currencies in which we conduct business may affect our financial condition and results of operations. We seek to limit our exposure to foreign currency risk by minimizing our net foreign currency position.

Credit Risk

We trade only with recognized and creditworthy third parties. Our policy stipulates 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 our exposure to bad debts is not significant.

Liquidity Risk

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

FINANCIAL INFORMATION

DIVIDEND

We are a joint stock company incorporated under PRC laws. According to the PRC Company Law, a PRC-incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years’ accumulated losses, if any, determined under PRC GAAP, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds exceeds 50% of its registered capital. We may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisor, no dividend will be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, if any, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund exceeds 50% of our registered capital.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, our Company declared dividends of RMB150.6 million, RMB350.0 million, RMB231.7 million, RMB231.7 million, and RMB420.0 million, respectively, all of which had been paid in full. See Note 12 to the Accountants’ Report included in Appendix I to this document for details. We currently do not have a formal dividend policy. The dividend policy for the next three years will be determined by our Directors based on our profitability, cash flow position, future capital expenditure requirements, and operational development needs.

DISTRIBUTABLE RESERVES

As of May 31, 2026, our retained profits were RMB1.22 billion, which represented our distributable reserves as of the same date.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there have been no material adverse changes in our financial, operational, or trading position or prospects since May 31, 2026, being the date of the latest reporting period ended of our consolidated financial statements as set out in the Accountants’ Report in Appendix I to this document, and there is no event since May 31, 2026 that would materially affect the information as set out in the Accountants’ Report included in Appendix I to this document.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”