Application Proof of

Zhejiang Energy Marine Environmental Technology Co., Ltd
浙江浙能邁領綠航科技股份有限公司

(the "**Company**")

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

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ZHEJIANG ENERGY MARINE ENVIRONMENTAL TECHNOLOGY CO., LTD
浙江浙能邁領綠航科技股份有限公司

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

[REDACTED]

Number of [REDACTED] Under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**Not more than HK$[REDACTED] per H Share, plus [REDACTED] of 1.0%, SFC [REDACTED] of 0.0027%, [REDACTED] of 0.00565% and [REDACTED] of 0.00015% (payable in full on [REDACTED] in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1 per H Share**

[REDACTED]

***Joint Sponsors,* [REDACTED] *and* [REDACTED]**

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[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

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This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the [**REDACTED**].

There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in "Risk Factors." You should read that section carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

Who We Are

Founded in 2018, we are a leading global green shipping equipment and systems provider. Green shipping equipment and systems refer to shipping equipment and systems that reduce greenhouse gas emissions, limit pollutant discharge, improve resource efficiency, and protect marine ecosystems, which minimize environmental impact of shipping. To meet the needs of global shipping companies, shipowners, and shipyards, we have developed five business lines: (i) vessel exhaust gas emission control and cleaning systems, (ii) vessel energy efficiency enhancement systems, (iii) vessel retrofit and servicing, (iv) intelligent vessel operating and maintenance systems, and (v) new energy vessel systems. These business lines encompass equipment design and manufacture 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.

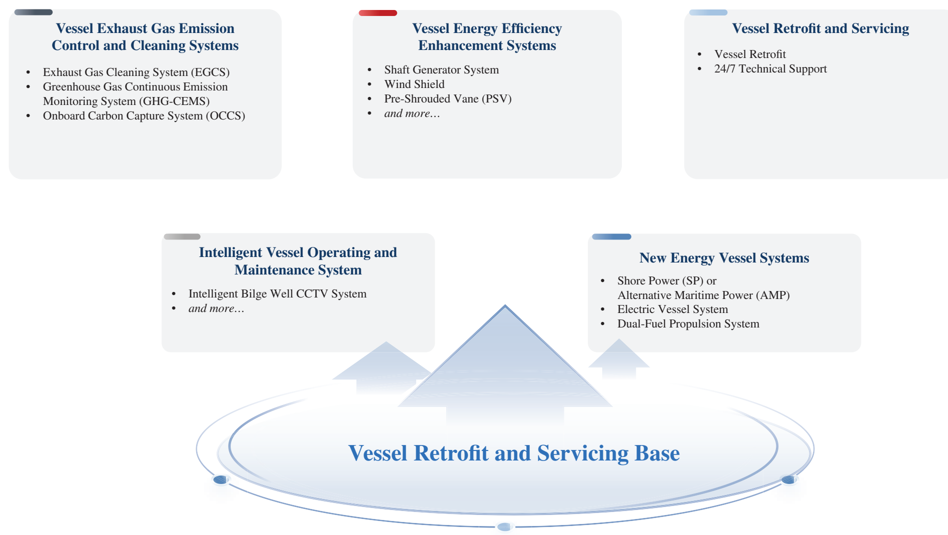
We are the largest vessel exhaust gas emission control and cleaning system provider in the world in terms of revenue in 2025, according to CIC. Our flagship product in this business line, the exhaust gas cleaning system (EGCS), has ranked first in the world in terms of revenue in 2025. Also in this business line, our greenhouse gas continuous emission monitoring system (GHG CEMS) is the first in the world to have obtained certification by international classification societies. Our flagship product in the vessel energy efficiency enhancement systems, the shaft generator system, was launched in 2024 and delivered to customers with satisfaction in the same year. We are the second largest vessel energy efficiency enhancement system provider in the world in terms of revenue in 2025.

Over the years, we have expanded our business lines by leveraging our experience serving global shipping companies, shipowners, and shipyards and our insights on market trends. Our vessel retrofit and servicing line is supported by our intelligent vessel retrofit base that integrates research and development verification, modular intelligent manufacture, vessel retrofit, servicing, and global scheduling. We thus help shipping companies, shipowners, and shipyards preserve and increase the value of their vessel assets in a cost-effective fashion. In addition, in response to the market trends towards vessel intelligence and clean energy, we have introduced intelligent vessel operating and maintenance systems and new energy vessel systems, demonstrating our comprehensive technology reserves.

We have long committed to the customer-centric philosophy. Noting the longstanding customary practice of separating design, manufacture, installation, and operating and maintenance among different market participants who only attend to a particular stage, we are the first to introduce a one-stop service model, according to CIC. This model establishes a standardized management system and modular processing equipment, thereby significantly shortening the average operating cycle.

Our Green Shipping Equipment and Systems

Our five business lines are policy compliant, economically efficient, and market ready.



Our Market Opportunities

There is continued demand for vessel emission control and cleaning globally. The global shipping industry accounts for over 80% of international trade transportation, while it remains a major source of global greenhouse gas and air pollutant emissions. According to CIC, the shipping industry accounted for 2.4% of global anthropogenic greenhouse gas emissions in 2024, and sulfur oxide (SOx) emissions have been significantly reduced since the implementation of the global sulfur cap in 2020, down from the previous 13% global share. However, there is high concentration of emissions within the shipping industry, with container ships, bulk carriers, and tankers contributing over 60% of the shipping industry's carbon emissions in 2024. According to CIC, the top 10 global container shipping groups in terms of actual operational container shipping volume capacity controlled 84.5% of the global container shipping capacity in 2025. We tap the shipping fleets of global shipping groups, which well positions us to cover their emission control and cleaning needs.

There are further needs for vessel technology upgrades. The shipping industry has maintained steady development in recent years despite being a traditional, asset-heavy industry against a slowdown in global economic growth. It has become a broad testing ground for green and intelligent technology applications. The International Maritime Organization is strongly promoting industry emission reductions through mandatory standards such as Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII), while the European Union is tightening regional regulations through measures such as the European Union Emission Trading System and FuelEU Maritime. These regulatory developments have created a huge demand for technology upgrades. According to CIC, the global green shipping equipment and system market is expected to reach RMB151.6 billion in 2030, representing a CAGR of 31.7% from 2025 to 2030.

Finally, there is a surge in demand for vessel retrofit bases. According to CIC, approximately 40% of the operating vessels across the globe are aged over 25 years, resulting in significant demand for vessel retrofit. Leveraging our vessel retrofit and servicing base, we are able to efficiently undertake high-value-added upgrade and retrofitting tasks and thus capture the market growth.

Our Financial and Operating Metrics

By Business Line

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margin 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		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
	(in thousands, except percentages)									(Unaudited)					
Vessel Exhaust Gas Emission Control and Cleaning Systems	2,334,052	801,376	34.3	1,881,690	705,398	37.5	1,566,494	617,503	39.4	611,270	214,732	35.1	767,297	388,966	50.7
Vessel Energy Efficiency Enhancement Systems	—	—	—	250,979	79,824	31.8	854,566	214,184	25.1	352,974	82,742	23.4	859,534	340,494	39.6
Vessel Retrofit and Servicing	21,705	2,233	10.3	222,671	33,113	14.9	924,266	158,615	17.2	326,298	59,318	18.2	799,995	105,954	13.2
Intelligent Vessel Operating and Maintenance Systems	—	—	—	8,504	5,289	62.2	63,549	28,350	44.6	23,409	13,447	57.4	30,083	10,445	34.7
New Energy Vessel Systems	8,954	3,737	41.7	24,910	10,842	43.5	52,100	13,840	26.6	3,626	728	20.1	32,922	10,987	33.4
Others[(1)]	4,052	3,831	94.5	8,744	7,224	82.6	40,199	30,174	75.1	5,894	3,870	65.7	17,169	15,438	89.9
Total	**2,368,763**	**811,177**	**34.2**	**2,397,498**	**841,690**	**35.1**	**3,501,174**	**1,062,666**	**30.4**	**1,323,471**	**374,837**	**28.3**	**2,507,000**	**872,284**	**34.8**

Note:

(1) Primarily represents the sales of scrap materials.

The following table sets forth a breakdown of the sales volume and average selling price of our main businesses 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	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(Units)	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*
Vessel Exhaust Gas Emission Control and Cleaning Systems	152	15,356	221	8,514	242	6,473	103	5,935	148	5,184
Vessel Energy Efficiency Enhancement Systems	—	—	140	1,793	447	1,912	161	2,192	296	2,904
Vessel Retrofit and Servicing	162	134	421	529	3,371	274	1,080	302	1,596	501
Intelligent Vessel Operating and Maintenance Systems	—	—	115	74	545	117	186	126	275	109
New Energy Vessel Systems	3	2,985	10	2,491	14	3,721	2	1,813	12	2,744
Total	**317**		**907**		**4,619**		**1,532**		**2,327**	

- ***Vessel Exhaust Gas Emission Control and Cleaning Systems***

  From 2023 to 2025, revenue and average selling price of vessel exhaust gas emission control and cleaning systems decreased, 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. The decrease in revenue is primarily because the decrease in average selling price more than offset the increase in sales volume. Revenue of our vessel exhaust gas emission control and cleaning systems increased from the five months ended May 31, 2025 to 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. The average selling price of this business line decreased from the five months ended May 31, 2025 to the same period in 2026, primarily because we continued to undertake more smaller-scale EGCS projects, which generally had lower contract values, in response to the current market demand.

  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.

- ***Vessel Energy Efficiency Enhancement Systems***. Revenue from vessel energy efficiency enhancement systems was generated from 2024 and increased significantly in 2025, primarily because we began to receive batch orders from customers after the relevant product offerings became more stable. Revenue from this business line increased significantly from the five months ended May 31, 2025 to the same period in 2026, primarily because our products gained further market recogniton, resulting in continued strong growth in orders and sales volumes. 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 of our vessel energy efficiency enhancement systems 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***. Revenue, gross profit, and sales volume of vessel retrofit and servicing increased significantly in 2024 and 2025. This was mainly 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. Revenue, gross profit, and sales volume increased from the five months ended May 31, 2025 to the same period in 2026, mainly due to a higher level of project delivery. The increase in average selling price from 2023 to 2024 was mainly due to our expansion from technical support services in 2023 to additional vessel retrofit and repair services in 2024, while the decrease in 2025 was mainly due to the significant increase in the sales volume of technical support services and the resulting broader service scope and wider range of contract values. In particular, our technical support services in 2025 covered a wider range of services, from smaller spare parts-related support to larger voyage repair. The increase in average selling price from the five months ended May 31, 2025 to the same period in 2026 was mainly due to the delivery of projects with higher contract values as a result of more extensive and complex retrofit work. The gross profit margin increased from 2023 to 2025 mainly because of the increase in revenue contribution from higher-margin technical support services, such as global emergency repair. The gross profit margin 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***. Revenue from intelligent vessel operating and maintenance systems was generated from 2024 and increased significantly in 2025, primarily because we began trial sales in 2024 and received batch orders in 2025. Revenue increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to increased recognition and orders from our customers. 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 raising the sales price, in order to facilitate long-term and wider range of cooperation with the customers.

- ***New Energy Vessel Systems***. Revenue and sales volume of new energy vessel systems increased during the Track Record Period, primarily due to increased sales of shore power systems driven by the customer demand. The gross profit margin decreased in 2025 mainly because the shore power projects undertaken 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. The fluctuations in average selling price were mainly due to differences in project scope and product mix.

By Major Products or Services

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margin by major products and services for the periods indicated.

	For the Year Ended December 31,									For the Five Months Ended May 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
	(in thousands, except percentages)														
										(Unaudited)					
EGCS	2,334,052	802,441	34.4	1,861,666	699,771	37.6	1,515,592	597,825	39.4	594,431	207,386	34.9	745,909	379,949	50.9
Shaft Generator System	—	—	—	130,186	36,892	28.3	516,741	119,794	23.2	185,036	36,819	19.9	591,345	208,129	35.2
Vessel Retrofit	—	—	—	47,613	7,799	16.4	563,525	65,022	11.5	233,136	24,097	10.3	325,979	46,945	14.4
Technical Support	21,705	976	4.5	57,092	14,755	25.8	224,943	90,584	40.3	93,163	35,222	37.8	136,618	54,357	39.8
Intelligent Bilge Well CCTV System	—	—	—	1,146	477	41.6	18,233	3,579	19.6	10,208	3,193	31.3	18,023	56	0.3
Shore Power	8,954	3,929	43.9	24,910	10,843	43.5	52,100	13,840	26.6	3,626	729	20.1	32,922	10,987	33.4
Total	**2,364,711**	**807,346**		**2,122,613**	**770,537**		**2,891,134**	**890,644**		**1,119,599**	**307,446**		**1,850,797**	**700,424**	

The following table sets forth a breakdown of our sales volume and average selling price by major products and services for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Sales Volume(1)	Average Selling Price	Sales Volume(1)	Average Selling Price	Sales Volume(1)	Average Selling Price	Sales Volume(1)	Average Selling Price	Sales Volume(1)	Average Selling Price
		(RMB in thousands)		*(RMB in thousands)*		*(RMB in thousands)*		*(RMB in thousands)*		*(RMB in thousands)*
EGCS	152	15,356	142	13,110	147	10,310	69	8,615	119	6,268
Shaft Generator System	—	—	11	11,835	50	10,335	20	9,252	50	11,827
Vessel Retrofit	—	—	3	15,871	77	7,319	26	8,967	30	10,866
Technical Support	162	134	416	137	3,293	68	1,054	88	1,564	87
Intelligent Bilge Well CCTV System	—	—	4	287	60	304	33	309	64	282
Shore Power	3	2,985	10	2,491	14	3,721	2	1,813	12	2,744
Total	**317**		**586**		**3,641**		**1,204**		**1,839**	

Note:

(1) Represents the number of units sold, except for vessel retrofit and technical support services, which are presented based on the number of retrofitted vessels and the number of service orders, respectively.

- ***EGCS***. Revenue and average selling price of EGCS decreased from 2023 to 2025, primarily due to changes in product and project mix, including a higher proportion of newbuild vessel projects, which generally did not involve retrofit installation work, and market competition. Revenue of EGCS increased from the five months ended May 31, 2025 to 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. The average selling price of EGCS decreased from the five months ended May 31, 2025 to the same period in 2026, primarily because we continued to undertake more smaller-scale EGCS projects in response to market demand. The gross profit margin increased from 2023 to 2025, mainly due to a higher contribution from hybrid EGCS projects, which generally had a relatively higher gross profit margin. The gross profit margin increased from the five months ended May 31, 2025 to the same period in 2026, primarily because of the settlement with a customer for historic costs incurred in connection with certain products that were no longer required following adjustments to its fleet, which incurred minimal costs in the current period.

- ***Shaft Generator Systems***. Revenue and sales volume of shaft generator systems increased significantly in 2025, primarily because we received batch orders from customers after the relevant product offering became more stable. Revenue and sales volume increased significantly from the five months ended May 31, 2025 to the same period in 2026, primarily because our products gained further market recognition, resulting in continued strong growth in orders and sales volumes. The decrease in average selling price and gross profit margin in 2025 reflected the pricing level under batch sales and the relatively complex cost structure and higher project costs of shaft generator systems. The increase in average selling price from the five months ended May 31, 2025 to the same period in 2026 was mainly due to a higher level of high-power shaft generator systems delivered during the period, as systems with higher power ratings generally had higher selling prices. The gross profit margin of our shaft generator systems 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 more deliveries of high-power shaft generator systems, which generally have a higher gross profit margin.

- ***Vessel Retrofit***. Revenue and sales volume of vessel retrofit were generated from 2024 and increased significantly in 2025, primarily because we expanded our vessel retrofit and servicing capabilities resulting from the commencement of operations of our Zhangjiagang vessel retrofit and servicing base and us undertaking more vessel retrofit projects. The increase in revenue and sales volume from the five months ended May 31, 2025 to the same period in 2026 was mainly due to a higher level of project delivery. The decrease in average selling price in 2025 was mainly due to the broader mix of vessel types served in 2025, including bulk carriers and engineering vessels, which generally had lower unit prices than the container vessel projects completed in 2024. The increase in average selling price from the five months ended May 31, 2025 to the same period in 2026 was mainly due to the delivery of projects with higher contract values as a result of more extensive and complex retrofit work. The decrease in gross profit margin from 2024 to 2025 was mainly due to the limited number of vessel retrofit projects completed in 2024, which made the gross profit margin in 2024 less representative, while the gross profit margin in 2025 reflected a broader project mix and a more normalized profitability level. The increase in gross profit margin from the five months ended May 31, 2025 to the same period in 2026 was mainly because the increase in revenue allows the fixed costs, including site rental, equipment depreciation, and personal costs, to be spread over a larger revenue base.

- ***Technical Support***. Revenue, gross profit, and sales volume of technical support increased during the Track Record Period, primarily because we expanded from providing ancillary after-sales support for EGCS into broader revenue-generating technical support services, including global technical support, voyage repair, complex equipment repair, and other on-site technical services. The decrease in average selling price in 2025 was mainly due to the significant increase in sales volume and the broader range of technical support projects undertaken, including projects of varying contract values. The average selling price remained stable from the five months ended May 31, 2025 to the same period in 2026. The gross profit margin increased during the Track Record Period mainly because we continued to upgrade and expand the scope of our technical support services from spare parts support to broader services, such as global emergency repair, which enhanced the profitability of such services as the business scaled up.

- ***Intelligent Bilge Well CCTV System***. Revenue and sales volume of intelligent bilge well CCTV systems were generated from 2024 and increased significantly in 2025, primarily because we began trial sales in 2024 and received batch orders in 2025. Revenue and sales volume increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to the increased recognition and orders from our customers. The gross profit margin decreased from 2024 to 2025 and from the five months ended May 31, 2025 to the same period in 2026, mainly because we bore the cost for upgraded configurations made in response to customers' operational needs without raising the sales price, in order to facilitate long-term and a wider range of cooperation with the customers.

- ***Shore Power***. Revenue and sales volume of shore power increased during the Track Record Period, primarily due to increased customer procurement. The decrease in gross profit margin in 2025 was mainly because the shore power projects undertaken 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. The fluctuations in average selling price were mainly due to differences in project scope and product mix.

By Geographical Locations

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margin by geographical locations for the periods indicated.

	For the Year Ended December 31,									For the Five Months Ended May 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
							(in thousands, except percentages)								
											(Unaudited)				
Europe	876,994	308,245	35.1	1,502,574	584,202	38.9	2,316,573	659,073	28.5	857,068	227,274	26.5	1,796,412	663,658	36.9
Asia	1,471,290	497,646	33.8	777,390	218,377	28.1	737,709	297,494	40.3	357,125	108,956	30.5	596,112	167,951	28.2
Africa	—	—	—	8,202	3,665	44.7	158,857	13,708	8.6	14,764	6,272	42.5	—	—	—
Americas	—	—	—	28,646	9,005	31.4	250,640	79,592	31.8	72,665	23,582	32.5	101,799	36,998	36.3
Oceania	20,478	5,286	25.8	80,686	26,441	32.8	37,394	12,799	34.2	21,849	8,754	40.1	12,677	3,677	29.0
Total	**2,368,763**	**811,177**	**34.2**	**2,397,498**	**841,690**	**35.1**	**3,501,174**	**1,062,666**	**30.4**	**1,323,471**	**374,837**	**28.3**	**2,507,000**	**872,284**	**34.8**

- ***Europe***. Revenue from Europe increased during the Track Record Period, mainly due to the increase in sales to Customer A. The gross profit margin increased from 2023 to 2024, primarily due to the increase in sales of hybrid EGCS, which generally had higher gross profit margins. The gross profit margin decreased in 2025, mainly because vessel energy efficiency enhancement systems and vessel retrofit and servicing contributed a higher proportion of revenue in Europe, and these business lines generally had relatively lower gross profit margins. The gross profit margin increased from the five months ended May 31, 2025 to the same period in 2026, mainly because of higher revenue contribution from vessel energy efficiency enhancement systems, which now have a higher level of gross profit margin as a result of more favorable purchase prices secured through our enhanced bargaining power with suppliers and cost savings from further design optimization. In particular, we delivered more high-power shaft generator systems during this period, which generally have a higher level of gross profit margin.

- ***Asia***. Revenue from Asia decreased in 2024 and remained relatively stable in 2025. The decrease in 2024 was mainly due to the decrease in revenue from Zhejiang Energy Atlas, our sole distributor, as a result of the vessel schedule and project delivery cycle of the end customer under the distributorship arrangement, namely Customer D. Revenue from Asia increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to the delivery of projects with higher contract values. The gross profit margin decreased in 2024, mainly because the relevant projects primarily involved bulk carriers, which generally had a lower grossprofit margin. The gross profit margin increased in 2025, mainly due to the increased contribution from equipment supply for newbuild container vessels, which generally had a higher gross profit margin. The gross profit margin decreased from the five months ended May 31, 2025 to the same period in 2026, mainly because of the higher procurement costs of raw materials for the projects delivered.

- ***Africa***. Revenue from Africa was generated from 2024 and increased significantly in 2025, mainly due to the revenue contribution from a vessel green retrofit project with a large transaction value in 2025. The gross profit margin decreased from 44.7% in 2024 to 8.6% in 2025, mainly because revenue in 2024 primarily related to the sales of EGCS, while revenue in 2025 primarily related to whole-vessel retrofit projects, which generally had a lower gross profit margin due to higher overall project costs. We did not generate revenue from Africa for the five months ended May 31, 2026, primarily because the orders from existing customers had been completed in prior periods, while our ongoing projects remained under execution and had not yet reached the delivery stage during this period.

- ***Americas***. Revenue and gross profit from the Americas were generated from 2024 and increased significantly in 2025, primarily due to our successful expansion of our customer base in the Americas and the resulting increase in sales of vessel exhaust gas emission control and cleaning systems. Our revenue and gross profit from the Americas increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to the increased sales of EGCSs. Our gross profit margin from the Americas remained relatively stable in 2024 and 2025. Our gross profit margin from the Americas increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to higher revenue contribution from our vessel exhaust gas emission control and cleaning systems, which now have a higher level of gross profit margin.

- ***Oceania***. Revenue from Oceania increased in 2024 and decreased in 2025 primarily due to the change of customer structure. Revenue from Oceania decreased from the five months ended May 31, 2025 to the same period in 2026, primarily because certain orders from existing customers had been completed, resulting in fewer orders being delivered during this period. The gross profit margin in 2023, 2024, and 2025 remained relatively stable, with fluctuations mainly due to changes in product and service mix. The gross profit margin decreased from the five months ended May 31, 2025 to the same period in 2026, primarily due to a higher level of revenue contribution from vessel retrofit and servicing, which generally have a lower gross profit margin.

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	%
	(in thousands, except percentages)						(Unaudited)			
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**

OUR STRENGTHS

We believe that the following strengths differentiate us from our competitors:

- a leading global green shipping equipment and system provider, with substantial leadership in vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems;
- integrated one-stop service model efficiently addressing industry pain points and creating exceptional value for customers;
- long-term, close relationship with global shipping companies, shipowners, and shipyards with opportunities for early participation in business initiatives;
- commitment to "service is the product" leveraging our global sales and service network;
- market-driven research and development capabilities that economically and efficiently address customer needs; and
- founding and management team with sharp market insights, leading our rapid growth.

For details, see "Business — Our Strengths."

OUR STRATEGIES

We are committed to advancing our position in the industry and achieving sustained business growth through the following strategic initiatives:

- further strengthen our leadership in vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems, and continually launch high quality, cost-effective products and services;
- accelerate the application of AI technology in the green shipping equipment and system industry and promote industrial implementation of advanced technologies;
- further expand and strengthen our global sales and service network;
- continue to build vessel retrofit and servicing bases to meet the growing customer demand; and
- selectively pursue strategic investments and acquisitions to enhance and strengthen our product and service deliveries.

For details, see "Business — Our Strategies."

CUSTOMERS AND SUPPLIERS

Our customers primarily consist of leading domestic and international shipping companies, shipowners, and shipyards. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, revenue generated from our top five customers in each applicable period accounted for 84.7%, 69.5%, 77.0%, 71.6%, and 88.1% of our total revenue, respectively, and revenue generated from our largest customer in each applicable period accounted for 36.9%, 57.3%, 66.0%, 57.6% and 68.1% of our total revenue, respectively.

Our suppliers primarily include providers of marine engineering materials, mechanical and electrical components, and specialized process equipment.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, purchases from our top five suppliers in each applicable period accounted for 36.1%, 35.4%, 31.5%, 32.8%, and 34.9% of our total purchases, respectively, and purchases from our largest supplier in each applicable period accounted for 12.0%, 12.4%, 9.5%, 12.5%, and 13.0% of our total purchases, respectively.

RESEARCH AND DEVELOPMENT

Since our inception, our continued investment in research and development has supported our consistent growth by enabling us to continually enhance our product portfolio and advance our technological capabilities, including recruiting, training, and retaining technology talents with rich experience.

We have established a provincial key enterprise research institute, which covers product development, technology management, electrical control development, integration technology, digital information, and numerical simulation. As of May 31, 2026, we had a 134-personnel research and development team. As of the same date, we own over 50 invention patents in the fields of vessel desulfurization, dual-fuel supply, and carbon capture, with core technologies winning the First Prize of Zhejiang Provincial Science and Technology Progress, and multiple products receiving certification from international classification societies.

SALES AND MARKETING

Our sales and marketing strategy aims to strengthen brand recognition, expand market reach, and enhance customer relationships through a multi-dimensional sales network, proactive customer engagement, and integrated marketing initiatives.

We adopt an "all-staff marketing" approach, with marketing responsibilities shared across departments and supported by senior technical managers who participate directly in customer engagement. Sales activities are primarily coordinated by the marketing department, with other departments participating in customer development, technical communication, service support, and other marketing-related activities based on project needs.

We primarily adopt a direct sales model while we sell some of our products through sales agents. Under our direct sales model, we directly market and sell our products to customers. Under our sales agent model, sales agents assist us in marketing our products and introducing customers, while we enter into sales contracts directly with customers and deliver products directly to them. We focus on developing long-cycle relationships with major overseas shipping companies, shipowners, and shipyards, supported by strong customer stickiness and recurring orders. Our products are sold to customers, in numerous countries, including Germany, Greece, Singapore, Japan, China, Cyprus, Turkey, Liberia, the United Kingdom, Canada, Norway, Italy, India, the Netherlands, and Panama.

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margin by sales channel for the periods indicated.

	For the Year Ended December 31,									For the Five Months Ended May 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
	(in thousands, except percentages)														
										(Unaudited)					
Direct Sales	1,607,373	497,847	31.0	2,321,475	801,979	34.5	3,501,174	1,062,666	30.4	1,323,471	374,837	28.3	2,507,000	872,284	34.8
Distributorship	761,390	313,330	41.2	76,023	39,711	52.2	—	—	—	—	—	—	—	—	—
Total	**2,368,763**	**811,177**	**34.2**	**2,397,498**	**841,690**	**35.1**	**3,501,174**	**1,062,666**	**30.4**	**1,323,471**	**374,837**	**28.3**	**2,507,000**	**872,284**	**34.8**

The following table sets forth a breakdown of our sales volume and average selling price for our principal businesses by sales channel for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(Units)	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*
Direct Sales	260	6,182	895	2,594	4,619	758	1,532	864	2,327	1,077
Distributorship	57	13,358	12	6,335	—	—	—	—	—	—
Total	**317**		**907**		**4,619**		**1,532**		**2,327**	

- ***Direct Sales***. Revenue, gross profit, and sales volume from direct sales increased during the Track Record Period, primarily due to our increased direct supply of products and services to customers, including sales conducted with the support of sales agents. The increase was mainly driven by the growth of vessel energy efficiency enhancement systems, vessel retrofit and servicing, and other direct customer projects. From 2023 to 2025, the average selling price decreased, mainly due to changes in product and service mix, including the increased contribution from lower unit-price products and services. The average selling price from direct sales increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to deliveries of projects with higher contract values, including high-power generator systems which generally have a higher selling price and vessel retrofit that involved more extensive and complex retrofit work. The gross profit margin increased from 2023 to 2024, mainly due to changes in product and project mix, and decreased in 2025, mainly due to the increased contribution from lower-margin business lines and products, including shaft generator systems and vessel retrofit and servicing. The gross profit margin increased from the five months ended May 31, 2025 to the same period in 2026, mainly 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.

- ***Distributorship***.

  Zhejiang Energy Atlas was our sole distributor during the Track Record Period and became our sales agent in December 2024 for the purposes of reducing the amount of connected transactions and facilitating management through a unified sales model. Accordingly, our distributorship revenue ceased in 2025 following the change in cooperation model with Zhejiang Energy Atlas.

  The decrease in distributorship revenue from RMB761.4 million in 2023 to RMB76.0 million in 2024 was mainly due to Customer D and its related party's vessel schedule and project delivery cycle. Customer D and its related party placed orders in earlier years based on their vessel retrofit, maintenance, and newbuilding plans, and the relevant projects were substantially delivered in 2023.

  The gross profit margin of distributorship was higher than that of direct sales, mainly because the distributorship arrangement involved a single distributor and a single type of product, primarily for container vessels, which generally had a relatively higher gross profit margin. The gross profit margin further increased from 2023 to 2024, mainly because the proportion of direct equipment supply for newbuild vessels increased significantly in 2024, which generally had a higher gross profit margin.

PRODUCTION FACILITIES

As of the Latest Practicable Date, we operated two production facilities. Our Suzhou production base in Jiangsu Province, China undertakes the production of core components of our green shipping equipment and systems, with steel being our principal raw material. Our vessel retrofit and servicing base in Zhangjiagang, Jiangsu Province, China undertakes vessel retrofit and servicing.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following summary of our consolidated financial information during the Track Record Period should be read together with our consolidated financial statements and the related notes set forth in the Accountants' Report in Appendix I to this document, as well as "Financial Information."

Our Financial Achievement

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, our return on equity was 97.8%, 61.6%, 54.0%, 23.5%, and 34.3%, respectively. Meanwhile, we emphasize on shareholder returns. In 2023, 2024, and 2025, our annual dividend rate was 56.4%, 37.0%, and 54.3%, respectively.

Our revenue slightly increased from RMB2.37 billion in 2023 to RMB2.40 billion in 2024, and increased by 46.0% from RMB2.40 billion in 2024 to RMB3.50 billion 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 same period in 2026. Our operating profit slightly increased from RMB621.1 million in 2023 to RMB625.5 million in 2024, and increased by 23.6% from RMB625.5 million in 2024 to RMB773.3 million in 2025. Our operating 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.

Summary of Results of Operations

The following table sets forth our consolidated statements of profit or loss 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)			
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)
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)

	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)*			
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**

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	%
	(in thousands, except percentages)						*(Unaudited)*			
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**

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.

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	%
	(in thousands, except percentages)						(Unaudited)			
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**

Notes:

(1) Refer to fees incurred for vessel retrofit-related services, such as installation fees.

(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	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)						(Unaudited)			
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**

Summary of the 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 May 31,
	2023	2024	2025	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	1,752,774
Total non-current liabilities	1,505	155,318	209,751	451,845
Total liabilities	**1,099,234**	**1,511,570**	**1,542,017**	**2,204,619**
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.

We had net current assets of RMB534.7 million, RMB808.5 million, RMB1.50 billion, and RMB1.69 billion as of December 31, 2023, 2024, and 2025 and May 31, 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 RMB1.50 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 RMB129.2 million, partially offset by (y) an increase in other payables and accruals of RMB444.9 million, and (z) a decrease in prepayments, other receivables, and other assets of RMB152.1 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.

Summary of the Consolidated Statements of 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	755,675
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**

Key Financial Ratios

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
				(Unaudited)	
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.

RISK FACTORS

There are certain risks relating to an investment in our Shares. These risks can be characterized as (i) risks relating to our business and industry; (ii) risks relating to doing business in China; and (iii) risks relating to the [**REDACTED**]. We believe that the most significant risks that we face include the following:

- our growth is subject to the market demand for green shipping equipment and systems;
- our business is subject to uncertainties arising from changes and developments in global regulatory policies supporting the green transition of the shipping industry;
- we operate in a competitive market and may not be able to compete successfully against our existing and future competitors;
- if we fail to innovate or effectively respond to the rapidly evolving market dynamics, our business, financial condition, and results of operations would be adversely affected;
- the concentration in the sales of our vessel exhaust gas emission control and cleaning systems and to a limited number of customers may affect our revenue and profitability;
- we may experience occasional delays in project delivery or implementation and may also face risks of order deferrals or cancellations due to changes in customers' fleet planning;
- fluctuations in exchange rates could have a material adverse effect on our business, financial condition, and results of operations;
- potential unsatisfactory performance or defects in our products may result in repairs or replacements, which could increase our costs, harm our reputation, and adversely affect our sales;
- our business prospect may be shaped by the successful launch of new green shipping equipment and systems and execution of our planned business initiatives, which involve additional uncertainties and risks; and
- price fluctuations or supply instability of raw materials may adversely affect our business, financial condition, and results of operations.

CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

As of the Latest Practicable Date, Zhejiang Technology Environmental Group is a joint stock company with limited liability established in the PRC and is owned by Zhejiang Energy Group as to 51% and Zhejiang Changguang Group as to 49% respectively, Zhejiang Energy Group is owned by SASAC of Zhejiang Provincial People's Government (浙江省人民政府國有資產監督管理委員會) as to 90% and Zhejiang Social Security as to 10% respectively, Zhejiang Changguang Group is wholly owned by Zhejiang Energy Group, Zhejiang Social Security is wholly owned by Zhejiang Caikai Group and Zhejiang Caikai Group is wholly owned by Zhejiang Provincial Department of Finance (浙江省財政廳). As of the Latest Practicable Date, our Company was owned as to approximately 54.20% by Zhejiang Technology Environmental Group. Immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]), Zhejiang Technology Environmental Group will hold approximately [**REDACTED**] of the total issued share capital of our Company.

Therefore, Zhejiang Technology Environmental Group, Zhejiang Changguang Group and Zhejiang Energy Group will constitute a group of Controlling Shareholders under the Listing Rules immediately upon completion of the [**REDACTED**].

Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules. On [●], each of our Controlling Shareholders executed the Non-Competition Undertaking Letter in favor of our Company. For further details, see "Relationship with Controlling Shareholders — Non-Competition Undertaking" in this document.

We have entered into certain transactions which will constitute continuing connected transactions under Chapter 14A of the Listing Rules after [**REDACTED**]. For further details, see "Connected Transactions" in this document.

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.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral, or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral, or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations. Litigation or any other legal or administrative proceeding, regardless of the outcome, can have an adverse impact on our business, financial condition, and results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — We may be involved in lawsuits, claims, regulatory investigations, or legal proceedings in our ordinary course of business, which could materially and adversely affect our reputation, business, financial condition, and results of operations."

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

[**REDACTED**]

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] are newly [**REDACTED**] in the [**REDACTED**], (ii) the [**REDACTED**] for the [**REDACTED**] is not exercised, and (iii) [**REDACTED**] Shares are [**REDACTED**] and outstanding following the [**REDACTED**] of the [**REDACTED**]:

	Based on the [REDACTED] of HK$[REDACTED] per H Share	**Based on the [REDACTED] of HK$[REDACTED] per H Share**
[**REDACTED**] of our Shares[1]	Approximately HK$[**REDACTED**] million	Approximately HK$[**REDACTED**] million
Unaudited [**REDACTED**] adjusted consolidated net tangible assets per [**REDACTED**][2]	HK$[**REDACTED**]	HK$[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be in [**REDACTED**] immediately upon [**REDACTED**] of the [**REDACTED**].

(2) The unaudited [**REDACTED**] adjusted consolidated net tangible assets per [**REDACTED**] is calculated after making the adjustments referred to in the section headed "Appendix II — Unaudited [**REDACTED**] Financial Information" to this document.

[**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**].

[**REDACTED**]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of HK$[**REDACTED**] million assuming no exercise of the [**REDACTED**], based on an assumed [**REDACTED**] of HK$[**REDACTED**] per Share, being the [**REDACTED**] of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, after deducting [**REDACTED**] and [**REDACTED**] and other estimated [**REDACTED**] paid and payable by us in relation to the [**REDACTED**].

In line with our strategies, we plan to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to advance our strategic mergers and acquisitions despite our historical organic growth strategy during the Track Record

Period, in order to establish a high-quality green shipping equipment manufacture and service system, thereby promoting our integrated capabilities in eco-friendly equipment manufacture and vessel retrofit, and our one-stop service capabilities for core products as we have validated our vessel retrofit and servicing business and intend to ramp up this business quickly to respond to increasing market demand;

- approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to enhance our research and development capabilities and technologies to accelerate our investment in research and development from 2027 to 2030, compared to the level of our similar investment during the Track Record Period, as our management plans to diversify our products and services and boost future growth through new vessel energy efficiency enhancement systems, new energy vessel systems, and application of AI technologies, and to facilitate the commercialization of forward-looking technologies;

- approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to expand production facilities from 2027 to 2030; and

- approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used for working capital and other general corporate purposes.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business has continued to experience strong growth momentum following the Track Record Period. Particularly, both our revenue and net profit have shown an upward trend. In addition, from June 1, 2026 to June 30, 2026, we entered into 592 contracts with an aggregate contract value of RMB287.1 million, as compared with 288 contracts with an aggregate contract value of RMB223.7 million for the corresponding period in 2025. These results reflected the continued demand for our products and services and the successful execution of our growth strategy.

Our Directors have confirmed that up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since May 31, 2026, being the end date of the periods reported 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 in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

"Accountants' Report"	the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"[**REDACTED**]"	the [**REDACTED**] for the [**REDACTED**]
"Articles" or "Articles of Association"	the articles of association to be adopted by our Company with effect upon [**REDACTED**], as amended from time to time, a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

[**REDACTED**]

"China" or "PRC"	the People's Republic of China, which only in the context of describing PRC laws, regulations, rules, regulatory authority, and any PRC entities or citizens under such laws, regulations, and rules and other legal or tax matters in this document, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan region
"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, our industry consultant
"CIC Report"	the industry report commissioned by our Company and independently prepared by CIC, a summary of which is set forth in "Industry Overview"

"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company," or "the Company"	Zhejiang Energy Marine Environmental Technology Co., Ltd (浙江浙能邁領綠航科技股份有限公司) (formerly known as 浙江浙能邁領環境科技股份有限公司), a joint stock company with limited liability established on June 22, 2018
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Zhejiang Technology Environmental Group, Zhejiang Changguang Group and Zhejiang Energy Group. For details, see "Relationship with Our Controlling Shareholders"
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)

[**REDACTED**]

"Director(s)"	the director(s) of our Company
"Dizuan Marine"	Dizuan Marine Services (Hangzhou) Co., Ltd. (迪鑽海事服務(杭州)有限公司), a limited liability company established under the laws of the PRC, which was owned by Mr. Wang (our executive Director) and Hangzhou Yuansheng, as to [**REDACTED**] and [**REDACTED**] respectively, and was a Shareholder holding approximately [**REDACTED**] equity interest in our Company as at the Latest Practicable Date
"Employee Incentive Platform"	the [**REDACTED**] employee incentive platform of our Group, namely Hangzhou Xiling

"Employee Incentive Scheme"	the employee incentive scheme adopted by our Company in October 2019, the principal terms of which are set out in "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — 4. Employee Incentive Scheme" in Appendix IV to this document
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[**REDACTED**]

"Group," "our Group," or "we"	the Company and all of its subsidiaries, or any one of them as the context may require
"Guide"	The Guide for New Listing Applicants, as published by the Hong Kong Stock Exchange on November 29, 2023 and effective on January 1, 2024, as amended or supplemented or otherwise modified from time to time
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and to be [**REDACTED**]

[**REDACTED**]

"Hangzhou Yuansheng"	Hangzhou Yuansheng Environmental Protection Technology Co., Ltd. (杭州遠盛環保科技有限公司), a limited liability company established under the laws of the PRC on June 28, 2017
"Hangzhou Xiling"	Hangzhou Xiling Environmental Technology Partnership Enterprise (Limited Partnership) (杭州希舲環境科技合夥企業(有限合夥), a limited partnership established under the laws of the PRC, and is our Employee Incentive Platform holding approximately 9.67% equity interest in our Company as at the Latest Practicable Date

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

"IFRS Accounting Standards"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"International Sanctions Counsel"	Han Kun LLP, the Company's legal advisor as to international sanctions laws in connection with the [**REDACTED**]
"Independent Third Party(ies)"	any person(s) or entity(ies) who, to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	July 28, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Mr. Wang"	Mr. Wang Xingru (王興如), executive Director, president of our Company, and one of our substantial Shareholders
"NDRC"	the National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"Non-Competition Undertaking Letter"	the non-competition undertaking letter issued by each of our Controlling Shareholders to our Company on [●], 2026. Further details are set out in the section headed "Relationship with our Controlling Shareholders — Non-Competition Undertaking"

DEFINITIONS

[**REDACTED**]

"Overseas Listing Trial Measures"	The Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023, which became effective on March 31, 2023, as amended, supplemented or otherwise modified from time to time
"PRC Company Law"	the Company Law of the People's Republic of China (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"PRC Government"	the central government of the People's Republic of China and all governmental subdivisions (including provincial, municipal, and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisor"	Han Kun Law Offices, the Company's PRC legal advisor
"PRC Securities Law"	the Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented, or otherwise modified from time to time

[**REDACTED**]

"Primary Sanctioned Activity"	has the same meaning as defined in Chapter 4.4 of the Guide for New Listing Applicants, as amended, supplemented, or otherwise modified from time to time
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of the People's Republic of China
"SAFE"	the State Administration of Foreign Exchange of the People's Republic of China (中華人民共和國外匯管理局)
"SAMR"	the State Administration for Market Regulation (國家市場監督管理總局)
"SASAC"	the State-owned Assets Supervision and Administration Commission (國有資產監督管理委員會)
"STA"	State Taxation Administration of the People's Republic of China (中華人民共和國國家稅務總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Sanctioned Trader"	has the same meaning as defined in Chapter 4.4 of the Guide for New Listing Applicants, as amended, supplemented, or otherwise modified from time to time
"Secondary Sanctionable Activity"	has the same meaning as defined in Chapter 4.4 of the Guide for New Listing Applicants, as amended, supplemented, or otherwise modified from time to time

[**REDACTED**]

"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including both [**REDACTED**] and [**REDACTED**]
"Shareholder(s)"	holder(s) of the Share(s)
"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for the establishment of mutual market access between Hong Kong and Shenzhen

[**REDACTED**]

"State Council"	the State Council of the People's Republic of China (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buybacks published by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three years ended December 31, 2023, 2024, and 2025, and the five months ended May 31, 2026

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary Share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which is/are not listed or traded on any stock exchange
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Person"	has the meaning given to such term in Rule 902(k) of Regulation S

"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented, or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"ZEME International"	ZEME International Private Limited, a limited liability company established under the laws of Singapore on January 24, 2024, and is a direct wholly-owned subsidiary of our Company
"Zhejiang Caikai Group"	Zhejiang Caikai Group Co., Ltd. (浙江省財開集團有限公司), a state-owned company established under the laws of the PRC, which was wholly-owned by Zhejiang Provincial Department of Finance (浙江省財政廳) as at the Latest Practicable Date
"Zhejiang Changguang Group"	Zhejiang Changguang (Group) Co., Ltd. (浙江長廣(集團)有限責任公司), a state-owned company established under the laws of the PRC, which was wholly-owned by Zhejiang Energy Group as at the Latest Practicable Date, and is one of our Controlling Shareholders
"Zhejiang Energy Atlas"	Zhejiang Energy Atlas Marine Technology Co., Ltd. (浙能越海海事科技(浙江)有限公司) , a company established under the laws of the PRC, which was owned as to 50% by Atlas Corp., 30% by Zhejiang Technology Environmental Group (our Controlling Shareholder) and 20% by Guoxing Shipping Technology (Hangzhou) Co., Ltd. (國興航運科技(杭州)有限公司) (a wholly owned subsidiary of Mr. Wang) as at the Latest Practicable Date, and is our connected person
"Zhejiang Energy Group"	Zhejiang Provincial Energy Group Co., Ltd. (浙江省能源集團有限公司), a state-owned company established under the laws of the PRC, which was owned by the SASAC of the Zhejiang Provincial People's Government (浙江省人民政府國有資產監督管理委員會) as to 90% and Zhejiang Social Security as to 10% as at the Latest Practicable Date, and is one of our Controlling Shareholders
"Zhejiang Social Security"	Zhejiang Provincial Finance Social Security Equity Management Co., Ltd. (浙江省浙財社保股權管理有限公司), a state- owned company established under the laws of the PRC, which was wholly-owned by Zhejiang Caikai Group as at the Latest Practicable Date
"ZEME Shipyard"	ZEME Shipyard Co., Ltd (浙能船舶重工(蘇州)有限公司), a limited liability company established under the laws of the PRC on April 7, 2024, and is a direct wholly-owned subsidiary of our Company

"Zhejiang Technology Environmental Group"	Zhejiang Zheneng Technology Environmental Protection Group Co., Ltd. (浙江浙能科技環保集團股份有限公司), a state-owned company established under the laws of the PRC, which was owned by Zhejiang Energy Group as to 51% and Zhejiang Changguang Group as to 49% as at the Latest Practicable Date, and is one of our Controlling Shareholders
"%"	percent

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

This glossary contains definitions of certain technical terms used in this document in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similar terms adopted by other companies.

"AI"	artificial intelligence
"AMP"	Alternative Maritime Power, a shoreside electrical supply system that lets a berthed vessel shut down its auxiliary engines and run on grid electricity
"AR"	Augmented Reality, a technology that overlays digital information onto the real world in real time
"BMS"	battery management system, an integrated electronic unit that continuingly monitors and controls a lithium-ion battery pack's voltage, current, temperature, and state-of-charge to ensure safe, reliable, and optimal operation
"bulbous bow"	a forward underwater bulb that creates wave-canceling interference to cut resistance
"CAGR"	compound annual growth rate
"CCTV"	closed-circuit television
"CFD"	computational fluid dynamics, a simulation-based engineering discipline that numerically solves the governing equations of fluid flow to predict and analyze the behavior of liquids and gases
"CII"	Carbon Intensity Indicator, an IMO metric that annually rates a ship's operational carbon efficiency on an A–E scale by comparing its actual transport work-related carbon emissions to reference values, with mandatory improvement thresholds for compliance
"CNC"	computer numerical control, an automated manufacturing technology that precisely directs machine tools through programmed digital instructions to achieve accurate, repeatable cuts and profiles
"EESG"	electrically excited synchronous generator, a synchronous generator whose rotor magnetic field is created by direct current supplied from an external exciter through carbon brushes and slip rings
"EEXI"	Energy Efficiency Existing Ship Index, an IMO regulation that sets a minimum technical energy-efficiency standard for existing vessels, calculated from their design parameters and requiring engine-power limitation or retrofits if the attained value exceeds the mandated reference line

"EGCS"	exhaust gas cleaning system, an IMO-approved onboard installation that removes sulfur oxides and particulate matter from ship engine exhaust gases
"ETS"	Emissions Trading System, a European Union cap-and-trade mechanism that limits overall greenhouse-gas emissions by requiring covered shipping companies to surrender tradable allowances for each ton of carbon equivalent emitted on voyages calling at EU ports
"GHG"	greenhouse gas
"GHG CEMS"	greenhouse-gas continuous emission monitoring system, an internationally certified analytical suite that automatically measures and records the concentration and mass flow of specified greenhouse-gas species in ship exhaust gases in real time
"IMO"	International Maritime Organization, the specialized United Nations agency that sets global standards for the safety, security, and environmental performance of international shipping
"IoT"	Internet of Things
"LNG"	liquefied natural gas
"NZF"	Net-Zero Framework, the IMO's developing regulatory structure that will set mandatory, globally uniform requirements and milestones to drive international shipping toward net-zero greenhouse-gas emissions by or around 2050
"OCCS"	onboard carbon capture system, a ship-mounted chemical-absorption plant that uses amine solvents to separate carbon dioxide from engine exhaust gases, allowing the captured carbon to be stored onboard for later offloading and thereby reducing the vessel's atmospheric emissions
"ORC"	Organic Rankine Cycle, a thermodynamic process that converts low- to medium-temperature waste heat into electricity by vaporizing a high-molecular-mass organic fluid and expanding it through a turbine
"PMSG"	permanent-magnet synchronous generator, a synchronous generator whose rotor field is produced by embedded permanent magnets
"propeller boss cap fin"	a hub-mounted device that weakens the hub vortex to reduce induced drag and boost propeller efficiency

"PSV"	pre-shrouded vanes, a hydrodynamic energy-saving device mounted just ahead of the propeller that generates a controlled pre-swirl in the inflow, straightens the wake, and thereby recovers rotational energy losses to improve propulsive efficiency and cut fuel consumption
"rotor sail"	a spinning cylinder that generates thrust to reduce fuel consumption and emissions, acting as an auxiliary wind propulsion system
"SP"	Shore Power, a port-based electricity-supply system that enables berthed vessels to shut down their auxiliary engines by plugging into the local grid
"VLCC"	Very Large Crude Carrier

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our future business development, financial condition and results of operations;
- our business strategies and plans to achieve these strategies;
- our ability to identify and satisfy user demands and preferences;
- our ability to maintain good relationships with business partners;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- the actions and developments of our competitors; and
- all other risk and uncertainties described in the section headed "Risk Factors" in this document.

In some cases, we use the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in in this document, including but not limited to the "Business" and "Financial Information" sections, in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements. Due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this document. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before deciding to make any* [**REDACTED**] *in our H Shares. Our business, financial condition, or results of operations could be materially and adversely affected by any of these risks and uncertainties. The market* [**REDACTED**] *of the H Shares could decline significantly due to any of these risks and uncertainties, and you may lose all or part of your investment.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our growth is subject to the market demand for green shipping equipment and systems.

We offer a portfolio of green shipping equipment and systems designed to support our customers' efforts to enhance operating efficiency and sustainability. Our future growth is dependent on the market acceptance and adoption of such equipment and systems, which may occur more slowly or to a lesser extent than we currently anticipate. The green shipping equipment and system industry is subject to rapid technological developments, intense pricing pressure, evolving regulatory, and industry standards, and changing customer needs and preferences, any of which may adversely affect demand for our offerings.

Factors that may influence customer demand for our green shipping equipment and systems include:

- the development and cyclical conditions of the shipbuilding and shipping industries, which may affect shipbuilders' and shipowners' investment decisions, fleet planning, and willingness to adopt green shipping equipment and systems;

- the perceived and actual price differential between high-sulfur fuel and low-sulfur fuel, as a wider spread generally enhances the economic attractiveness of using green shipping equipment and systems as an alternative to low-sulfur fuel;

- the level of environmental awareness and sustainability considerations among our existing and potential customers, as well as broader public perceptions of environmental protection;

- customer perceptions of the cost, quality, design, safety, performance, and lifecycle of equipment and products incorporated into our green shipping equipment and systems;

- the overall penetration rate and adoption pace within the green shipping equipment and system industry;

- government policies and incentives for downstream industries, as demand for our green shipping equipment and systems may decrease if more vessels have completed energy efficiency upgrades in response to the IMO's decarbonization targets or other applicable regulatory requirements;

- the availability, accessibility, and quality of repair, maintenance, and technical support for green shipping equipment and systems;

- the development and adoption of alternative propulsion technologies and non-oil-powered vessels, including those using nuclear power, electricity, or other energy sources that may fall outside the primary scope of our current green shipping equipment and systems;

- the occurrence of, or market perception regarding, negative incidents involving our or our competitors' green shipping equipment and systems, which could result in adverse publicity and adversely affect market confidence in the industry; and

- macroeconomic conditions, including economic growth trends, capital expenditure cycles, and financing availability.

If any of the foregoing factors, individually or in combination, reduce demand for our green shipping equipment and systems or slow the development of the related market, we may be unable to retain existing clients or attract new clients, which could have a material adverse effect on our prospects, business, financial condition, and results of operations.

Our business is subject to uncertainties arising from changes and developments in global regulatory policies supporting the green transition of the shipping industry.

The green shipping equipment and systems industry in which we operate has benefited from various international and regional initiatives aiming at promoting the green transition of the global shipping industry. Customer demand for our products is significantly influenced by regulatory developments relating to vessel emissions, energy efficiency, and decarbonization.

In recent years, various regulatory developments and related technical and operating requirements have encouraged shipowners to adopt emission control, energy-efficient, and decarbonization products. These include, among others, the global sulfur cap implemented in 2020 by International Maritime Organization, the EEXI and CII measures effective from 2023, and regional initiatives such as the inclusion of shipping in the European Union Emissions Trading System from 2024 and the upcoming Fuel EU Maritime framework. In July 2023, the International Maritime Organization further revised its greenhouse gas emission reduction strategy, setting a target to achieve net-zero emissions by or around 2050, together with indicative interim targets.

However, the regulatory framework underpinning the green transition of the global shipping industry remains complex, evolving, and subject to significant uncertainty. The formulation, adoption, and implementation of future policies, including detailed market-based measures for the IMO's proposed net-zero emissions target, are still under discussion. In particular, the formal voting on certain key elements of the IMO net-zero framework, including the global pricing mechanism for shipping industry, has been postponed, reflecting the ongoing divergence of views among member states regarding the pace, mechanisms, and economic impact of decarbonization measures. Such delays or adjustments may affect the timing, scope, and effectiveness of future regulatory requirements and incentives.

Our ability to respond to these evolving policies depends on our capacity to timely develop and commercialize compliant maritime equipment and systems, which often requires substantial investment and research and development efforts. We cannot assure you that we will be able to successfully adapt to regulatory changes or that such changes will continue to support customer demand for our equipment and systems. Any material delay, adjustment, or withdrawal of relevant policies or incentives could adversely affect our business, financial condition, and results of operations.

We operate in a competitive market and may not be able to compete successfully against our existing and future competitors.

The green shipping equipment and systems market in which we operate is highly competitive and continues to evolve. International competitors continue to maintain a leading position, supported by their mature product portfolios, advanced technologies, and extensive global project experience in areas such as multi-fuel propulsion systems, emission control equipment, and intelligent shipping systems. Domestic Chinese players have accelerated their expansion into energy-efficient and intelligent maritime systems, leveraging growing manufacturing capabilities, and system integration expertise to strengthen their presence in energy-efficiency enhancement retrofitting and equipment manufacturing. Our primary competitors include large-scale global shipping equipment and system providers.

Our future performance is largely dependent on our ability to compete successfully against our existing and future competitors. Some of our competitors may possess advantages over us, including larger operating scale, stronger brand recognition, longer operating histories, more financial and human resources, and access to more sophisticated technologies. In addition, our competitors may expand their product portfolios through acquisitions, strategic alliances, and organic development, thereby strengthening their market position. Furthermore, established companies serving other market segments may introduce equipment and systems that compete directly with our offerings or acquire businesses operating in our target markets. Our competitors may also collaborate with each other or with third parties to enhance their technological offerings or consolidate resources, further strengthening their competitive edge. As a result, our competitors may be able to secure superior talent, introduce innovative products more rapidly, and anticipate market dynamics more accurately, any of which could erode our competitive position.

If our competitors' green shipping equipment and systems are introduced to the market faster, achieve broader market acceptance, or offer better functionality relative to ours, our revenues, market share, and growth prospects may be adversely impacted. Furthermore, aggressive pricing strategies by our competitors could enable them to quickly expand their customer bases and sales networks, placing additional pressure on our ability to achieve desired pricing levels. If we are unable to maintain competitive pricing or attract new customers, we may experience lower sales volumes, compressed profit margins, or operating losses, any of which could adversely affect our business, financial condition, and results of operations.

If we fail to innovate or effectively respond to the rapidly evolving market dynamics, our business, financial condition, and results of operations would be adversely affected.

The green shipping equipment and system market in which we operate is characterized by rapid technological evolution and continued innovation. To remain competitive, we must continually enhance and upgrade the functionality, performance, reliability, design, security, and scalability of our products in response to changing customer requirements and industry standards. In particular, our product development and upgrade efforts involve the adoption and integration of emerging technologies.

However, innovation and technological integration are inherently complex, time-consuming, and resource-intensive. We may encounter technical challenges, integration difficulties, or delays in incorporating new technologies into our existing equipment and systems, and such efforts may not achieve the expected performance or commercial outcomes. These uncertainties could delay or hinder the development, launch, or implementation of new products or enhancements.

In addition, we are required to make substantial investments in research and development to maintain the competitiveness. We cannot assure you that such investments will result in successful innovation, improved market acceptance, or increased market share. If we are unable to innovate on a timely basis or effectively respond to evolving market dynamics and customer needs, we may lose existing customers or fail to attract new customers, which could materially and adversely affect our business, financial condition, and results of operations.

The concentration of our revenue in certain of our business lines and from a limited number of customers may affect our revenue and profitability.

From 2023 to 2025, we primarily sold vessel exhaust gas emission control and cleaning systems. For the five months ended May 31, 2026, our revenue was primarily generated from our vessel exhaust gas emission control and cleaning systems, vessel energy efficiency enhancement systems, and vessel retrofit and servicing. Our major customers primarily include shipping companies. Our revenue and profitability are significantly dependent on the sales performance of our major revenue-generating business lines and the sales to a limited number of customers. Historically, a significant portion of our revenue was derived from a limited number of customers during each period of the Track Record Period. Our five largest customers contributed to 84.7%, 69.5%, 77.0%, 71.6%, and 88.1% of our total revenue in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively. In particular, revenue from our largest customer in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026 accounted for 36.9%, 57.3%, 66.0%, 57.6%, and 68.1% of our total revenue, respectively. Customer A was our largest customer in each applicable period during the Track Record Period, and a considerable portion of our revenue was generated from Customer A. Our sales to Customer A also covered multiple business lines during the Track Record Period, including vessel exhaust gas emission control and cleaning systems, vessel energy efficiency enhancement systems, vessel retrofit and servicing, intelligent vessel operating and maintenance systems, and new energy vessel systems. As a result, any material reduction, delay, or cancellation of orders from Customer A, or any material adverse change in our relationship with Customer A, could have an adverse impact on our revenue, cash flow, and business prospects. For further details on our relationship with our top five customers, see the section "Business — Customers and Suppliers — Our Customers."

We cannot assure you that we will be able to maintain the current level of orders for the major revenue-generating business lines or successfully secure comparable orders for our other products and new products as we continue to diversify our product portfolio. Additionally, our relationship with our top five customers is not secured by long-term contracts or purchase commitments, and they are not exclusively reliant on us, which could expose us to pricing and volume risks. If our prices are not competitive or our quality does not meet expectations, these customers may reduce or cease purchases, potentially negotiating lower prices. This could force us to lower prices to maintain relationships with them, thereby impacting our profit margins and financial conditions. Furthermore, we cannot assure you that we will maintain our relationships with these customers or successfully diversify our customer base. Loss of business from any major customer, particularly our largest customer, without securing new ones in a timely manner could adversely affect our business, financial condition, and results of operation.

We may experience occasional delays in project delivery or implementation and may also face risks of order deferrals or cancellations due to changes in customers' fleet planning.

We may from time to time experience delays due to objective and operational factors beyond our control. For example, certain projects involve tight shipping or logistics schedules, and unexpected changes in vessel availability or shipping timetables may shorten the originally anticipated delivery timeframe, which could make it challenging to complete delivery as initially planned.

In addition to logistics-related delays, our project implementation may also be subject to other execution risks, including, among others, (i) shortages of experienced personnel or qualified management capable of completing installation work on a timely basis or in strict compliance with applicable installation requirements, (ii) unforeseen engineering, design, or environmental issues and unexpected increases in project costs, and (iii) strikes, labor disputes, or workforce disruptions. Any of the foregoing circumstances may result in our inability to meet key project milestones as agreed under relevant contracts and may lead to delays in the target completion dates of the affected projects.

Further, our customers' decisions to place orders are often made in the context of their broader fleet deployment, retrofit schedules, and capital expenditure planning, which may be adjusted from time to time in response to market conditions, regulatory developments, or operational considerations. As a result, certain customers may defer, modify, or cancel orders after placement.

Moreover, extreme weather conditions, natural disasters, and other operational hazards may cause damage to projects under implementation, requiring additional time and costs for remediation or repair. Any delays, deferrals, or cancellations of projects arising from changes in customers' fleet planning or from causes other than force majeure events could impair our ability to perform our contractual obligations, expose us to claims for damages, or lead to order cancellations by customers. If we fail to complete projects within the agreed timeframe, we may be required to compensate customers for losses incurred, and delays in achieving key milestones or completing projects may also result in deferred, reduced, or withheld payments under the relevant contracts. Any of the foregoing could materially and adversely affect our reputation, business operations, financial condition, and results of operations.

Fluctuations in exchange rates could have a material adverse effect on our business, financial condition, and results of operations.

A substantial portion of our cost of revenue is denominated in Renminbi. However, as a significant portion of our revenues is derived overseas, we are subject to risks associated with foreign currency exchange fluctuations. We incurred foreign exchange rate gains of RMB11.2 million, RMB39.7 million, and RMB16.8 million in 2023 and 2024 and for the five months ended May 31, 2025, respectively. However, we incurred foreign exchange rate losses of RMB17.8 million and RMB59.3 million in 2025 and for the five months ended May 31, 2026, respectively. See "Financial Information — Description of Major Components of Our Results of Operations — Other Income and Gains." We cannot assure you that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi revenues from, our overseas operations. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies. We cannot assure you that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

It is difficult to predict how external factors may impact the exchange rate of Renminbi to foreign currencies in the future. We cannot assure you that such exchange rate will remain stable against U.S. dollars or other foreign currencies in the market. Any appreciation of Renminbi against foreign currencies may affect our overseas operations. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, any depreciation of Renminbi against the Hong Kong dollar would have an adverse effect on the value of, and any dividends payable on, our H Shares.

Potential unsatisfactory performance or defects in our products may result in repairs or replacements, which could increase our costs, harm our reputation, and adversely affect our sales.

Our green shipping equipment and systems involve complex design, engineering, and manufacturing processes and may contain defects, errors, or deficiencies that are not identified during the design, testing, or production stages. We cannot assure you that our green shipping equipment and systems will be free from defects or will operate without failures throughout their lifecycle. Performance issues or defects may arise after delivery or installation, including during actual operation, which may require us to repair, replace, or recall affected products.

The performance and reliability of our green shipping equipment and systems may also be affected by various factors beyond our control, including operating conditions, environmental factors, improper use, insufficient maintenance, prolonged or extended operation, and the quality or compatibility of third-party components and materials. In addition, certain defects or performance issues associated with advanced or emerging technologies may only become apparent over time, and our historical operating data may be insufficient to fully evaluate long-term performance under all operating scenarios. Furthermore, our operations involve multiple stages of manual handling, testing, delivery, and servicing, where human errors or negligence may occur. Such errors could contribute to performance issues or defects in our products. We cannot assure you that all such risks can be fully eliminated.

If our products experience failures, defects, or deviations from expected performance, clients may request product returns, replacements, repairs, or other remedial actions, which could increase our warranty costs, after-sales service expenses, and operational burden. In some cases, such issues may also lead to delays in project completion, contractual disputes, product liability claims, or regulatory scrutiny, any of which could adversely affect our financial condition and results of operations. Any widespread or recurring product defects, performance issues, or failures could damage our reputation, undermine customer confidence, and adversely affect future sales, which could have a material adverse effect on our prospects, business, financial condition, and results of operations.

Our business prospect may be shaped by the successful launch of new green shipping equipment and systems and execution of our planned business initiatives, which involve additional uncertainties and risks.

Our future growth and business expansion depend in part on our ability to broaden our portfolio of green shipping equipment and systems, introduce new products and systems, including those incorporating advanced technologies such as artificial intelligence, implement competitive pricing strategies, and secure meaningful market share while maintaining cost efficiency in our design, manufacturing, and delivery processes. The development and commercialization of new green shipping equipment and systems require continuing investment in research and development, product refinement, and sales and marketing, and involve significant technical, operational, and market risks.

We cannot assure you that any new green shipping equipment and systems we introduce, or enhancements to our existing green shipping equipment and systems, will achieve the expected level of market acceptance, adoption, or market share, if any. We may encounter delays or difficulties in launching new green shipping equipment and systems or entering new markets, including delays arising from product development challenges, regulatory or certification requirements, or changes in customer demand and competitive dynamics. In addition, our production and commercialization timelines depend in part on the performance of our suppliers and our business partners.

If new green shipping equipment and systems are delayed, fail to perform as expected, or are not well recognized by the market, we may experience negative market perception regarding our technological capabilities or product offerings, which could materially and adversely affect our growth prospects and our ability to establish or expand our market position. Our experience in executing large-scale or multi-faceted product expansion initiatives remains limited. Any failure to successfully implement our planned business initiatives or to achieve the anticipated benefits therefrom could materially and adversely affect our business, financial condition, and results of operations.

Price fluctuations or supply instability of raw materials may adversely affect our business, financial condition, and results of operations.

We rely on a stable supply of primary raw materials, such as specialty steel, high-grade alloys, and core electrical components. The prices of these materials are subject to significant fluctuations driven by supply and demand conditions in the commodities markets, transportation costs, government regulations and tariffs, geopolitical events, exchange rate movements, the overall economic climate, and other unforeseen factors. Our results of operations could be adversely affected if we are unable to obtain adequate supplies of high-quality raw materials on a timely basis and at reasonable prices, or to make alternative sourcing arrangements, or if significant increases in raw material costs cannot be passed on in full to our customers.

We depend on the timely supply of raw materials to carry out our production plans. Any delays or disruptions in supply may materially affect our ability to meet market demand and deliver our products. Many raw materials, including those available from multiple sources, are from time to time subject to industry-wide shortages and significant commodity price volatility. We cannot assure you that we will be able to extend or renew our supply agreements on similar terms, or at all, and adverse economic or market conditions affecting our suppliers may further impact on our raw material availability. Any of these factors could materially and adversely affect our business, financial condition, and results of operations.

A narrower high-low sulfur fuel prices spread may reduce demand for our EGCS.

The market for vessel exhaust gas emission control and cleaning systems, particularly the EGCS which we provided, has historically benefited from the price spread between high-sulfur fuel and low-sulfur fuel. According to CIC, low-sulfur fuel prices were consistently higher than high-sulfur fuel prices. This price spread has supported the economic rationale for shipowners to install EGCS, as it allows vessels to continue using lower-cost high-sulfur fuel while complying with applicable environmental regulations.

However, we cannot assure you that the price spread between high-sulfur and low-sulfur fuel will remain at historical levels. If the price differential were to narrow, the economic benefits of using high-sulfur fuel in conjunction EGCS would be reduced, which could in turn diminish the cost-effectiveness and commercial attractiveness of our EGCS. As a result, shipowners may delay, reduce, or cancel investments in such systems, or choose alternative compliance products.

In addition, the increasing availability and adoption of alternative fuels and propulsion products that are capable of meeting environmental and emissions requirements without the use of EGCS, such as liquefied natural gas, methanol, ammonia, or other emerging fuels, may further reduce demand for exhaust gas cleaning systems. Regulatory developments, technological advancements in fuel and propulsion systems, or shifts in industry preferences could accelerate the adoption of such alternatives.

Our overseas business development is subject to various cross-border operating risks, any failure to handle which may adversely affect our business, financial condition, and results of operations.

During the Track Record Period, our sales covered Germany, Greece, Singapore, Japan, the United States, and other regions. As we plan to continue to expand our business into various regions and countries overseas, we will face various risks and challenges, including, but are not limited to, changes in political environment and economic conditions, increased competition from local players, cultural difference, and the complexity of compliance with laws and regulations in different jurisdictions. In particular, the shipping industry is highly sensitive to global macroeconomic conditions and international relations. Escalating geopolitical tensions, trade-disputes, wars, or the imposition of economic sanctions and tariffs could significantly disrupt global shipping routes and logistics networks. Our business and reputation may be adversely affected if the authorities of any jurisdictions determine that any of our future activities violate applicable sanction-related rules. Any escalation in geopolitical tensions or trade protectionism that disrupts the global shipping industry could therefore adversely affect our and our customers' business, financial condition, and results of operations. Any failure to handle these risks effectively could result in damage to our reputation, increase in costs, or disruptions to the execution of our business plans and operations. In addition, our plans for overseas business development may require significant investments in sales and marketing, human resources, and research and development, which may not yield the expected return on investment. The timing of our expansion plans may also be affected by factors beyond our control, such as changes in economic conditions, political environment, or delays in obtaining necessary licenses and permits. Furthermore, we may be subject to additional regulatory requirements in foreign countries, which may increase our compliance costs and subject us to legal and regulatory risks. These requirements may also limit our ability to operate in certain regions or countries, which could adversely affect our growth prospects. We may need to allocate significant resources to manage and mitigate these cross-border operating risks, which could increase our expenses and adversely affect our financial performance. If we are unable to manage these risks effectively, our business, financial condition, and results of operations may be materially and adversely affected.

We have a limited track record in extending our products and services beyond vessel exhaust gas emission control and cleaning systems. As a result, our historical results may not be indicative of our future performance.

Historically, we were primarily engaged in the provision of vessel exhaust gas emission control and cleaning systems, particularly the EGCS, and began expanding to the provision of vessel energy efficiency enhancement systems in February 2024. Additionally, we commenced the provision of our intelligent vessel operating and maintenance systems in August 2024. As a result of our limited operating history in the provision of vessel energy efficiency enhancement systems and the provision of our intelligent vessel operating and maintenance systems, our ability to accurately forecast our future results of operations is subject to a number of uncertainties such as our ability to plan for and drive future growth. Our historical results may not provide a meaningful basis for evaluating our business, financial condition, and results of operations, and we may encounter unforeseen expenses, difficulties, delays, and other known and unknown challenges, and may not be able to achieve promising results in future periods. We cannot assure you that we will be able to achieve similar results or grow at the same rates as we did in the past. In future periods, our revenue growth may slow down or even decline for a number of reasons, including slowing demand for our products, intensified competition, material changes in technology, declining growth rate of our total addressable market, or our failure to continue to take advantage of growth opportunities. If our assumptions regarding risks and our future revenue growth turn out to be incorrect or if we do not respond effectively to uncertainties and challenges, our operating and financial results could differ from our forecast, and our business, financial condition, and results of operations could be materially and adversely affected.

Our competitive position depends to a great extent on our research and development capabilities and any underperformance in our technology and research and development endeavors may adversely affect our competitiveness and profitability.

As green shipping equipment and systems industry advances, retrofitting existing vessels requires extensive upgrades to propulsion, control, and intelligent systems, imposing high demands on research and development, design, and engineering capabilities. Ultimately, only companies with mature engineering experience, proven technical capabilities, and strong supply-chain coordination are positioned to gain an advantage in this competitive landscape. To be able to compete effectively, we must enhance our research and development capacities.

However, our investments in research and development require significant management time and a high level of financial and other commitments, and we may need to increase expenditure on research and development in response to changes in market demand. Further, we cannot assure you that our investments in research and development resources will yield the desired results. Our business, financial condition, and results of operations may be adversely affected if we fail to successfully anticipate and react in a timely manner to changes in market needs, technological advancements, or industry trends, or if our investments in research and development do not result in successful product introductions.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, payments received from third-party payors was RMB76.6 million, RMB238.3 million, RMB2.10 billion, RMB617.0 million, and RMB1.10 billion, respectively, accounting for 3.2%, 9.9%, 60.0%, 46.6%, and 44.0% of our total revenue for the same periods, respectively. The amount and proportion of such payments increased significantly during the Track Record Period, and we may not be able to fully cease third-party payments due to factors beyond our control, such as customers' internal payment and fund management needs. For details, see "Business — Third-Party Payment Arrangements." We might be subject to various risks relating to such payment arrangements, such as possible claims from such payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors, and potential money laundering risks as we, in certain occasions, may have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend substantial financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payments for the products that we sold or the services that we provided. In addition, such arrangements may also give rise to additional administrative burden and documentation requirements in verifying the commercial rationale, authorization, and fund flow of the relevant payments. Furthermore, if there is any material delay, dispute, or change in the relevant customers' internal payment arrangements, our customer relationship, revenue collection, or business operations could be adversely affected.

Any issues or delays in scaling and maintaining production and retrofit at our facilities could adversely affect the delivery of our green shipping equipment and systems.

We currently conduct manufacturing activities for products used in the provision of vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems at our Suzhou branch, while the provision of vessel retrofit and servicing are primarily carried out at another subsidiary. In addition, we may consider establishing additional large-scale production and installation facilities in the future. Any difficulty in scaling or maintaining these facilities could adversely affect our delivery capacity and operating efficiency.

The development, upgrading, and expansion of our production and retrofit facilities require significant capital investment and management resources. We cannot assure you that such investments can be completed within budget or on schedule, or that we will be able to achieve the anticipated capacity expansion or recover the related costs through increased production and sales. Delays in construction, equipment installation or commissioning, and cost overruns, may constrain our production or retrofit capacity and adversely affect our business, financial condition, and results of operations.

Our facilities involve the use of heavy machinery, specialized equipment, and complex engineering processes. These operations inherently carry elevated workplace safety and operational risks, including equipment damage, facility shutdowns, and industrial accidents. Such incidents may result in injuries, fatalities, interruptions to production or retrofit activities, property damage, monetary losses, or potential legal liabilities. We cannot assure you that accidents or safety incidents will not occur in the future. Any failure to effectively manage these risks could disrupt our operations and materially and adversely affect our business, financial condition, and results of operations.

Furthermore, the construction, operation, and expansion of production and retrofit facilities in China are subject to extensive regulatory oversight and approval requirements. These may include project filings or approvals, land use and planning permissions, environmental impact assessments, fire safety approvals, and inspections by relevant government authorities. In particular, the environmental impact assessment process may impact our construction timelines and approval process, potentially causing delays to our expansion plans. In addition, the applicable requirements relating to occupational disease prevention facility under PRC laws may affect our production plans and business operations. These uncertainties, delays, or changes in administrative approval processes, could result in fines, rectification orders, suspension of construction, or operational restrictions. Any such regulatory challenges could delay our facility expansion plans, increase compliance costs, and adversely affect our ability to scale and maintain our production and retrofit capabilities in a timely manner.

If we are unable to effectively manage, operate, and expand our facilities as planned, or if our facilities experience operational disruptions or regulatory constraints, our ability to deliver our green shipping equipment and systems on time and at the required quality level may be impaired, which could materially and adversely affect our business, financial condition, and results of operations.

We cooperate with third parties for certain aspects of our operations, and any failure by such third parties to deliver quality work on time may adversely affect our business.

We rely on third parties in certain aspects of our business, particularly for the outsourced processing and fabrication of certain components, structures, and systems used in our projects, including EGCSs, wind shields, spherical shells or hulls, and pre-shrouded vanes. We adopt two outsourcing arrangements. Under the first arrangement, these third parties are responsible for both the processing work and the sourcing of necessary materials in accordance with agreed specifications. Under the second arrangement, we provide key materials or inputs, while these third parties perform processing, fabrication, or assembly services based on our technical requirements. In both cases, we remain responsible for overall project delivery, quality control, and contractual performance to our clients.

Our cooperation with outsourced partners exposes us to various operational risks. Their performance may be adversely affected by factors beyond our control, including equipment failures, capacity constraints, labor shortages, operating inefficiencies, commercial disputes, regulatory non-compliance, natural disasters, or other unforeseen economic, environmental, public health, or social events. Any such disruptions could impair their ability to deliver products or services to us on time or at the required quality level. Delays, defects, or non-conforming products delivered by these third parties may disrupt our production schedules, delay project delivery, or require rework, remediation, or replacement, resulting in additional costs and potential contractual liabilities. Given the often time-sensitive nature of our business, such issues could adversely affect our ability to meet client deadlines, our reputation, and client relationships.

In addition, identifying and engaging alternative third-party partners, particularly for customized or technically complex components or products, can be time-consuming and costly. Replacement partners may require additional time to familiarize themselves with our technical specifications, quality standards, and project requirements, which may lead to transitional inefficiencies, delays, or increased costs. We cannot assure you that suitable alternative third-party partners can be identified and engaged on acceptable terms, within a reasonable timeframe, or at all.

If we experience a significant increase in project volume, encounter capacity constraints among our existing third-party partners, or are required to replace one or more outsourced partners, we may not be able to secure sufficient and satisfactory external processing capacity to meet our delivery schedules. Any failure by third-party partners to allocate adequate resources or prioritize our projects could result in delayed deliveries, loss of business opportunities, contractual penalties, or client claims. Any of the foregoing could materially and adversely affect our business, financial condition, and results of operations.

Inadequacies or delays in our after-sales services, including the handling of repairs and warranty claims, may result in additional costs and expenses that adversely affect our business, financial condition, and results of operations.

Although after-sales services constitute an important competitive advantage of our business, we may not be able to maintain the same level of service quality or responsiveness as our operations expand. Our products and systems are subject to classification society inspections prior to delivery, and we endeavor to ensure that they meet applicable technical and quality standards. However, defects, performance issues, or other quality-related problems may still arise after delivery due to factors such as client usage conditions, operating environments, or unforeseen technical issues. In such cases, we are required to provide timely maintenance, repair, and warranty services to fulfill our contractual and commercial obligations.

Providing effective after-sales services requires skilled personnel with technical expertise in marine electrical, marine engineering, and thermodynamics. As our business expands and our instaled base grows, we may face increasing workload and resource constraints. Short-term surges in service demand, unexpected technical issues, or more intensive client usage than anticipated may result in higher maintenance and repair costs, longer response times, or service delays. If we are unable to scale our service capabilities efficiently, manage our relationship with local service providers effectively, or manage service quality consistently, customer satisfaction may decline, and our reputation and competitive position may be adversely affected. In addition, certain customers are located outside our principal operating markets. Providing maintenance and repair services across different jurisdictions may increase costs and complexity, including expenses relating to logistics, spare parts delivery, personnel dispatch, and coordination with local service providers. Differences in language, business practices, and regulatory requirements may further complicate service delivery and increase the risk of disputes or claims. Failure to effectively manage these challenges could result in increased expenses and reduced service efficiency.

We make warranty provision of RMB31.4 million, RMB26.0 million, RMB36.3 million, RMB10.6 million, and RMB6.8 million in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively. The provision is made for estimated warranty settlements under our sales agreements, representing management's best estimate of future liabilities associated with products still under warranty. The decrease in warranty provision from 2023 to 2024, the increase from 2024 to 2025, and the decrease from the five months ended May 31, 2025 to the same period in 2026 reflected ongoing adjustments based on actual warranty costs incurred. We cannot assure you that these provisions will be sufficient to cover future claims. In the future, we may face significant unexpected warranty claims, resulting in substantial expenses that could in turn materially and adversely affect our business, financial condition, and results of operations.

We are exposed to credit risk from our customers, and any failure to collect our trade receivables in a timely manner may adversely affect our financial condition and results of operations.

We record trade receivables in the ordinary course of business. As of December 31, 2023, 2024, and 2025 and May 31, 2026, our trade receivables (on a net basis) were RMB917.9 million, RMB1.03 billion, RMB729.1 million, and RMB947.4 million, respectively. Our trade receivables turnover days were 103 days, 148 days, 92 days, and 50 days for the years ended December 31, 2023, 2024, and 2025 and the five months ended May 31, 2026, respectively. We cannot assure you that our customers will fulfill their payment obligations to us in the future. Various factors beyond our control, such as economic downturns and customer insolvency, may hinder or prevent us from collecting our trade receivables in a timely manner, or at all. Failure to effectively manage the credit risk associated with our trade receivables and collect payments in a timely manner could materially and adversely affect our business, financial condition, results of operations, and cash flows.

Our inventories may be obsolete and thus subject to write-down.

During the Track Record Period, our inventories consisted of work in progress and raw materials. As our systems are made on demand according to the requirements of our customers, our work in progress are attributable to applicable customers. As of December 31, 2023, 2024, and 2025 and May 31, 2026, we had inventories of RMB391.1 million, RMB395.4 million, RMB949.0 million, and RMB793.1 million, respectively. We had inventory write-down of RMB4.5 million, RMB4.8 million, RMB4.1 million, and RMB1.6 million as of December 31, 2023, 2024, and 2025 and May 31, 2026, respectively. Our work in progress is subject to write-down mainly due to unexpected cancellation of projects. In case orders are canceled, we will attempt to reconfigure or disassemble the work in progress and recycle the parts for use in other systems to the extent feasible. Our management will assess when it is unfeasible for the remaining parts to be recycled, and when to write down any remaining parts. As such, any unexpected change in storage conditions or significant technological developments may render our inventories obsolete. In addition, we cannot assure you that in case orders are canceled, we will be able to recycle the parts for use in other products, which may adversely affect our financial condition and results of operations.

Our long cash conversion cycle could adversely affect our liquidity.

We had long cash conversion cycle during the Track Record Period. Cash conversion cycle is a cycle where we purchase inventories, sell the inventories on credit, and collect the trade receivables and turn them into cash. Cash conversion cycle is calculated as the sum of trade receivables turnover days and inventory turnover days, less trade payables turnover days. In 2023, 2024, and 2025 and for the five months ended May 31, 2026, our cash conversion cycle was 101, 130, 111, and 74 days, respectively. Long cash conversion cycle means that we need a long period of time to turn our initial cash investment in inventories back into cash. If we fail to maintain our cash conversion cycle at a reasonable level, our liquidity could be adversely affected.

Any future acquisitions of, or investments in, complementary businesses may have a material adverse effect on our business, reputation, financial condition, and results of operations.

We may in the future pursue acquisitions of, or investments in, additional businesses or assets that are complementary to our existing business, with the aim of enhancing our green shipping equipment manufacturing capabilities and vessel retrofit and servicing and shortening capacity build-up cycles. Such acquisitions or investments are subject to valuation risks where target businesses or assets may be overvalued resulting in overpayment and reduced return on investment, which could materially and adversely affect our financial condition and results of operations. In addition, subsequent integration of new businesses or assets into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could adversely affect our business. Moreover, we may not be able to achieve or realize the intended financial or strategic benefits, synergies, cost savings, or efficiencies, regardless of whether we successfully integrate the newly acquired business or manage a larger business. Furthermore, acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the incurrence of debt, the incurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. If any of the foregoing risks materialize, our existing operations could be disrupted, and our business, reputation, financial condition, and results of operations could be materially and adversely affected.

Our brands are integral to our success. If we fail to effectively maintain, promote, and enhance our brand image, our business and competitive advantages may be harmed.

We believe that maintaining, promoting, and enhancing our brand, ZEME, is critical to our business. Maintaining and enhancing our brands depends largely on our ability to continue to provide high-quality, well-designed, useful, reliable, and innovative products, which we cannot assure you we will do successfully. We believe that the importance of brands recognition will increase as competition in our market further intensifies. In addition to our ability to provide reliable and useful products at competitive prices, successful promotion of our brands will also depend on the effectiveness of our marketing efforts. We market our products through our direct sales force and word-of-mouth referrals from our customers. Our efforts to market our brands have incurred significant costs and expenses and we intend to continue such efforts. We cannot assure you, however, that our selling and marketing expenses will lead to increases in revenue, and even if they do, such increases in revenue may not be sufficient to offset the expenses incurred. If we fail to effectively maintain, promote, and enhance our brand image, our business and competitive advantages may be harmed.

If we are unable to attract and retain competent talents who support our existing operations and future growth, our business may be materially and adversely affected.

We operate in a talent-intensive industry, requiring a significant and continued influx of specialized professionals to sustain growth. Our success depends substantially on the continued efforts of our key employees and qualified personnel, such as our key management, engineers, and other research and development personnel. Professionals with sufficient training in the green shipping equipment and systems industry may be difficult to hire, and we will need to expend significant time and expenses training our existing and prospective employees. If any of our key employees or qualified personnel becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily, or at all. As a result, our business may be severely disrupted, and our financial condition and results of operations may be materially and adversely affected.

Our existing operations and future growth also depend on our ability to attract, recruit, and train a large number of qualified employees and retain existing key employees. In particular, we rely on our top-notch research and development team to develop our advanced technologies, and our experienced sales personnel to maintain relationships with our customers. To compete for talents, we may need to offer higher compensation, better training, more attractive career opportunities, and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified workforce necessary to support our existing operations and future growth. Furthermore, any disputes between us and our employees or any labor-related regulatory or legal proceedings may divert managerial and financial resources, adversely affect staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues relating to our workforce may materially and adversely affect our business operations and future growth.

We may not be able to obtain additional capital when desired, on favorable terms, or at all.

We may make investments from time to time in technologies, facilities, equipment, or other projects to remain competitive. Due to the unpredictable nature of the capital markets and our industry, we cannot assure you that we will be able to raise additional capital on terms favorable to us, when required, especially if we experience disappointing results of operations. If adequate capital is not available to us as required, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our infrastructure, or respond to competitive pressures could be significantly limited. If we do raise additional funds through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. These newly issued securities may have rights, preferences, or privileges senior to those of existing shareholders.

If we fail to obtain, maintain, or renew the licenses, approvals, qualifications, certifications, or registrations required for our operations, our business, financial condition, and results of operations may be adversely affected.

We are required to obtain and maintain the requisite licenses and approvals required in jurisdictions where we operate our business. We cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner or that these licenses are sufficient to conduct all our present or future business. The interpretation and implementation of existing and future laws and regulations governing our business activities may change from time to time in the future. If we fail to complete, obtain, or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various penalties, such as confiscation of the revenue that was generated through the affected operations, the imposition of fines, and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition, and results of operations.

In particular, we are required to obtain the permit for discharging wastewater into urban drainage facilities under PRC laws. While we are in the process of applying for the permit and currently do not anticipate encountering material difficulties in obtaining the permit, we cannot assure you that we can obtain the permit timely, or at all. Failure to obtain the permit may disrupt our business operations.

We may not be able to adequately protect our intellectual property rights, and we may be exposed to intellectual property infringement or misappropriation claims.

We may become an attractive target to counterfeiting and intellectual property theft activity because of our brand recognition. Our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, we cannot assure you that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable.

It is often difficult to register, maintain, and enforce intellectual property rights. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment, and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual property at risk of being invalidated or narrowed in scope. We cannot assure you that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting, or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition, and results of operations.

Various other issues may arise with respect to our intellectual property portfolio. We may not have sufficient intellectual property rights in all countries and regions where unauthorized third-party copying or use of our proprietary technology may occur and the scope of our intellectual property might be more limited in certain countries and regions. Our existing and future patents may not be sufficient to protect our products, technologies, or designs, and may not prevent others from developing competing products, technologies, or designs. We cannot predict the validity and enforceability of our patents and other intellectual property with certainty.

We may be involved in lawsuits, claims, regulatory investigations, or legal proceedings in our ordinary course of business, which could materially and adversely affect our reputation, business, financial condition, and results of operations.

We have been and may continue to be subject to or involved in or mentioned in various lawsuits, claims, regulatory investigations, or legal proceedings. Claims, arbitration, lawsuits, and litigations are subject to inherent uncertainties, and we are uncertain whether existing or new claims against us or which mention us would develop into lawsuits, damages or regulatory penalties, and other disciplinary actions that may be material to our business in the future. Lawsuits, litigations, arbitration, and regulatory actions may cause us to incur substantial costs or fines, utilize a significant portion of our resources and divert management's attention from our day-to-day operations, or materially modify or suspend our business operations, any of which could materially and adversely affect our business, financial condition, and results of operations.

Responding to or defending litigations or other claims, disputes, or complaints against us is costly and can impose a significant burden on our management and employees or adversely affect our reputation, and we cannot guarantee favorable final outcomes in all cases. In addition, we cannot guarantee success in the claims we pursue against other parties. Any resulting liability, losses or expenses, or changes required to our businesses to reduce the risk of future liability, may adversely affect our business, financial condition, and results of operations. The interpretation of PRC laws in different jurisdictions may be subject to change, and an adverse outcome of a single claim against us in one jurisdiction regarding our business practices may result in significant negative publicity and heightened scrutiny by regulators and courts of our business and operations across the country, potential penalties, or other regulatory actions against us. Any of such outcomes may cause significant disruptions to our operations and materially and adversely affect our business, financial condition, and results of operations.

We may have limited insurance coverage and may be subject to liabilities resulting from potential operational risks and losses that may not be covered by our insurance policies.

We maintain insurance coverage in respect of areas where we consider our business to be exposed to significant risks, including employer's liability insurance and property insurance for our key facilities and assets. We cannot assure you that our insurance coverage will be adequate to cover all potential losses. Additionally, we do not carry insurance in respect of certain risks that we believe are not insured under customary industry practice in China or other jurisdictions where we operate, or which are uninsurable on commercially acceptable terms, if at all, such as those caused by war, nuclear contamination, tsunami, pollution, acts of terrorism, and civil disorder. Accordingly, there may be circumstances in which we will not be covered or compensated, in part or at all, for specific losses, damages, and liabilities. We cannot guarantee that our insurance coverage is sufficient to cover potential losses. Furthermore, we are subject to the risks of losses arising from the misappropriation of cash or other assets by our employees or third parties, which losses may not be sufficiently covered by our insurance policies. Any risk that is not adequately covered by insurance may have an adverse effect on our business, financial condition, and results of operations.

Failure to protect our leasehold interests could adversely affect our business operations.

If the landlords of our leased properties fail to perform their obligations under their lease agreements with us due to any reason, including demolition or any other unforeseeable events, we may be unable to continue using such properties. We may be forced to relocate the affected office premises or production facilities and incur additional expenses accordingly. If we fail to find suitable replacement sites in a timely manner or on terms commercially acceptable to us, our business and results of operations could be adversely affected. See "Business — Properties" for details.

Our business growth, financial condition, and prospects may be affected by any future occurrence of force majeure events, such as changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, social disruption, acts of war, and other outbreaks.

Our business growth could be adversely affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, social disruption, and other outbreaks. For instance, outbreaks of any severe epidemic disease, such as COVID-19, could cripple the productivity of our workforce and adversely affect our business operations. Outbreaks of infectious diseases, natural disasters, or other disruptive events could interrupt our production, disrupt our supply chain and logistics, or reduce customer demand. Events such as floods, earthquakes, typhoons, or fire may damage our facilities or delay manufacturing and delivery schedules. Social disruptions, acts of war, terrorism, or other force majeure events may further impact our operations. Any such events could materially and adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO DOING BUSINESS IN CHINA

Developments in social and economic policies, as well as the interpretation and enforcement of laws, rules, and regulations, may affect our business, financial condition, results of operations, and prospects.

As we conduct our business operations in China and certain overseas markets, our business, financial condition, results of operations, and prospects could be affected by local economic, social, and legal policies. In addition, with the social development, the relevant laws, rules, and regulations may be amended from time to time, and their interpretation and implementation will be determined accordingly. Any of the foregoing, including non-compliance with any existing or new laws, rules, and regulations, would materially and adversely affect our business, financial condition, results of operations.

Regulatory control over capital inflow or outflow, currency conversion, and fluctuations in exchange rates may affect the value of your investment, result in investment losses, and limit our ability to utilize our cash effectively.

We receive a significant portion of payments from our overseas operations in U.S. dollars and may need to convert such funds into other currencies for purposes including the payment of dividends, if any, to our shareholders and the funding of our operations outside China. The convertibility of U.S. dollars into other currencies and, in certain cases, the remittance of foreign currencies out of China are subject to regulatory requirements. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to meet dividend payments or other obligations denominated in foreign currencies.

Under currently effective PRC foreign exchange regulations, payment of current account items, including profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE or its local branches, through licensed banks for foreign exchange business, by complying with certain procedural requirements. However, prior registration and other procedures with competent government authorities are required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. If we cannot fulfill the regulatory requirements over foreign currency conversion to obtain sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Any existing and future requirements on foreign exchange may limit our ability to fund any future business activities that are conducted in foreign currencies.

We could be subject to changes in our tax rates, the adoption of new tax legislation, or exposure to additional tax liabilities.

The PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) imposes a tax rate of 25% on business enterprises. Our Company is entitled to preferential tax treatment. For example, our Company was qualified as high and new technology enterprises, and was entitled to a preferential income tax rate of 15% during the Track Record Period. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition, and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Because the tax environments in different jurisdictions vary and the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to invest more managerial and financial resources, which in turn could affect our business, financial condition, and results of operations.

Payment of dividends or gains from the sale or other disposition of our H Shares is subject to taxation under PRC law.

Under applicable PRC tax laws, regulations, and statutory documents, non-resident individuals and enterprises are subject to taxes with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-resident individuals are generally subject to individual income tax under the PRC Individual Income Tax Law (《中華人民共和國個

人所得稅法》) with respect to the aforesaid gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments.

Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. Where, under the circumstance of withholding at source or designated withholding, non-resident taxpayers determine through self-assessment that they are eligible for and need to claim treaty benefits, they must fill out an Information Reporting Form for Non-resident Taxpayers Claiming Treaty Benefits and submit it to their withholding agents. If a non-resident taxpayer fails to submit an Information Reporting Form for Non-resident Taxpayers Claiming Treaty Benefits to the withholding agent or the information entered is incomplete, the withholding agent will withhold taxes in accordance with the provisions of domestic tax laws.

Non-PRC resident enterprises that do not have establishments or place of business in China, or that have establishments or place of business in China but their income is not related to such establishments or place of business, are subject to the PRC enterprise income tax at the rate of 10% on dividends received from the PRC companies and gains realized upon disposition of equity interests in the PRC companies. Taxes may be reduced or eliminated under special arrangements or applicable treaties between China and the jurisdiction where the non-PRC resident enterprise resides.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares. Entitlement to treaty benefits for non-resident taxpayers will be handled by means of "self-judgment of eligibility, declaration of entitlement, and retention of relevant materials for future reference." Non-PRC resident taxpayers and withholding agents need to cooperate with PRC tax authorities in the follow-up administration and investigation of non-resident taxpayers' entitlement to treaty benefits.

Notwithstanding the above, PRC tax authorities determine whether and how individual income tax on gains derived by holders of our H Shares from their disposition of our H Shares may be collected in accordance with applicable laws and regulations in China. Non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC tax on the dividends received from us and gains realized through sales or transfers by other means of the H Shares.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

Our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes. Under the PRC Enterprise Income Tax Law and its Regulation on the Implementation (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC resident enterprises for tax purposes and may be subject to the tax rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82), or STA Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within China as major controlling shareholders under the laws of foreign countries (regions) will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation, and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The STA has subsequently provided further guidance on the implementation of STA Circular 82.

As our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they will be subject to the tax rate of 25% on such our offshore subsidiaries' global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The corporate income tax on our subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the PRC Individual Income Tax Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (財政部、國家稅務總局關於個人所得稅若干政策問題的通知) (Cai Shui Zi [1994] No. 020) issued by the Ministry of Finance and the State Taxation Administration on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempted from individual income tax for the time being. In addition, non-PRC resident individual holders of H Shares are subject to individual income tax at a rate of 20% on gains realized upon the sale or other disposition of H Shares. However, pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) (Cai Shui Zi [1998] No. 61) issued by the Ministry of Finance and the State Taxation Administration on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied on non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, relevant laws and regulations and the related practices may be changed, which could result in levying income tax on non-PRC resident individual holders on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No. 897) issued by STA on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the PRC tax laws and regulations may change, and the interpretation and application of applicable PRC tax laws and regulations may also change accordingly, which may adversely affect the value of your investment in our H Shares.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us and our directors and management.

We are a company incorporated under the PRC law and most of our assets are located in China. In addition, most of our directors and senior management reside in China. As a result, it may be difficult for investors outside of China to effect service of process upon or to enforce judgments obtained against us or our management in courts outside China. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in China only if the jurisdiction has a treaty with China or if the jurisdiction has been otherwise deemed by the courts of China to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, China is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in China of judgments of a court in these jurisdictions may consequently be difficult or impossible.

On July 14, 2006, the Supreme People's Court and the Hong Kong Government signed the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), under which, where any designated court of the Chinese Mainland or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of the Chinese Mainland or Hong Kong court for recognition and enforcement of the judgment. The 2008 arrangement took effect on August 1, 2008, but the effectiveness of any action brought under the arrangement remains uncertain. On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which took effect on January 29, 2024 and seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and the Chinese Mainland. The 2019 arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the 2019 arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the Chinese Mainland even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the Chinese Mainland, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the 2019 arrangement.

RISKS RELATING TO THE [REDACTED]

There has been no prior* [REDACTED] *market for our H Shares, and an active* [REDACTED] *market for our H Shares may not develop or be sustained.

Prior to the completion of the [**REDACTED**], there has been no [**REDACTED**] market for our H Shares. There can be no guarantee that an active [**REDACTED**] market for our H Shares will develop or be sustained after the completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for itself and on behalf of other [**REDACTED**] and the [**REDACTED**]), which may not be indicative of the [**REDACTED**] at which our H Shares will be traded following completion of the [**REDACTED**]. The [**REDACTED**] of our H Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

***The price and trading volume of our H Shares may be volatile, which could result in substantial losses to* [REDACTED].**

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. In particular, the business, performance, and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, relationships with our business partners, movements or activities of key personnel, actions taken by competitors, or regulatory developments. Moreover, shares of other companies listed on the Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our business performance.

Our Controlling Shareholders have significant influence over our Company, and their interests may not be aligned with the interest of our other shareholders.

Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay, or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the H Shares as part of a sale of our Company and may significantly reduce the price of our H Shares.

Future sales or perceived sales of our H Shares in the* [REDACTED] *market could have a material adverse effect on the* [REDACTED] *of our H Shares and our ability to raise additional capital in the future or may result in dilution of your shareholding.

The [**REDACTED**] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be adversely affected as a result of future sales of our H Shares or other securities relating to our H Shares in the [**REDACTED**] market by our shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. In addition, our shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue shares pursuant to any future share option incentive schemes, which would further dilute our shareholders' interests in our Company. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by H Shares. Market sales of shares by such Shareholders and the availability of these shares for future sales may adversely affect the [**REDACTED**] of our H Shares.

In addition, while [**REDACTED**] shares in the [**REDACTED**] are not subject to any restrictions on the disposal of the H Shares they [**REDACTED**], they may have existing arrangements or agreements to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the [**REDACTED**] for legal and regulatory, business and market, or other reasons. Such disposal may occur within a short period or any time or period after the [**REDACTED**]. Any sale of the H Shares by such [**REDACTED**] pursuant to such arrangement or agreement could adversely affect the [**REDACTED**] of our H Shares and any sizeable sale could cause substantial volatility in the trading volume of our H Shares.

***You should read the entire document carefully and only rely on the information included in this document to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares, or the* [REDACTED].**

We strongly caution our [**REDACTED**] not to rely on any information contained in press articles or other media coverage relating to us, our Shares, and the [**REDACTED**]. Prior to the publication of this document, there may be press and media coverage regarding the [**REDACTED**] and us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations, and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness, or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our [**REDACTED**] should not rely on such information.

Certain facts, forecasts, and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

Certain facts, forecast, and other statistics in this document are derived from various official government sources. We believe that the sources of said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, [**REDACTED**], the [**REDACTED**], or any other party involved in the [**REDACTED**] and no representation is given as to its accuracy.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information, and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should," and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity, and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Therefore, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [**REDACTED**] should not place undue reliance.

In preparation for the [**REDACTED**], our Company has sought and [has been] granted the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our headquarters and substantial all of our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operations, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practically difficult and commercially unreasonable for us to arrange for two executive Directors to ordinarily reside in Hong Kong, whether by relocating our executive Directors to Hong Kong or by appointing additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong to satisfy the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has] granted us, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Mr. Guo Jinrong (郭錦榮) (our executive Director and chairman of the Board) ("**Mr. Guo**") and Mr. Wong Keith Shing Cheung (王承鏱) ("**Mr. Wong**") as our authorized representatives (the "**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. Mr. Wong is ordinarily resident in Hong Kong. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;

(b) when the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes in the Authorized Representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Hong Kong Stock Exchange;

(c) all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon the request of the Hong Kong Stock Exchange;

(d) we have appointed Somerley Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon [**REDACTED**] pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the [**REDACTED**] and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**]. The Compliance Advisor will have access at all times to the Authorized Representatives, our Directors and our senior management as prescribed by Rule 3A.23 of the Listing Rules, who will act as the additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available; and

(e) meetings between the Hong Kong Stock Exchange and our Directors can be arranged through the Authorized Representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARY

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Hong Kong Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide, the Hong Kong Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Hong Kong Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;

(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under Note 1 to Rule 3.28 of the Listing Rules) nor Relevant Experience (as defined under Note 2 to Rule 3.28 of the Listing Rules) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to Chapter 3.10 of the Guide, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Ms. Lu Qiong (盧瓊) ("**Ms. Lu**"), the deputy office director, deputy legal counsel and office director of the [**REDACTED**] working group of our Company, as one of our joint company secretaries. Ms. Lu has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Wong, a member of The Hong Kong Chartered Governance Institute, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Lu for an initial period of three years from the [**REDACTED**] to enable Ms. Lu to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Mr. Wong's professional qualification and experience, Mr. Wong will be able to explain to both Ms. Lu and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Wong will also assist Ms. Lu in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Wong is expected to work closely with Ms. Lu and will maintain regular contact with Ms. Lu. In addition, Ms. Lu will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance her knowledge of the Listing Rules during the three-year period from the [**REDACTED**]. Ms. Lu will also be assisted by our compliance advisor and our legal advisors as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. Lu does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Lu may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the [**REDACTED**] on the conditions that (a) Ms. Lu must be assisted by Mr. Wong who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules; and (b) the waiver will be revoked immediately if and when Mr. Wong ceases to provide assistance to Ms. Lu as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Ms. Lu will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Hong Kong Stock Exchange to enable it to assess whether Ms. Lu, having benefited from the assistance of Mr. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTION

We have entered into and will continue to engage in one transaction which would constitute a partially exempt continuing connected transaction for our Company under the Listing Rules upon [**REDACTED**]. We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with certain requirements set out in Chapter 14A of the Listing Rules for such continuing connected transaction. For details, see "Connected Transactions" in this document.

[REDACTED]

[**REDACTED**]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Guo Jinrong (郭錦榮)	5-402, Baisha Island Shanshui Renjia Hangzhou Zhejiang Province PRC	Chinese
Mr. Wang Xingru (王興如)	Apartment 1402, Unit 1 Building 1, Guanpin Mingyu Yingfeng Street Xiaoshan District Hangzhou Zhejiang Province PRC	Chinese
Ms. Ying Manqing (應曼青)	3-3-703 Hebinzhicheng Yulanxuan Wuchanggang Rd., Xihu District Hangzhou Zhejiang Province PRC	Chinese
Mr. Xu Huiping (徐慧平)	Unit 17-2-101, Jiangbin Garden No. 4199 Binsheng Rd., Binjiang District Hangzhou Zhejiang Province PRC	Chinese
Non-Executive Directors		
Mr. Yan Jie (顏杰)	Room 402, No. 35 Building 13 Shuguang New Village Xihu District Hangzhou Zhejiang Province PRC	Chinese
Mr. Zhou Tao (周弢)	No. 39 Wensan West Road Xihu District Hangzhou Zhejiang Province PRC	Chinese

Name	Address	Nationality
Independent Non-Executive Directors		
Mr. Yu Jun (余軍)	Room 201, Unit 2 Building 47 Hanmo Xianglin Yuan Xihu District Hangzhou Zhejiang Province PRC	Chinese
Ms. Ye Hui (葉會)	Room 1301, Unit 2, Building 7 Poly Jiangyuhai Residential Community Xiasha, Qiantang New Area Hangzhou Zhejiang Province PRC	Chinese
Mr. Yau Kwok Wing Tony (邱國榮)	Room B, 27/F, Block 1 Manhattan Hill 1 Po Lun Street Lai Chi Kok Kowloon Hong Kong	Chinese (Hong Kong)

For details, see "Directors and Senior Management".

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**CITIC Securities (Hong Kong) Limited** 18/F One Pacific Place 88 Queensway Hong Kong
	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road, Central Hong Kong

[REDACTED]

[REDACTED]

Legal Advisors to the Company	*As to Hong Kong and U.S. laws:* **Han Kun Law Offices LLP** Rooms 4301-10, 43/F Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to PRC law:* **Han Kun Law Offices** 33/F, HKRI Center Two HKRI Taikoo Hui 288 Shimen Road (No. 1) Jing'an District Shanghai 200041 PRC *As to International sanctions law:* **Han Kun LLP** 551 Madison Avenue Suite 1308, New York NY 10022 USA
Legal Advisors to the Joint Sponsors and [REDACTED]	*As to Hong Kong laws:* **King & Wood** 13/F, Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong *As to PRC law:* **King & Wood** 19th Floor, Bank Tower Winland Center No. 350 Xiangjisi Road Gongshu District Hangzhou Zhejiang 310014 PRC

Auditors and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC

[**REDACTED**]

Registered Office	6th Floor, Building 5 No. 71 Jin'er Road Xiaoshan Economic and Technological Development Zone Xiaoshan District Hangzhou, Zhejiang Province PRC
Headquarters And Principal Place of Business in the PRC	6th Floor, Building 5 No. 71 Jin'er Road Xiaoshan Economic and Technological Development Zone Xiaoshan District Hangzhou, Zhejiang Province PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company Website	**https://www.zeme.com.cn/**
Joint Company Secretaries	Ms. Lu Qiong (盧瓊) Room 1004, Building 5 Jiangnan Wangzhuang, No. 983 Yueming Road Binjiang District Hangzhou, Zhejiang Province PRC Mr. Wong Keith Shing Cheung (王承鏱) 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Mr. Guo Jinrong (郭錦榮) 5-402, Baisha Island Shanshui Renjia Hangzhou Zhejiang Province PRC Mr. Wong Keith Shing Cheung (王承鏱) 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. Yau Kwok Wing Tony (邱國榮) (*Chairman*) Ms. Ye Hui (葉會) Mr. Zhou Tao (周弢)

CORPORATE INFORMATION

Remuneration Committee	Mr. Yu Jun (余軍) (*Chairman*) Ms. Ye Hui (葉會) Mr. Guo Jinrong (郭錦榮) Mr. Wang Xingru (王興如) Mr. Yau Kwok Wing Tony (邱國榮)
Nomination Committee	Mr. Guo Jinrong (郭錦榮) (*Chairman*) Mr. Yu Jun (余軍) Ms. Ye Hui (葉會) Mr. Xu Huiping (徐慧平) Mr. Yau Kwok Wing Tony (邱國榮)
Strategy Committee	Mr. Guo Jinrong (郭錦榮) (*Chairman*) Mr. Wang Xingru (王興如) Mr. Yan Jie (顏杰) Mr. Xu Huiping (徐慧平) Mr. Yau Kwok Wing Tony (邱國榮)
Compliance Advisor	Somerley Capital Limited 20/F, China Building 29 Queen's Road Central Hong Kong

[**REDACTED**]

Principal Banks	Bank of China Zhejiang Branch, Xiaoshan Branch No. 288 Renmin Road Xiaoshan, Zhejiang Province PRC China Merchants Bank Head Office Shenzhen China Merchants Bank Tower No. 7088, Shennan Boulevard Shenzhen PRC

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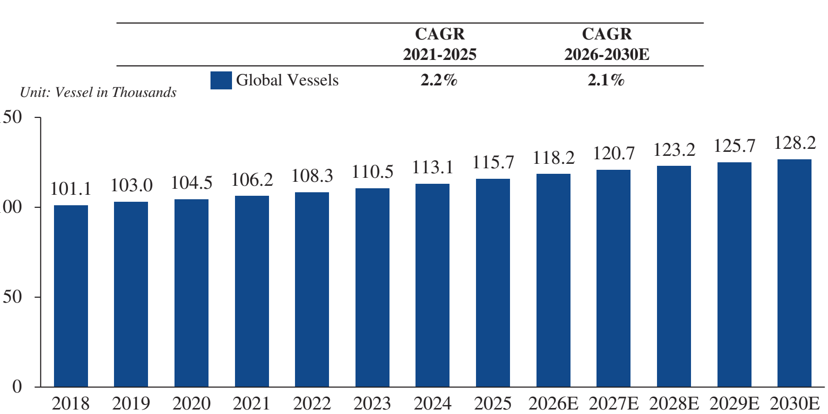
Facing intensifying global warming and more frequent extreme weather events, the role of shipping in climate action and the path toward carbon neutrality has gained unprecedented prominence. Many countries have incorporated marine and freshwater system resources into their top-level carbon-neutrality strategies, deepening the integration of ecological protection and climate governance, and positioning the green marine and inland waterway economy as a key pillar in achieving global net-zero objectives. Shipowners' increasing emphasis on operating efficiency and sustainable economic performance is reinforcing the industry transition toward cleaner and more energy-efficient solutions.

OVERVIEW OF GLOBAL SHIPPING INDUSTRY

The global shipping industry refers to the transportation of goods and passengers through vessels and related services, forming a fundamental component of global trade and connecting economies around the world. According to the United Nations Conference on Trade and Development, over 80% of international commodity trade is conducted through maritime transport.

Global fleet size has continued to expand steadily in recent years, supported by resilient shipping trade demand. The number of vessels increased from 106.2 thousand in 2021 to 115.7 thousand in 2025, representing a CAGR of 2.2% from 2021 to 2025. In the future, the global fleet size is expected to maintain a stable growth trajectory, reaching 128.2 thousand vessels by 2030, representing a CAGR of 2.1% from 2026 to 2030.

Global Fleet Size (2018-2030E)



Sources: United Nations Conference on Trade and Development, Equasis, Clarksons, China Insights Consultancy

Among the major large-vessel categories, bulk carriers, oil tankers, containerships are the core vessel types supporting global shipping, together accounting for over 80% of global fleet size by deadweight tonnage:

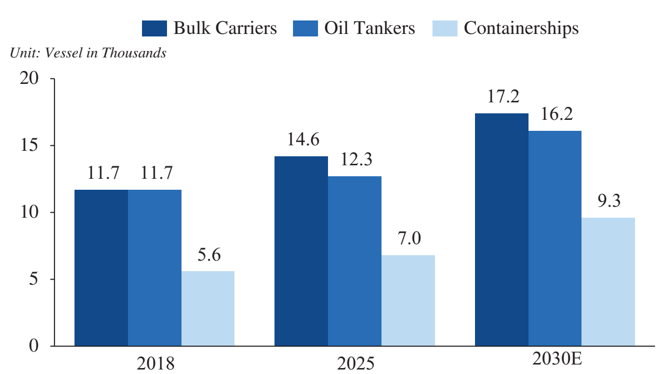
- ***Bulk Carriers:*** Vessels designed for the transportation of unpackaged dry commodities, such as iron ore, coal, and grain, typically loaded directly into cargo holds without requiring containers or packaging.

- ***Oil Tankers:*** Vessels designed to carry crude oil, refined petroleum products and liquid chemicals in bulk, equipped with segregated cargo tanks, corrosion-resistant structural features, and dedicated pumping systems to ensure safe loading, carriage and discharge of liquid cargoes.

- ***Containerships:*** Vessels configured for standardized container transportation, featuring cellular holds and securing systems that facilitate efficient loading, unloading, and terminal operations.

Supported by dry-bulk trade activity and ongoing fleet renewal, together with sustained growth in crude oil and petroleum product transportation and continued investment in larger and more advanced vessels, the number of bulk carriers increased from 11.7 thousand vessels in 2018 to 14.6 thousand vessels in 2025, and is expected to reach 17.2 thousand vessels by 2030. The number of oil tankers increased from 11.7 thousand vessels in 2018 to 12.9 thousand vessels in 2025 and is expected to reach 16.2 thousand vessels by 2030. The number of containerships increased from 5.6 thousand vessels in 2018 to 7.0 thousand vessels in 2025 and is expected to reach 9.3 thousand vessels by 2030.

Global Fleet Size of Bulk Carriers, Oil Tankers, and Containerships (2018-2030E)



Sources: United Nations Conference on Trade and Development, Equasis, Clarksons, China Insights Consultancy

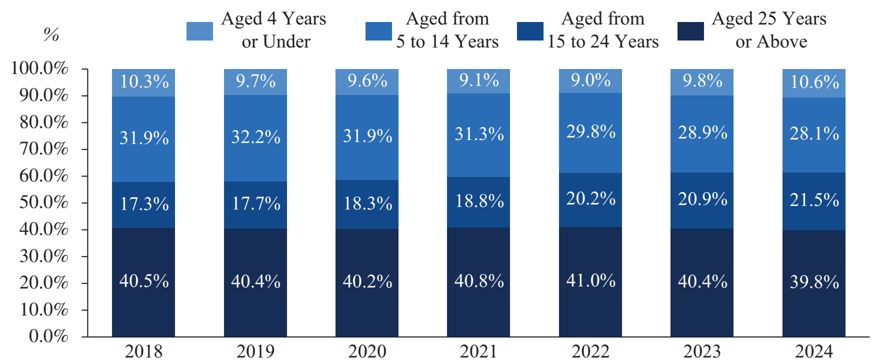
Global Shipping Green Transformation Analysis

Aging Fleet

The global fleet is experiencing an aging trend. The percentage of young vessels aged under four years declined from 10.3% in 2018 to 9.0% in 2022, while the number of older vessels became increasingly prominent. Vessels aged from 15 to 24 years accounted for 17.3% in 2018, and the percentage increased to 20.2% in 2022. Meanwhile, the number of fleet aged above 25 years consistently grew. A modest improvement emerged in 2023 and 2024, with the percentage of young vessels aged under four years increasing to 10.6%, supported by resumed newbuilding deliveries and post-pandemic recovery in shipyard capacity. Nevertheless, aging remains a structural challenge, as the fleet aged above 25 years still represents nearly 40% of the market.

As vessels age, technological obsolescence and physical wear lead to declining energy efficiency and higher pollutant emissions. By 2026, our 35% of the existing tankers, bulk carriers, and containerships may receive a CII rating of "D" or "E" if no retrofit is undertaken, underscoring the need for performance upgrades. As a result, green retrofit services are becoming increasingly important for ensuring compliance with environmental standards and enhancing operating efficiency.

Global Fleet Age Distribution in Terms of Fleet Size (2018-2024)



Sources: International Maritime Organization, China Insights Consultancy

Massive Emission

CO_2 emissions from global maritime transport continued to increase in 2024, reaching 972.8 million tonnes, accounting for 2.4% of global carbon dioxide emissions. Emissions are highly concentrated among containerships, bulk carriers, and oil tankers, together representing the core sources of maritime carbon output. In 2024, containerships generated 245.4 million tonnes of CO_2, followed by bulk carriers of 204.2 million tonnes, and oil tankers of 156.4 million tonnes. These vessel types are characterized by large fleet sizes, high fuel consumption, and long-distance operations, making them the primary focus of global shipping decarbonization efforts. Beyond carbon emissions, the industry is also a significant source of other air pollutants, such as sulfur oxides. Against the backdrop of tightening international environmental regulations, the shipping sector is facing increasing regulatory requirements to reduce both greenhouse-gas and air-pollutant emissions.

Stricter Regulation

Global regulations on the shipping industry is heightening as governments and international bodies incorporate maritime decarbonization into broader climate and energy-transition agendas. The International Maritime Organization has strengthened its policy framework by introducing progressively stricter controls on both air-pollutant and greenhouse-gas emissions. Representative measures such as the Global Sulfur Cap and the emerging Global Maritime Net-Zero Framework (NZF) reflect a shift toward more comprehensive emissions governance. Under the International Maritime Organization's revised 2023 GHG Strategy supported by NZF, the industry is committed to reducing total greenhouse gas emissions by at least 20%, striving for 30% by 2030, and by at least 70%, striving for 80%, by 2040, compared to the emission level in 2008, and achieving net-zero emissions by around 2050. Meanwhile, regional regulatory support for electric vessels is growing, with policies aimed at accelerating the adoption of zero-emission technologies, further driving the sector's transition toward cleaner operations.

Date	Regulation	Content
2020	**International Maritime Organization Global Sulfur Cap**	From January 1, 2020, the International Maritime Organization lowered the global sulfur emission limits from marine fuels from 3.5% to 0.5%, resulting in a significant reduction in SOx emissions. In designated Emission Control Areas (ECAs), a more stringent sulfur emission limit of 0.1% applies. Vessels must either use compliant low-sulfur fuels or install approved exhaust gas cleaning systems (EGCS).
2023	**Energy Efficiency Existing Ship Index (EEXI)**	EEXI sets minimum technical energy-efficiency standards for existing vessels above 400 GT. Compliance is typically achieved through engine-power limitation or retrofitting energy-saving technologies to ensure alignment with the International Maritime Organization decarbonization objectives.
2023	**Carbon Intensity Indicator (CII)**	CII evaluates annual operational carbon intensity based on grams of CO_2 emitted per cargo-capacity mile for vessels of 5,000 GT and above. Vessels are rated from A to E, and those rated D for three consecutive years or E in any single year must implement corrective action plans.
2024	**EU Emissions Trading System (ETS)**	Maritime transport has been incorporated into the EU ETS under the "Fit for 55" package. Vessels of 5,000 GT and above performing voyages to or from EEA ports must monitor, report and verify CO_2 emissions and purchase allowances accordingly. The scope will gradually expand to cover more vessel types and greenhouse gases.
2025	**FuelEU Maritime Regulation**	Requires vessels above 5,000 GT operating within the European Economic Area to reduce the greenhouse gas intensity of their marine energy by 2% from 2025. Additionally, from 2030 onward, containerships and passenger vessels at berth in EU ports must use onshore power supply or alternative zero-emission technologies.
2025	**IMO Net-Zero Framework (NZF)**	Establishes a global greenhouse gas fuel-intensity standard for vessels above 5,000 GT, with progressive reduction requirements and supporting economic measures to accelerate low- and zero-carbon fuel adoption.

OVERVIEW OF GLOBAL GREEN SHIPPING EQUIPMENT AND SYSTEM INDUSTRY

The global shipping industry is facing increasing regulatory and environmental pressure, alongside shipowners' growing focus on cost reduction and profitability enhancement, particularly in relation to exhaust-emission control and energy-efficiency improvement. The green industry encompasses economic activities dedicated to sustainability, clean energy, and environmental protection, and the term is widely used across industries. The green shipping equipment and systems industry is defined as shipping equipment and systems that reduce greenhouse gas emissions, limit pollutant discharge, improve resource efficiency, and protect marine ecosystems, in order to minimize the environmental impact from shipping activities. The green shipping equipment and systems industry can be further divided into vessel exhaust gas emission control and cleaning systems, vessel energy efficiency enhancement systems, vessel retrofit and servicing, intelligent vessel operating and maintenance system, and new energy vessel systems.

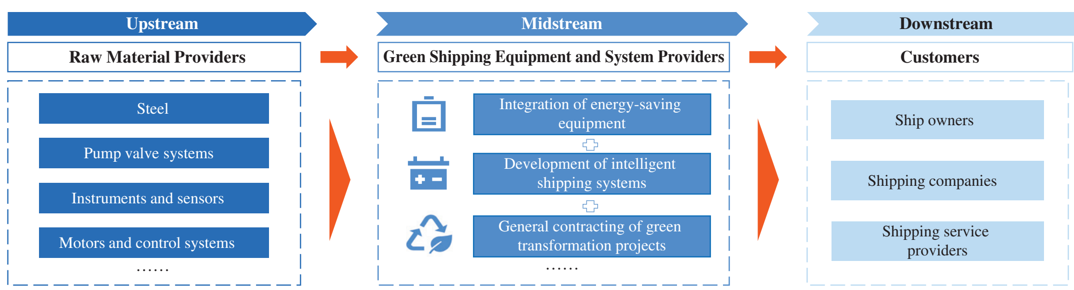
Value Chain Analysis

Upstream of the Value Chain. This sector primarily consists of suppliers of key components and raw materials for shipbuilding and maritime equipment manufacturing, including steel, pump and valve systems, instrumentation and sensors, and motors and control systems. As the shipping industry advances toward greener and more intelligent development, upstream materials are increasingly emphasizing lightweight and corrosion-resistant characteristics.

Midstream of the Value Chain. This sector is responsible for the development and installation of green shipping equipment and systems as the link between upstream component suppliers and downstream operating entities. It functions as the technical and service hub for the green shipping equipment and system industry. Companies within this sector participate in solution design, equipment provision, system installation, and commissioning.

Downstream of the Value Chain. This sector primarily includes shipowners, shipping companies, and maritime service providers. Vessel operators improve energy efficiency and emissions performance through newbuilding activities or retrofitting existing vessels, while also maintaining and upgrading vessels to enhance lifecycle value.

Value Chain of Global Green Shipping Equipment and System Industry



Source: China Insights Consultancy

Benefits of Implementation of Green Shipping Equipment and Systems

Reduction of Fuel Cost

With international oil prices remaining volatile, shipping companies are facing rising fuel expenses. As the global maritime sector advances toward green transformation, reducing energy consumption while remaining compliant has become essential for sustaining competitiveness. Across the industry, the adoption of green shipping equipment and systems has demonstrated meaningful cost-saving effects. EGCSs typically reduce fuel costs by 10-35% by enabling the use of lower-priced high-sulfur fuel. Shaft generator systems deliver an additional 2-6% reduction through more efficient onboard power generation. These improvements materially lower energy consumption, enhance profitability, and support long-term operational resilience for shipowners.

Reduction of Emission

Global vessel emissions regulations are increasingly driving the development of energy-efficiency technologies. The International Maritime Organization has set a target to reduce greenhouse gas emissions from international shipping by at least 50% by 2050 compared with the level in 2008. A wide range of green shipping equipment and systems contribute directly or indirectly to the reduction of such emissions and help the industry meet regulatory requirements. For example, sulfur-reduction systems have become a key compliance technology, particularly under the global 0.5% sulfur cap, by directly removing sulfur oxides from exhaust gas.

Enhancement of Profitability

Adopting green shipping equipment and systems can enhance the operating profitability for vessels. For instance, based on the average daily profitability of ships in 2024, Very Large Crude Carrier (VLCC) vessels equipped with EGCS demonstrate an increase in average daily profit of over US$8,000 compared to traditional vessel types. Similarly, VLCC vessels utilizing energy-saving system experienced an increase in average daily earnings of over US$5,000 compared to traditional ship types.

Optimization Asset Value

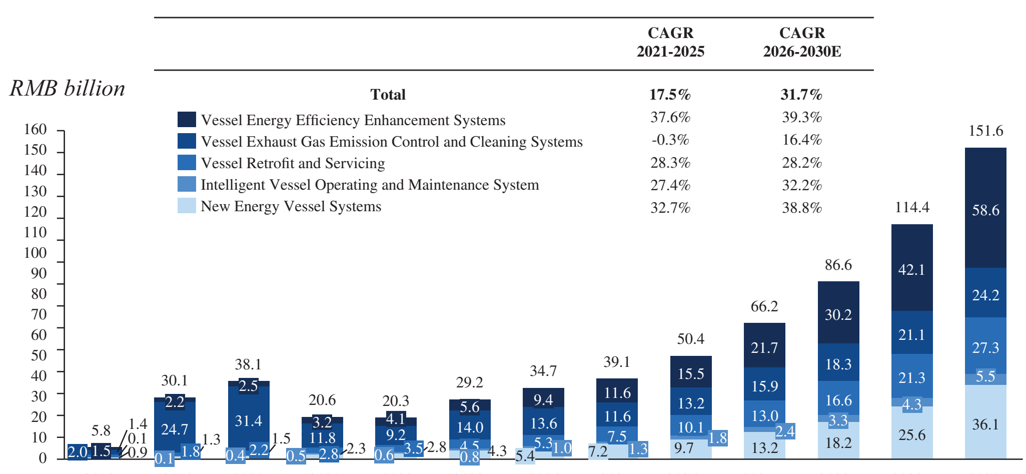
As energy efficiency and technical performance play an increasingly important role in vessel asset values, an energy-efficient bulk carrier aged five years is valued at approximately 21% above a comparable traditional vessel. This value premium becomes more prominent as vessels age. For instance, after eight years of operation, an energy-efficient bulk carrier of 180,000 DWT is valued at around US$40 million, whereas a non-energy-efficient vessel of the same type is valued at only approximately US$30 million. This premium is partly attributable to higher operating efficiency and lower lifecycle operating costs, which enhance long-term asset value. Facilities that modernize propulsion, power systems, and energy management help aged vessels remain compliant with environmental standards and operate more efficiently, thereby postponing decommissioning and potentially extending a vessel's CII-compliant operating period by 3 to 5 years, ultimately enhancing long-term asset value.

Market Size Analysis

The size of the global green shipping equipment and system industry in terms of revenue grew from RMB5.8 billion in 2018 to RMB39.1 billion in 2025, with a CAGR of 17.5% from 2021 to 2025. There was strong growth in 2019 and 2020, primarily driven by the global 0.5% fuel sulfur limit under the International Convention for the Prevention of Pollution from Ships (IMO 2020 Sulphur Cap), which boosted EGCS retrofit demand. The market size is expected to reach RMB151.6 billion by 2030, representing a CAGR of 31.7% from 2026 to 2030, supported by the 2026 IMO NZF mid-term measures vote, the 2028 implementation of related GHG reduction rules, and the adoption of shaft generators, alternative fuel systems, and other advanced technologies as the industry shifts from compliance upgrades to systematic decarbonization and digitalization, enabling more diverse and stable growth.

Within the overall market, the vessel exhaust gas emission control and cleaning system sub-industry historically has been the dominant foundation, while the vessel energy efficiency enhancement system sub-industry is becoming the key driver of incremental growth. The market size of vessel retrofit and servicing in terms of revenue was RMB7.5 billion in 2025 and is expected to grow at a CAGR of 28.2% from 2026 to 2030. The market size of intelligent vessel operating and maintenance systems in terms of revenue was RMB1.3 billion in 2025 and is expected to grow at a CAGR of 32.2% from 2026 to 2030, while the market size of new energy vessel systems in terms of revenue was RMB7.2 billion in 2025 and is expected to grow at a CAGR of 38.8% from 2026 to 2030.

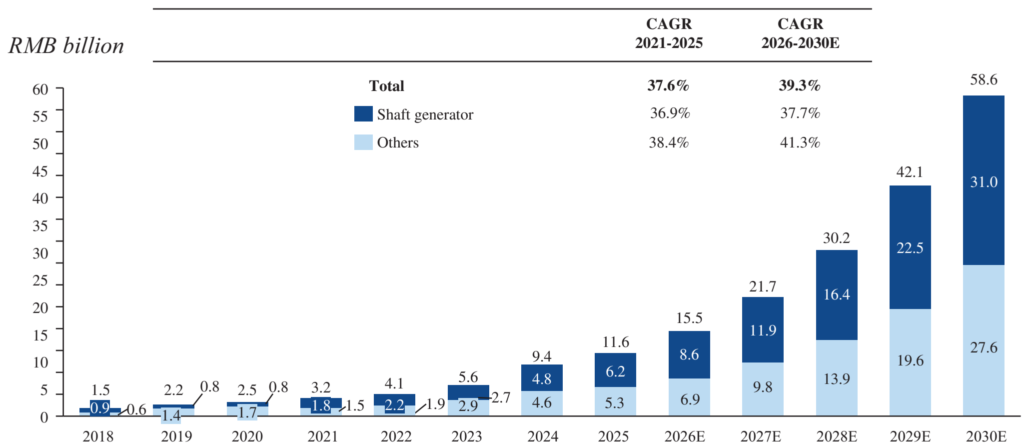
Size of Global Green Shipping Equipment and System Industry (in terms of revenue) (2018-2030E)



Sources: International Maritime Organization, Clarksons, China Insights Consultancy

The size of the vessel energy efficiency enhancement system sub-industry in terms of revenue grew from RMB1.5 billion in 2018 to RMB11.6 billion in 2025, driven by accelerating adoption of fuel-saving and optimization technologies. It is expected to reach RMB58.6 billion by 2030, representing a CAGR of 39.3% from 2026 to 2030, as shipowners increasingly prioritize cost efficiency and performance optimization. As the most mature and largest sector in terms of revenue, the market size of shaft generator systems grew from RMB0.9 billion in 2018 to RMB6.2 billion in 2025, and is expected to reach RMB31.0 billion by 2030, representing a CAGR of 37.7% from 2026 to 2030.

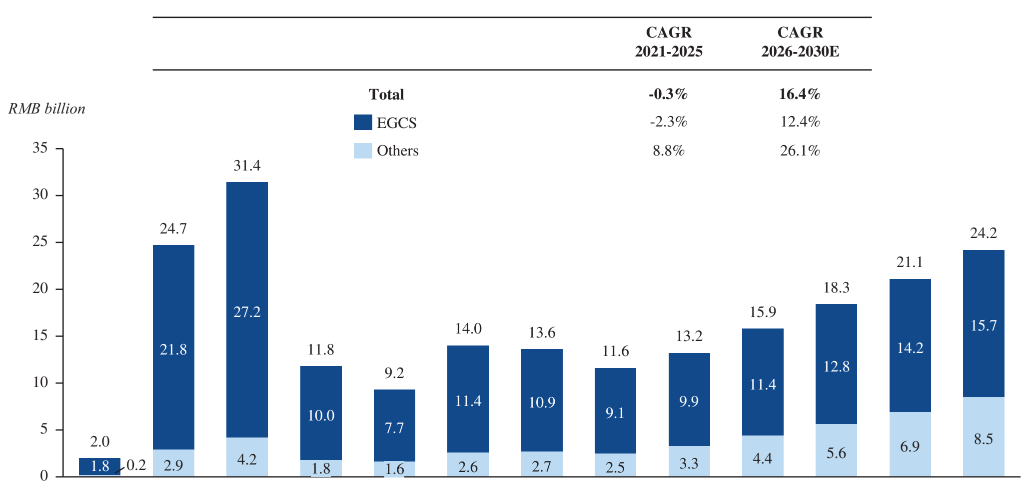
Size of Vessel Energy Efficiency Enhancement System Sub-Industry (in terms of revenue) (2018-2030E)



Sources: International Maritime Organization, Clarksons, China Insights Consultancy

The size of the vessel exhaust gas emission control and cleaning system sub-industry in terms of revenue grew from RMB2.0 billion in 2018 to RMB11.6 billion in 2025, and is expected to resume growth from 2026 and reach RMB24.2 billion by 2030, supported by diverse emission control technologies and decarbonization solutions including carbon capture system and nitrogen oxide treatment equipment. As the largest sector in terms of revenue, the market size of EGCS expanded rapidly from 2019 to 2020 and then gradually slowed down due to moderate retrofit demand, reaching RMB9.1 billion in 2025 and expected to reach RMB15.7 billion by 2030. Going forward, growth is expected to be driven primarily by stable newbuild installations, supported by increasing shipbuilding activity and expanding emission control areas. The integration of carbon capture with scrubber systems may further enhance their long-term relevance, positioning EGCS as both a compliance solution and a platform for broader emission reduction.

Size of Vessel Exhaust Gas Emission Control and Cleaning System Sub-Industry (in terms of revenue) (2018-2030E)



Sources: International Maritime Organization, Clarksons, China Insights Consultancy

Key Market Drivers

- ***Economic and Cost-Driven Demand for Energy-Efficiency Investment***. With rising fuel costs, shipping companies are increasing their investments in energy-efficiency upgrades and smart systems to reduce energy consumption, lower emissions, and manage long-term operating costs. Solutions such as propulsion-system retrofits, energy-recovery devices, and intelligent monitoring technologies can generate substantial fuel savings and deliver sustained improvements in operating efficiency. These upgrades not only enhance economic performance but also help companies meet increasingly stringent environmental requirements, reduce compliance risks, and maintain competitiveness in the market.

- ***Increasing Demand on Existing Aged Fleet Renovation***. Global fleets are aging at a faster pace, while vessel new building capacity in major shipbuilding regions remains constrained, resulting in new vessel supply falling short of replacement needs. This supply-demand imbalance is increasing shipowners' reliance on retrofit solutions to extend vessel lifecycles. Green and intelligent vessel upgrades enhance energy efficiency, reduce fuel consumption, and lower emissions, enabling vessels to meet the 2030/2050 requirements by International Maritime Organization. As regulatory pressure heightens and operating optimization becomes more critical, retrofit is becoming a key driver supporting the continued adoption of green and smart shipping technologies.

- ***Global Emissions-Reduction Policies and Regulatory Tightening***. Growing concerns over climate impacts are prompting broader adoption of green and intelligent technologies in the shipping industry. The 2030 and 2050 emission-reduction targets by the International Maritime Organization, together with regulatory measures such as EEXI and CII, are strengthening efficiency and environmental standards across the sector. At the same time, the EU's FuelEU Maritime regulation is further advancing the shift toward low-carbon fuels. These policies collectively encourage innovation in sustainable technologies and alternative fuels.

- ***Technological Advancement***. Emerging technologies like motor control, AI, IoT, and advanced materials are transforming the shipping industry. Motor control innovations enhance energy efficiency and propulsion, while AI optimizes routes and IoT enables real-time equipment monitoring. Advanced materials support energy diversification and green development, aiding low-carbon and zero-emission goals. These technologies are shifting the industry from an equipment-driven model to a more efficient, flexible system-driven model.

Future Trends

- ***Product Diversification***. The shipping industry is increasingly diversifying the product and service offerings to address environmental challenges. Clean energy sources such as liquefied natural gas, ammonia, hydrogen, and wind power are being integrated to reduce carbon emissions and fuel costs. For example, LNG reduces carbon dioxide and sulfur oxide emissions, while ammonia and hydrogen will reshape the industry's energy landscape. In addition, green emission-control technologies and energy-saving technologies, such as EGCS, carbon-capture technologies, air lubrication systems and wind shields help vessels comply with relevant International Maritime Organization requirements.

- ***Business Model Innovation***. As the technical complexity and coordination needs of green-transition requirements rise, shipowners are placing greater emphasis on delivery efficiency and project certainty, leading to a stronger preference for integrated delivery models. One-stop services are increasingly becoming the mainstream, as they unify design, equipment manufacturing, system installation, and full-lifecycle maintenance, streamlining project management, reducing coordination costs, and shortening vessel downtime. As the industry demands more comprehensive service capabilities, the value chain is concentrating toward service providers with system-integration capabilities.

- ***Continued Intelligentization***. Advances in intelligent technologies are making functions such as smart navigation, remote monitoring, and predictive maintenance increasingly standard. Supported by intelligent vessel management capabilities and integrated data systems, these tools improve operating visibility, optimize routing, and enhance vessel efficiency, thereby reducing costs and extending service life. With progress in autonomous navigation and intelligent decision-making, vessels are moving toward more automated and safer operating models that also support energy optimization and emissions reduction, facilitating the development of smart vessels and intelligent shipping systems.

- ***Industrial Chains Consolidation***. With the acceleration of the green transition, collaboration across the upstream and downstream sectors of the shipping industry continues to deepen. Shipyards, fuel suppliers, equipment manufacturers, technology developers, and port operators are advancing resource sharing and process coordination through closer cooperation mechanisms, gradually forming a more integrated and efficient industry system. This trend helps improve product and system delivery efficiency, reduce overall costs, and promote the standardization and scaling of green product and system across a broader scope, further accelerating the industry's sustainable development.

COMPETITIVE LANDSCAPE

The Company is the largest green shipping equipment and system provider in the world in terms of revenue in 2025. In 2025, the Company had a revenue of RMB3.50 billion with a market share of 8.9%.

Global Ranking of Green Shipping Equipment and System Providers (in terms of revenue) (2025)

Ranking	Company	Revenue	Market Share
		(RMB in billions)	
1	The Company	3.50	8.9%
2	Company A	0.94	2.4%
3	Company B	0.92	2.4%
4	Company C	0.91	2.3%
5	Company D	0.88	2.2%

Notes:

(1) Established in 1997 in Singapore, Company A is a non-listed company specializing in inert gas systems, EGCS, and sailing vessel parts and related services.

(2) Established in 1989 in South Korea, Company B is a non-listed company specializing in EGCS and technologies.

(3) Established in 1903 in Germany, Company C is a non-listed company specializing in the research, development, design, manufacture, sales, and service of medium and high-voltage motors, generators, drive systems, and their components.

(4) Established in 2015 in China, Company D is a non-listed company specializing in marine greenhouse gas and pollutant emission reduction solutions.

Source: China Insights Consultancy

The Company is the largest vessel exhaust gas emission control and cleaning system provider in the world in terms of revenue in 2025. In 2025, the Company had vessel exhaust gas emission control and cleaning system revenue of RMB1.57 billion with a market share of 13.5%.

Global Ranking of Vessel Exhaust Gas Emission Control and Cleaning System Providers (in terms of revenue) (2025)

Ranking	Company	Revenue	Market Share
		(RMB in billions)	
1	The Company	1.57	13.5%
2	Company A	0.94	8.1%
3	Company B	0.92	8.0%
4	Company D	0.88	7.6%
5	Company E	0.41	3.5%

Note:

(1) Established in 2003 in China, Company E is a non-listed company specializing in the research, development, design, manufacture, engineering, and project contracting of corrosion control and water treatment technologies.

Source: China Insights Consultancy

The Company is the largest EGCS provider in the world in terms of revenue in 2025. In 2025, the Company had EGCS revenue of RMB1.52 billion with a market share of 16.6%.

Global Ranking of EGCS Providers (in terms of revenue) (2025)

Ranking	Company	Revenue	Market Share
		(RMB in billions)	
1	The Company	1.52	16.6%
2	Company D	0.86	9.4%
3	Company A	0.77	8.4%
4	Company B	0.76	8.3%
5	Company E	0.33	3.7%

Source: China Insights Consultancy

Against the backdrop of the global shipping industry's wave of transition toward green and intelligent operations, the issue of fleet aging has become increasingly prominent. Enhancing the energy efficiency of existing vessels through technological retrofits has emerged as an option. This trend directly drives the sustained growth of the market for vessel energy efficiency enhancement system, with the retrofit sector establishing itself as a core driver of this market expansion. Aligned with industry trends, the company also focuses primarily on the vessel retrofit sector.

The Company ranked second among global energy efficiency enhancement system providers in terms of revenue in 2025. In 2025, the Company had energy efficiency enhancement system revenue of RMB0.85 billion with a market share of 7.4%.

Global Ranking of Energy Efficiency Enhancement System Providers (in terms of revenue) (2025)

Ranking	Company	Revenue	Market Share
		(RMB in billions)	
1	Company C	0.91	7.9%

Ranking	Company	Revenue	Market Share
		(RMB in billions)	
2	The Company	0.85	7.4%
3	Company F	0.83	7.2%
4	Company G	0.59	5.1%
5	Company H	0.57	4.9%

Notes:

(1) Established in 2006 in Finland, Company F is a non-listed company specializing in the research, development, manufacture, and sale of special electric machines and high-power converters for wind, marine, and industrial applications.

(2) Established in 1963 in China, Company G is a non-listed company specializing in marine diesel engines, stirling engines, marine power system solutions, ship electrical and automation systems, and energy equipment and related engineering services.

(3) Established in 2010 in England, Company H is a non-listed company specializing in the research, development, provision, and aftercare of hull air lubrication technology for the global shipping sector, aiming to improve vessel efficiency and reduce fuel consumption and emissions.

Source: China Insights Consultancy

The Company ranked third among global shaft generator providers in terms of revenue in 2025 with a market share of 8.3%.

Global Ranking of Shaft Generator Providers (in terms of revenue) (2025)

Ranking	Company	Revenue	Market Share
		(RMB in billions)	
1	Company C	0.91	14.6%
2	Company F	0.83	13.3%
3	The Company	0.53	8.3%
4	Company G	0.51	8.2%
5	Company I	0.16	2.5%

Note:

(1) Established in 1940 in Spain, Company I is a non-listed company specializing in the research, development, design, manufacture, and sale of rotating electrical machines, marine propulsion motors and generators, and electrical solutions for wind energy, hydropower, mining, and industrial applications.

Source: China Insights Consultancy

Key Success Factors and Industry Entry Barriers

- ***Comprehensive Solution Delivery Capability***. As environmental protection and energy efficiency become increasingly important, industry leaders are integrating energy-efficiency enhancement, green emission-reduction, green-intelligent full-lifecycle management, smart-shipping solutions, and new-energy technologies into end-to-end offerings. Companies with strong one-stop delivery capabilities are able to provide full-lifecycle support from design to maintenance, thereby enhancing overall competitiveness. As green and intelligent shipping advances, retrofitting existing vessels requires extensive upgrades to propulsion, control, and intelligent systems, imposing high demands on research and development, design and engineering capabilities. Ultimately, only companies with mature engineering experience, proven technical capabilities, and strong supply-chain coordination are positioned to gain an advantage in this competitive landscape.

- ***Certification Barrier***. Shipbuilding and retrofitting activities are subject to stringent certification requirements from major classification societies, ensuring compliance with technical, safety, and environmental standards under international conventions. The certification process is lengthy, costly, and highly technical, involving multiple rounds of design review, testing, and approval. New entrants without sufficient engineering strength, compliance experience, or financial resources face considerable challenges in meeting these standards.

- ***Customer Resource Barriers***. In the global green shipping equipment and system industry, large shipowners tend to select partners with proven delivery records and reliable performance. Established companies provide stronger assurance in terms of technical execution, delivery certainty, and risk control. New entrants with limited experience face challenges building trust, particularly for high-value and high-risk retrofit or newbuild projects. The industry's emphasis on long-term relationships further strengthens incumbents' advantages, making it difficult for newcomers to enter key customer networks and secure large-scale orders without a solid track record.

- ***Strong Supply Chain and Cost Control Capability***. The ability to source and integrate key components for green shipping technologies has become a core driver of competitiveness. Leading companies achieve lower procurement costs and more reliable delivery schedules through scale advantages and streamlined supply-chain management. China's mature manufacturing base and comprehensive supply-chain ecosystem provide strong support for the efficient production and assembly of critical components, contributing to reduced costs, shorter lead times, and more predictable project execution. The robustness of this supply chain also allows companies to respond quickly to market changes and customer needs, strengthening their innovation capacity and market position.

- ***Capital and Scale Barriers***. Green and intelligent shipping product and system require substantial capital investment in technology research and development, equipment procurement, and system integration, and rely on ongoing operational and maintenance support, which places higher demands on financial strength. Established enterprises benefit from scale procurement, supply-chain synergies and accumulated engineering capabilities, forming advantages in both cost and efficiency. In contrast, new entrants, limited by smaller procurement scales and weaker resource access, typically face higher unit costs and lower price competitiveness.

Market Challenges

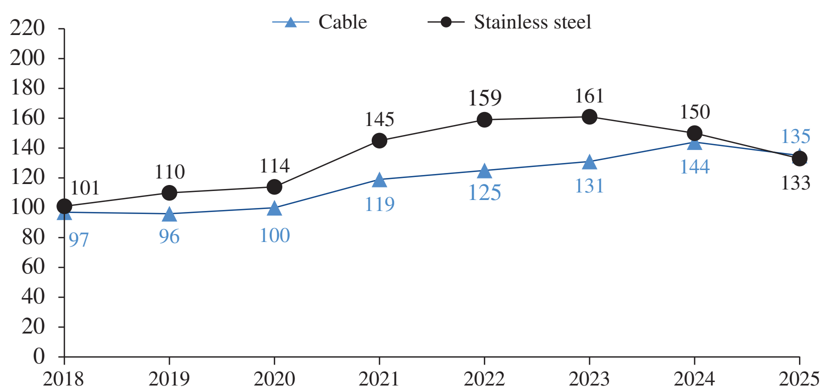
- ***Labor Shortage***. The growing demand for green shipping equipment and systems faces insufficient multidisciplinary talents. Such talents need proficiency in maritime standards, environmental protection technologies, high-end equipment manufacturing, and international emission compliance. Given the relatively long training cycle required, the talent training system may require further optimization to keep pace with industrial development.

- ***Higher Research and Development Requirements***. The rapid development of the green shipping equipment and system industry imposes higher requirements on the research and development capabilities of enterprises. With continued upgrades of market demands for technical performance, compliance standards, and economic practicality of equipment, enterprises must continually accelerate technological iteration and enhance the commercialization efficiency of research and development to better adapt to the industry's development pace.

Cost Analysis

Stainless steel and cable are key raw materials for shipbuilding and green shipping equipment. In China, the stainless steel price index increased from 101 in 2018 to 161 in 2023, before declining to 150 in 2024 and 133 in 2025, while the cable price index increased from 97 in 2018 to 144 in 2024, before declining to 135 in 2025. The upward trend from 2021 to 2023 was primarily driven by supply chain disruptions during public health incidents. Looking ahead, stainless steel price and cable price are expected to remain stable, influenced by upstream alloy metal price and copper price, respectively.

Price Index of Stainless Steel and Cable in China (2018-2025)



Note: The price index of stainless steel and cable in 2012 (base year) was 100.

Sources: Federation of Industry and Commerce, China Insights Consultancy

SOURCES AND RELIABILITY OF INFORMATION

CIC was commissioned to conduct an analysis of, and to report on global green shipping equipment and system industry at a fee of RMB900,000. The commissioned report was prepared by CIC independent from the influence of the Company and other interested parties. CIC's services include, among others, industry consulting, commercial due diligence, and strategic consulting. Its consulting team has been tracking the latest market trends in multiple business sectors, including the consumer goods, enterprise services, transportation, internet, entertainment, environment, industry, energy, chemicals, healthcare, agriculture, and finance, and has the relevant and insightful market intelligence in the above industries.

During the preparation of the commissioned report, CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as National Bureau of Statistics of China and International Maritime Organization. The information and data collected by CIC have been analyzed, assessed and validated using CIC's in-house analysis models and techniques.

The market projections in the commissioned report are based on the following key assumptions: (i) the global overall social, economic and political environment is expected to remain stable during the forecast period; (ii) there is no extreme force majeure or unforeseen set of industry regulations in which the market may be affected in either a dramatic or fundamental way; and (iii) relevant key industry drivers including economic and cost-driven demand for energy-efficiency investment and increasing demand for existing aged fleet renovation are likely to drive the market during the forecast period.

The following section sets forth the principal laws, regulations, rules and policies that materially affect our business operations in the People's Republic of China (the "**PRC**"). The information contained herein does not purport to be a comprehensive summary of all laws and regulations applicable to us.

REGULATIONS RELATING TO COMPANIES AND FOREIGN INVESTMENT

All companies established within the PRC are subject to the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993, became effective on July 1, 1994, and was last amended on December 29, 2023 with effect from July 1, 2024. Under the PRC Company Law, companies are principally classified into limited liability companies and joint stock limited companies, both of which possess legal person status, and the liabilities of their shareholders are generally limited to the amount of capital contributions made by such shareholders. The PRC Company Law provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC. Unless otherwise provided in the PRC foreign investment laws, the provisions in the PRC Company Law shall prevail.

On March 15, 2019, the National People's Congress promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which became effective on January 1, 2020 and replaced three existing laws on foreign investments in the PRC, namely, the PRC Equity Joint Venture Law (《中華人民共和國中外合資經營企業法》), the PRC Cooperative Joint Venture Law (《中華人民共和國中外合作經營企業法》) and the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》). On December 26, 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), which came into effect on January 1, 2020 and replaced the Regulations on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law (《中華人民共和國中外合資經營企業法實施條例》), Provisional Regulations on the Duration of Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業合營期限暫行規定》), the Regulations on Implementing the Wholly Foreign-Owned Enterprise Law (《中華人民共和國外資企業法實施細則》) and the Regulations on Implementing the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中華人民共和國中外合作經營企業法實施細則》). "Foreign investment" refers to investment activities conducted directly or indirectly within the PRC by foreign natural persons, enterprises or other organizations. On December 30, 2019, the Ministry of Commerce of the PRC (the "**MOFCOM**") and the State Administration for Market Regulation (the "**SAMR**") jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant thereto, foreign investors are required to submit investment information to the competent commerce authorities through the enterprise registration system and the National Enterprise Credit Information Publicity System in connection with the establishment of foreign-invested enterprises, the establishment of foreign-invested enterprises through the acquisition of equity interests in non-foreign-invested enterprises, and subsequent changes thereto.

Pursuant to the Foreign Investment Law, the PRC has adopted a national treatment regime, including a negative list approach to the administration of foreign investment. The negative list is promulgated, amended or published from time to time upon approval by the State Council, and specifies industries in which foreign investment is prohibited or restricted. Foreign investors are prohibited from investing in prohibited industries, and foreign investment in restricted industries must comply with certain conditions set out in the negative list. Except for industries classified as prohibited or restricted under the negative list, foreign investment is treated on an equal footing with domestic investment.

The Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), promulgated by the National Development and Reform Commission (the "**NDRC**") and MOFCOM on September 6, 2024 and effective on November 1, 2024, and the Catalog of Industries Encouraged for Foreign Investment (2025 Edition) (《鼓勵外商投資產業目錄(2025年版)》) (the "**Encouraged Catalog**"), promulgated by the NDRC and MOFCOM on December 15, 2025 and effective on February 1, 2026, replaced the previous negative list, including the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition), and the previous encouraged catalog, and set forth encouraged, restricted and prohibited industry categories. Any industry not included in the Negative List is open to foreign investment and subject to administration based on the principle of equal treatment for domestic and foreign investment. Based on the Negative List and the Encouraged Catalog, as of the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special administrative measures.

REGULATIONS RELATING TO MARINE ENVIRONMENTAL PROTECTION

Pursuant to the Marine Environment Protection Law of the PRC (《中華人民共和國海洋環境保護法》), which was promulgated on August 23, 1982, most recently amended on October 24, 2023 and became effective on January 1, 2024 by the SCNPC, no vessel or related operations may discharge pollutants, wastes, ballast water, ship garbage or other harmful substances into sea areas under the jurisdiction of the PRC in violation of the provisions thereof. All vessels shall be equipped with sufficient anti-pollution systems and equipment.

Pursuant to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), which was promulgated on September 5, 1987 and most recently amended and implemented by the SCNPC on October 26, 2018, ship inspection authorities are required to conduct emission inspections on ship engines and relevant equipment. Only vessels that meet national emission standards after inspection may engage in operation. International shipping vessels are required, upon berthing, to use marine fuels that comply with atmospheric pollutant control requirements.

Pursuant to the Regulations on the Administration of the Prevention and Control of Marine Environmental Pollution by Ships (《防治船舶污染海洋環境管理條例》), which were promulgated on September 9, 2009 and most recently amended and implemented by the State Council on March 19, 2018, and the Administrative Provisions on the Prevention and Control of Marine Environmental Pollution by Ships and Their Relevant Operational Activities (《中華人民共和國船舶及其有關作業活動污染海洋環境防治管理規定》), which were most recently amended and implemented by the Ministry of Transport on May 23, 2017, the structure, facilities and equipment of vessels shall comply with relevant national ship inspection rules relating to the prevention and control of marine environmental pollution, meet the requirements of international conventions to which the PRC is a contracting party or a party thereto, and obtain the relevant certificates in accordance with applicable regulations. Vessels shall, in accordance with laws, administrative regulations, requirements of the competent transportation authorities under the State Council, and international conventions concluded or acceded to by the PRC, obtain and carry on board the relevant certificates and documents for the prevention and control of marine environmental pollution.

At the 70th session of the Marine Environment Protection Committee of the International Maritime Organization, the International Maritime Organization adopted a resolution confirming January 1, 2020 as the implementation date for the significant reduction in sulfur content of marine fuel oils, and implementing a global sulfur content cap of 0.50% m/m (mass by mass). In order to effectively implement the global marine fuel sulfur content limit, the China Maritime Safety Administration promulgated the Implementation Plan for the Global Sulfur Cap for Marine Fuels in 2020 (《2020年全球船用燃油限硫令實施方案》) on October 23, 2019 (the "**2020 Implementation Plan**"), which, among others, expressly provides that international voyaging vessels (i) shall not, from January 1, 2020, use fuel oils with a sulfur content exceeding 0.5% m/m in waters under the jurisdiction of the PRC; (ii) shall not, from January 1, 2020, use fuel oils with a sulfur content exceeding 0.1% m/m when entering emission control areas for atmospheric pollutants of inland river vessels in the PRC (expanded to the emission control areas for atmospheric pollutants of vessels in the Hainan waters from January 1, 2022); and (iii) shall not, from March 1, 2020, carry self-use fuel oils with a sulfur content exceeding 0.5% m/m when entering waters under the jurisdiction of the PRC. The 2020 Implementation Plan further provides that vessels using any devices, equipment or alternative fuels that achieve the same or better effects in reducing air pollution may be exempted from the above requirements.

Pursuant to the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), which was promulgated by the SCNPC in 1995 and most recently amended on April 29, 2020, the PRC encourages and supports scientific research, technology development, the promotion of advanced technologies and public education relating to the prevention and control of environmental pollution by solid waste.

REGULATIONS RELATING TO CUSTOMS DECLARATION

The Customs Law of the PRC (《中華人民共和國海關法》), which was promulgated by the SCNPC on January 22, 1987, became effective on July 1, 1987, and was most recently amended on April 29, 2021, provides that the PRC Customs is the governmental authority responsible for supervising and controlling all conveyances, goods and articles entering into or leaving the customs territory of the PRC. All conveyances, goods and articles must enter or leave the PRC through customs offices established by the state. Consignees or consignors of import and export goods, or customs declaration enterprises entrusted by such consignees or consignors, may handle customs declaration and tax payment procedures. Consignees or consignors of import and export goods and customs declaration enterprises are required to complete record-filing with the customs authorities when handling customs declaration procedures, failing which they may be subject to fines imposed by the customs authorities.

Pursuant to the Administrative Measures of the PRC on the Record-Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》), promulgated by the General Administration of Customs of the PRC (the "**GAC**") on November 19, 2021 and effective on January 1, 2022, consignees or consignors of import and export goods and customs declaration enterprises applying for customs record-filing are required to have market entity qualification; among them, consignees or consignors of import and export goods applying for customs record-filing are also required to have completed the record-filing as foreign trade operators. Pursuant to the Announcement on Fully Incorporating Customs Declaration Entity Record-Filing into the "Multiple Certificates in One" Reform jointly issued by the GAC and the SAMR on December 20, 2021 and effective from January 1, 2022, customs declaration entity record-filing has been incorporated into the market entity registration process. Relevant applicants are no longer required to separately submit applications to the customs authorities for customs declaration entity record-filing.

In addition, the SCNPC promulgated the Decision of the SCNPC on Amending the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) on December 30, 2022, which removed the requirement for foreign trade operators engaged in the import and export of goods or technologies to complete registration with the competent foreign trade administrative department of the State Council or any institution entrusted thereby, namely, the foreign trade operator record-filing requirement. The foregoing amendment has been retained in the latest version of the Foreign Trade Law of the PRC, which was promulgated on December 27, 2025 and came into effect on March 1, 2026.

REGULATIONS RELATING TO SAFETY, QUALITY AND ENVIRONMENTAL PROTECTION

Work Safety

The primary law governing work safety is the Work Safety Law of the PRC (《中華人民共和國安全生產法》) (the "**Work Safety Law**"), which was promulgated by the SCNPC on June 29, 2002, became effective on November 1, 2002, and was most recently amended on June 10, 2021 with effect from September 1, 2021. Pursuant to the Work Safety Law, production and business operation entities must comply with the Work Safety Law and other relevant laws and regulations, establish and improve internal rules and regulations on work safety, increase safeguards for investment in work safety funds, materials, technology and personnel, strengthen the standardization and informatization of work safety, and establish mechanisms for risk prevention, control and mitigation.

Pursuant to the Regulations on Work Safety Management of Construction Projects (《建設工程安全生產管理條例》), which were promulgated by the State Council on November 24, 2003 and became effective on February 1, 2004, entities involved in construction projects shall establish and implement safety production responsibilities and comply with the relevant safety management requirements for construction activities.

Pursuant to the Measures for the Supervision and Administration of Safety Facilities "Three Simultaneities" Requirements for Construction Projects (《建設項目安全設施"三同時"監督管理辦法》), which were promulgated by the former State Administration of Work Safety on December 14, 2010, became effective on February 1, 2011, and were amended on April 2, 2015, safety facilities of construction projects shall be designed, constructed and put into use simultaneously with the main project, and relevant review, inspection and acceptance procedures shall be conducted as required.

Pursuant to the Measures for the Supervision and Administration of the Three Simultaneity Requirements for Prevention Facilities of Occupational Diseases in Construction (《建設項目職業病防護設施"三同時"監督管理辦法》), which were promulgated by the former State Administration of Work Safety on March 9, 2017 and became effective on May 1, 2017, construction projects that may cause occupational disease hazards shall, as required, fulfill the procedures of occupational disease hazard pre-assessment, protective facilities design review and protective facilities completion acceptance.

Pursuant to the Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》), which was adopted by the SCNPC on June 29, 2013 and became effective on January 1, 2014, users of special equipment are required to complete registration with the competent authorities prior to putting such special equipment into use or within 30 days after it is put into use, and obtain the relevant use registration certificates. Where a user of special equipment uses special equipment without completing the use registration in accordance with the law, the competent authorities may order such user to rectify and fulfill the registration within a prescribed time limit; if the rectification is not completed within such time limit, the user may be ordered to cease the use of the relevant special equipment and be subject to a fine ranging from RMB10,000 to RMB100,000.

Fire Safety

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》), which was promulgated on April 29, 1998, became effective on September 1, 1998, and was most recently amended on April 29, 2021 with effect on the same day, construction projects which are required by the competent authorities to apply for fire protection acceptance but fail to undergo or pass such acceptance shall be prohibited from being put into use. Other construction projects shall also be subject to random inspections by the competent authorities after acceptance, and those that fail such inspections shall cease operation.

Product Quality

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated on February 22, 1993, became effective on September 1, 1993, and was most recently amended on December 29, 2018 with effect on the same day, all producers and sellers engaging in production and sales activities in the PRC are required to establish and improve internal product quality management systems and strictly implement post-specific quality standards, quality responsibilities and corresponding assessment mechanisms. Any producer or seller that violates the foregoing responsibilities and obligations and causes losses to consumers or personal injury or property damage shall bear compensation liabilities. Competent authorities may impose administrative penalties for any illegal acts, including ordering cessation of production or sales, confiscation of illegally produced or sold products, imposition of fines, confiscation of illegal gains, among others; in serious cases, business licenses may be revoked; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Environmental Protection

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), which was promulgated by the SCNPC on December 26, 1989 and became effective on the same day, most recently amended on April 24, 2014 and effective on January 1, 2015, is the fundamental law governing environmental regulation in the PRC. It requires enterprises to assume primary responsibility for pollution prevention and control, including strict compliance throughout the entire construction and operation process with requirements relating to environmental impact assessment, pollutant discharge permitting, and compliance with pollutant emission standards, and to ensure that environmental protection facilities are designed, constructed and put into operation simultaneously with the principal construction projects.

The Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), which was promulgated by the SCNPC on October 28, 2002, became effective on September 1, 2003, and was most recently amended on December 29, 2018 with effect on the same day, provides that project owners shall, depending on the extent of the environmental impact of construction projects, organize the preparation of environmental impact reports, environmental impact report forms, or complete environmental impact registration forms, as applicable. Pursuant to the Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》), which were promulgated by the State Council on November 29, 1998 and became effective on the same day, and most recently amended on July 16, 2017 with effect from October 1, 2017, upon completion of construction projects that are required to prepare environmental impact reports or environmental impact report forms, project owners shall conduct acceptance inspections of the ancillary environmental protection facilities and prepare acceptance reports in accordance with the standards and procedures prescribed by the competent environmental protection authorities under the State Council.

Pollutant Discharge Permitting

The Regulations on Pollutant Discharge Permits (《排汙許可管理條例》), which were promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, and the Measures for the Administration of Pollutant Discharge Permits (《排汙許可管理辦法》), which were promulgated by the Ministry of Ecology and Environment on April 1, 2024 and became effective on July 1, 2024, replaced the Measures for the Administration of Pollutant Discharge Permits (Trial) (《排汙許可管理辦法(試行)》) and further strengthened the regulatory framework. Enterprises, public institutions and other production and business operators that are included in the classified management catalog for pollutant discharge permits for stationary pollution sources (collectively, "**Pollutant Discharge Entities**") are required to apply for and obtain pollutant discharge permits within the prescribed time limits; those not included in the catalog are temporarily not required to apply for pollutant discharge permits. Where any pollutant discharge entities discharges pollutants without having obtained a pollutant discharge permit, the competent ecological and environmental authority shall order rectification or impose measures such as restricting production or suspending operations for rectification, and may impose a fine ranging from RMB200,000 to RMB1,000,000; where the circumstances are serious, such authority may, upon approval by the people's government with the requisite approval authority, order suspension of business or closure.

Pursuant to the Regulations on the Administration of Urban Drainage and Sewage Treatment (《城鎮排水與汙水處理條例》), which were promulgated by the State Council on October 2, 2013 and became effective on January 1, 2014, enterprises, public institutions and individual industrial and commercial households engaging in industrial, construction, catering, medical and other activities (collectively, "Drainage Entities") are required to apply to the competent urban drainage authorities for a permit for discharging wastewater into urban drainage facilities. Where any Drainage Entity discharges wastewater into urban drainage facilities in violation of the foregoing requirements, the competent urban drainage authorities may order it to cease the illegal conduct, rectify within a prescribed time limit and complete the relevant formalities for obtaining a permit for discharging wastewater into drainage pipelines, and may impose a fine of up to RMB500,000. Where losses are caused, civil liabilities for compensation shall be borne in accordance with the law; where a crime is constituted, criminal liabilities shall be pursued in accordance with the law.

REGULATIONS RELATING TO SHIP REGISTRATION

Pursuant to the Regulations on Ship Registration of the PRC (《中華人民共和國船舶登記條例》), which were promulgated on June 2, 1994 and last amended and implemented by the State Council on July 29, 2014, vessels owned by enterprise legal persons established in accordance with the laws of the PRC and having their principal place of business within the territory of the PRC are required to be registered. Only vessels that have been duly registered and obtained the nationality of the PRC may sail under the national flag of the PRC; unregistered vessels are not permitted to sail under the national flag of the PRC. The creation, transfer and extinguishment of ship mortgages and bareboat charter rights shall be registered with the ship registration authorities, and any such rights that are not registered shall not be enforceable against bona fide third parties.

REGULATIONS RELATING TO LEASED PROPERTIES AND CONSTRUCTION PROJECTS

Project Filing

Pursuant to the Measures for the Administration of Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理辦法》) promulgated by the NDRC on March 8, 2017 and effective on April 8, 2017, which were most recently amended on March 23, 2023 with effect from May 1, 2023, enterprise investment projects (refer to fixed assets investment projects invested and constructed by enterprises within the territory of China) related to national security, layout of major production capacity across the country, strategic resources development and major public interests, etc. are subject to approval management. Other projects are subject to filing management. Unless otherwise stipulated by the State Council, projects subject to filing management shall be filed according to the principle of territorial jurisdiction. Provincial governments shall be responsible for formulating measures for the administration of project filing within their respective administrative regions, specifying the filing authorities and their respective jurisdictions.

In addition, pursuant to the Regulation on the Administration of Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》), which was promulgated by the State Council on November 30, 2016 and became effective on February 1, 2017, enterprise investment projects shall, depending on their category, be subject to either approval or filing, and shall be handled through the competent investment authorities in accordance with the Regulation.

Land Use and Leased Properties

Pursuant to the Construction Law of the PRC (《中華人民共和國建築法》), which was promulgated by the SCNPC on November 1, 1997, became effective on March 1, 1998, and was most recently amended on April 23, 2019 with effect on the same day, and the Measures for the Administration of Construction Project Commencement Permits (《建築工程施工許可管理辦法》), which were promulgated on June 25, 2014, became effective on October 25, 2014, and were most recently amended on March 30, 2021 with effect on the same day, prior to commencement of construction projects, project owners shall apply for construction permits with the competent construction administrative departments of the people's governments at or above the county level where the projects are located, except for small projects below the threshold determined by the competent construction administrative department of the State Council. For construction projects for which commencement reports have been approved in accordance with the authority and procedures prescribed by the State Council, construction permits are no longer required.

Pursuant to the Urban Real Estate Administration Law of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on July 5, 1994, became effective on January 1, 1995, and was most recently amended on August 26, 2019, with effect from January 1, 2020, leases of houses and premises within urban planning areas are subject to relevant administration requirements, and the parties shall handle the relevant registration and filing procedures with the competent authorities as required.

Pursuant to the Measures for the Administration of the Leasing of Commodity Buildings (《商品房屋租賃管理辦法》), which were promulgated on December 1, 2010 and became effective on February 1, 2011, within 30 days after the conclusion of a housing lease contract, the parties to such lease shall complete registration and filing procedures with the competent construction (real estate) administrative departments of the people's governments at the municipal, city or county level where the leased premises are located. Where the relevant registration and filing procedures are not completed, the parties to the lease agreement may be fined from RMB1,000 to RMB10,000.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademarks

Pursuant to the PRC Trademark Law (《中華人民共和國商標法》), which was promulgated on August 23, 1982 and became effective on March 1, 1983, and was most recently amended on April 23, 2019 with effect from November 1, 2019, and the Implementing Regulations of the PRC Trademark Law (《中華人民共和國商標法實施條例》), which were promulgated on August 3, 2002 and became effective on September 15, 2002, and were most recently amended on April 29, 2014 with effect from May 1, 2014, the Trademark Office of China National Intellectual Property Administration is responsible for trademark registration and administration in the PRC.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》), which were promulgated on August 24, 2017 and became effective on November 1, 2017, the Ministry of Industry and Information Technology ("**MIIT**") is responsible for the administration of internet domain names in the PRC. Domain name registration services generally follow the principle of "first application, first registration." Domain name registration service institutions providing domain name registration services shall require domain name applicants to provide true, accurate and complete identity information of the domain name holders and other domain name registration information, and enter into registration agreements. Upon completion of the registration procedures, the applicant becomes the holder of the relevant domain name.

Patents

Pursuant to the PRC Patent Law (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984 and became effective on April 1, 1985, and was most recently amended on October 17, 2020 with effect from June 1, 2021, and the Detailed Rules for the Implementation of the Patent Law of the PRC (2023 Revision) (《中華人民共和國專利法實施細則(2023年修訂)》), which were promulgated on December 21, 1992 and became effective on January 1, 1993, and were most recently amended on December 11, 2023 with effect from January 20, 2024, the China National Intellectual Property Administration is responsible for the administration of patent matters in the PRC. The departments responsible for patent administration under the people's governments of provinces, autonomous regions or municipalities directly under the central government are responsible for patent agency administration within their respective administrative regions. The PRC Patent Law and its implementing rules provide for three types of patents, namely invention patents, utility model patents and design patents. The PRC patent system adopts the "first-to-file" principle. The term of protection for invention patents is 20 years, and the terms of protection for utility model patents and design patents are 10 years. Without obtaining permission or proper authorization from the patentee, any use of a patented invention shall constitute patent infringement.

Computer Software Copyrights

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which were promulgated by the National Copyright Administration on February 20, 2002 and became effective on the same day, govern the registration of software copyrights as well as the registration of exclusive software copyright license agreements and transfer agreements. The National Copyright Administration is responsible for the administration of software copyright registration nationwide and has designated the Copyright Protection Center of China as the software registration authority. The Copyright Protection Center of China issues registration certificates to applicants for computer software copyrights.

REGULATIONS RELATING TO LABOR PROTECTION

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated on July 5, 1994 and became effective on January 1, 1995, and was most recently amended on December 29, 2018 with effect on the same day, employers are required to establish and improve internal rules and regulations in accordance with the law, safeguard employees' labor rights, and ensure the fulfillment of employees' labor obligations.

The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated on June 29, 2007 and became effective on January 1, 2008, and was most recently amended on December 28, 2012 with effect from July 1, 2013, together with the Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which were promulgated on September 18, 2008 and became effective on the same day, provide that an employer shall enter into a written labor contract with an employee when establishing a labor relationship. Employers are prohibited from compelling employees to work beyond statutory working hours, and are required to pay overtime wages in accordance with state regulations. Wages paid to employees shall not be lower than the local minimum wage standards and shall be paid to employees in a timely manner. Employers may terminate labor contracts and dismiss employees in accordance with the law upon mutual agreement with employees or under other circumstances that satisfy statutory conditions.

Pursuant to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), which were promulgated on January 24, 2014 and became effective on March 1, 2014, employers may only use dispatched workers in temporary, auxiliary or substitute positions and are required to strictly control the number of dispatched workers used.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was promulgated on October 28, 2010 and became effective on July 1, 2011, and was most recently amended on December 29, 2018 with effect on the same day, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which were promulgated on January 22, 1999 and became effective on the same day, and were most recently amended on March 24, 2019 with effect on the same day, as well as the Regulations on Work-Related Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Interim Measures for Maternity Insurance for Enterprise Employees (《企業職工生育保險試行辦法》), employers are required to provide employees with social insurance benefits, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Employers must complete social insurance registration with the local social insurance agencies, provide social insurance coverage for employees, and pay and withhold the relevant social insurance premiums in accordance with the law.

Pursuant to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), which were promulgated on April 3, 1999 and became effective on the same day, and were most recently amended on March 24, 2019, employers are required to complete housing provident fund contribution registration with the housing provident fund management centers and establish housing provident fund accounts for their employees. Each employee may have only one housing provident fund account. Employers shall make housing provident fund contributions in full and on time, and shall not make late or insufficient contributions. Where an employer fails to complete housing provident fund contribution registration or fails to establish housing provident fund accounts for its employees, the housing provident fund management center shall order rectification within a prescribed period; failure to do so within such period may result in a fine ranging from RMB10,000 to RMB50,000. Where overdue contributions remain unpaid, enforcement may be sought through the people's courts.

REGULATIONS RELATING TO CYBER SECURITY

Pursuant to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cyber Security Law**"), which was promulgated by the SCNPC on November 7, 2016, came into effect on June 1, 2017, and was most recently amended on October 28, 2025, with effect from January 1, 2026, network operators shall comply with laws and regulations and fulfill their obligations to ensure the security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures in accordance with laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities committed on the network, and maintain the integrity, confidentiality and availability of network data. In addition, the network operators shall neither collect the personal information irrelevant to the services provided by them nor collect or use the personal information in violation of the provisions of any laws or administrative regulation or the agreement between both parties.

The Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") was promulgated on June 10, 2021 and became effective on September 1, 2021. It establishes a data protection system based on the category and security level of the data in terms of its importance for economic and social development and the potential harm caused by illegal use of such data to national security, public interest or rights and interests of individuals and organizations. Competent governmental authorities shall be responsible to formulate lists for "important data." Higher level of protection shall apply to "national core data" which refers to data that are vital to national security, economy, people's livelihood and major public interests. Pursuant to the Data Security Law, data activities affecting or likely to affect national security will be subject to national security review under the data security review system. The data relating to safeguarding national security and interests and performance of international obligations shall be subject to export control of China. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and establish a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Furthermore, data transaction intermediary service providers shall check the sources of the data, the identities of parties involved in the data transactions and keep records accordingly. Violation of Data Security Law may subject the relevant entities or individuals to warning, fines, suspension of business for rectification, revocation of permits or business licenses, and/or even criminal liabilities. Pursuant to the Data Security Law, the maximum monetary fine imposed on the breaching party is RMB10 million. Since the Data Security Law is relatively new, uncertainties still exist in relation to its interpretation and implementation.

REGULATIONS RELATING TO FOREIGN EXCHANGE CONTROL

According to the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, taking effect on April 1, 1996 and amended on January 14, 1997 and August 5, 2008, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC. unless the prior approval of the State Administration of Foreign Exchange (the "**SAFE**") is obtained.

According to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**Notice**") which was promulgated by the SAFE on June 9, 2016, came into effect on the same day, and was most recently amended on December 4, 2023, with effect from the same day, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign exchange capital, external debts and funds recovered from overseas listing, etc.) may convert from foreign currency into RMB on self-discretionary basis. The RMB funds obtained by a domestic entity from its discretionary settlement of foreign exchange receipts under the capital account shall be included in the account pending for foreign exchange settlement and payment. The Notice reiterates the principle that RMB converted from foreign currency capital may not directly or indirectly used for the purpose beyond the business scope of the domestic entity and investments in securities with the exception of banks' principal-secured products. The ratio of the discretionary exchange rate of foreign exchange receipts under domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due time according to the balance of payment status.

REGULATIONS RELATING TO EQUITY INCENTIVE PLANS

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), promulgated on February 15, 2012 and effective on the same day, and other applicable regulations, directors, supervisors, senior management members and other employees participating in equity incentive plans of overseas listed companies who are PRC citizens (including individuals holding Hong Kong, Macau or Taiwan residency status) or foreign individuals who have continuously resided in the PRC for not less than 1 year are, subject to certain exceptions, required to complete registration with the SAFE. All such participants are further required to collectively entrust, through their respective PRC onshore entities, a single qualified domestic agent to handle matters relating to foreign exchange registration, account opening, fund transfers and foreign exchange settlement. In addition, a single overseas institution shall be designated to centrally handle matters relating to the exercise of equity interests, the purchase and sale of the corresponding shares or equity interests, and the remittance of related funds. Failure to complete the foregoing SAFE registration procedures may subject the participating directors, supervisors, senior management members and other employees to fines and other legal sanctions.

REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated on March 16, 2007 and became effective on January 1, 2008, and was most recently amended on December 29, 2018 with effect from the same day, a uniform enterprise income tax rate of 25% applies to foreign-invested enterprises, foreign enterprises that have establishments or places within the PRC, as well as PRC enterprises. Enterprises incorporated outside the PRC whose "de facto management bodies" are located within the PRC are deemed "resident enterprises" and are generally subject to enterprise income tax at the uniform rate of 25% on their worldwide income.

Pursuant to the Administrative Measures for the Identification of High and New Technology Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Taxation Administration on April 14, 2008 and most recently amended on January 29, 2016, enterprises that qualify as high and new technology enterprises are eligible for a preferential enterprise income tax rate of 15%. The qualification as a high and new technology enterprise is valid for 3 years from the date of issuance of the relevant certificate, and an enterprise may reapply for such qualification upon expiration.

Value-Added Tax

Pursuant to Value-added Tax Law of the PRC (《中華人民共和國增值稅法》), promulgated on December 25, 2024, and became effective on January 1, 2026, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, sales of services, intangible assets, real property, and the importation of goods within the territory of the PRC shall be liable to pay VAT, the VAT tax rates generally applicable are simplified as 13%, 9%, 6% and 0%, the VAT tax rate applicable to the small-scale taxpayers is 3%. Regulations for the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), promulgated on December 25, 2025, and became effective on January 1, 2026 has detailed taxpayers and scope of taxation, clarify the applicable tax rates and determine the calculation methods for tax payable in different situations.

REGULATIONS RELATING TO OVERSEAS INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》), promulgated by the NDRC on December 26, 2017 and effective on March 1, 2018, investment entities conducting overseas investment are required to perform the relevant procedures for approval or filing of overseas investment projects, report relevant information, and cooperate with supervision and inspection.

Pursuant to the Administrative Measures for Overseas Investment (《境外投資管理辦法》), promulgated by the Ministry of Commerce on March 16, 2009 and effective on May 1, 2009, and most recently revised on September 6, 2014 with effect from October 6, 2014, "overseas investment" refers to the activities whereby enterprises lawfully established in the PRC own non-financial enterprises overseas or acquire ownership interests, controlling rights, operational management rights or other interests in existing non-financial enterprises outside the PRC through greenfield investments, mergers and acquisitions or other means. Where an enterprise's overseas investment involves sensitive countries or regions or sensitive industries, such investment shall be subject to approval-based administration. Overseas investments in other circumstances shall be subject to filing-based administration. Where an overseas enterprise invested in by an enterprise conducts further overseas reinvestment, the enterprise shall, after completing the relevant procedures under the laws of the jurisdiction where such reinvestment is made, report such reinvestment to the competent commerce authorities.

Pursuant to the Provisions of the State Council on Overseas Investment (《國務院關於對外投資的規定》), which were promulgated by the State Council on May 5, 2026 and became effective on July 1, 2026, PRC investors conducting direct or indirect overseas investment are required to comply with the applicable approval or filing, information reporting and cross-border funds registration requirements and cooperate with supervision and inspection. Overseas investments that affect or may affect national security are subject to security review. Investors and their overseas invested enterprises are also required to improve their governance structures and establish and improve systems for compliance management, internal control, work safety and emergency response. Violations may result in orders to rectify or cease the relevant investment, disposal of relevant shares or assets, confiscation of illegal gains, fines and restrictions on conducting overseas investment.

Pursuant to the Regulations on Foreign Exchange Administration of Overseas Direct Investment by Domestic Institutions (《境內機構境外直接投資外匯管理規定》), promulgated by the SAFE on July 13, 2009 and effective on August 1, 2009, and the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), promulgated by the SAFE on February 13, 2015 and effective on June 1, 2015, and partially repealed on December 30, 2019, PRC enterprises, upon obtaining approval for overseas investment, are required to apply to banks at their places of registration for overseas direct investment foreign exchange registration.

REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

Pursuant to the Foreign Investment Law, foreign investors, according to the present PRC Law, may freely remit into or out of the PRC, in RMB or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on within the territory of PRC. In addition, pursuant to the Company Law, a company established in PRC must set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves until its cumulative total reserve funds reach 50% of its registered capital. These reserve funds, however, may not be distributed as cash dividends.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed by the Central People's Government of Mainland of China and the Government of the Hong Kong Special Administrative Region on August 21, 2006, the PRC Government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《國家稅務總局關於<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) issued by the State Taxation Administration of the PRC ("**STA**") and effective on December 6, 2019 provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to the Administrative Measures on Entitlement of Non-resident Taxpayers to Preferential Treatment under Tax Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the STA on October 14, 2019 and became effective on January 1, 2020, non-resident taxpayers are entitled to preferential treatment under the tax treaties through self-determination, self-declaration and keeping and documenting relevant information for inspection. Where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding declaration through a withholding agent, simultaneously gather and retain the relevant materials pursuant to the regulations for future inspection, and be subject to subsequent administration by tax authorities.

REGULATIONS RELATING TO SECURITIES AND OVERSEAS ISSUANCE AND LISTING

Pursuant to the Trial Administrative Measures for the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) and the 5 related guidelines, which were promulgated by the China Securities Regulatory Commission (the “**CSRC**”) on February 17, 2023 and became effective on March 31, 2023, domestic companies are subject to filing and reporting obligations in connection with overseas securities offerings and listings. Under the Overseas Listing Trial Measures, PRC domestic companies seeking to directly or indirectly offer and list securities on overseas markets (the “**Overseas Offering and Listing**”) are required to complete filing procedures with the CSRC and submit filing reports, legal opinions and other relevant documents. Where an issuer conducts an initial public offering or initial listing overseas, it shall complete filing with the CSRC within 3 working days after submitting the application documents for the overseas offering and listing to the relevant overseas securities regulatory authorities or stock exchanges.

Pursuant to the Provisions on Strengthening Confidentiality and Archives Administration in Connection with Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), which were promulgated on February 24, 2023 and became effective on March 31, 2023, domestic companies conducting overseas offerings and listings, as well as securities companies and securities service providers providing related services, are required to strictly comply with applicable PRC laws and regulations and the requirements thereunder, strengthen awareness of safeguarding state secrets and enhancing archives management, establish and improve confidentiality and archives management systems, and take necessary measures to implement confidentiality and archives management responsibilities. Such entities shall not disclose state secrets or working secrets of state authorities, nor jeopardize national or public interests. Where domestic companies, in connection with overseas offering and listing activities, provide or publicly disclose, or cause their overseas listing entities to provide or publicly disclose, documents or materials involving state secrets or working secrets of state authorities to securities companies, securities service providers, overseas regulatory authorities or other entities or individuals, they shall obtain approval from the competent authorities with approval authority in accordance with the law and complete filing with the competent confidentiality administrative authorities at the same level.

OVERVIEW

We are a leading global green shipping equipment and system provider and our business lines encompass equipment design and manufacture to vessel refit, onboard installation, commissioning, and technical support, comprehensively contributing to ship value enhancement. Our Company was founded in 2018 among the first batch of mixed-ownership reform enterprises in the Zhejiang province and as a typical case of cooperation between Zhejiang Energy Group and private enterprises. The background of the establishment of our Company was to build cooperation between Zhejiang Energy Group, our Controlling Shareholder, and Mr. Wang, our executive Director and a substantial shareholder of our Company, in the aspect of ultra-low emission technology and marine engineering. Zhejiang Energy Group, is a top-tier, provincial state-owned energy enterprise rooted in Zhejiang Province with nationwide operations in China and Mr. Wang has over 30 years of experience in the shipbuilding and marine and environmental engineering industry. For further details of our business, see "Business" in this document.

On March 28, 2024, our Company was converted from a limited liability company into a joint stock company with limited liability and changed its name to "Zhejiang Energy Marine Environmental Technology Co., Ltd (浙江浙能邁領環境科技股份有限公司)". Subsequently on January 6, 2026, our Company's Chinese name was changed from "浙江浙能邁領環境科技股份有限公司" to "浙江浙能邁領綠航科技股份有限公司". For further details in relation to the major changes in share capital and shareholdings and the investors of our Company, see "ESTABLISHMENT AND DEVELOPMENT OF OUR GROUP — Our Company" below.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key milestones in our business development:

Year	Milestones
2018	Our Company commenced the business line of vessel exhaust gas emission control and cleaning systems. Our Company was founded among the first batch of mixed-ownership reform enterprises in the Zhejiang province and as a typical case of cooperation between Zhejiang Energy Group and private enterprises.
2018	A vessel desulfurization project of our Company, was successfully delivered, marking the first vessel desulfurization project to be successfully certified by the China Classification Society.
2019	Our Company was accredited as the first company in the PRC to master hybrid vessel desulfurization technology.
2021	Our Company commenced the business line of new energy vessel systems. A general contracting project of our Company, completed its hybrid desulfurization vessel retrofit in 33 days, setting a new global record for the fastest hybrid desulfurization vessel retrofit cycle for ocean-going vessels.
2022	Our Company successfully delivered the first vessel shore power project, and the first twin-tower hybrid vessel desulfurization project. Our Company was awarded the Specialized, Refined, Distinctive, and Innovative SMEs in Zhejiang (浙江省專精特新中小企業) by Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳).

Year	Milestones
2023	Our Company commenced the business lines of vessel energy efficiency enhancement systems and intelligent vessel operating and maintenance systems.
	Our Company was awarded the Little Giant (專精特新"小巨人"企業) by Ministry of Industry and Information Technology (China) (中國工業和信息化部).
2024	Our Company commenced the business line of vessel retrofit and servicing.
	Our subsidiary, ZEME Shipyard was founded, representing the commencement of our business and a strategic move in the field of vessel green retrofitting.
	Our Company was converted from a limited liability company into a joint stock company.
2025	Our Company ranked the first globally in terms of the number of units delivered for the shaft generator systems for retrofitted vessels.
	Our EGCS ranked first in the world in terms of revenue.

OUR GROUP

As of the Latest Practicable Date, our Group comprised our Company and 2 subsidiaries. For details, see Note 1 to the Accountants' Report in Appendix I to this document.

We primarily operate our business through our Company and 2 subsidiaries, the details of which are set forth below:

Subsidiaries	Date of incorporation	Place of incorporation	Registered capital/Issued share capital	Equity interest attributable to our Group	Principal business activities
ZEME Shipyard . . .	April 7, 2024	PRC	Registered capital of RMB30,000,000	100%	Vessel green retrofitting
ZEME International	January 24, 2024	Singapore	Issued share capital of USD100,000	100%	Served as the sales order platform and after-sales service outlet

ESTABLISHMENT AND DEVELOPMENT OF OUR GROUP

Our Company

(1) Establishment of Our Company

On June 22, 2018, our Company was established as a limited liability company under the laws of the PRC with an initial share capital of RMB20,000,000 which was fully paid up in cash as of August 6, 2018. At the time of establishment on June 22, 2018, the shareholding of our Company was as follows:

Shareholder	Equity interests	Approximate percentage of shareholding
	(RMB)	*(%)*
Zhejiang Technology Environmental Group (formerly known as Zhejiang Tiandi Environmental Protection Technology Co., Ltd. (浙江天地環保科技有限公司) at the time of establishment of our Company)	12,000,000	60.00
Dizuan Marine	8,000,000	40.00
Total	**20,000,000**	**100.00**

As of the Latest Practicable Date, Zhejiang Technology Environmental Group is a joint stock company with limited liability established in the PRC and is owned by Zhejiang Energy Group as to 51% and Zhejiang Changguang Group as to 49% respectively, Zhejiang Energy Group is owned by SASAC of Zhejiang Provincial People's Government (浙江省人民政府國有資產監督管理委員會) as to 90% and Zhejiang Social Security as to 10% respectively, Zhejiang Changguang Group is wholly owned by Zhejiang Energy Group, Zhejiang Social Security is wholly owned by Zhejiang Caikai Group and Zhejiang Caikai Group is wholly owned by Zhejiang Provincial Department of Finance (浙江省財政廳).

As of the Latest Practicable Date, Dizuan Marine is a limited liability company established in the PRC and is owned by Mr. Wang and Hangzhou Yuansheng, as to 56.25% and 43.75% respectively, Hangzhou Yuansheng is a limited liability company established in the PRC and is owned by Mr. Shen Lvyuan (沈呂遠) and Ms. Sheng Yuji (盛雨霽), both PRC individuals, as to 67% and 33% respectively. Both Mr. Shen Lvyuan and Ms. Sheng Yuji are Independent Third Parties.

(2) Subscription by our employee shareholding platform in October 2019

In recognition of the contributions of our employees and to incentivize them to further promote our development, on October 13, 2019, our Shareholders resolved to increase the registered capital from RMB20,000,000 to RMB23,529,400. The increase in registered capital was subscribed by Hangzhou Xiling, our Employee Incentive Platform, at the consideration of RMB3,529,400 which was partly paid up in cash as of October 23, 2019. The consideration was determined taking into account an independent valuation report of our Company's total equity as at December 31, 2018. For details, see "Employee incentive scheme" in this section below.

Upon the completion of such capital subscription on October 18, 2019, the shareholding of our Company was as follows:

Shareholder	Equity interests	Approximate percentage of shareholding
	(RMB)	*(%)*
Zhejiang Technology Environmental Group	12,000,000	51.00
Dizuan Marine	8,000,000	34.00
Hangzhou Xiling	3,529,400	15.00
Total	**23,529,400**	**100.00**

(3) Capital reduction in December 2023

On December 26, 2023, our Shareholders resolved to conduct selective capital reduction on the equity interests in our Company held by Hanghzou Xiling and reduced the registered capital from RMB23,529,400 to RMB22,141,200. The capital reduction amount was RMB1,388,200, which was determined after taking into account: (i) the portion of unpaid equity interests in our Company held by Hanghzou Xiling; and (ii) an independent valuation report of our Company's total equity as at April 30, 2023.

Upon the completion of such capital reduction on December 28, 2023, the shareholding of our Company was as follows:

Shareholder	Equity interests	Approximate percentage of shareholding
	(RMB)	*(%)*
Zhejiang Technology Environmental Group	12,000,000	54.20
Dizuan Marine	8,000,000	36.13
Hangzhou Xiling	2,141,200	9.67
Total	**22,141,200**	**100.00**

(4) Conversion into a joint stock company with limited liability in March 2024

On March 22, 2024, our Shareholders resolved at a general meeting to approve the conversion of our Company from a limited liability company into a joint stock company with limited liability with its registered capital increased to RMB225,000,000 divided into 225,000,000 Shares with a nominal value of RMB1.00 each. Our Shareholders and their respective shareholding percentages remain unchanged immediately before and after the conversion. Such conversion was completed on March 28, 2024 with our Company's Chinese name changed from "浙江浙能邁領環境科技有限公司" to "浙江浙能邁領環境科技股份有限公司".

Upon the completion of such conversion into a joint stock company with limited liability and the increase of share capital, the shareholding of our Company was as follows:

Shareholder	Equity interests	Approximate percentage of shareholding
		(%)
Zhejiang Technology Environmental Group	121,944,600	54.20
Dizuan Marine	81,296,400	36.13
Hangzhou Xiling	21,759,000	9.67
Total	**225,000,000**	**100.00**

(5) Change of Company's Chinese name in January 2026

On November 27, 2025 our Shareholders resolved at a general meeting to approve the change of our Company's Chinese name from "浙江浙能邁領環境科技股份有限公司" to "浙江浙能邁領綠航科技股份有限公司". The change of our Company's Chinese name was completed on January 6, 2026.

Our Principal Subsidiaries

(1) ZEME Shipyard

ZEME Shipyard is one of our subsidiaries and principally engaged in vessel green retrofitting. ZEME Shipyard was established in the PRC as a limited company on April 7, 2024 by our Company with an initial registered capital of RMB10,000,000. On February 20, 2025, the registered capital of ZEME Shipyard was increased from RMB10,000,000 to RMB30,000,000, which was subscribed by our Company. Upon its establishment and up to the Latest Practicable Date, ZEME Shipyard was wholly owned by our Company.

(2) ZEME International

ZEME International is one of our subsidiaries serving as the sales order platform and after-sales service outlet. ZEME International was established in the Singapore as a limited company on January 24, 2024 with an initial issued share capital of USD1 divided into 1 share. On June 18, 2024, additional 99,999 shares were allotted and issued at USD1 per share to our Company. Upon its establishment and up to the Latest Practicable Date, ZEME International was wholly owned by our Company.

Major Acquisitions, Disposals and Mergers

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

EMPLOYEE INCENTIVE SCHEME

In recognition of the contributions of our employees and to incentivize them to further promote our development, Hangzhou Xiling was established as our Employee Incentive Platform. Hangzhou Xiling was established in the PRC as a limited partnership on September 20, 2019. As of the Latest Practicable Date, Hangzhou Xiling has four general partners, who are all PRC individuals, namely Mr. Wang, Mr. Guo Jinrong (郭錦榮), Mr. Shen Haitao (沈海濤) and Mr. Xu Huiping (徐慧平), holding approximately 10.34%, 10.34%, 9.31% and 9.31% partnership interest respectively. Mr. Xu Huiping (徐慧平) is the executive partner responsible for the day-to-day operation and management of Hangzhou Xiling. As of the Latest Practicable Date, Hangzhou Xiling has 23 limited partners, the partnership structure of Hangzhou Xiling are set out below:

Partners	Positions in our Group	Capital contribution amount	Partnership interest percentage
		(RMB)	*(%)*
Mr. Wang	Executive Director and president of our Company	266,663.37	10.34
Mr. Guo Jinrong (郭錦榮)	Chairman and executive Director of our Company	266,663.37	10.34
Mr. Shen Haitao (沈海濤)	Vice president of our Company, Director of ZEME Shipyard	240,006.32	9.31
Mr. Xu Huiping (徐慧平)	Executive Director (employee Director), Vice president, chief financial officer and secretary to the Board of our Company, Director of ZEME International	240,006.32	9.31
Ms. Ying Manqing (應曼青)	Executive Director of our Company	186,663.85	7.24
Mr. Shen Minqiang (沈敏強)	Assistant vice president of our Company	186,663.85	7.24
Mr. Sun Xiaojun (孫孝軍)	Assistant vice president of our Company and manager of our Company's Suzhou branch	160,004.22	6.20
Mr. Yu Guocheng (余國成)	Deputy director of technology research and development center of our Company	133,318.80	5.17
Ms. Wang Juan (王娟)	Manager of the marketing department of our Company	133,318.80	5.17
Mr. Guo Jingzhou (郭景州)	Manager of electrical control development office, technology research and development center of our Company	106,661.74	4.14
Mr. Ji Jingwei (季經偉)	Manager of corporate management department of our Company	106,661.74	4.14

Partners	Positions in our Group	Capital contribution amount	Partnership interest percentage
		(RMB)	*(%)*
Mr. Zheng Huanqi (鄭浣琪)	Manager of science and technology management office, technology research and development center of our Company	106,661.74	4.14
Mr. Liu Meng (劉猛)	Vice president of our Company	67,151.19	2.60
Mr. Zhong Ya (仲亞)	Chief engineer of ship technology center of our Company	66,660.76	2.59
Ms. Lu Xixi (陸茜茜)	Manager of procurement department of our Company	66,660.76	2.59
Mr. Chen Yu (陳煜)	Director of ZEME International	53,342.47	2.07
Mr. Gong Liangfeng (龔良豐)	Executive deputy director of ship technology center, manager of electrical design office of our Company	53,342.47	2.07
Mr. Liu Xianliang (劉顯亮)	East district project division II manager of our Company	13,834.55	0.54
Mr. Ye Xiaohui (葉小輝)	Manager of equipment manufacturing division of our Company	13,834.55	0.54
Ms. Lu Qiong (盧瓊)	The deputy office director, deputy legal counsel and office director of the [**REDACTED**] working group of our Company	13,834.55	0.54
Mr. Fang Dezhong (方德忠)	Deputy director of ship technology center and manager of marine engineering office of our Company	13,834.55	0.54
Ms. Jin Luying (金璐穎)	Deputy manager of procurement department of our Company	13,834.55	0.54
Mr. Yu Haoliang (鬱濠亮)	Executive manager of international ship and maritime service center, manager of engineering office and overseas service office of our Company	13,834.55	0.54
Mr. Li Qiong (李瓊)	Manager of electromechanical equipment division of our Company	13,834.55	0.54
Mr. Lan Mingao (蘭敏高)	Deputy manager of planning and operations department of our Company	13,834.55	0.54
Mr. Ge Zaifeng (葛再峰)	Office director of our Company	13,834.55	0.54
Mr. Duan Shengzhi (段聖志)	Assistant vice president, manager of planning and operations department of our Company	13,834.55	0.54
Total		**2,578,797.27**	**100.00**

As of the Latest Practicable Date, the awards under the Employee Incentive Platform have been fully granted and all grantees have paid respective amount of exercise price. Pursuant to the relevant scheme documents, the awards under the Employee Incentive Platform are subject to a lock-up period of six years. Furthermore, no further awards will be granted after the [**REDACTED**]. Therefore, the Employment Incentive Scheme is not subject to the provisions of Chapter 17 of the Listing Rules. For details, see "Appendix IV — Statutory and General Information" in this document.

PRC LEGAL ADVISOR'S CONFIRMATION

Our PRC Legal Advisor has confirmed that we have legally completed, settled, and obtained the requisite legal approvals from the PRC competent authorities or made all necessary registration or filings with the relevant local branch of the SAMR with respect to all the aforesaid, capital reduction and increases in all material respects.

PUBLIC FLOAT

The [**REDACTED**] held by Zhejiang Technology Environmental Group, Dizuan Marine and Hangzhou Xiling, representing [**REDACTED**] of our total issued Shares as of the Latest Practicable Date, or approximately [**REDACTED**] of our total [**REDACTED**] Shares upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), or approximately [**REDACTED**] of our total issued Shares upon exercise of the [**REDACTED**] in full, will not be considered as part of the public float for the purpose of Rule 8.08 of the Listing Rules as these Shares are [**REDACTED**] which will not be [**REDACTED**] into [**REDACTED**] and [**REDACTED**] upon completion of the [**REDACTED**].

With respect to the indicative [**REDACTED**] of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**] (being the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**] of the [**REDACTED**], respectively), the expected [**REDACTED**] of our Company's total [**REDACTED**] share capital at the time of [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) would be approximately HK$[**REDACTED**] million, HK$[**REDACTED**] million and HK$[**REDACTED**] million, respectively. Since the expected market value of the total [**REDACTED**] share capital of our Company at the time of [**REDACTED**] is over HK$6,000,000,000 and not exceeding HK$30,000,000,000, the minimum prescribed public float percentage at the time of [**REDACTED**] pursuant to Rule 19A.13A(1) of the Listing Rules would be the higher of (i) the percentage that would result in the expected market value of [**REDACTED**] held by the public to be HK$1,500,000,000 at the time of [**REDACTED**]; and (ii) 15%.

Based on the [**REDACTED**], the percentage of number of [**REDACTED**] held by the public that would result in the market value of [**REDACTED**] held by the public to be HK$1,500,000,000 will be approximately [**REDACTED**] ([**REDACTED**] the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]), [**REDACTED**] ([**REDACTED**] the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]) and [**REDACTED**] ([**REDACTED**] the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]), respectively. Since each of the aforementioned percentages is lower than 15%, the minimum prescribed public float percentage of H Shares upon [**REDACTED**] would be 15%, pursuant to Rule 19A.13A(1) of the Listing Rules.

It is expected that immediately following completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), a total of [**REDACTED**], representing approximately [**REDACTED**] of our total share capital upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) will be counted as part of the [**REDACTED**]. Therefore, our Company will satisfy the [**REDACTED**] requirement under Rule 19A.13A(1) of the Listing Rules.

FREE FLOAT

Rule 19A.13C(1) of the Listing Rules provides that, where a new applicant is a PRC [**REDACTED**] with no other [**REDACTED**] shares at the time of [**REDACTED**] the portion of [**REDACTED**] for which [**REDACTED**] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [**REDACTED**], must: (a) represent at least 10% of the total number of [**REDACTED**] shares in the class to which [**REDACTED**] belong at the time of [**REDACTED**] (excluding treasury shares), with an expected market value at the time of [**REDACTED**] of not less than HK$50,000,000; or (b) have an expected market value at the time of [**REDACTED**] of not less than HK$600,000,000.

Pursuant to the applicable PRC law, within the 12 months following the [**REDACTED**], all existing Shareholders cannot dispose of any of the Shares held by them. Hence, a total of [**REDACTED**], representing approximately [**REDACTED**] of our total share capital upon the [**REDACTED**] of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised) and with an expected [**REDACTED**] of approximately HK$[**REDACTED**] (based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**]), will be counted towards the free float upon the [**REDACTED**]. Our Company will satisfy the free float requirement under Rule 19A.13C(1)(b) of the Listing Rules.

[REDACTED] OF OUR COMPANY

The table below is a summary of the **[REDACTED]** of our Company as of the date of this document and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):

	As of the date of this document		As of the [REDACTED] (assuming the [REDACTED] is not exercised)					
Shareholders	**Number of Unlisted Shares**	**Approximate percentage in total issued share capital**	**Number of [REDACTED]**	**Approximate ownership percentage in [REDACTED]**	**Number of [REDACTED]**	**Approximate ownership percentage in [REDACTED]**	**Total number of Shares**	**Approximate ownership percentage in total [REDACTED] share capital**
		(%)		*(%)*		*(%)*		*(%)*
Zhejiang Technology Environmental Group	121,944,600	54.20	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dizuan Marine	81,296,400	36.13	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Xiling	21,759,000	9.67	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other Public Shareholders	–	–	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	**225,000,000**	**100.00**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

PREVIOUS LISTING ATTEMPT

Our Company entered into a tutoring agreement with the previous sponsor on April 29, 2024 and submitted a preliminary filing (上市輔導備案) to the Zhejiang Regulatory Bureau of the CSRC (中國證券監督管理委員會浙江監管局) on April 29, 2024 (the "**Previous A-share Listing Attempt**"). Due to the prolonged and uncertain listing timetable in light of the overall A-share vetting process, and considering that [**REDACTED**] on the [**REDACTED**] would provide us with an international platform to gain access to foreign capital and to promote us to overseas investors, we did not proceed with the Previous A-share Listing Attempt and instead decided to seek a [**REDACTED**] of our Shares on the [**REDACTED**]. Our Company and the previous sponsor terminated the tutoring agreement in January 2026. During the process of the Previous A-share Listing Attempt, save for the reason as disclosed above, we did not encounter any material difficulties or legal impediments which led us to exit the Previous A-share Listing Attempt. As of the Latest Practicable Date, we have not submitted any application for A-share listing. Our Directors confirm that, to their best knowledge, we had not received any comments or issues from the relevant regulatory authorities in the PRC in relation to the Previous A-Share Listing Attempt and there are no other material matters relating to the Previous A-share Listing Attempt which are relevant to the [**REDACTED**] and are necessary to be disclosed in this document for [**REDACTED**] to form an informed assessment of our Company.

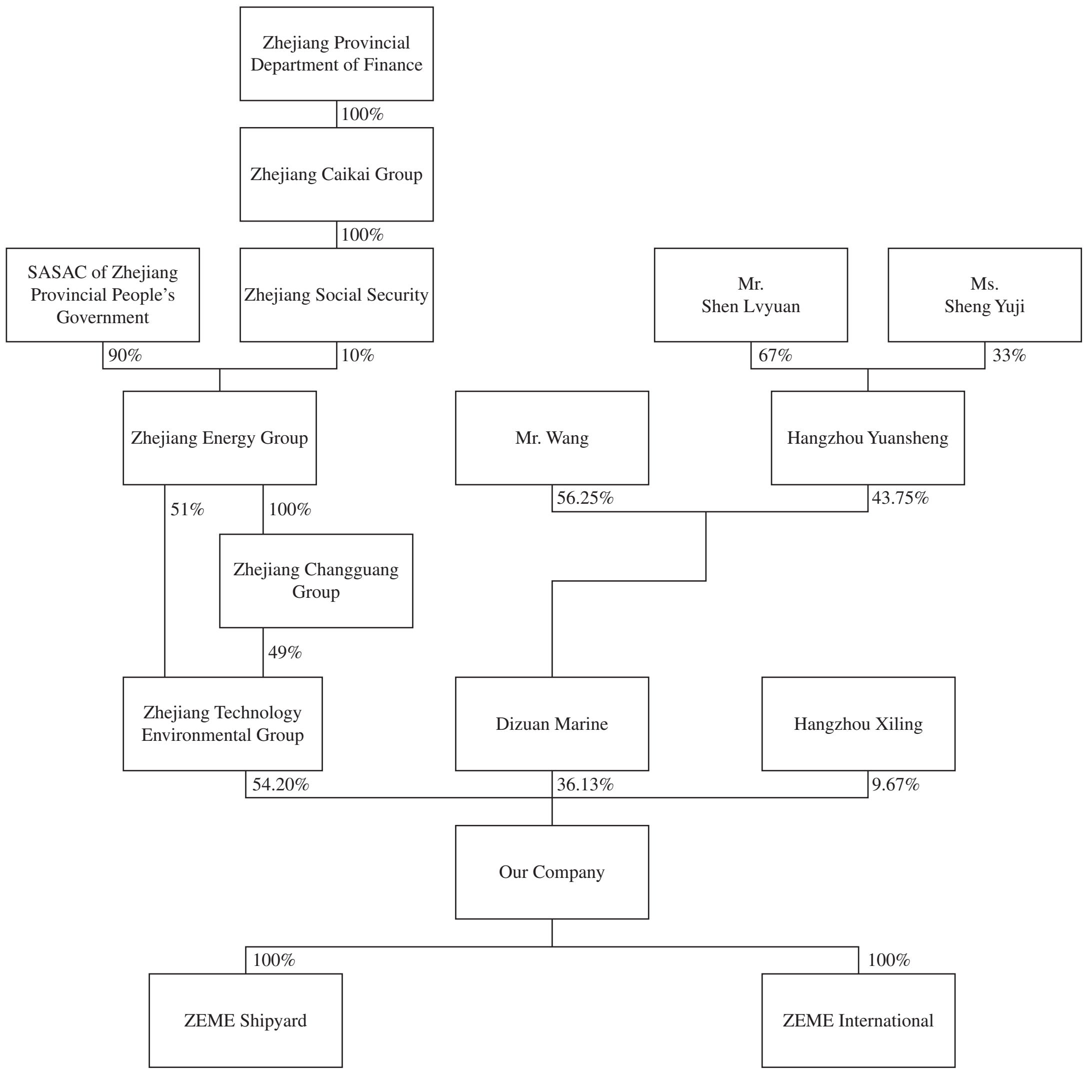
Based on the above, and the independent due diligence work of the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to cast doubt on the reasonableness of our Directors' view stated above.

REASONS FOR THE [REDACTED]

Our Company is seeking a [**REDACTED**] of its [**REDACTED**] on the [**REDACTED**] in order to provide further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and to further raise our business profile and global presence. For further details of our future plans, see "Future Plans and [**REDACTED**]" in this document.

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately before completion of the [**REDACTED**]:



Notes:

(1) As at the Latest Practicable Date, Hangzhou Xiling has four general partners, namely Mr. Wang, Mr. Guo Jinrong (郭錦榮), Mr. Shen Haitao (沈海濤) and Mr. Xu Huiping (徐慧平), holding approximately 10.34%, 10.34%, 9.31% and 9.31% partnership interest respectively. Mr. Xu Huiping (徐慧平) is the executive partner. Pursuant to the relevant scheme documents, the executive partner is responsible for the day-to-day operation and management of Hangzhou Xiling and important business matters such as partnership agreement amendments, providing guarantees, disposal of the real estate, admission of new partners are subject to joint decision making of the general partners. The number of general partners was fixed at four according to the number of senior management members of our Company when Hangzhou Xiling was set up and the general partners should be senior management members of our Company. Each of the general partners exercises his voting right independently and the general partners (other than Mr. Wang) are not accustomed to taking instructions from Mr. Wang. Accordingly, no single general partner can have control over Hangzhou Xiling.

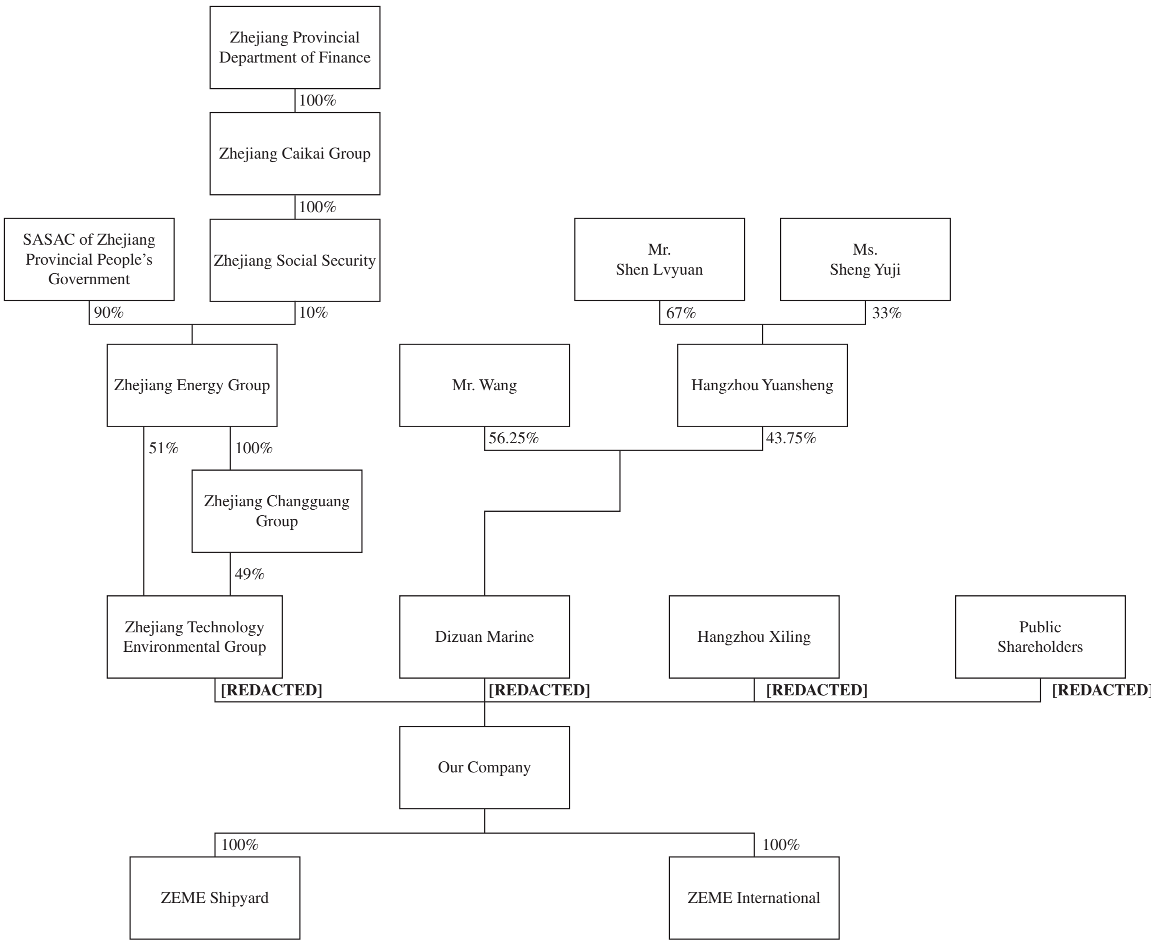
(2) As of the Latest Practicable Date, we have one branch company located in Suzhou.

(3) Dizuan Marine and Mr. Wang are a group of controlling shareholders prior to the completion of the [**REDACTED**], and will be subject to the lock-up requirement under Rule 10.07(1)(a) of the Listing Rules.

(4) Dizuan Marine is a limited liability company established in the PRC, which is owned by Mr. Wang and Hangzhou Yuansheng, as to 56.25% and 43.75%, respectively. Hangzhou Yuansheng is owned by Mr. Shen Lvyuan (沈呂遠) and Ms. Sheng Yuji (盛雨霽), as to 67% and 33%, respectively. There are no acting in concert arrangements between Dizuan Marine, Mr. Wang, Hangzhou Yuansheng, Mr. Shen Lvyuan and Ms. Sheng Yuji. Each of Mr. Shen Lvyuan and Ms. Sheng Yuji does not have any role in our Group and does not have any relationship with Mr. Wang other than as a shareholder of Hangzhou Yuansheng. Accordingly, each of Mr. Shen Lvyuan and Ms. Sheng Yuji is not a party acting in concert with Dizuan Marine and Mr. Wang. To the best knowledge of our Directors, the decision making process of Dizuan Marine and Hangzhou Yuansheng are by a majority vote and Hangzhou Yuansheng exercises its voting rights attached to its 43.75% interest in Dizuan Marine accordingly.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE [REDACTED]

The chart below sets out the shareholding structure of our Company immediately after completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised):



Note: Please refer to notes in the paragraph headed "Corporate Structure Immediately Before Completion of the [**REDACTED**]" in this section.

OVERVIEW

Who We Are

Founded in 2018, we are a leading global green shipping equipment and system provider. Green shipping equipment and systems refer to shipping equipment and systems that reduce greenhouse gas emissions, limit pollutant discharge, improve resource efficiency, and protect marine ecosystems, which minimize environmental impact of shipping. To meet the needs of global shipping companies, shipowners, and shipyards, we have developed five business lines: (i) vessel exhaust gas emission control and cleaning systems, (ii) vessel energy efficiency enhancement systems, (iii) vessel retrofit and servicing, (iv) intelligent vessel operating and maintenance systems, and (v) new energy vessel systems. These business lines encompass equipment design and manufacture 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.

We are the largest vessel exhaust gas emission control and cleaning system provider in the world in terms of revenue in 2025, according to CIC. Our flagship product in this business line, the exhaust gas cleaning system (EGCS), has ranked first in the world in terms of revenue in 2025. Also in this business line, our greenhouse gas continuous emission monitoring system (GHG CEMS) is the first in the world to have obtained certification by international classification societies. Our flagship product in the vessel energy efficiency enhancement systems, the shaft generator system, was launched in 2024 and delivered to customers with satisfaction in the same year. We are the second largest vessel energy efficiency enhancement system provider in the world in terms of revenue in 2025.

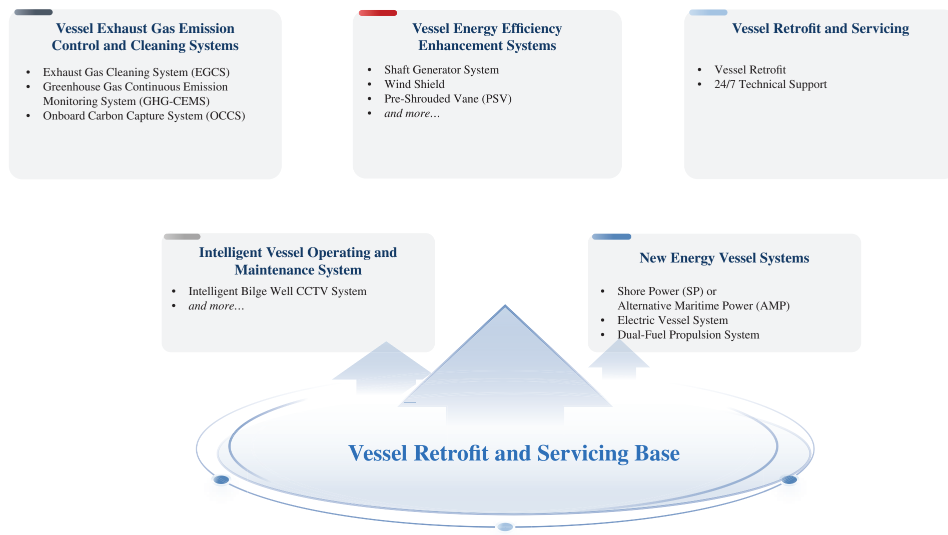
Over the years, we have expanded our business lines by leveraging our experience serving global shipping companies, shipowners, and shipyards and our insights on market trends. Our vessel retrofit and servicing line is supported by our intelligent vessel retrofit base that integrates research and development verification, modular intelligent manufacture, vessel retrofit, servicing, and global scheduling. We thus help shipping companies, shipowners, and shipyards preserve and increase the value of their vessel assets in a cost-effective fashion. In addition, in response to the market trends towards vessel intelligence and clean energy, we have introduced intelligent vessel operating and maintenance systems and new energy vessel systems, demonstrating our comprehensive technology reserves.

We have long committed to the customer-centric philosophy, comprehensively enhancing our core competence in product quality, technology innovation, service responsiveness, and cost control. Noting the longstanding customary practice of separating design, manufacture, installation, and operating and maintenance among different market participants who only attend to a particular stage, we are the first to introduce a one-stop service model, according to CIC. This model establishes a standardized management system and modular processing equipment, thereby significantly shortening the average operating cycle. Our one-stop service model effectively reduces management complexity and the vessel downtime for shipping companies, shipowners, and shipyards, creating exceptional value for our global shipping partners.

Since our inception, we have seized the opportunities arising from the green development and intelligentization of the global shipping industry leveraging our deep understanding of the same, and have rapidly developed into a market leader with one-stop service model, a complete product portfolio, and abundant technology reserves.

Our Green Shipping Equipment and Systems

Our five business lines are policy compliant, economically efficient, and market ready.



Our Market Opportunities

There is continued demand for vessel emission control and cleaning globally. The global shipping industry accounts for over 80% of international trade transportation, while it remains a major source of global greenhouse gas and air pollutant emissions. According to CIC, the shipping industry accounted for 2.4% of global anthropogenic greenhouse gas emissions in 2024, and sulfur oxide (SOx) emissions have been significantly reduced since the implementation of the global sulfur cap in 2020, down from the previous 13% global share. However, there is high concentration of emissions within the shipping industry, with container ships, bulk carriers, and tankers contributing over 60% of the shipping industry's carbon emissions in 2024. According to CIC, the top 10 global container shipping groups in terms of actual operational container shipping volume capacity controlled 84.5% of global container shipping capacity in 2025. We tap the shipping fleets of global shipping groups, which well positions us to cover their emission control and cleaning needs.

There are further needs for vessel technology upgrades. The shipping industry has maintained steady development in recent years despite being a traditional, asset-heavy industry against a slowdown in global economic growth. It has become a broad testing ground for green and intelligent technology applications. The International Maritime Organization is strongly promoting industry emission reductions through mandatory standards such as Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII), while the European Union is tightening regional regulations through measures such as the European Union Emission Trading System and FuelEU Maritime. These regulatory developments have created a huge demand for technology upgrades. According to CIC, the global green shipping equipment and systems market is expected to reach RMB151.6 billion in 2030, representing a CAGR of 31.7% from 2025 to 2030.

Finally, there is a surge in demand for vessel retrofit bases. According to CIC, approximately 40% of the operating vessels across the globe are aged over 25 years, resulting in significant demand for vessel retrofit. Leveraging our vessel retrofit and servicing base, we are able to efficiently undertake high-value-added upgrade and retrofitting tasks and thus capture the market growth.

Our Customers

We have a stable and high-quality customer base. According to CIC, the top 10 global container shipping groups control 84.5% of the global container shipping volume capacity in 2025, and we have served six of them. In addition, according to CIC, we have served the world's largest independent container shipowner in terms of owned capacity. In the sectors of bulk carriers and tankers, we maintain close cooperation with numerous internationally renowned shipping companies, shipowners, and shipyards. In addition, our customers include comprehensive shipping groups covering multiple vessel types, demonstrating our deep penetration in the diverse shipping market. As of December 31, 2025, our customers accounted for approximately 60% of the global container shipping capacity. We remain close to our customers and have gained their high recognition and long-term trust through continued technology upgrades, ongoing research and innovation, product quality optimization, and one-stop service model.

OUR STRENGTHS

A leading global green shipping equipment and system provider, with substantial leadership in vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems

We are the largest vessel exhaust gas emission control and cleaning system provider in the world in terms of revenue in 2025, according to CIC. In this business line, our flagship EGCS has outstanding competitive strength in the global market. We are the first Chinese company that has successfully applied hybrid vessel desulfurization technology, as recognized by a certificate issued by the Zhejiang Provincial Department of Economy and Information Technology. Our EGCS has ranked first in the world in terms of revenue in 2025. In the field of decarbonization, leveraging our strong technological capabilities and precise grasp of industry trends, we have successfully developed GHG CEMS. According to our testing conducted from August to November 2025, our GHG CEMS can reduce emissions by 5% to 10% based on fuel coefficient calculations. This is the first in the world to have obtained certification international classification societies. Our onboard carbon capture system (OCCS) has been developed and applied based on chemical absorption by amines. According to our pilot tests conducted in December 2024, the OCCS's carbon capture efficiency is over 90%, and we have provided customized designs for multiple international shipping companies, shipowners, and shipyards.

We are the second largest vessel energy efficiency enhancement system provider in the world in terms of revenue in 2025, according to CIC. Our flagship products in the vessel energy efficiency enhancement systems, such as shaft generator system and windshield, have widespread market recognition. As the International Maritime Organization continues to promote industry emission reductions through mandatory standards such as EEXI and CII, we have seized market opportunities and launched a range of products, including the shaft generator system, windshield, bulbous bow retrofit, high-efficiency propeller, pre-shrouded vanes, propeller boss cap fin, waste heat generator, variable frequency drive system, vessel auxiliary generator upgrade, and energy-efficient lighting retrofit system upgrade. This product matrix encompasses fluid dynamics optimization, energy recovery and utilization, powertrain efficiency enhancement, and refined energy consumption management. They combine technical synergy with scenario adaptability, allowing us to provide customized equipment and systems for different vessel types, routes, and operating needs, helping shipping companies, shipowners, and shipyards significantly reduce fuel consumption, improve carbon intensity ratings, and achieve their compliance cost-reduction and sustainable development goals.

In the sectors of vessel intelligentization and new energy, we have carried out advanced technology layout and commercialization. Leveraging the opportunities arising from upgrading the inland waterways and policies in favor of new energy, we have commercialized pure electric vessels to provide a scalable pathway for green shipping. In addition, we can upgrade traditional vessels with three alternative fuel supply systems: LNG, methanol, and ammonia, holding over 10 related core patents. We have completed the first methanol dual-fuel vessel certified by China Classification Society, and have achieved continued technical validation retrofitting various vessel types such as bulk carriers and container ships. Furthermore, we have applied AI technologies in building vessel-shore collaboration mechanism, focusing on vessel-shore coordination, human-vessel interaction, and device interconnection. We began validating our AI-empowered vessel decision support system in 2025. We have achieved large-scale application of intelligent monitoring systems for vessel bilge wells, with over 120 vessels delivered and over 40 orders pending fulfillment.

Integrated one-stop service model efficiently addressing industry pain points and creating exceptional value for customers

We have a deep understanding of the pain points in the green development of the global shipping industry, such as high compliance pressure, long retrofit cycle, high operating cost, and slow operating and maintenance response. Noting the longstanding customary practice of separating design, manufacture, installation, and operating and maintenance among different market participants who only attend to a particular stage, we are the first to introduce a one-stop service model, according to CIC. This model establishes a standardized management system and modular processing equipment, thereby significantly shortening the average operating cycle. Our one-stop service model begins with the design stage, leverages intelligent technologies and our extensive product matrix, and comprehensively considers multiple factors such as vessel type, route characteristics, and operating mode. The one-stop service model enables us to maximize the value of assets at optimal costs for shipping companies, shipowners, and shipyards, with controlled process from design, manufacture, installation, to operating, maintenance, and upgrades, ensuring that we provide customers with technically advanced, economically reasonable, and long-term reliable products and services.

In carrying out manufacture and installation, we use our modular prefabrication technology to pre-assemble core equipment and piping in the factory and only conduct hoisting and integration on site, significantly improving quality and efficiency. For example, our EGCS installation cycle is significantly below the market average, with 18 days for open desulfurization towers and 33 days for hybrid desulfurization towers. According to CIC, the hybrid desulfurization tower installation cycle is 40% shorter than the industry average. This helps minimize vessel downtime, and, together with around-the-clock technical support and continued energy efficiency enhancement during the subsequent operating and maintenance phase, ensures that our products and services consistently meet customer expectations.

Through our one-stop service model, we not only help customers achieve compliance goals, but also create exceptional value for them by enhancing asset value, extending vessel operating lifespan, and reducing total lifecycle operating costs.

Long-term, close relationship with global shipping companies, shipowners, and shipyards with opportunities for early participation in business initiatives

We are a established, close business partner of the world's leading shipping companies. We jointly explore the optimal paths for green development and intelligentization of the global shipping industry. According to CIC, the top 10 global container shipping groups control 84.5% of the global container shipping volume capacity in 2025, and we have served six of them. In addition, according to CIC, we have served the world's largest independent container shipowner. In the sectors of bulk carriers and tankers, we maintain close cooperation with numerous internationally renowned shipping companies, shipowners, and shipyards. In addition, our customers include comprehensive shipping groups covering multiple vessel types, demonstrating our deep penetration in the diverse shipping market. The systems that we provide to leading shipping companies, shipowners, and shipyards have become increasingly diverse as we expand our business lines. Long-term, close relationships with global shipping companies, shipowners, and shipyards are the strongest proof of our robust product strengths, comprehensive service capabilities, and advanced research and development capabilities. These relationships could lay the foundation for our development opportunities and further growth potential.

- *Demand-Oriented Product Development*. Leveraging long-term, close relationships with global shipping companies, shipowners, and shipyards, we could precisely capture such customers' core needs and pain points through regular communications, based on which we could jointly develop product concepts with customers. Throughout the entire product development process, we maintain deep collaboration with such customers, systematically carrying out product design, development, manufacture, and upgrade based on the needs of customers arising from actual shipping scenarios. We thus have become an indispensable strategic supplier in their business development, continually strengthening our competitive position.

- *Growing with Our Customers*. We jointly create value with our customers through mutual growth. We continually enhance our research and development capabilities and one-stop service model, further expanding our cooperation into vessel intelligentization and new energy alternatives. This also lays the foundation for our vertical expansion into modular delivery and retrofit for entire vessels, gradually achieving a closed-loop vertical coverage of the industry chain. It not only enhances our technological barriers and market entry thresholds but also deepens our relationships through continued value creation, achieving co-evolution and mutual growth with our customers.

- *Leading Market Development*. Our key customers serve as important trend indicators in the shipping industry. Through best practices with them, our products and services can be promoted and replicated to prospective customers. We see strategic value in such relationships as we seek guidance and insights to further penetrate the market.

Commitment to "service is the product" leveraging our global sales and service network

We are committed to "service is the product," building a differentiated service system through standardized processes, customized adaptation, digital empowerment, and global coverage. We leverage a worldwide sales and service network and full lifecycle service capabilities to provide customers with comprehensive support that is compliant and secure, responsive without delay, cost-optimizable, and operationally efficient. This approach has won favors of numerous customers in the shipping industry and established a competitive barrier that is difficult to replicate.

We serve customers in the global shipping industry, which operate worldwide, managing extensive international fleets. We have established service points in 10 countries, including China, Singapore, Turkey, Greece, Germany, United States, Canada, India, United Arab Emirates and Bulgaria, building a 24/7 global sales and service network. This ensures that we can respond promptly to customer needs, provide high-quality delivery and technical support, and maintain a leading position in the global market.

Our global sales and service network provides a solid foundation for us to respond rapidly to customer needs and earn their trust. Leveraging a global service team with crew certificates, we have introduced inspection and sea trial with onboard support service. This ensures that our equipment and systems could quickly reach optimal operating conditions after installation, and enables immediate on-site repairs in case of any malfunctions.

Market-driven research and development capabilities that economically and efficiently address customer needs

We conduct research and development to economically and efficiently address customer needs. With an agile mechanism, continued investment in research and development, and sophisticated technology reserve, we are able to quickly launch products and services in response to market demand, leading the industry direction.

Our agile research and development mechanism is centered on market demand. Through in-depth customer engagement and demand research, we identify customers' pain points and industry trends, assess these pain points and trends in real time, and rapidly adapt and iterate our products and services. Our market-driven research and development capabilities gradually build up customer trust in us, which in turn allows us to uncover further customer needs for continued optimization and iteration. For example, a ship owner was once frustrated with plume, or the saturated wet vapor pre-cooled and condensed after being discharged into the air, which is a phenomenon typically resulting from the desulfurization of flue gas. We have responded by developing a prototype de-plume unit in just a few months as an ancillary component to the EGCS to minimize the plume.

We value the development of research and development centers and talents. We have established a provincial key enterprise research institute, which covers product development, technology management, electrical control development, integration technology, digital information, and numerical simulation. As of May 31, 2026, we had a 134-personnel research and development team and over 50 invention patents in the fields of vessel desulfurization, dual-fuel supply, and carbon capture, with core technologies winning the First Prize of Zhejiang Provincial Science and Technology Progress, and multiple products receiving certification from international classification societies.

We have five intermediate stage testing platforms and have independently built a 2,600-ton bulk carrier real-vessel testing platform, enabling full-scale operational condition simulation. Specifically, (i) the desulfurization and decarbonization intermediate stage testing platform can simulate the operation of vessel exhaust gas treatment systems; (ii) the ORC waste heat generator intermediate stage testing platform can verify the stability, efficiency, and equipment performance of the ORC system by simulating actual conditions, promoting technological iteration; (iii) the dual-fuel gas supply system intermediate stage testing platform can support the verification of storage, gasification, and control technologies for low-carbon fuels such as LNG and methanol; (iv) the 2,600-ton bulk carrier real-vessel testing platform is used for integrated real-vessel testing and demonstration applications of various energy-saving equipment; and (v) the electric real-vessel testing platform is used for onboard verification and performance evaluation of key technologies for electric vessels. These platforms are equipped with fluorescent spectrometers, laser mapping equipment, and advanced data acquisition systems, supporting a range of research and development from CFD simulation and module testing to real-vessel verification.

We have established close collaborative research and development mechanisms with many well-known universities in China. By leveraging their strong faculty and professional expertise, we are able to combine industry know-how and research, jointly tackling numerous core technological challenges in the green development and intelligentization of the shipping industry.

Founding and management team with sharp market insights, leading our rapid growth

Our founding and management team possess deep industry experience, sharp strategic insights, and high execution capabilities. Commanding decades of experience in the shipping, environmental protection, and energy sectors, the team track and tap the trends and policy shift in the green development and intelligentization of the global shipping industry and have led us to rapidly grow into an instrumental player in the global green shipping equipment and system market. Our controlling shareholder, Zhejiang Energy Group, is a top-tier, provincial state-owned energy enterprise rooted in Zhejiang Province with nationwide operations in China. As a large state-owned energy enterprise, our controlling shareholder is committed to green development and green energy, and has accumulated substantial experience, technological expertise, and talent in the energy and environmental protection industries. Our founding team have over 30 years of management experience in shipping and vessel engineering, with background of managing state-owned enterprises and carrying out market-oriented innovation. One of our founding team, Mr. Wang, is a recipient of the First Prize of the National Science and Technology Progress Award and previously served as general manager of a Fortune 500 company. Leveraging his sharp insights into international maritime policies and industry trends, shortly before the global sulfur cap implemented by the International Maritime Organization in 2018, Mr. Wang predicted the enormous market demand for green shipping and jointly established our Company with our controlling shareholder. He innovatively contributed to the extension of the land-based ultra-low emission technology into the global shipping industry.

Other members of our management team have an average of approximately 20 years of industry experience, coming from top global shipping groups, environmental technology firms, and energy groups, with expertise in research and development, manufacture, global marketing, and engineering management, forming a complementary matrix of professional capabilities. The management team possess outstanding global resource integration and strategy implementation abilities, leading us to (i) establish our overseas headquarters in Singapore in 2025, radiating into key shipping markets across Europe, Asia, and Africa, and (ii) establish a vessel retrofit base in Suzhou, Jiangsu Province, both of which strengthen our global layout. Since our inception, our business has covered major shipping regions in Europe, the Americas, and Asia, including traditional shipping markets such as Greece and Singapore, and have earned orders from leading customers in Europe and Japan.

OUR STRATEGIES

Further strengthen our leadership in vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems, and continually launch high-quality, cost-effective products and services

We will continue to increase our investment in the research and development of vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems. We are advancing the development of our fourth-generation EGCS focusing on lightweight and modular iteration, while continuing to enhance the competitiveness of our leadership in EGCS, such as by continued refinement of installation cycle. In addition, we plan to optimize the dual alkali approach for our OCCS, develop rotor sails and waste heat utilization systems, and actively explore zero-carbon fuel technologies such as ammonia and hydrogen. Furthermore, we will horizontally expand the market applications of our mature products, including shaft generator system, windshield, and GHG CEMS. In sum, we plan to promote entire vessel delivery approach to leverage and expand our leadership in vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems.

Accelerate the application of AI technology in the green shipping equipment and system industry and promote industrial implementation of advanced technologies

We plan to promote the application of AI technology from sporadic implementation to systematic empowerment to enhance the overall vessel intelligentization and thus safe and efficient shipping. We will focus on developing advanced AI applications such as AI device management, AI-assisted diagnosis, intelligent customs clearance, and fuel-optimized navigation. These products will leverage large models, knowledge bases, and workflow integration to address systemic challenges such as complex vessel equipment maintenance, inconvenient crew training, and heavy documentation burden, promoting the application of AI technology toward decision-making support and automated execution.

We plan to build a digital foundation encompassing the entire vessel lifecycle. This digital foundation will be achieved by creating a vessel-to-shore service data platform, a crew operating data platform, and a vessel IoT platform. This digital foundation is intended to empower key areas such as energy saving and emission reduction, shipping operations, mechanical maintenance, crew management, and port services. Ultimately, it will enable us to establish an open, collaborative, and intelligent shipping service ecosystem, providing solid support for an integrated intelligent shipping service system.

Further expand and strengthen our global sales and service network

We will carry out our global expansion strategy with respect to our sales and service network along two aspects: further penetrating our key markets and further expanding into emerging shipping markets. We plan to strengthen strategic cooperation with leading international shipping companies, shipowners, and shipyards, leveraging our one-stop service model and customization capabilities. Meanwhile, we will actively explore emerging shipping markets such as Europe and Japan, leveraging our overseas headquarters in Singapore. By providing localized technical support and spare parts supply, we aim to minimize vessel downtime for customers, making service excellence one of our core competitive advantages.

Continue to build vessel retrofit and servicing bases to meet the growing customer demand

In response to continued growth in market demand, we plan to build more vessel retrofit and servicing bases in coastal provinces such as Shandong, Jiangsu, and Fujian following our model base in Zhangjiagang. These new bases will integrate research and development verification, modular manufacture, vessel retrofit, and global scheduling. The Zhangjiagang base has a capacity to retrofit over 100 vessels annually and is equipped with green equipment production lines. Once such layout materializes with 3 to 5 bases operating by 2030, we aim to cover major shipping routes and comprehensively enhance large-scale delivery capabilities.

Selectively pursue strategic investments and acquisitions to enhance and strengthen our product and service deliveries

We may from time to time selectively pursue strategic investments in and acquisitions of complementary businesses and services to enrich our products and services and build a comprehensive ecosystem with more value creation for our customers. We will assess industry trends for opportunities to deepen horizontal integration and vertical collaboration across the industry chain, comprehensively enhancing our product and service capabilities, and driving accelerated development of our business.

OUR BUSINESS MODEL

We are a global green shipping equipment and system provider serving global shipping companies, shipowners, and shipyards, which in our case primarily include container shipping companies. Our business began with vessel exhaust gas emission control and cleaning systems, and has gradually expanded to include vessel energy efficiency enhancement systems, vessel retrofit and servicing, intelligent vessel operating and maintenance systems, and new energy vessel systems. We primarily delivered customized products that are specifically designed and manufactured based on the technical parameters and requirements of each vessel.

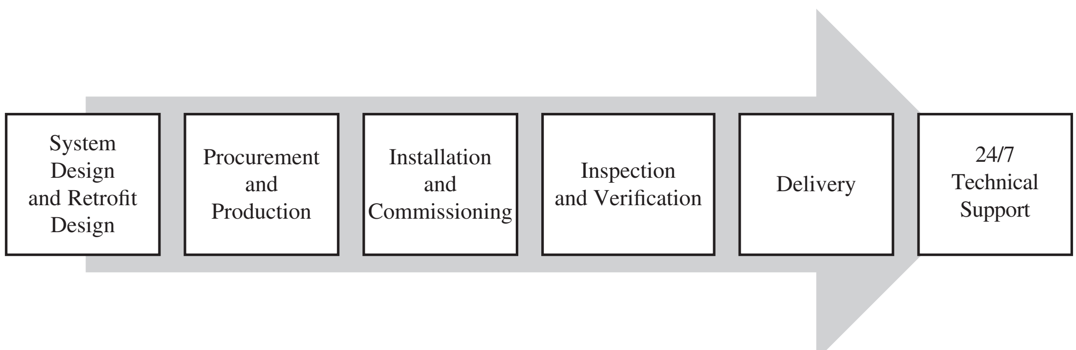
We have established service points in 10 countries, including China, Singapore, Turkey, Greece, Germany, United States, Canada, India, United Arab Emirates and Bulgaria, building a 24/7 global sales and service network.

We have a manufacture base in Suzhou, Jiangsu Province. We (i) design and manufacture main structure and core components of our vessel exhaust gas emission control and cleaning systems and certain of our vessel energy efficiency enhancement systems, (ii) source other components and parts from third-party suppliers, and (iii) assemble complete products of the foregoing systems. We plan and arrange manufacture based on customer orders.

We have a vessel retrofit and servicing base in Zhangjiagang, Jiangsu Province. We provide vessel retrofit and servicing in the Zhangjiagang base.

We adopt a one-stop service model when providing our products and services to our customers. We start by thoroughly assessing our customers' requirements, ensuring that we fully understand their goals. This initial assessment allows us to produce a detailed work plan that encompasses design, manufacture, engineering, installation, testing, delivery, and 24/7 technical support. While we control the entire process, including whole system design and core component manufacture, some of the manufacture, modification, installation, and maintenance work is carried out by trusted external manufacturers, shipyards, and specialized maintenance technical service providers. This collaborative approach not only maintains high quality and efficiency but also allows us to carry out multiple deliveries simultaneously, significantly reducing both time and costs for our customers. Ultimately, we deliver tailored systems that optimize vessel performance and compliance while minimizing downtime, ensuring delivery of high-quality products and services. During the entire process, we typically station on-site managers for comprehensive management and prompt feedback to customers.

The following flowchart illustrates the process of our one-stop service model.



- *Design*. Our system design process involves a detailed evaluation of all critical parameters. Our retrofit design commences with collecting original vessel drawings and performing a 3D laser scan through an on-site survey. Concurrently, we perform preliminary engineering, encompassing the process design, the structural design, and the preliminary equipment selection. Once the point cloud data from the scan and the technical documentation for the selected equipment are complete, we proceed to the detailed modeling and engineering design phase.

- *Procurement and Production*. We manufacture large structural parts of our core products in-house and outsource non-core components to third-party suppliers. Our manufacturing protocol is fundamentally designed to comply with the stringent requirements of leading international classification societies. The production cycle is primarily determined by the scale and complexity of the systems. Intermediate inspection by classification societies will also influence the production schedule.

- *Installation and Commissioning*. Upon the vessel's arrival at the shipyard, our prefabricated modules are lifted directly onto the vessel for installation and commissioning. This activity is integrated with additional engineering works required within the engine room.

- *Inspection and Verification.* After installation and commissioning, classification societies will conduct a comprehensive inspection and verification of our retrofit project.

- *Delivery*. We conduct appropriate procedures to prepare the vessels for delivery.

- *24/7 Technical Support.* We provide responsive 24/7 technical support services through our global service network in Southeast Asia, Europe, and North America.

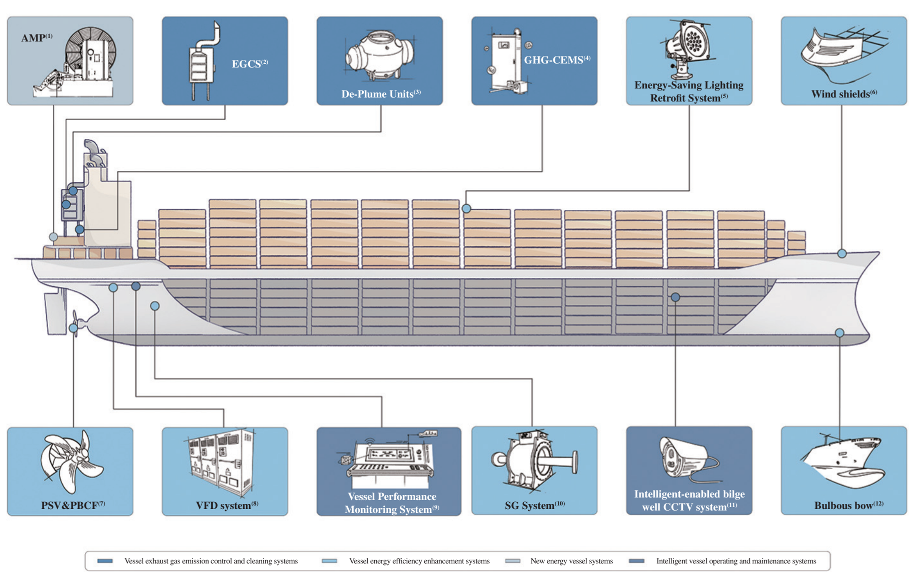
Our Pricing Strategy

Our pricing policy is market-oriented. In determining our prices, we primarily consider prevailing market prices, together with cost-plus and value-based pricing principles. Our pricing is mainly based on equipment manufacturing costs, including raw materials, core components, and production labor, as well as technical service input, such as design and after-sale support. Key pricing factors include (i) project complexity and technical specifications, because larger vessels, higher engine power, limited retrofit space, or different technical solutions generally require more complex design and execution; (ii) compliance and certification costs, because different flag state and classification society requirements may require additional design work, certification, or system configuration; (iii) market competition and customer relationships, because we may adjust pricing for strategic customers or in response to market conditions, order visibility, and capacity utilization; and (iv) service scope, because projects involving installation, commissioning, or additional technical support generally command higher prices.

OUR EQUIPMENT AND SYSTEMS

Our business lines include (i) vessel exhaust gas emission control and cleaning systems, (ii) vessel energy efficiency enhancement systems, (iii) vessel retrofit and servicing, (iv) intelligent vessel operating and maintenance systems, and (v) new energy vessel systems. These equipment and systems encompass all major stages of vessel newbuild and retrofit, including system and retrofit design, procurement, manufacture, installation and commissioning, and maintenance and spare parts servicing, supporting the green development and intelligentization of the global shipping industry. With an extensive global supply chain of over 600 high-quality suppliers and a seasoned commissioning team with deep on-site experience, we offer highly reliable execution marked by shortened installation windows and responsive worldwide maintenance support, ensuring efficient delivery and consistent customer satisfaction.

The following diagram illustrates some of our products that could be applied on a vessel.



Notes:

(1) alternative maritime power, a shoreside electrical supply system that lets a berthed vessel shut down its auxiliary engines and run on grid electricity.

(2) exhaust gas cleaning system, an IMO-approved onboard installation that removes sulfur oxides and particulate matter from ship engine exhaust gases.

(3) an onboard device that removes moisture from treated exhaust gas and heats the gas to prevent visible white smoke from forming.

(4) greenhouse-gas continuous emission monitoring system, an internationally certified analytical suite that automatically measures and records the concentration and mass flow of specified greenhouse-gas species in ship exhaust gases in real time.

(5) an onboard lighting system that replaces conventional lights with high-efficiency modules to reduce lighting power consumption, fuel costs, and carbon emissions, while improving illumination and ease of use.

(6) an onboard structure that improves a vessel's aerodynamic profile to reduce wind resistance during navigation, thereby lowering fuel consumption and carbon emissions.

(7) pre-shrouded vanes, a hydrodynamic energy-saving device mounted just ahead of the propeller that generates a controlled pre-swirl in the inflow, straightens the wake, and thereby recovers rotational energy losses to improve propulsive efficiency and cut fuel consumption.

(8) variable frequency drive system, an onboard control system that automatically adjusts pump speed based on actual operating needs to save energy while maintaining normal equipment operation.

(9) an onboard system that monitors vessel energy consumption and operating conditions in real time, analyzes energy use and costs based on voyage plans and route features, and supports route, speed, and trim optimization as well as ship-shore data synchronization and energy efficiency management.

(10) shaft generator system, an onboard power generation system that uses surplus power from the main engine to supply electricity to the vessel, reducing the use of auxiliary generators and saving fuel.

(11) an onboard monitoring system that tracks liquid level changes in cargo hold bilge wells and provides automatic alerts to assist crew drainage operations, timely identify leakage, and reduce the need for manual cargo hold inspections.

(12) a vessel bow structure that reduces wave resistance and optimizes water flow, helping the vessel sail at an economical speed and thereby lowering energy costs and carbon emissions.

Vessel Exhaust Gas Emission Control and Cleaning Systems

Our vessel exhaust gas emission control and cleaning systems comprise a suite of environmental control and monitoring systems, including EGCS, GHG-CEMS, and OCCS. Collectively, these systems provide both regulatory compliance assurance and broader carbon-related value creation for shipping companies, shipowners, and shipyards. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, 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, respectively, accounting for 98.5%, 78.5%, 44.7%, 46.2%, and 30.6% of our total revenue, respectively.

The principal representative products within this business line are summarized below.

Exhaust Gas Cleaning System (EGCS)

- *Our Flagship Offering.* EGCS serves as our flagship and distinctive product line, whose desulfurizing efficiency can meet the most stringent emission standards to date.

- *Flexible Structural Configurations.* The EGCS is available in two major structural configurations — open loop and hybrid — covering different installation and operating needs. The open loop system, which further consists of two sub-designs, namely encased tower and naked tower, features an open framework that allows greater installation flexibility and easier access for maintenance, making it adaptable to a wider range of vessel types. The naked tower sub-design eliminates the traditional casing through system reconstruction and pipeline optimization. While ensuring that desulfurization efficiency and operating costs remain stable, the naked tower sub-design achieves considerable reduction in overall costs and shortens the installation cycle, achieving a dual breakthrough in efficiency and economy, according to our internal assessment conducted in January 2026. The hybrid system provides an enclosed, integrated structure that allows the vessels to operate in legally prohibited discharge areas while enabling the sustained global operations. Recognizing the issue of plume, or the saturated wet vapor pre-cooled and condensed after being discharged into the air, which is a phenomenon typically resulting from the desulfurization of flue gas, we have developed the de-plume unit as an ancillary component to the EGCS to minimize the plume.

- *Multiple Product Advantages.* Our EGCS shares the following core advantages:

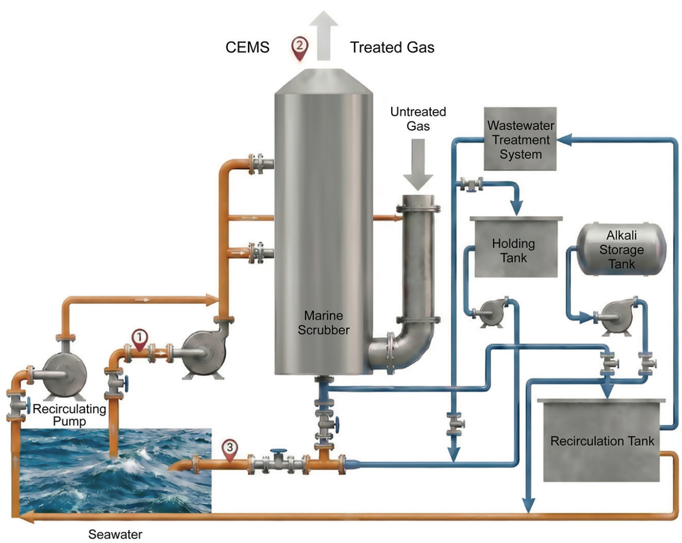
– long service life, with system durability designed for years of operations;

– high utilization rate of desulfurization products, with the hybrid system and the open loop system maintaining a utilization rate of over 90% and 99% in 2025, respectively;

– efficient installation, supported by mature engineering processes that allow for relatively short installation periods; and

– flexible vessel applicability, with structural designs that can be adapted to various vessel types and layout requirements.

The following diagram illustrates the operating process and crucial components of our EGCS.



In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the delivery volume of our EGCS was 152, 142, 147, 69, and 119 units, respectively, and the delivery volume of our de-plume unit was nil, 10, 43, 11, and 18 units, respectively.

Greenhouse Gas Continuous Emission Monitoring System (GHG-CEMS)

- *Product Features.* Our GHG-CEMS provides comprehensive monitoring of greenhouse gas and supports multi-point measurement for main engines, auxiliary engines, and boilers. Equipped with a gas concentration analyzer that reaches the ppb-level and a gas flow monitoring system, the system can conduct accurate analysis of the concentrations of greenhouse gases such as carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O), as well as dynamic measurement of exhaust gas flow. It is capable of real-time output of greenhouse gas emission data and cumulative greenhouse gas emission intensity.

- *Product Advantages.* Our GHG-CEMS leverages advanced optical sensing and laser spectroscopy technologies to achieve the ppb-level measurement of multi-component greenhouse gases. From research and development to manufacturing, the system design fully takes into account harsh maritime environmental factors such as vessel navigation jolts, mechanical vibration, high-low temperature alternating loads, and high salt spray corrosion, ensuring stable operation under all types of extreme working conditions. Equipped with an exclusive patented gas flow detection system, it accurately captures the actual mass flow of exhaust gas from shipborne equipment such as main engines, auxiliary engines, and boilers, providing core metrological data for emission accounting. In addition, the system is configured with a dual isolated intelligent analysis system consisting of local and cloud modules. The local terminal enables real-time data storage and report display, while the cloud platform supports multi-device data aggregation, anomaly early warning, trend analysis, and automatic generation of compliance reports. This dual-architecture design not only guarantees data security and meets the requirements of localized equipment operation and maintenance, but also satisfies business needs for remote monitoring and cross-regional data sharing.

Onboard Carbon Capture System (OCCS)

- *Product Features.* Our OCCS captures exhaust gas, mostly CO_2, to liquefy and compress it through the carbon capture and regeneration system and then transport the liquid CO_2 to onshore plant for further processing. Recognizing their potential to drive future growth, we have actively explored this technology, including through collaboration with universities. The purpose of our OCCS system is for customers to meet International Maritime Organization's GHG emission targets by capturing exhaust gas, which mostly consist of carbon dioxide (CO_2) and dust from EGCS. The OCCS system can reduce payments from carbon taxes and trading and aligns with the aim of International Maritime Organization's GHG Emission Strategy in the long run.

- *Product Advantages.* Our OCCS system can be tailored to various vessel specifications and successfully validated through pilot tests. This absorbent demonstrates a CO_2 capture rate of over 90%.

Vessel Energy Efficiency Enhancement Systems

We offer a comprehensive menu-based portfolio of vessel energy efficiency enhancement systems, primarily comprising shaft generator system, wind shield, and pre-shrouded vane (PSV), among others. These equipment and systems collectively enable significant fuel savings and direct reductions in core operating costs, while enhancing vessels' energy EEXI and CII performance, thereby strengthening the overall competitiveness and asset value of our fleet in an increasingly efficiency and compliance-driven market.

The principal representative products within this business line are summarized below.

Shaft Generator System

- *Flagship Product.* Our shaft generator system is one of our flagship vessel energy efficiency enhancement systems, converting surplus propulsion power into electrical energy to reduce reliance on auxiliary generators and lower the labor and maintenance costs, lower fuel consumption and emissions, and materially enhance vessels' EEXI and CII performance. It delivers stable power output and is suitable for a wide range of retrofit and new-built applications.

- *Functional Capabilities and Technical Features.* The system supports multiple configurations, including electrically excited synchronous generator (EESG) model, which is energized by a direct current delivered from an exciter through a carbon brush and slip ring assembly, and compact permanent magnet synchronous generator (PMSG) model, which incorporates embedded permanent magnets, requiring no external excitation current or sliding electrical contacts. The system offers both integral and half-half type of structural options. Specifically, the PMSG model is capable of sustaining a lifespan of over 10 years and thus eliminates the need for additional components and has the advantages of being more maintenance-friendly, more compact, and lighter weight, making it more popular in the current market due to its higher efficiency.

- *Multiple Product Advantages.* Our shaft generator system offers the following core advantages:

  – extensive power coverage, with models developed to support the largest container vessels (up to 24,000 twenty-foot equivalent units) to meet the growing demand for large-scale energy-efficiency retrofits;

  – independent shaft alignment and torsional vibration calculation capabilities, supported by comprehensive assessment of the risks of shaft generator modification to the original shaft system;

  – installation flexibility, with the capability to flexibly adjust the design and installation layouts of the equipment to accommodate diverse vessel layouts and retrofit conditions according to the project requirements to minimize costs and modifications;

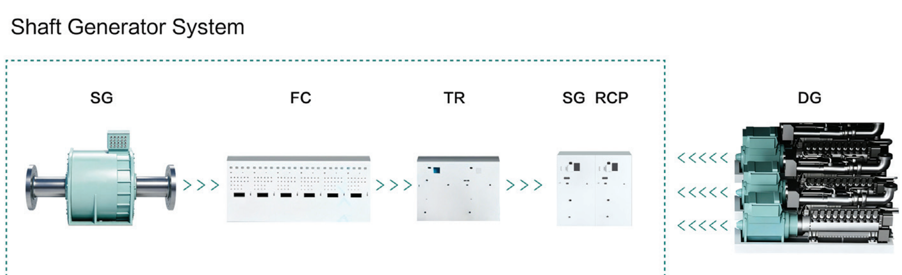
  – extensive experience in modification, with high efficiency and short procurement timeline and project completion cycles taking approximately three months from order placement to the completion of installation and troubleshooting;

  – systematic approach, with the shaft generators undergoing the testing process in the factory to reduce the risk of incompatibility;

  – enhanced scalability and reliability, strengthened through proprietary installation innovations and strategic collaborations with leading industry partners; and

  – dedicated teams and global service network, with skilled and experienced onboard commissioning and maritime service and maintenance teams to provide global coverage and solve any issues promptly with shaft generator systems.

The following diagram illustrates the operating process of our shaft generator system.



Notes:

SG — shaft generator, which is installed on the vessel's main propulsion shaft and converts surplus power from the main engine into electricity for onboard use

FC — frequency converter, which regulates frequency and voltage to enable the shaft generator to operate in parallel with the diesel generators

TR — transformer, which converts the output voltage from the frequency converter to match the vessel's existing electrical system and supplies electricity to the vessel

SG RCP — shaft generator remote control panel, which controls and protects the shaft generator system and executes remote operating commands

DG — diesel engine, which burns fuel to generate electricity as the vessel's existing power source

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the delivery volume of our shaft generator system was nil, 11, 50, 20, and 50 units, respectively.

Wind Shield

- *Product Features.* Our wind shield reduces the air resistance and optimizes the aerodynamic flow around the hull, delivering enhanced performance through high-fidelity CFD optimization and simulations.

- *Product Advantages.* Unlike experience-based traditional designs, our optimization uses parametric deformation and automatic optimization for numerical computation to achieve an almost optimal shape in computational domain. As a result, our wind shield enables meaningful fuel-saving performance through significant drag reduction, delivers structurally efficient and lightweight designs without compromising strength, and achieves high design accuracy through advanced simulation technologies and collaborations with leading research laboratories, including the largest wind tunnel lab of the scientific research institutions in China.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the delivery volume of our wind shield was nil, 14, 44, 21, and 41 units, respectively.

Pre-Shrouded Vane (PSV)

- *Product Features and Development.* PSV consists of guide vanes and a duct, which is capable of improving the inflow uniformity in the upper half-plane of the propeller, enhancing the efficiency of the propeller's wake. Unlike traditional designs, we use automatic optimization and a number of parameters to design and optimize the PSV, achieving optimal results in the computational domain and progressively controlling accuracy throughout the manufacturing process to ensure quality and energy efficiency performance. During the manufacturing process, our material selection follows stringent standards. We test the PSV in well-recognized towing tanks with strong international reputations.

- *Product Advantages.* Compared with the normal designs, our optimization uses parametric deformation and automatic optimization for numerical computation to achieve optimal performance in the computational domain. Energy savings of approximately 3% to 6% will be achieved, depending on the vessel types.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the delivery volume of our PSV was nil, nil, five, one, and 43 units, respectively.

The following table sets forth other vessel energy efficiency enhancement systems that we can provide or are in development.

Name	Main Functions
Bulbous Bow Retrofit	It helps the vessel sail at the economical speed for lower energy cost and carbon emissions through the reduction of wave resistance and optimization of the flow field.
Energy-Efficient Lighting Retrofit System	It replaces old, power-hungry lights with energy-efficient lighting systems, saving significant fuel or energy, cutting CO_2 emissions, reducing maintenance due to longer life with better light quality.
Propeller Boss Cap Fin	It achieves energy savings by recovering wasted rotational energy around the propeller hub from the wake of the propeller.

Name	Main Functions
Variable Frequency Drive System	It is primarily used to control the operation of equipment such as seawater pumps, cabin fans, low-temperature pumps, and high temperature pumps. It automatically adjusts the speed of the equipment through frequency conversion technology to achieve energy-saving effects. The system utilizes PID closed-loop precision control, capable of precisely adjusting the operating status of equipment based on real-time changes in temperature and pressure, ensuring stable system operation.
Air Lubrication System (in development)	It reduces fuel consumption and emissions by creating a carpet of air bubbles under the hull, which lessens the friction between the vessel and the seawater, allowing it to glide more easily.
Rotor Sail (in development) . .	It is a spinning cylinder that generates thrust providing additional propulsion to reduce fuel consumption and emissions, acting as an auxiliary wind propulsion system.
Waste Heat Power Generation System (in development) . . .	It captures and converts normally wasted heat into clean electricity.

Vessel Retrofit and Servicing

Our Vessel Retrofit and Servicing Base

Our vessel retrofit and servicing base is located at the southern bank of the Yangtze River at Zhangjiagang, Jiangsu Province, close to the Beijing-Shanghai Highway with easy access from surrounding major cities. It features a sub-100,000-ton dry dock and a 50,000-ton dry dock. As of the Latest Practicable Date, the Zhangjiagang base had 302 employees, including 105 professional technicians. The Zhangjiagang base has a capacity to retrofit over 100 vessels annually and is equipped with green equipment production lines. We actively work with nearby suppliers to establish our own production facilities for core components near the Zhangjiagang base. This approach significantly reduces transportation time and enhances the speed of on-site service responses.

Key Stages and Features of Our Vessel Retrofit and Servicing

Leveraging the capabilities of our Zhangjiagang base, we provide vessel retrofit and servicing to customers by assessing and recommending applicable retrofit plans based on a vessel's technical parameters with estimated packaged price. After a customer confirms our plan and price, we start the retrofit design by collecting original vessel drawings and performing a 3D laser scan through an on-site survey. Concurrently, we perform preliminary engineering of the equipment or system. Once the point cloud data from the scan and the technical documentation for the selected equipment are complete, we proceed to the detailed modeling and engineering design phase. Our manufacture protocol is fundamentally designed to comply with the stringent requirements of leading international classification societies. Similarly, customers would send their own professionals to conduct on-site acceptance inspections and top customers in the industry often have even stricter quality requirements for products than classification societies do. The retrofit cycle is primarily determined by the scale and complexity of the retrofit. Intermediate inspection by classification societies will also influence the completion schedule. The time required to complete the retrofit of a single vessel, calculated from its arrival at the shipyard to its departure, generally ranges from approximately three weeks to approximately three months, with an average of 36 days.

We allow customers to choose the retrofit that fits their needs and fulfill such tasks simultaneously in our Zhangjiagang base. A customer may choose retrofit leveraging all our other equipment and systems to fulfill their emission control and energy saving goals. Throughout the process, we advise the customers on the appropriate solutions that fit their needs, which cover technical scheme design, core equipment manufacture, installation management, system integration and commissioning, and global maintenance support, resolving industry pain points such as prolonged retrofit cycles, complex multi-interface coordination, and high technical integration requirements through standardized management and modularized engineering work flow. Our vessel retrofit and servicing emphasizes multi-dimensional system optimization and vessel-specific customization, supported by advanced engineering design, flexible layout planning, and strong multi-product integration capabilities, enabling us to deliver equipment and systems that balance operating efficiency, onboard space constraints, installation compatibility, and long-term maintainability across diverse retrofit scenarios.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, we completed retrofit for nil, three, 77, 26, and 30 vessels, respectively.

24/7 Technical Support

We provide responsive 24/7 technical support including onboard commissioning through our global network in Southeast Asia, Europe, and North America. Specifically, our technical support is available in countries such as China, Germany, Greece, Singapore, Turkey, and United States, with additional support provided through local partners in Canada, the United Kingdom, India, and the United Arab Emirates. We have provided technical support services covering over 140 ports and terminals across more than 40 countries and regions. As part of our commitment to excellence, we offer comprehensive technical support that ensures our customers experience optimal performance from their vessel retrofit. For example, our services include technical service, fault inspection and troubleshooting, scientific maintenance planning, spare parts supply, crew training, and technical retrofit. We specialize in providing green shipping equipment and systems spare parts, offering onboard repair services and technical support, and have extensive experience to meet customers' requirements.

We have formed our dedicated technical support teams, including the commissioning team, the warranty in or out service team, spare parts sales team, and shipyard retrofit team that are readily available to address any queries and provide ongoing maintenance and assistance tailored to individual vessel needs. We have implemented the plan to ensure our technical support teams are equipped with necessary skills by providing comprehensive technical training, expanding service coverage and capabilities, and establishing robust remote technical support. With a focus on sustainability and efficiency, we are committed to ensuring that key systems operate at optimal performance over the long term following service completion. Our proactive approach includes regular check-ins, training sessions for crew members, and access to a network of local experts, ensuring that our customers remain informed and empowered as they navigate the transition to greener maritime operations.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, we fulfilled 162, 416, 3,293, 1,054, and 1,564 technical support orders, respectively.

Intelligent Vessel Operating and Maintenance Systems

Our intelligent vessel operating and maintenance systems primarily include intelligent bilge well CCTV system. In addition, we also provide vessel performance monitoring system, which remotely tracks energy consumption and operating efficiency, providing critical data visualization for optimized performance. Furthermore, we are exploring AI applications in other vessel operating and maintenance scenarios. These systems reduce inspection and maintenance complexity, reduce operating risks and time costs, and materially improve labor efficiency for vessel operators.

Intelligent Bilge Well CCTV System

- *Representative Intelligent Vessel Operating and Maintenance System.* Our intelligent bilge well CCTV system provides intelligent supervision of one of the most critical yet traditionally difficult-to-monitor onboard areas to achieve real-time monitoring and warning of potential risks, enhancing operating visibility and strengthening the digital foundation for vessel-wide intelligent management.

- *Functional Features.* The system integrates real-time video monitoring, leak and overflow detection, automated alarm and smart event recording, and oil-water identification, supported by explosion-proof cameras and high-protection grade hardware designed for harsh bilge well environments.

- *System Advantages.* Our system delivers enhanced safety by reducing manual entry into confined and hazardous bilge spaces, improves management efficiency through centralized visualization and data-driven oversight, and enables rapid response to abnormal conditions, thereby reducing operational risks and maintenance workload.

- *Deployment and Reliability Strengths.* Featuring flexible installation configurations, industry-grade explosion-proof cameras, and compatibility with vessel network systems, the system provides stable performance under extreme onboard conditions and supports scalable deployment across multiple bilge well locations.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the delivery volume of our intelligent bilge well CCTV system was nil, four, 60, 33, and 64 units, respectively.

Current and Future Explorations

We are currently developing and exploring the commercialization of AR vessel equipment intelligent management platform, vessel situation awareness assistance system, and intelligent troubleshooting system. These innovative systems leverage advanced technologies to enhance maritime operations: (i) the AR vessel equipment intelligent management platform utilizes AR and AI for efficient equipment management and real-time reporting; (ii) the vessel situation awareness assistance system employs multi-camera technology and AI analysis for comprehensive navigation safety; and (iii) the intelligent troubleshooting system for rapid fault diagnosis and repair guidance.

New Energy Vessel Systems

Our new energy vessel systems address customers' growing needs for green fuel adoption, encompassing shore power or alternative maritime power, electric vessels, and dual-fuel propulsion systems. These systems support shipping operators in transitioning smoothly toward future marine fuels and strengthening their readiness for the evolving global energy landscape.

The principal representative products within this portfolio are summarized below.

Shore Power (SP) or Alternative Maritime Power (AMP)

- *Product Features.* To meet relevant requirements of mandating the use of SP or AMP for specific vessels in certain counties and regions, our SP or AMP system supplies stable shore-side electricity to berthed vessels with seamless connection, achieving a smooth transition from ship electricity to shore-side electricity, enabling the shutdown of onboard auxiliary engines and reducing fuel consumption, emissions, noise, and air pollution. The system adopts a modular and highly flexible architecture, offering both fixed and mobile configurations to accommodate diverse vessel types and port conditions to comply with the mandate of using SP or AMP.

- *Product Advantages.* Our SP or AMP system provides strong adaptability through containerized, plug-and-play configurations, supports seamless integration with shipside and port-side interfaces, and ensures reliable power transfer with safety-certified components, such as cable reel and cable management system, high-voltage receiving panel and connection panels, uninterrupted power supply units, and monitoring control systems, which be connected to the original ship's power distribution system to achieve uninterrupted power switching.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the delivery volume of our shore power system was three, 10, 14, two, and 12 units, respectively.

Electric Vessel System

Our electric vessel system integrates vessel design, electric propulsion, and intelligent energy management into a unified system, providing customers with complete vessels designed to achieve zero direct exhaust emissions rather than standalone power system components.

- *Product Features.* Our electric vessels utilize lithium iron phosphate battery systems, real-time battery management system (BMS), and distributed electric propulsion, supporting both fixed-charging, and swappable-battery architectures to meet diverse operational requirements.

- *Product Advantages.* The system delivers high operating efficiency and safety through long-cycle batteries, fast energy replenishment through charging or modular swap stations, and optimized hull-power integration that reduces overall energy consumption.

- *Application Value.* By significantly lowering fuel and maintenance costs while eliminating direct emissions, our electric vessels provide operators — particularly in inland waterway routes — with a commercially viable pathway toward green, compliant, and cost-efficient operations.

- *Application Scenario.* We have retrofitted a traditional fuel vessel into electric vessel resulting in saving nearly two-thirds of energy costs and reducing carbon dioxide emissions by 56 tons per year based on the vessel's operations.

Dual-Fuel Propulsion System

The dual-fuel propulsion system allows vessels to run on two different fuels, typically with traditional and new energy fuels, enabling seamless switching for flexibility, cost savings, and compliance with stricter environmental rules by drastically cutting emissions. In the field of dual-fuel propulsion system retrofit, we are capable of technology research and development, system design, actual vessel retrofit, and global maritime service and maintenance. We currently offer three types of new energy vessels with dual-fuel propulsion systems. Each of them uses diesel fuel and a choice from LNG, methanol, or ammonia fuels. We own over 10 important registered patents relating to dual fuels.

The following table sets forth the competitive advantages and applications of our new energy vessels.

	Competitive Advantage	Application
LNG Fuel Vessel	20% reduction in carbon emission, significant reduction in NO_x, and nearly zero emission in SO_x and particulate matter	mature technology and well-developed infrastructure, suitable for ocean shipping
Methanol Fuel Vessel	95% reduction in CO_2 to green methanol and 10% to 15% reduction in CO_2 to gray methanol, 80% reduction in NO_x, zero emission in SO_x and particulate matter	convenient to store and transport, highly compatible with existing systems, popular among shipowners
Ammonia Fuel Vessel	zero-carbon fuel, containing no carbon elements	an important power option for future ocean shipping

Our technological achievements have reached the leading level in China, with some reaching the advanced level internationally. Specifically, we have successfully retrofitted the China's first pure methanol electric vessel by designing and manufacturing the methanol supply system including a methanol supply skid and double-walled methanol supply piping. We also are the first to have retrofitted the existing vessel's engine into the methanol dual-fuel engine in China, recognized by CCS Product Certification. Therefore, our new energy vessel systems do not rely on traditional fuels.

Our Financial and Operating Metrics

By Business Line

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margin 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		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
	(in thousands, except percentages)									*(Unaudited)*					
Vessel Exhaust Gas Emission Control and Cleaning Systems	2,334,052	801,376	34.3	1,881,690	705,398	37.5	1,566,494	617,503	39.4	611,270	214,732	35.1	767,297	388,966	50.7
Vessel Energy Efficiency Enhancement Systems	—	—	—	250,979	79,824	31.8	854,566	214,184	25.1	352,974	82,742	23.4	859,534	340,494	39.6
Vessel Retrofit and Servicing	21,705	2,233	10.3	222,671	33,113	14.9	924,266	158,615	17.2	326,298	59,318	18.2	799,995	105,954	13.2
Intelligent Vessel Operating and Maintenance Systems	—	—	—	8,504	5,289	62.2	63,549	28,350	44.6	23,409	13,447	57.4	30,083	10,445	34.7
New Energy Vessel Systems	8,954	3,737	41.7	24,910	10,842	43.5	52,100	13,840	26.6	3,626	728	20.1	32,922	10,987	33.4
Others[(1)]	4,052	3,831	94.5	8,744	7,224	82.6	40,199	30,174	75.1	5,894	3,870	65.7	17,169	15,438	89.9
Total	**2,368,763**	**811,177**	**34.2**	**2,397,498**	**841,690**	**35.1**	**3,501,174**	**1,062,666**	**30.4**	**1,323,471**	**374,837**	**28.3**	**2,507,000**	**872,284**	**34.8**

Note:

(1) Primarily represents the sales of scrap materials.

The following table sets forth a breakdown of the sales volume and average selling price of our main businesses 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	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(Units)	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*
Vessel Exhaust Gas Emission Control and Cleaning Systems	152	15,356	221	8,514	242	6,473	103	5,935	148	5,184
Vessel Energy Efficiency Enhancement Systems	—	—	140	1,793	447	1,912	161	2,192	296	2,904
Vessel Retrofit and Servicing	162	134	421	529	3,371	274	1,080	302	1,596	501
Intelligent Vessel Operating and Maintenance Systems	—	—	115	74	545	117	186	126	275	109
New Energy Vessel Systems	3	2,985	10	2,491	14	3,721	2	1,813	12	2,744
Total	**317**		**907**		**4,619**		**1,532**		**2,327**	

- ***Vessel Exhaust Gas Emission Control and Cleaning Systems***

  From 2023 to 2025, revenue and average selling price of vessel exhaust gas emission control and cleaning systems decreased, 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. The decrease in revenue is primarily because the decrease in average selling price more than offset the increase in sales volume. Revenue of our vessel exhaust gas emission control and cleaning systems increased from the five months ended May 31, 2025 to 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. The average selling price of this business line decreased from the five months ended May 31, 2025 to the same period in 2026, primarily because we continued to undertake more smaller-scale EGCS projects, which generally had lower contract values, in response to the current market demand.

  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.

- ***Vessel Energy Efficiency Enhancement Systems***. Revenue from vessel energy efficiency enhancement systems was generated from 2024 and increased significantly in 2025, primarily because we began to receive batch orders from customers after the relevant product offerings became more stable. Revenue from this business line increased significantly from the five months ended May 31, 2025 to the same period in 2026, primarily because our products gained further market recognition, resulting in continued strong growth in orders and sales volumes. 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 of our vessel energy efficiency enhancement systems 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***. Revenue, gross profit, and sales volume of vessel retrofit and servicing increased significantly in 2024 and 2025. This was mainly 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. Revenue, gross profit, and sales volume increased from the five months ended May 31, 2025 to the same period in 2026, mainly due to a higher level of project delivery. The increase in average selling price from 2023 to 2024 was mainly due to our expansion from technical support services in 2023 to additional vessel retrofit and repair services in 2024, while the decrease in 2025 was mainly due to the significant increase in the sales volume of technical support services and the resulting broader service scope and wider range of contract values. In particular, our technical support services in 2025 covered a wider range of services, from smaller spare parts-related support to larger voyage repair. The increase in average selling price from the five months ended May 31, 2025 to the same period in 2026 was mainly due to the delivery of projects with higher contract values as a result of more extensive and complex retrofit work. The gross profit margin increased from 2023 to 2025 mainly because of the increase in revenue contribution from higher-margin technical support services, such as global emergency repair. The gross profit margin decreased from the five months ended May 31, 2025 to the same period in 2026, primarily because due to higher raw material procurement costs incurred for the projects delivered.

- ***Intelligent Vessel Operating and Maintenance Systems***. Revenue from intelligent vessel operating and maintenance systems was generated from 2024 and increased significantly in 2025, primarily because we began trial sales in 2024 and received batch orders in 2025. Revenue of this business line increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to increased recognition and orders from our customers. 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 raising the sales price, in order to facilitate long-term and a wider range of cooperation with the customers.

- ***New Energy Vessel Systems***. Revenue and sales volume of new energy vessel systems increased during the Track Record Period, primarily due to increased sales of shore power systems driven by the customer demand. The gross profit margin decreased in 2025 mainly because the shore power projects undertaken 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. The fluctuations in average selling price during the Track Record Period were mainly due to differences in project scope and product mix.

By Major Products or Services

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margin by major products and services for the periods indicated.

	For the Year Ended December 31,									For the Five Months Ended May 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
	(in thousands, except percentages)														
										(Unaudited)					
EGCS	2,334,052	802,441	34.4	1,861,666	699,771	37.6	1,515,592	597,825	39.4	594,431	207,386	34.9	745,909	379,949	50.9

	For the Year Ended December 31,									For the Five Months Ended May 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
	(in thousands, except percentages)									(Unaudited)					
Shaft Generator System	—	—	—	130,186	36,892	28.3	516,741	119,794	23.2	185,036	36,819	19.9	591,345	208,129	35.2
Vessel Retrofit	—	—	—	47,613	7,799	16.4	563,525	65,022	11.5	233,136	24,097	10.3	325,979	46,945	14.4
Technical Support	21,705	976	4.5	57,092	14,755	25.8	224,943	90,584	40.3	93,163	35,222	37.8	136,618	54,357	39.8
Intelligent Bilge Well CCTV System	—	—	—	1,146	477	41.6	18,233	3,579	19.6	10,208	3,193	31.3	18,023	56	0.3
Shore Power	8,954	3,929	43.9	24,910	10,843	43.5	52,100	13,840	26.6	3,626	729	20.1	32,922	10,987	33.4
Total	**2,364,711**	**807,346**		**2,122,613**	**770,537**		**2,891,134**	**890,644**		**1,119,599**	**307,446**		**1,850,797**	**700,424**	

The following table sets forth a breakdown of our sales volume and average selling price by major products and services for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Sales Volume(1)	Average Selling Price	Sales Volume(1)	Average Selling Price	Sales Volume(1)	Average Selling Price	Sales Volume(1)	Average Selling Price	Sales Volume(1)	Average Selling Price
		(RMB in thousands)		*(RMB in thousands)*		*(RMB in thousands)*		*(RMB in thousands)*		*(RMB in thousands)*
EGCS	152	15,356	142	13,110	147	10,310	69	8,615	119	6,268
Shaft Generator System	—	—	11	11,835	50	10,335	20	9,252	50	11,827
Vessel Retrofit	—	—	3	15,871	77	7,319	26	8,967	30	10,866
Technical Support	162	134	416	137	3,293	68	1,054	88	1,564	87
Intelligent Bilge Well CCTV System	—	—	4	287	60	304	33	309	64	282
Shore Power	3	2,985	10	2,491	14	3,721	2	1,813	12	2,744
Total	**317**		**586**		**3641**		**1,204**		**1,839**	

Note:

(1) Represents the number of units sold, except for vessel retrofit and technical support services, which are presented based on the number of retrofitted vessels and the number of service orders, respectively.

- ***EGCS***. Revenue and average selling price of EGCS decreased from 2023 to 2025, primarily due to changes in product and project mix, including a higher proportion of newbuild vessel projects, which generally did not involve retrofit installation work, and market competition. Revenue of EGCS increased from the five months ended May 31, 2025 to 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. The average selling price of EGCS decreased from the five months ended May 31, 2025 to the same period in 2026, primarily because we continued to undertake more smaller-scale EGCS projects in response to market demand. The gross profit margin increased from 2023 to 2025, mainly due to a higher contribution from hybrid EGCS projects, which generally had a relatively higher gross profit margin. The gross profit margin increased from the five months ended May 31, 2025 to the same period in 2026, primarily because of the settlement with a customer for historic costs incurred in connection with certain products that were no longer required following adjustments to its fleet, which incurred minimal costs in the current period.

- ***Shaft Generator Systems***. Revenue and sales volume of shaft generator systems increased significantly in 2025, primarily because we received batch orders from customers after the relevant product offering became more stable. Revenue and sales volume increased significantly from the five months ended May 31, 2025 to the same period in 2026, primarily because our products gained further market recognition, resulting in continued strong growth in orders and sales volumes. The decrease in average selling price and gross profit margin in 2025 reflected the pricing level under batch sales and the relatively complex cost structure and higher project costs of shaft generator systems. The increase in average selling price from the five months ended May 31, 2025 to the same period in 2026 was primarily due to a higher level of high-power shaft generator systems delivered during the period, as systems with higher power ratings generally had higher selling prices. The gross profit margin of our shaft generator systems 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 more deliveries of high-power shaft generator systems, which generally have a higher gross profit margin.

- ***Vessel Retrofit***. Revenue and sales volume of vessel retrofit were generated from 2024 and increased significantly in 2025, primarily because we expanded our vessel retrofit and servicing capabilities resulting from the commencement of operations of our Zhangjiagang vessel retrofit and servicing base and us undertaking more vessel retrofit projects. The increase in revenue and sales volume of vessel retrofit from the five months ended May 31, 2025 to the same period in 2026 was primarily due to a higher level of project delivery. The decrease in average selling price in 2025 was mainly due to the broader mix of vessel types served in 2025, including bulk carriers and engineering vessels, which generally had lower unit prices than the container vessel projects completed in 2024. The increase in average selling price from the five months ended May 31, 2025 to the same period in 2026 was mainly due to the delivery of projects with higher contract values as a result of more extensive and complex retrofit work. The decrease in gross profit margin from 2024 to 2025 was mainly due to the limited number of vessel retrofit projects completed in 2024, which made the gross profit margin in 2024 less representative, while the gross profit margin in 2025 reflected a broader project mix and a more normalized profitability level. The increase in gross profit margin from the five months ended May 31, 2025 to the same period in 2026 was because the increase in revenue allows the fixed costs, including site rental, equipment depreciation, and personal costs, to be spread over a larger revenue base.

- ***Technical Support***. Revenue, gross profit, and sales volume of technical support increased during the Track Record Period, primarily because we expanded from providing ancillary after-sales support for EGCS into broader revenue-generating technical support services, including global technical support, voyage repair, complex equipment repair, and other on-site technical services. The decrease in average selling price in 2025 was mainly due to the significant increase in sales volume and the broader range of technical support projects undertaken, including projects of varying contract values. The average selling price remained stable from the five months ended May 31, 2025 to the same period in 2026. The gross profit margin increased during the Track Record Period mainly because we continued to upgrade and expand the scope of our technical support services from spare parts support to broader services, such as global emergency repair, which enhanced the profitability of such services as the business scaled up.

- ***Intelligent Bilge Well CCTV System***. Revenue and sales volume of intelligent bilge well CCTV systems were generated from 2024 and increased significantly in 2025, primarily because we began trial sales in 2024 and received batch orders in 2025. Revenue and sales volume increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to the increased recognition and orders from our customers. The gross profit margin decreased from 2024 to 2025 and from the five months ended May 31, 2025 to the same period in 2026, mainly because we bore the cost for upgraded configurations made in response to customers' operational needs without raising the sales price, in order to facilitate long-term and a wider range of cooperation with the customers.

- ***Shore Power***. Revenue and sales volume of shore power increased during the Track Record Period, primarily due to increased customer procurement. The decrease in gross profit margin in 2025 was mainly because the shore power projects undertaken 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. The fluctuations in average selling price during the Track Record Period were mainly due to differences in project scope and product mix.

By Geographical Locations

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margin by geographical locations for the periods indicated.

	For the Year Ended December 31,									For the Five Months Ended May 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
	(in thousands, except percentages)														
										(Unaudited)					
Europe	876,994	308,245	35.1	1,502,574	584,202	38.9	2,316,573	659,073	28.5	857,068	227,274	26.5	1,796,412	663,658	36.9
Asia	1,471,290	497,646	33.8	777,390	218,377	28.1	737,709	297,494	40.3	357,125	108,956	30.5	596,112	167,951	28.2
Africa	—	—	—	8,202	3,665	44.7	158,857	13,708	8.6	14,764	6,272	42.5	—	—	—
Americas	—	—	—	28,646	9,005	31.4	250,640	79,592	31.8	72,665	23,582	32.5	101,799	36,998	36.3
Oceania	20,478	5,286	25.8	80,686	26,441	32.8	37,394	12,799	34.2	21,849	8,754	40.1	12,677	3,677	29.0
Total	**2,368,763**	**811,177**	**34.2**	**2,397,498**	**841,690**	**35.1**	**3,501,174**	**1,062,666**	**30.4**	**1,323,471**	**374,837**	**28.3**	**2,507,000**	**872,284**	**34.8**

- ***Europe***. Revenue from Europe increased during the Track Record Period, mainly due to the increase in sales to Customer A. The gross profit margin increased from 2023 to 2024, primarily due to the increase in sales of hybrid EGCS, which generally had higher gross profit margins. The gross profit margin decreased in 2025, mainly because vessel energy efficiency enhancement systems and vessel retrofit and servicing contributed a higher proportion of revenue in Europe, and these business lines generally had relatively lower gross profit margins. The gross profit margin increased from the five months ended May 31, 2025 to the same period in 2026, mainly because of higher revenue contribution from vessel energy efficiency enhancement systems, which now have a higher level of gross profit margin as a result of more favorable purchase prices secured through our enhanced bargaining power with suppliers and cost savings from further design optimization. In particular, we delivered more high-power shaft generator systems during this period, which generally have a higher level of gross profit margin.

- ***Asia***. Revenue from Asia decreased in 2024 and remained relatively stable in 2025. The decrease in 2024 was mainly due to the decrease in revenue from Zhejiang Energy Atlas, our sole distributor, as a result of the vessel schedule and project delivery cycle of the end customer under the distributorship arrangement, namely Customer D. Revenue from Asia increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to the delivery of projects with higher contract values. The gross profit margin decreased in 2024, mainly because the relevant projects primarily involved bulk carriers, which generally had a lower grossprofit margin. The gross profit margin increased in 2025, mainly due to the increased contribution from equipment supply for newbuild container vessels, which generally had a higher gross profit margin. The gross profit margin decreased from the five months ended May 31, 2025 to the same period in 2026, mainly due to the higher procurement costs of raw materials for the projects delivered.

- ***Africa***. Revenue from Africa was generated from 2024 and increased significantly in 2025, mainly due to the revenue contribution from a vessel green retrofit project with a large transaction value in 2025. The gross profit margin decreased from 44.7% in 2024 to 8.6% in 2025, mainly because revenue in 2024 primarily related to the sales of EGCS, while revenue in 2025 primarily related to whole-vessel retrofit projects, which generally had a lower gross profit margin due to higher overall project costs. We did not generate revenue from Africa for the five months ended May 31, 2026, primarily because the orders from existing customers had been completed in prior periods, while our ongoing projects remained under execution and had not yet reached the delivery stage during this period.

- ***Americas***. Revenue and gross profit from the Americas were generated from 2024 and increased significantly in 2025, primarily due to our successful expansion of our customer base in the Americas and the resulting increase in sales of vessel exhaust gas emission control and cleaning systems. Our revenue and gross profit from the Americas increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to the increased sales of EGCSs. Our gross profit margin from the Americas remained relatively stable in 2024 and 2025. The gross profit margin from the Americas increased from the five months ended May 31, 2025 to the same period in 2026, mainly because of higher revenue contribution from our vessel exhaust gas emission control and cleaning systems, which now have a higher level of gross profit margin.

- ***Oceania***. Revenue from Oceania increased in 2024 and decreased in 2025 primarily due to the change of customer structure. Revenue from Oceania decreased from the five months ended May 31, 2025 to the same period in 2026, primarily because certain orders from existing customers had been completed, resulting in fewer orders being delivered during this period. The gross profit margin remained relatively stable in 2024 and 2025, with fluctuations mainly due to changes in product and service mix. The gross profit margin then decreased from the five months ended May 31, 2025 to the same period in 2026, primarily due to a higher level of revenue contribution from vessel retrofit and servicing, which generally have a lower gross profit margin.

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	%
	(in thousands, except percentages)									
							(Unaudited)			
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**

OUR TECHNOLOGIES

We adopt a model that integrates research and production to effectively translate scientific results into tangible productivity. This approach not only strengthens our technological capabilities but also ensures that our research and development efforts are closely aligned with market demands. We can quickly apply innovative technologies to our products, particularly in areas such as energy enhancement, where we have made significant advancements.

Moreover, our research team has excelled in converting technological achievements into practical applications. These achievements not only create new growth opportunities for our company but also contribute to the overall development of the industry. Moving forward, we aim to conduct further research and gather more insights to highlight our innovation capabilities and industry impact.

Advanced Environmental and Energy-Efficiency Technologies

We have developed a comprehensive suite of technologies supporting vessel emission reduction and vessel energy-efficiency enhancement, covering exhaust gas treatment, multi-pollutant continuous monitoring, aerodynamic and hydrodynamic optimization, and propulsion-energy conversion. These technologies deliver measurable fuel savings, increase economic returns and the value of vessel assets, improved EEXI and CII performance, and lifecycle-optimized operating efficiency across diverse vessel types.

For example, our EGCS is available in hybrid and open-loop configurations. According to CIC, our EGCS has ranked first in the world in terms of revenue in 2025. According to CIC, the top 10 global container shipping groups control 84.5% of the global container shipping volume capacity in 2025, and we have served six of them.

Our stern propulsion system is an energy-efficient system integrated into the vessel's propulsion system. It consists of pre-shrouded vane and propeller boss cap fin. The system improves the uniformity of the inflow of the upper half plane of the propeller and reduces the press at the rear of the hub, and thus, optimizing energy consumption. By improving the propeller propulsion efficiency, the system significantly reduces fuel consumption and emissions, improves vessel's CII, and promotes the development of green shipping.

Integrated Marine Engineering and Retrofit Delivery Capabilities

Our engineering capabilities span full-chain vessel retrofit technologies, including structural re-engineering, modularized system integration, propulsion-power alignment, and multi-product configuration design. Through standardized project management, modular engineering tools, mature installation processes, and a global supplier network, we achieve reliable execution, shortened installation cycles, and high-compatibility delivery across complex retrofit scenarios.

Intelligent Vessel Operating Technologies

Our intelligent vessel technology stack integrates AI-based perception, automated monitoring, data analytics, and digital-twin-enabled supervision. Representative innovations include intelligent bilge well CCTV system, AR vessel equipment intelligent management platform, vessel situation awareness assistance system, intelligent troubleshooting system, and vessel performance monitoring system, reduce labor intensity and inspection risks, enhance onboard situational awareness, and enable data-driven decision-making for troubleshooting and predictive maintenance.

Electrification and New-Energy Propulsion Technologies

We apply a comprehensive suite of technologies to maritime electrification, integrating vessel design, electric propulsion, lithium-iron-phosphate battery systems, battery-management systems, distributed propulsion control, and shore-side SP or AMP systems. Our new-energy technology capabilities allow operators to achieve zero direct exhaust emissions or dual-fuel propulsion, strengthen readiness for future marine fuels, and reduce long-term energy and maintenance costs.

RESEARCH AND DEVELOPMENT

We believe that our commitment to research and development is the cornerstone of our growth strategy and a key driver of our competitive advantage. As the industry increasingly prioritizes sustainability, our vessel retrofit and servicing is at the forefront of innovation, specializing in research and development of advanced technologies. We are currently developing product portfolios including the onboard carbon capture system that significantly reduces greenhouse gas emissions, along with the dual-fuel propulsion system that offer enhanced fuel flexibility and operational compliance. Additionally, we are pioneering the air lubrication system that minimizes hull friction, maximizing fuel economy. Our innovative rotor sail harnesses wind energy to further optimize performance, while our waste heat power generation system captures and repurposes waste heat to improve energy utilization onboard. Together, these systems along with our intelligent products exemplify our commitment to transforming the maritime landscape through sustainable and efficient technologies, driving the transition to greener operations.

Our Capability

Since our inception, our continued investment in research and development has supported our consistent growth by enabling us to continually enhance our product portfolio and advance our technological capabilities, including recruiting, training, and retaining technology talents with rich experience.

We have established a provincial key enterprise research institute, which covers product development, technology management, electrical control development, integration technology, digital information, and numerical simulation. As of May 31, 2026, we had a 134-personnel research and development team. As of the same date, we had over 50 invention patents in the fields of vessel desulfurization, dual-fuel supply, and carbon capture, with core technologies winning the First Prize of Zhejiang Provincial Science and Technology Progress, and multiple products receiving certification from international classification societies.

Research and Development Process

Our research and development are market-driven and deeply integrated with customer needs. Leveraging years of experience in the green shipping equipment and systems industry, we have formed a structured yet flexible research and development mechanism. Our research and development process mainly consists of the following stages:

- ***Integration of Research and Development and Market Insights.*** Our research planning is closely connected with customer needs, regulatory trends, and vessel operational scenarios. By closely tracking industry trends and customer demand for greener and more intelligent shipping solutions, we have identified emerging needs and developed corresponding technologies and products.

- ***Product Testing and Pilot Validation.*** Following design completion, we conduct laboratory tests and small-scale pilot trials to assess product performance and reliability. Current pilot-stage projects are designed to enhance vessel energy efficiency, while intelligent products incorporate sensing and data-analysis capabilities to support intelligent monitoring and fault diagnosis. Iterative testing ensures functional stability and readiness for large-scale deployment.

- ***Innovating and Optimizing Legacy Products.*** We routinely innovate and optimize our legacy products to ensure they meet customers' latest requirements. For instance, we continually discuss, refine, and enhance our designs of EGCS based on the feedback from customers and the industry to better meet on-site construction requirements, steering towards a future that is more compact, energy-efficient, and intelligent. Additionally, our expansion sleeves, which shortens delivery times and reduce production costs, are evolving from a 3MW capacity to a breakthrough of 4MW. We successfully retrofitted vessels with our 4.3-MW expansion sleeve.

- ***Collaboration-Driven Innovation.*** We collaborate with leading universities to strengthen research depth in areas requiring advanced modeling or experimental facilities. A notable example is the windshield system developed in collaboration with a leading university. We leveraged its wind-tunnel resources and have achieved full industrialization with over 180 orders and around 100 deliveries. Such collaborations allow us to leverage academic resources to further strengthen our product portfolio.

SALES AND MARKETING

Our sales and marketing strategy aims to strengthen brand recognition, expand market reach, and enhance customer relationships through a multi-dimensional sales network, proactive customer engagement, and integrated marketing initiatives.

Sales Team and Strategy

- We adopt an "all-staff marketing" approach, with marketing responsibilities shared across departments and supported by senior technical managers who participate directly in customer engagement. Sales activities are primarily coordinated by the marketing department, with other departments participating in customer development, technical communication, service support, and other marketing-related activities based on project needs.

- We primarily adopt a direct sales model while we sell some of our products through sales agents. Under our direct sales model, we directly market and sell our products to customers. Under our sales agent model, sales agents assist us in marketing our products and introducing customers, while we enter into sales contracts directly with customers and deliver products directly to them. We focus on developing long-cycle relationships with major overseas shipping companies, shipowners, and shipyards, supported by strong customer stickiness and recurring orders. Our products are sold to clients in numerous countries, including Germany, Greece, Singapore, Japan, China, Cyprus, Turkey, Liberia, the United Kingdom, Canada, Norway, Italy, and India.

Sales Agents

During the Track Record Period, we have engaged sales agents to leverage their expertise and market presence in local market. By leveraging on their market insights, promotion capabilities, and customer outreach, we have successfully expanded our sales network and experienced growth in customers. We pay these sales agent service fees for their services in helping us expand our sales network. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, we recorded sales agent service fees of RMB25.2 million, RMB46.2 million, RMB36.0 million, RMB14.8 million, and RMB17.1 million, respectively. In addition, in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, our revenue generated through sales agents was RMB487.6 million, RMB533.1 million, RMB537.0 million, RMB225.1 million, and RMB268.2 million, respectively, accounting for 20.6%, 22.2%, 15.3%, 17.0%, and 10.7% of our total revenue in the same periods, respectively. We directly enter into sales contracts with our customers who are connected to us through the sales agents. According to CIC, such sales arrangements are common practices in the shipping industry.

The following summary sets forth the typical salient terms of the agreements between us and third-party sales agents:

- *Duration*. The duration of the agreements is typically one to three years.
- *Commission*. The sales agents are usually entitled to an agency commission fee, generally being certain percentage of the contract price, from the sales of our equipment and systems.
- *Sales Agents' Responsibilities*. Sales agents are responsible for the promotion and sales of our equipment and systems through ways such as market research, advertising, and the preparation of commercial proposals.
- *Intellectual Property*. We retain all intellectual property rights relating to our products and designs.
- *Termination*. The agreements can be terminated by mutual consent. In addition, either party may terminate the agreements in the event of force majeure, an uncured breach after written notice, or a clear refusal by the other party to perform the agreement.

Marketing and Branding Efforts

We are committed to establishing ZEME as a globally recognized brand associated with innovation and quality. Our marketing and branding efforts include:

- *Strengthened Global Presence and Market Recognition.* We have continued to expand our international footprint through overseas visits, major maritime exhibitions, and strategic customer engagement, deepening our presence in Europe and Asia and establishing long-term cooperation with leading global shipping companies, shipowners, and shipyards. These efforts have significantly enhanced our visibility and brand recognition in the global green shipping equipment and system market.
- *High-Quality Delivery and Service Reputation*. Our one-stop service model — from design and manufacture to installation, commissioning, and 24/7 technical support — supported by service points in 10 countries, has reinforced customer trust and contributed to high customer loyalty, further strengthening our brand reputation globally.

- *Multi-Channel Brand Communication.* We enhance our brand influence through an integrated communication approach that leverages online platforms, sector-leading media, and participation in industry events. Our major project achievements have been reported by national and provincial media, and selected cases have been included in an official compilation by the State-Owned Assets Supervision and Administration Commission, further elevating our brand profile in the industry.

The following table sets forth a breakdown of our revenue, gross profit, and gross profit margin by sales channel for the periods indicated.

	For the Year Ended December 31,									For the Five Months Ended May 31,					
	2023			2024			2025			2025			2026		
	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin	Revenue	Gross Profit	Gross Profit Margin
	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%	RMB	RMB	%
	(in thousands, except percentages)														
										(Unaudited)					
Direct Sales	1,607,373	497,847	31.0	2,321,475	801,979	34.5	3,501,174	1,062,666	30.4	1,323,471	374,837	28.3	2,507,000	872,284	34.8
Distributorship	761,390	313,330	41.2	76,023	39,711	52.2	—	—	—	—	—	—	—	—	—
Total	**2,368,763**	**811,177**	**34.2**	**2,397,498**	**841,690**	**35.1**	**3,501,174**	**1,062,666**	**30.4**	**1,323,471**	**374,837**	**28.3**	**2,507,000**	**872,284**	**34.8**

The following table sets forth a breakdown of our sales volume and average selling price for our principal businesses by sales channel for the periods indicated.

	For the Year Ended December 31,						For the Five Months Ended May 31,			
	2023		2024		2025		2025		2026	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(Units)	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*	*(Units)*	*(RMB in thousands)*
Direct Sales	260	6,182	895	2,594	4,619	758	1,532	864	2,327	1,077
Distributorship	57	13,358	12	6,335	—	—	—	—	—	—
Total	**317**		**907**		**4,619**		**1,532**		**2,327**	

- ***Direct Sales***. Revenue, gross profit, and sales volume from direct sales increased during the Track Record Period, primarily due to our increased direct supply of products and services to customers, including sales conducted with the support of sales agents. The increase was mainly driven by the growth of vessel energy efficiency enhancement systems, vessel retrofit and servicing, and other direct customer projects. From 2023 to 2025, the average selling price decreased, mainly due to changes in product and service mix, including the increased contribution from lower unit-price products and services. The average selling price from direct sales increased from the five months ended May 31, 2025 to the same period in 2026, primarily due to deliveries of projects with higher contract values, including high-power generator systems which generally have a higher selling price and vessel retrofit that involved more extensive and complex retrofit work. The gross profit margin increased from 2023 to 2024, mainly due to changes in product and project mix, and decreased in 2025, mainly due to the increased contribution from lower-margin business lines and products, including shaft generator systems and vessel retrofit and servicing. The gross profit margin increased from the five months ended May 31, 2025 to the same period in 2026, mainly 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.

- ***Distributorship***.

  Zhejiang Energy Atlas was our sole distributor during the Track Record Period and became our sales agent in December 2024 for the purposes of reducing the amount of connected transactions and facilitating management through a unified sales model. Accordingly, our distributorship revenue ceased in 2025 following the change in cooperation model with Zhejiang Energy Atlas.

  The decrease in distributorship revenue from RMB761.4 million in 2023 to RMB76.0 million in 2024 was mainly due to Customer D and its related party's vessel schedule and project delivery cycle. Customer D and its related party placed orders in earlier years based on their vessel retrofit, maintenance, and newbuilding plans, and the relevant projects were substantially delivered in 2023.

  The gross profit margin of distributorship was higher than that of direct sales, mainly because the distributorship arrangement involved a single distributor and a single type of product, primarily for container vessels, which generally had a relatively higher gross profit margin. The gross profit margin further increased from 2023 to 2024, mainly because the proportion of direct equipment supply for newbuild vessels increased significantly in 2024, which generally had a higher gross profit margin.

PRODUCTION

Our Production Facility

We fulfill core orders through our in-house production capacity, while outsourcing certain production capacity to meet the specific demands of various customers. By leveraging the capabilities of the upstream and downstream supply chain, we ensure flexibility and efficiency in addressing diverse market needs.

As of the Latest Practicable Date, we operated two production facilities. Our Suzhou production base in Jiangsu Province, China undertakes the production of core components of our green shipping equipment and systems, with steel being our principal raw material. Our vessel retrofit and servicing base in Zhangjiagang, Jiangsu Province, China undertakes vessel retrofit and servicing.

The equipment and machinery that we use for production are all owned by us, mainly including welding, cutting, and grinding machines. The useful lives of these machines generally range from 4 to 10 years. For details of the depreciation method of our equipment and machinery, see Note 14 to the Accountants' Report included in Appendix I to this document.

The following table sets forth our production capacity, production volume, and utilization rate of our Suzhou production base.

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
Green Shipping Equipment and Systems					
Production Capacity[1] (units)	100	100	120	50	50
Production Volume (units)	109	78	132	56	48
Utilization Rate (%)	109.0[2]	78.0	110[2]	112.0[2]	96.0

Notes:

(1) Estimated based on a combination of factors, including the number of production workers, the size of the production site, and our production experience, and assuming the production workers work on a shift basis, with each worker working eight hours per day and 300 days per year.

(2) Our utilization rate exceeded 100% in 2023 and 2025 (including for the five months ended May 31, 2025), primarily due to increased manpower allocation in response to higher market demand. As advised by our PRC Legal Advisor, the above-100% utilization rate did not violate applicable PRC laws and regulations in any material respects, on the basis that (i) our production activities were not subject to any government-approved production capacity limit, and (ii) based on the PRC Legal Advisor's public searches and our confirmation, we had not been subject to any rectification order, administrative penalty, or other regulatory measure in this regard.

We engaged additional temporary outsourced workers in 2023 and 2025 (including for the five months ended May 31, 2025), to support the increased manpower allocation. As advised by our PRC Legal Advisor, the outsourced labor arrangements did not violate applicable PRC laws and regulations in any material respects, on the basis that (i) our PRC Legal Advisor had reviewed the relevant contracts, management policies, qualification documents of the outsourced workers, and had not identified any material non-compliance, and (ii) based on the PRC Legal Advisor's public searches and our confirmation, we had not been subject to any rectification order, administrative penalty, or other regulatory measure arising from these arrangements.

The production capacity of our Suzhou production base increased from 2024 to 2025, primarily because we added one production line and increased on-site headcount. The production capacity for our Suzhou production base remained stable for each of the five months ended May 31, 2025 and 2026. The production volume increased from 2024 to 2025 in response to the increased market demands for our green shipping equipment and systems. The utilization rate increased from 2024 to 2025 in order to meet increasing market demand. Our production volume and utilization rate decreased from 2023 to 2024 because we fulfilled certain orders in 2024 using equipment and systems that had been pre-manufactured in 2023, which allowed us to prepare for expected customer demand in advance and respond more flexibly to changes in vessel delivery schedules. For the same reason, our production volume and utilization rate decreased from the five months ended May 31, 2025 to the five months ended May 31, 2026.

The following table sets forth our production capacity, production volume, and utilization rate of our Zhangjiagang vessel retrofit and servicing base.

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
Vessel Retrofit and Servicing					
Production Capacity[1] (vessels)	—	15	100	41	41
Production Volume (vessels)	—	3	82	34	32

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
Utilization Rate (%)	—	20.0	82	82.9	78.0

Note:

(1) Determined based on the investment project filing certificate held by our Zhangjiagang vessel retrofit and servicing base.

Our Zhangjiagang vessel retrofit and servicing base commenced operations near the end of 2024. Following an initial ramp-up period, our production capacity, production volume, and utilization rate increased significantly in 2025, primarily driven by the increase in order volume. Our production capacity remained stable for each of the five months ended May 31, 2025 and 2026. Our production volume and utilization rate decreased slightly because vessels completed during the five months ended May 31, 2026 generally required more retrofit work per vessel.

We may adjust our production capacity from time to time based on our operational conditions and market demand.

Critical Production Machinery and Equipment

During the Track Record Period, most of our production machinery and equipment were purchased in China.

The following table sets forth information regarding the major machinery and equipment owned by us as of May 31, 2026.

Machinery and Equipment	Purpose/Function	Age (months)	Repair and Maintenance History	Time for Replacement or Upgrade
Horizontal Boring and Milling Machining Center	Boring, side hole machining, and thread tapping	13	Semi-annual maintenance	By 2035
CNC Gantry Machining Center	Machining the end face and arc surfaces of locking assemblies, drilling holes, thread milling, and surface milling	13	Semi-annual maintenance	By 2035
CNC Double Column Vertical Lathe	Turning the outer diameters and inner bores of the inner and outer rings of locking assemblies	11	Semi-annual maintenance	By 2035
Hydraulic Press	Manufacturing pressing plates for PSV	9	Semi-annual maintenance	By 2035

Machinery and Equipment	Purpose/Function	Age (months)	Repair and Maintenance History	Time for Replacement or Upgrade
Four-Roll Plate Bending Machine	Rolling carbon steel plates into cylindrical shapes	40	Semi-annual maintenance	By 2027
Wire Electrical Discharge Machine	Cutting the inner and outer rings of locking assemblies	13	Semi-annual maintenance	By 2035
Forklift	Transporting materials	14	Semi-annual maintenance	By 2028
X-ray Fluorescence Spectrometer	Analyzing material composition	69	Annual maintenance	By 2027
Plate Bending Machine	Rolling carbon steel plates into cylindrical shapes	86	Semi-annual maintenance	By 2029
Plasma Cutting Machine	Cutting and blanking of carbon steel plates	86	Annual maintenance	By 2029
CNC Laser Cutting Machine	Cutting and blanking of stainless steel plates	12	Semi-annual maintenance	By 2030
Loader	Loading and unloading copper ore sand	14	Semi-annual maintenance	By 2030
CNC Pipe and Tube Intersecting Cutting Machine	Cutting pipes for intersecting joints	9	Semi-annual maintenance	By 2030
Radial Drilling Machine	Drilling holes in outfitting components	9	Quarterly maintenance	By 2030
Hydraulic Press Brake	Bending edges of outfitting components	14	Semi-annual maintenance	By 2030
Hydraulic Pipe Bending Machine	Bending pipes	9	Quarterly maintenance	By 2030
15T Electric Flatbed Trolley	Short-distance transport of equipment	9	Monthly maintenance	By 2030
Portal Crane	Transporting vessel supplies and installing large equipment	2	Annual maintenance	By 2031
Fiber Laser Bevel Cutting Machine	Bevel cutting and blanking	3	Annual maintenance	By 2031
Mobile Shore Power Converter	Supplying shore power to vessels during maintenance	0	Annual maintenance	By 2031
Tower Crane	Supporting hatch cover repair	3	Annual maintenance	By 2031

OUR OUTSOURCING ARRANGEMENTS

During the Track Record Period, we outsourced the processing of certain non-core components of our products and installation and set-up process to third-party manufacturing service providers to maintain a flexible production model and respond to changing market demand.

For processing work, the outsourced partners mainly provide auxiliary manufacturing services by carrying out physical processing and assembly for our products such as EGCSs and wind shields based on the drawings, technical specifications, and process standards provided by us, including cutting, rolling, panel assembly, block assembly, nozzle and filler installation, pickling and passivation, and tightness tests. For installation and set-up work, the outsourced partners mainly perform on-site execution work, such as steel structure and outfitting installation, piping and cabling, equipment lifting and fixing, coating, and routine supporting tests, under our project requirements and technical guidance. We remain responsible for, and maintain overall control over, the outsourced work process. Before the work begins, we set the product design, technical specifications, process standards, production plan, and inspection requirements, and provide the main materials and components. During the work process, we monitor the progress and key quality steps, and require rectification where necessary. Before delivery, we conduct quality inspections, system commissioning, and final acceptance to ensure that the outsourced work meets our technical and quality requirements.

The following table sets forth a breakdown of the proportions of in-house and outsourced production, in terms of capacity utilization, for our key products during the Track Record Period.

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
Green Shipping Equipment and Systems					
Processing					
In-House	66.86%	62.64%	58.81%	55.40%	55.65%
Outsourced	33.14%	37.36%	41.19%	44.60%	44.35%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Installation and Set-Up					
In-House	0.0%	4.3%	20.6%	20.1%	22.3%
Outsourced	100.0%	95.7%	79.4%	79.9%	77.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Vessel Retrofit					
In-House	—	100.00%	100.00%	100.00%	100.00%
Outsourced	—	0.00%	0.00%	0.00%	0.00%
Total	**—**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

We primarily engaged outsourced partners in providing our green shipping equipment and systems.

The increase in the use of outsourced processing service in our green shipping equipment and systems in the Track Record Period was mainly due to our expansion into new business lines. As we were still building in-house production capacity for certain new products during the ramp-up stage, we increased our use of third-party processors to meet growing market demand and delivery needs. We relied less on outsourced partners for the installation and set-up process, primarily because of the commencement of operation of our Zhangjiagang vessel retrofit and servicing base.

The table below sets out the number of outsourced partners engaged by us by service category during the Track Record Period:

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
Outsourced Processing	9	24	18	17	11
Installation and Set-Up Service	106	153	343	167	327
Total	**115**	**177**	**361**	**184**	**338**

The following table sets forth a summary of our purchases from the outsourced partners during the Track Record Period:

	For the Year Ended December 31,			For the Five Months Ended May 31,	
	2023	2024	2025	2025	2026
			(RMB in thousands)		
Outsourced Processing	34,847	61,938	58,836	37,352	28,122
Installation and Set-Up Service	850,646	578,420	912,032	347,377	489,640
Total	**885,493**	**640,358**	**970,868**	**384,728**	**517,762**

The following table sets forth a summary of the background of our major outsourced partners, being the three largest outsourced processing partners and installation and set-up partners in terms of transaction amount during the Track Record Period:

	Outsourced Partners	Background of the Outsourced Partners
Outsourced Processing	Outsourced Partner A	A company established in 2022, primarily engaged in ship port services, machinery and electrical equipment sales, marine engineering equipment sales, and labor services.
	Outsourced Partner B	A large state-owned shipping group established in 2016, primarily engaged in international shipping, shipping auxiliary services, logistics, marine engineering equipment, and related technical services.
	Outsourced Partner C	A company established in 2005, primarily engaged in general equipment manufacturing, machinery installation, parts processing, environmental protection equipment manufacturing, and related services.
Installation and Set-Up Service	Supplier D	A medium-sized shipyard in Zhoushan, Zhejiang, primarily engaged in the repair, conversion, and construction of civilian vessels.
	Supplier K	A large shipyard in Zhoushan, Zhejiang, primarily providing construction, repair, and conversion services for civilian vessels.
	Supplier H	A large conglomerate in China, primarily engaged in ship building and marine equipment manufacturing.

To our best knowledge and save for ordinary course business relationships us, none of the major outsourced partners or their respective ultimate beneficial owners or directors had any past or present family, business, employment, trust, financing, or other relationship with us, our subsidiaries, shareholders, directors, senior management, or any of their respective associates.

We did not rely on any particular outsourced partner during the Track Record Period. For outsourced processing, the largest outsourced processing partner accounted for 44.9%, 22.0%, 24.9%, 18.7%, and 22.3% of our outsourced processing fees in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively. For installation and set-up service, the largest partner accounted for 13.7%, 15.8%, 9.1%, 12.1%, and 7.0% of our outsourced installation and set-up service fees in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively.

We maintained a broad pool of outsourced partners during the Track Record Period. In particular, the number of installation and set-up service partners increased from 106 in 2023 to 327 in the five months ended May 31, 2026. We select outsourced partners on a project-by-project basis, taking into account their technical capabilities, track record, execution capacity, dock availability, geographic location, service quality, delivery schedule, and quotation.

In addition, we have implemented measures to manage potential reliance on outsourced partners, including maintaining a qualified partner list, conducting ongoing performance reviews, engaging alternative partners where appropriate, and enhancing our own servicing capabilities through our Zhangjiagang vessel retrofit and servicing base.

The following summary sets forth the typical outsourcing arrangements between us and our third-party service providers.

- ***Scope of Service***. Outsourced partners are responsible for the processing and installation and set-up of certain of our products according to our specifications, quantity, and time line.

- ***Contractual Terms***. The contractual terms reflect the agreed construction and delivery period, which varies depending on project complexity and deliverable quantity.

- ***Delivery and Payment Terms***. The processors and installation and set-up service providers will deliver at the site of construction, and we will usually inspect and pay within 30 days after receipt of invoice.

- ***Warranty***. Our processors and installation and set-up service providers typically provide a 18-month warranty for repair and replacement of relevant items if quality issues arise during the warranty period.

- ***Termination***. The contract may be terminated by mutual consent.

QUALITY CONTROL

We have implemented a comprehensive quality control system that governs every stage of our operations — from design and production to final inspection. We have established specific quality control procedures including self-inspection, photo-taking, routine inspection, visual inspection, documentation, and measurement. This system is fundamental to enhancing our technical expertise and ensuring high quality of our products.

Our quality management framework clearly delineates the responsibilities of each department, creating a structured mechanism for coordinated action. For example, our procurement department is tasked with overseeing our suppliers and partners to guarantee that all materials and equipment meet our stringent quality criteria. At the core of our framework is the quality and safety department, which is responsible for establishing and managing the quality and safety standards for all critical and special processes. The department operates a closed-loop system: it continuously gathers data from critical processes, performs rigorous analysis to assess quality performance, and translates these findings into actionable strategies for process refinement and the progressive elevation of our quality goals.

Our quality control procedures are formulated in compliance with applicable laws and regulations and the requirements of classification societies, and form an integral part of our management standard system. Our procedures for core products impose rigorous controls on fabrication, subcontractors, installation, and random inspections. We enforce these standards with a suite of tools — including detailed checklists, fabrication protocols, and inspection plans — ensuring that every phase is standardized and meticulously documented for full traceability.

We are committed to complying with the applicable production and sales laws, regulations, and national and industrial standards. We have been accredited with the certification issued by ABS Quality Evaluations, attesting that our quality management system applicable to design, installation, and technical services of ship environment protection equipment and vessel energy efficiency enhancement system is in compliance with the ISO9001:2015 standards. Further, our shipyard is certified by Lloyd's Register Quality Assurance to the Quality Management System Standards ISO 9001 and Occupational Health and Safety Management System Standards OHSAS 18000. In addition, it is in the process of obtaining approval from ABS Register Quality Assurance for the Environmental Management System ISO 14001. The shipyard is also recognized by classification societies such as ABS, CCS, NK, and LR.

CUSTOMERS AND SUPPLIERS

Our Customers

Our customers primarily consist of leading domestic and international shipping companies, shipowners, and shipyards. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, revenue generated from our top five customers in each applicable period accounted for 84.7%, 69.5%, 77.0%, 71.6%, and 88.1% of our total revenue, respectively, and revenue generated from our largest customer in each applicable period accounted for 36.9%, 57.3%, 66.0%, 57.6%, and 68.1% of our total revenue, respectively.

The following table sets forth certain information regarding our customers in each period during the Track Record Period.

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products or Services Purchased	Credit Terms	Payment Methods	Origin of Business Relationship
	(RMB in thousands)	*(%)*						
For the Five Months Ended May 31, 2026								
Customer A . .	1,706,210	68.1	2018	A large multinational shipping group established in 1970, providing comprehensive technical management, crew manning, safety and compliance, and ship building supervision services, with over 200,000 employees, owning and managing over 1,000 container ships, the world's largest container ship fleet	EGCS, shaft generator systems, wind shields, deplume units, GHG-CEMS, shore power, vessel retrofit and servicing, and intelligent vessel operating and maintenance systems	Credit terms: 7-30 days Payment terms: 60 days	Wire transfer	Through business development visit
Customer B . .	337,397	13.5	2025	A BVI-incorporated international shipping company established in 2024, primarily engaging in dry bulk shipping, covering major routes for global commodity trade, including West Africa, Western Australia, and Brazil, controlling four vessels with an aggregate value exceeding US$120.0 million	Vessel retrofitting and servicing	Credit terms: 90 days Payment terms: 3 years by installment	Wire transfer	Through industry referral

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products or Services Purchased	Credit Terms	Payment Methods	Origin of Business Relationship
	(RMB in thousands)	*(%)*						
Customer C . .	62,770	2.5	2025	A Singapore-based international shipping company and an Asian container liner enterprise, established in 1993, operating a 25-ship fleet, with approximately 400 employees	EGCS and technical support	Credit terms: 90 days Payment terms: 90 days	Wire transfer	Through business development contact
Customer D . .	52,860	2.1	2025	A renowned international shipping group established in 2000, with more than 20 years of experience in the global shipping industry and over 7,000 employees	EGCS and shore power systems	Credit terms: 30-60 days Payment terms: 3 years by installment	Wire transfer	Through Zhejiang Energy Atlas
Customer E . .	48,284	1.9	2024	A large conglomerate in China established in 2019, primarily engaged in ship building and marine equipment manufacturing, with total assets exceeding RMB1.00 trillion, approximately 180,000 employees, and more than 50 shipbuilding enterprises in its group, the world's largest shipbuilding group in terms of the number of vessels in orderbook as of December 31, 2025	EGCS and technical support	Credit terms: 30-60 days Payment terms: 30-60 days	Wire transfer	Through business development visits and introduction by common business partner
Total	**2,207,521**	**88.1**						

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products or Services Purchased	Credit Terms	Payment Methods	Origin of Business Relationship
	(RMB in thousands)	*(%)*						
For the Year Ended December 31, 2025								
Customer A . .	2,309,479	66.0	2018	A large multinational shipping group established in 1970, providing comprehensive technical management, crew manning, safety and compliance, and ship building supervision services, with over 200,000 employees, owning and managing over 1,000 container ships, the world's largest container ship fleet	EGCS, shaft generator systems, wind shields, de-plume units, GHG-CEMS, shore power, vessel retrofit and servicing, and intelligent vessel operating and maintenance systems	Credit terms: 7-30 days Payment terms: 60 days	Wire transfer	Through business development visit
Customer F . .	135,798	3.9	2025	A special purpose vehicle company with 10 employees, established in 2025 for the purpose of holding a dry bulk vessel with an estimated value of approximately RMB140.0 million and procuring our whole-vessel retrofit services, so as to isolate risks and facilitate financing and vessel asset transfers, consistent with industry norms in the shipping industry, according to CIC, controlled by Customer B, a BVI-incorporated international shipping company that focuses on dry bulk shipping and covers major routes for global commodity trade, including West Africa, Western Australia, and Brazil	Vessel retrofitting and servicing	Credit terms: 90 days Payment terms: 3 years by installment	Wire transfer	Through industry referral

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products or Services Purchased	Credit Terms	Payment Methods	Origin of Business Relationship
	(RMB in thousands)	*(%)*						
Customer C	127,673	3.6	2025	A Singapore-based international shipping company and an Asian container liner enterprise, established in 1993, operating a 25-ship fleet, with approximately 400 employees	EGCS and technical support	Credit terms: 90 days Payment terms: 90 days	Wire transfer	Through business development contact
Customer D	65,768	1.9	2025	A renowned international shipping group established in 2000, with more than 20 years of experience in the global shipping industry and over 7,000 employees	EGCS and shore power systems	Credit terms: 30-60 days Payment terms: 3 years by installment	Wire transfer	Through Zhejiang Energy Atlas
Customer G	58,814	1.7	2024	A Hainan-based shipping company established in 2016, with its core business focusing on domestic and Southeast Asian coastal shipping services for general and bulk cargo, and vessel chartering and management, with approximately 50 employees	EGCS, vessel energy efficiency enhancement systems, wind shield, and bulbous bow	Credit terms: 30-60 days Payment terms: 180 days	Wire transfer	Through industry referral
Total	**2,697,532**	**77.0**						

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products or Services Purchased	Credit Terms	Payment Methods	Origin of Business Relationship
	(RMB in thousands)	*(%)*						
For the Year Ended December 31, 2024								
Customer A . .	1,373,102	57.3	2018	A large multinational shipping group established in 1970, providing comprehensive technical management, crew manning, safety and compliance, and ship building supervision services, with over 200,000 employees, owning and managing over 1,000 container ships, the world's largest container ship fleet	EGCS and shaft generator systems	Credit terms: 7-30 days Payment terms: 60 days	Wire transfer	Through business development visit
Customer H . .	94,018	3.9	2024	A leading global container shipping and logistics services group, headquartered in Hong Kong, established in 1947, listed on the Hong Kong Stock Exchange, with over 11,000 employees globally	EGCS	Credit terms: 30-60 days Payment terms: 10 months	Wire transfer	Through customer-initiated business discussions
Zhejiang Energy Atlas	76,023	3.2	2023	A China-based company established in 2021, specializing in vessel leasing and vessel equipment sales and agency, with a registered capital of US$2.0 million	EGCS and shore power systems	Credit terms: 30-60 days Payment terms: 270 days or 3 years by installment	Wire transfer	Through our shareholder and a major customer

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products or Services Purchased	Credit Terms	Payment Methods	Origin of Business Relationship
	(RMB in thousands)	*(%)*						
Customer I . . .	66,895	2.8	2024	A Singapore-based special purpose vehicle company with a registered capital of S$50,000, established in 2024 for the purpose of holding a dry bulk vessel with an estimated value of approximately RMB230.0 million and procuring our whole-vessel retrofit services, so as to isolate risks and facilitate financing and vessel asset transfers, consistent with industry norms in the shipping industry, according to CIC, controlled by Customer B, a BVI-incorporated international shipping company that focuses on dry bulk shipping and covers major routes for global commodity trade, including West Africa, Western Australia, and Brazil	Vessel retrofit and servicing	Credit terms: 90 days Payment terms: 180 days or 3 years by installment	Wire transfer	Through the introduction by common business partner
Customer J . .	55,818	2.3	2023	A prominent Chinese multinational conglomerate, established in 2010, with core operations in global dry bulk shipping and comprehensive bauxite-alumina-aluminum integrated supply chain management, primarily serving the Asia-Pacific market, with over 100 employees	EGCS	Credit terms: N/A Payment terms: 1 year	Wire transfer	Through industry referral
Total	**1,665,856**	**69.5**						

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products or Services Purchased	Credit Terms	Payment Methods	Origin of Business Relationship
	(RMB in thousands)	*(%)*						
For the Year Ended December 31, 2023								
Customer A . .	874,250	36.9	2018	A large multinational shipping group established in 1970, providing comprehensive technical management, crew manning, safety and compliance, and ship building supervision services, with over 200,000 employees, owning and managing over 1,000 container ships, the world's largest container ship fleet	EGCS and shore power systems	Credit terms: 7-30 days Payment terms: 60 days	Wire transfer	Through business development visit
Zhejiang Energy Atlas	761,390	32.1	2023	A China-based company, established in 2021, specializing in vessel leasing and vessel equipment sales and agency, with a registered capital of US$2.0 million	EGCS	Credit terms: 30-60 days Payment terms: 270 days or 3 years by installment	Wire transfer	Through our shareholder and a major customer
Customer K . .	193,581	8.2	2022	A Chinese shipping company headquartered in Hebei Province, established in 2001, operating an international fleet primarily composed of bulk carriers, with its core business being global dry bulk maritime transportation and ship management, with a registered capital of RMB89.6 million	EGCS	Credit terms: 30-60 days Payment terms: 1 year	Wire transfer	Through the introduction by common business partner

Customer	Transaction Amount	Percentage of Total Revenue	Year of Commencement of Business Relationship	Customer Background	Products or Services Purchased	Credit Terms	Payment Methods	Origin of Business Relationship
	(RMB in thousands)	*(%)*						
Customer L . .	105,558	4.5	2022	An international shipping company registered and mainly operating in Singapore, established in 2012, specializing in dry bulk shipping, with a registered capital of US$5.0 million	EGCS	Credit terms: 30-60 days Payment terms: 4 years by installment	Wire transfer	Through industry referral
Customer M . .	71,297	3.0	2022	An international shipping asset management company, established in 2008, mainly engaging in the operation, investment, and leasing of tankers and dry bulk vessels, with a registered capital of RMB120.0 million	EGCS	Credit terms: N/A Payment terms: 1 year	Wire transfer	Through industry referral
Total	**2,006,076**	**84.7**						

During the Track Record Period, the change in the composition of our five largest customers in each applicable period was mainly due to differences in customer order and delivery schedules. Our revenue is generally recognized when the relevant vessels complete installation, delivery, and acceptance. As different customers arranged vessel entry and delivery at different times, the revenue contributed by each customer varied by year.

Certain customers became five largest customers shortly after commencing business relationship with us, mainly due to the project-based nature of our business. A customer may become a major customer in a particular year if it had vessel upgrade, retrofit, or procurement needs with relatively large contract value during that year.

In particular:

(i) ***Customer C***. Customer C commenced business relationship with us in 2025 and became our third largest customer in the same year, mainly because it procured vessel exhaust gas emission control systems and vessel repair services from us with a relatively large contract value during the year.

(ii) ***Customer I***. Customer I commenced business relationship with us in 2024 and became our fourth largest customer the same year, mainly because the relevant transaction involved a whole-vessel green retrofit project with a relatively large contract value.

(iii) ***Zhejiang Energy Atlas***. Zhejiang Energy Atlas commenced business relationship with us in 2023 and became our second largest customer in the same year, mainly because it is a dedicated procurement platform established by one of our shareholders and one of our major customers, and procured all of its green shipping equipment and systems from us during the year, resulting in a relatively large transaction amount.

(iv) ***Customer M***. Customer M commenced business relationship with us in 2023 and became our fifth largest customer in the same year, mainly because it had specific vessel upgrade needs and procured vessel exhaust gas emission control systems with a relatively large transaction amount from us during the year.

We determine the credit period for each customer on a case-by-case basis after considering factors such as customer background, credit profile, cooperation model, project characteristics, cooperation history, and long-term cooperation potential. The longer payment periods of two to four years granted to certain customers were mainly attributable to the installment payment arrangements. According to CIC, such variation is consistent with industry norms because the green shipping equipment and system industry is typically project- based, customized, and involves high-value transactions.

To manage the credit risk associated with credit periods, we have implemented internal controls covering customer credit investigation and review, credit rating, credit limit approval, differentiated settlement terms, accounts receivable monitoring, and timely adjustment of credit policies. Customers are assessed based on factors such as financial condition, operating status, performance history, and dispute records, and are assigned different credit limits and settlement terms accordingly. Credit limits above US$1.0 million and special settlement arrangements are subject to management approval, and we also maintain customer credit files for ongoing monitoring and follow-up.

The following summary sets forth the salient terms of our sales agreements with our customers.

- *Scope of Work.* We usually provide turnkey services covering the construction design, procurement, installation, and commission of our different products. We also provide standalone sales of equipment or services without installation and commission, catering to the diverse needs of customers.

- *Pricing and Payment.* The pricing varies by product type and scope of work. Payments are usually structured in installments on a pro rata basis: an initial portion of the contract price is tied to contract execution, with the remaining balance contingent upon the achievement of certain milestones, such as the successful commissioning of the equipment, the redelivery of the vessel to the designated locations, and the issuance and formal acceptance of a satisfactory completion certificate.

- *Delivery.* We are generally required to redeliver the vessel to destinations specified by our customers.

- *Performance Tests.* We will carry out performance tests upon the advance notice of our customers. Customers will grant final acceptance following the successful completion of the performance test.

- *Warranty.* Our products warranty period typically ranges from 12 to 36 months. We are responsible for repairing defects or deficiencies and replacing defective equipment covered by warranty scope.

- *Termination.* Each party may terminate the agreements in the event of, among others, (i) the occurrence of a force majeure event, (ii) any material breach by the other party, or (iii) any other breach by the other party that is not remedied within a prescribed time-period.

- *Sub-Contracting.* We are generally allowed to subcontract certain work to experienced subcontractors, while certain agreements have specific restrictions on prior consent, scope of work, or technical specification.

Except for Zhejiang Energy Atlas, all our top five customers in each applicable period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates, or any Shareholders that, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers in each applicable period during the Track Record Period, except that Zhejiang Energy Atlas was owned as to 30% by Zhejiang Technology Environmental Group, our Controlling Shareholder, and as to 20% through a wholly owned subsidiary of Mr. Wang, who also serves as a director of Zhejiang Energy Atlas.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with, nor did we receive any material complaints from, our customers.

Relationship with Customer A

Customer A is a large multinational shipping group that provides comprehensive technical management, crew manning, safety and compliance, and ship building supervision services, and owns the world's largest container ship fleet. It has over 200,000 employees and manages over 1,000 container ships globally. We are a major supplier of Customer A's green shipping equipment and systems in each period during the Track Record Period.

Our direct contracting party within Customer A includes Customer A1, Customer A2, and Customer A3. We provide EGCSs, shaft generator systems, vessel retrofit and maintenance service, and wind shields through these three entities within Customer A group. Customer A1 is wholly owned by Customer A2, which is controlled by Customer A. Customer A is held through its holding company and is ultimately controlled by the founding family of Customer A. Customer A3 is an affiliated entity within Customer A's group structure. It is also under the same ultimate control.

Customer A was our largest customer in each applicable period during the Track Record Period, contributing RMB874.3 million, RMB1.37 billion, RMB2.31 billion, RMB762.3 million, and RMB1.71 billion, representing 36.9%, 57.3%, 66.0%, 57.6%, and 68.1% of our total revenue in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively. The increase in the amount and proportion of revenue generated from Customer A during the Track

Record Period was mainly due to the increasing success of our business relationship with Customer A and the expansion of Customer A's demand. Customer A, being the world's largest container shipping group, experienced business and fleet expansion during the Track Record Period, which directly increased its demand for our products and services. Meanwhile, we expanded our supply to Customer A from exhaust gas cleaning systems in the initial stage to multiple product lines, including shaft generator systems, wind shields, vessel retrofit and servicing, de-plume units, and greenhouse gas continuous emission monitoring systems. Certain new products were initially developed or customized with reference to Customer A's operational needs, which further enhanced our position as a core supplier to Customer A. Based on the longstanding mutually trusted relationship between the parties and the stable expectation for future cooperation, the we expect our business relationship with Customer A to further strengthen in the future.

The following table sets forth a breakdown of our revenue generated from Customer A 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	%
	(in thousands, except percentages)						*(Unaudited)*			
Vessel Exhaust Gas Emission Control and Cleaning Systems	868,040	99.3	1,058,057	77.1	789,313	34.2	220,721	29.0	424,726	24.9
Vessel Energy Efficiency Enhancement Systems . .	—	—	236,275	17.2	772,570	33.4	289,359	38.0	825,839	48.4
Vessel Retrofit and Servicing	—	—	54,993	4.0	641,342	27.8	226,804	29.8	407,448	23.9
Intelligent Vessel Operating and Maintenance Systems	—	—	8,504	0.6	62,370	2.7	23,409	3.0	29,685	1.7
New Energy Vessel Systems	6,210	0.7	11,485	0.8	34,332	1.5	—	—	17,910	1.1
Others	—	—	3,788	0.3	9,552	0.4	2,018	0.2	602	—
Revenue generated from Customer A	**874,250**	**100.0**	**1,373,102**	**100.0**	**2,309,479**	**100.0**	**762,311**	**100.0**	**1,706,210**	**100.0**

The following table sets forth our project backlog movement with Customer A in terms of contract value during the Track Record Period. The project duration with Customer A was generally three years.

	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)				
Opening balance of contract value (excluding VAT) at the beginning of the year .	1,683,106	1,305,938	2,820,856	2,820,856	2,740,323
Add: Contract value (excluding VAT) secured during the year/period	497,081	2,888,020	2,228,946	1,001,070	2,325,170
Less: Revenue recognized during the year/period .	874,250	1,373,102	2,309,479	762,311	1,706,210
Closing balance of contract value (excluding VAT) at the end of the year/period	**1,305,938**	**2,820,856**	**2,740,323**	**3,059,615**	**3,359,283**

As of the Latest Practicable Date, we had outstanding balances of trade receivables of RMB248,404 from Customer A. As of the same date, there were no contract assets or amounts due from Customer A. Accordingly, we had no material financial exposure to Customer A.

The following summary sets forth the material terms of our sales agreements with Customer A.

(i) ***Duration***. The sales agreements with Customer A are generally entered into for specific procurement orders, rather than under a master agreement with a fixed term. Each agreement generally remains effective until completion of the relevant project or delivery of the products and services.

(ii) ***Renewal***. The sales agreements with Customer A generally do not contain automatic renewal provisions. Any new project is normally subject to a new procurement order and a new agreement.

(iii) ***Termination***. Either party may terminate upon the other party's insolvency, unremedied default after notice, or repudiation. In addition, Customer A may terminate in specified project-related circumstances, including failure by us to perform the agreed works, complete commissioning successfully, or deliver the vessel on time, while we may terminate in the event of Customer A's failure to pay the balance contract price after notice.

According to CIC, reliance on major customers is an industry norm because the shipping industry is highly concentrated, with the top 10 container shipping groups accounted for 84.5% of total global operational container shipping volume capacity in 2025. Our Directors are of the view that our relationship with Customer A is unlikely to materially adversely change or terminate based on the following:

(i) We have developed a highly integrated and mutually reinforcing business relationship with Customer A. We have expanded our supply to Customer A from EGCS in the initial stage to multiple business lines, including shaft generator systems, wind shields, vessel retrofit and servicing, de-plume units, GHG-CEMS, and intelligent vessel operating and maintenance systems, and we have demonstrated our ability to promptly adjust our products and services to meet Customer A's evolving operational, decarbonization, and technology upgrade needs.

(ii) We have served Customer A since 2018, demonstrating our long-term relationship with Customer A. During this period and up to the Latest Practicable Date, there was no litigation, complaint, or other dispute by Customer A against us.

(iii) We believe that our concentration in sales to Customer A is consistent with the industry structure. According to CIC, as the world's largest container shipping group, Customer A is one of the leading market participants in a highly concentrated downstream market, and our focus on serving leading global shipping groups is in line with such industry structure.

We have strengthened our ability to mitigate customer concentration risk by expanding from a single product line into multiple business lines, and by enhancing our capability to provide integrated products and services to global shipping companies, shipowners, and shipyards. This has enabled us to mitigate our risk exposure through broader business coverage and a more diverse revenue base.

We have taken the following measures and steps to diversify our revenue stream:

(i) ***Expansion into new leading customers***. We have leveraged the technical capabilities and delivery track record we built through long-term cooperation with leading industry players to implement a top-down marketing strategy, under which we have proactively expanded into other leading customers in the global shipping industry. In 2025, we newly engaged 124 customers, which contributed orders of approximately US$200 million, representing 30% of our total order intake for the year. In the same year, we secured a number of new leading customers within the global shipping industry. One of these customers, a leading global container shipping company, alone contributed orders of over US$27.0 million in 2025, and its EGCS orders increased from 11 vessels in May 2025 to 36 vessels in February 2026.

(ii) ***Conversion of users into customers***. We have identified users of vessels equipped with our products after users reach out for technical support or inquire about new products and services, and have developed some of them into customers. We have also leveraged the market influence of our long-term leading customers to facilitate targeted customer development.

(iii) ***Expansion of product matrix and cross-selling***. We have expanded our product offering from EGCS-centered products to a broader portfolio, including shaft generator systems and wind shields, and have promoted cross-selling of diversified products to lower procurement thresholds for new customers and attract customers seeking integrated solutions. This product expansion has supported our ability to broaden our customer base and reduce reliance on a single revenue source.

The effectiveness of the above measures is reflected in the optimization of our revenue mix. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the vessel exhaust gas emission and control and cleaning system revenue accounted for 98.5%, 78.5%, 44.7%, 46.2%, and 30.6% of total revenue, respectively, while vessel energy efficiency enhancement system revenue accounted for nil, 10.5%, 24.4%, 26.7%, and 34.3% of total revenue and vessel retrofit and servicing revenue accounted for 0.9%, 9.3%, 26.4%, 24.7%, and 31.9% of total revenue, respectively.

The Directors are of the view that the transactions between us and Customer A during the Track Record Period and up to the Latest Practicable Date have been, and will continue to be, conducted on normal commercial terms and on an arm's length basis, as the we determine the price and principal terms of such transactions in accordance with the same internal pricing and approval procedures generally applicable to transactions with other independent customers, taking into account the relevant project scope, technical requirements, cost structure, delivery schedule, and other commercial factors. In determining whether the relevant transactions are on normal commercial terms and on an arm's length basis, we also compare the proposed price and principal terms with those of comparable transactions with other independent customers, where available, and conduct an internal review and approval in accordance with our established procedures. The payment term granted to Customer A was generally 60 days, and the credit term was generally 7 to 30 days, which was in line with the terms granted to other independent customers for comparable transactions. Minor differences in other commercial terms, such as delivery schedule, delivery location, warranty period, and acceptance arrangements, were attributable to customer-specific requirements and did not affect the fairness and reasonableness of the overall transaction terms. In addition, nothing material has come to the Joint Sponsors' attention that would reasonably cast doubt on our Directors' view.

There had been no material adverse changes in our business relationship with Customer A after the end of the Track Record Period and up to the Latest Practicable Date.

Based on the foregoing, our Directors believe that our sales concentration with Customer A will not have a material adverse effect on our business, financial condition, and results of operations.

In addition to our business cooperation with Customer A, Mr. Wang serves as a director of a company 50% owned by Customer A, which we refer to as Company AA, and his spouse beneficially owns 12.5% of interests in this company. During the Track Record Period and up to the Latest Practicable Date, we had no transactions with Company AA. Company AA was established in Ningbo on July 1, 2025, as a limited liability company with a registered capital of RMB6.0 million. It principally engages in seafarer outsourcing services. As of the Latest Practicable Date, based on public information, the board of Company AA comprised Mr. JHA PRABHAT KUMAR as chairman and Mr. BUNDIUK RUSLAN, Ms. Xu Jinhua (Mr. Wang's spouse), and Mr. Wang Guanzhong (the eldest son of Mr. Wang and Ms. Xu Jinhua) as directors. Except for the 50% owned by Customer A and 12.5% beneficially owned by Ms. Xu Jinhua, the remaining 37.5% interests in Company AA are beneficially owned as to 12.5% by the second son of Mr. Wang and Ms. Xu Jinhua, and as to 25% by a company controlled by a business partner of Mr. Wang and Ms. Xu Jinhua, which is independent from us.

Mr. Wang was appointed as a director of Company AA, and Ms. Xu Jinhua made her investment in Company AA, upon Company AA's establishment on July 1, 2025. Following Customer A's expansion of its China routes after the COVID-19 pandemic, Customer A had increasing local operational needs in China, including crew-related coordination and support. Having regard to the guidance of the competent Ningbo governmental authorities and the local regulatory and market environment, Customer A sought to establish a local service platform with a cooperation partner familiar with PRC laws and regulations and local market practice. Given Mr. Wang's experience and expertise in the shipping industry, Customer A invited Mr. Wang to serve as a director of, and Ms. Xu Jinhua to invest in, Company AA. Mr. Wang ceased to serve as a director of Company AA on March 3, 2026, in order to focus on the operations of the Group. There was no conflict of interest between us and Company AA, and the products and services provided by us did not overlap with those provided by Company AA.

Save as disclosed above, namely that (i) Ms. Xu Jinhua invested in Company AA upon its establishment, (ii) the second son of Mr. Wang and Ms. Xu Jin Hua is an indirect beneficial owner of 12.5% of Company AA, and (iii) Mr. Wang Guanzhong, a current director of Company AA, is the eldest son of Mr. Wang and Ms. Xu Jinhua, neither Mr. Wang nor Ms. Xu Jinhua has any past or present relationship with the other shareholders, directors, or senior management of Company AA.

Our Relationship with Zhejiang Energy Atlas

During the Track Record Period, Zhejiang Energy Atlas was our sole distributor. We primarily sold our EGCSs to Zhejiang Energy Atlas, who then resold to large shipping companies. In 2023 and 2024, the revenue generated through our distributorship with Zhejiang Energy Atlas was RMB761.4 million and RMB76.0 million, respectively, representing 32.1% and 3.2% of our total revenue for the same years, respectively. The decrease in revenue from Zhejiang Energy Atlas from RMB761.4 million in 2023 to RMB76.0 million in 2024 was due to Customer D and its related party's vessel schedule and project delivery cycle. Customer D and its related party placed orders in earlier years based on their vessel retrofit, maintenance, and newbuilding plans, and the projects were substantially delivered in 2023.

The following summary sets for the material terms of the distributorship agreement with Zhejiang Energy Atlas:

Term. The agreement has a term of four years from the effective date.

Non-Exclusivity. The agreement is non-exclusive, and Zhejiang Energy Atlas may procure equipment and services from other suppliers.

Scope. Zhejiang Energy Atlas procures our products and related services for designated vessel projects.

Products and Services. We are responsible for supplying the equipment and providing related services, including installation guidance, commissioning, training, and after-sales services.

Payment. Contract prices and payment milestones are agreed on a vessel-by-vessel basis, with payments generally linked to contract signing, equipment delivery, vessel delivery and commissioning, and expiry of the post-delivery warranty period.

Delivery and Acceptance. We are is responsible for delivering equipment in accordance with the agreed delivery terms, and delivery is generally accepted upon receipt or use of the equipment.

Return. Zhejiang Energy Atlas may return products only in limited circumstances, including where the products are defective, non-compliant, not yet shipped or customized, or unlikely to be delivered by the agreed delivery date.

Warranty. We provide warranties for the equipment and services in accordance with the agreement, including a two-year service warranty from successful commissioning.

Termination. Either party may terminate the agreement under specified circumstances, including material breach, insolvency, or prolonged force majeure events.

During the Track Record Period and up to the Latest Practicable Date, no product was returned by Zhejiang Energy Atlas. Zhejiang Energy Atlas did not hold any unsold inventory as of December 31, 2023, 2024, and 2025, May 31, 2026, and the Latest Practicable Date.

Starting from December 2024, our collaboration model with Zhejiang Energy Atlas shifted from a distribution model to a sales agent model. As a result, we no longer sell our products directly to Zhejiang Energy Atlas for resale. Instead, we now provide our products directly to our customers and pay Zhejiang Energy Atlas a sales agent service fee, which is determined with reference to the sales amount. In 2025, our sales agent service fee to Zhejiang Energy Atlas was RMB5.2 million. For the five months ended May 31, 2026, our sales agent service fee to Zhejiang Energy Atlas was RMB4.2 million. The total revenue generated through Zhejiang Energy Atlas as a sales agent was RMB61.2 million, of which RMB48.5 million was attributable to Customer D, and the remaining RMB12.7 million was attributable to three other end customers, also related parties of Customer D. We anticipate that all future business with Zhejiang Energy Atlas will be conducted under the sales agent model. Zhejiang Energy Atlas is also our connected person. For details of connected transactions with Zhejiang Energy Atlas, see "Connected Transactions."

Our Suppliers

Our suppliers primarily include providers of marine engineering materials, mechanical and electrical components, and specialized process equipment.

We have established a structured procurement framework supported by our procurement management policies, contract management procedures, and supplier management guidelines. Our procurement activities primarily adopt inquiry-based and multi-round competitive bidding processes, except in joint development and sole-source situations. All procurement contracts are executed in accordance with our established procurement management procedures to ensure compliance, transparency, and operational efficiency.

In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, purchases from our top five suppliers in each applicable period accounted for 36.1%, 35.4%, 31.5%, 32.8%, and 34.9% of our total purchases, respectively, and purchases from our largest supplier in each applicable period accounted for 12.0%, 12.4%, 9.5%, 12.5%, and 13.0% of our total purchases, respectively.

The following table sets forth certain information regarding our top five suppliers in each applicable period during the Track Record Period.

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products or Services Procured	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
For the Five Months Ended May 31, 2026							
Supplier A	171,087	13.0	2025	A Marshall Islands-incorporated shipping company, established in August 2013, primarily providing bulk cargo shipping services, controlled by a large Greek dry bulk shipowner operating a fleet of over 30 dry bulk carriers	Raw materials	N/A[(1)]	Bank transfer
Supplier B	116,203	8.9	2018	A medium-sized mechanical and electromechanical equipment manufacturer in Zhenjiang, Jiangsu, primarily engaged in the production, manufacturing, and import-export trade of ship equipment and related mechanical, electro-mechanical, and electronic system products	Raw materials	30 days	Bank transfer
Supplier C	96,973	7.4	2023	A specialized electrical drive equipment manufacturer, focusing on the development and manufacturing of motors, generators, and motor control systems	Raw materials	30 days	Bank transfer

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products or Services Procured	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Supplier D	38,905	3.0	2018	A medium-sized shipyard in Zhoushan, Zhejiang, primarily engaged in the repair, conversion, and construction of civilian vessels	Raw materials and retrofit service	7-90 days	Bank transfer
Supplier E	33,947	2.6	2022	A shipyard in Zhoushan, Zhejiang, established in 2002, primarily engaged in construction, repair, conversion, and recycling of civilian vessels and import-export trade of ship equipment and mechanical products, with a registered capital of RMB118.8 million	Raw materials and retrofit service	7-90 days	Bank transfer
Total	**457,115**	**34.9**					
For the Year Ended December 31, 2025							
Supplier B	243,026	9.5	2018	A medium-sized mechanical and electro-mechanical equipment manufacturer in Zhenjiang, Jiangsu, primarily engaged in the production, manufacturing, and import-export trade of ship equipment and related mechanical, electro-mechanical, and electronic system products	Raw materials	30 days	Bank transfer

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products or Services Procured	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Supplier C	183,575	7.2	2023	A specialized electrical drive equipment manufacturer, focusing on the development and manufacturing of motors, generators, and motor control systems	Raw materials	30 days	Bank transfer
Supplier F	152,349	6.0	2025	A specialized shipping company, primarily engaged in dry bulk shipping	Raw Materials	3 days	Wire transfer
Supplier G	126,029	4.9	2025	A medium-sized single-vessel shipping company, primarily engaged in the ocean transportation of bulk commodities	Raw Materials	N/A[1]	Wire transfer
Supplier H	99,796	3.9	2023	A large conglomerate in China, primarily engaged in ship building and marine equipment manufacturing	Raw materials and retrofit service	90 days	Bank transfer
Total	**804,775**	**31.5**					
For the Year Ended December 31, 2024							
Supplier D	166,810	12.4	2018	A medium-sized shipyard in Zhoushan, Zhejiang, primarily engaged in the repair, conversion, and construction of civilian vessels	Raw materials and retrofit service	7-90 days	Bank transfer

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products or Services Procured	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Supplier B	115,836	8.6	2018	A medium-sized mechanical and electro-mechanical equipment manufacturer in Zhenjiang, Jiangsu, primarily engaged in the production, manufacturing, and import-export trade of ship equipment and related mechanical, electro-mechanical, and electronic system products	Raw materials	30 days	Bank transfer
Supplier H	72,295	5.4	2023	A large conglomerate in China, primarily engaged in building and marine equipment manufacturing	Raw materials and retrofit service	90 days	Bank transfer
Supplier I	62,806	4.7	2019	A large maritime service company in China, primarily engaged in ship repair, conversion, and related manufacturing activities	Raw materials and retrofit service	90 days	Bank transfer
Supplier J	57,450	4.3	2024	A shipping company in Singapore with service network spanning Asia, Oceania, and the Americas, primarily providing scheduled dry bulk shipping services to global commodity traders and industrial end-users	Raw materials	3 days	Wire transfer
Total	**475,197**	**35.4**					

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products or Services Procured	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
For the Year Ended December 31, 2023							
Supplier D	184,714	12.0	2018	A medium-sized shipyard in Zhoushan, Zhejiang, primarily engaged in the repair, conversion, and construction of civilian vessels	Raw materials and retrofit service	7-90 days	Bank transfer
Supplier K	150,637	9.7	2022	A large shipyard in Zhoushan, Zhejiang, primarily providing construction, repair, and conversion services for civilian vessels	Retrofit service	90 days	Bank transfer
Supplier H	88,097	5.7	2023	A large conglomerate in China, primarily engaged in ship building and marine equipment manufacturing	Raw materials and retrofit service	90 days	Bank transfer
Supplier L	73,542	4.8	2019	A leading maritime service group in Turkey, providing dry-docking, ship repair, conversion and new shipbuilding services	Retrofit service	10-30 days	Bank transfer

Supplier	Transaction Amount	Percentage of Total Purchases	Year of Commencement of Business Relationship	Supplier Background	Products or Services Procured	Credit Terms	Payment Methods
	(RMB in thousands)	*(%)*					
Supplier B	60,226	3.9	2018	A medium-sized mechanical and electro-mechanical equipment manufacturer in Zhenjiang, Jiangsu, primarily engaged in the production, manufacturing, and import-export trade of ship equipment and related mechanical, electro-mechanical, and electronic system products	Raw materials	30 days	Bank transfer
Total	**557,216**	**36.1**					

Note:

(1) We entered into an escrow payment arrangement where credit terms do not apply.

The following summary sets forth the salient terms of purchase agreements with our suppliers.

- *Scope of Supply.* The scope of supply generally encompasses all requisite materials, specialized tools, technical documents, and technical services. In the case of specific equipment, this scope is further extended to cover installation and commissioning.

- *Quality Requirements.* All supplied equipment and materials shall be asbestos-free and compliant with the requirements of International Maritime Organization and regulations of port states such as EU and Australia. An original asbestos-free declaration from suppliers must be provided at delivery. For specified items such as cables, gaskets, insulation, an additional asbestos-free inspection report from an ISO 17020-accredited third party is mandatory at delivery.

- *Delivery.* Our suppliers are typically required to deliver the materials and equipment to our designated place. They are responsible for the packaging of the goods and the packaging costs.

- *Credit Terms.* Our suppliers typically grant us a credit period ranging from 7 to 90 days.

- *Warranty.* The warranty period typically ranges from 12 to 30 months. Our suppliers are required to remedy any defects by repairing or replacing parts at their expenses. Repaired or replaced components receive an additional 6-month warranty, ensuring coverage is not less than the original term.

- *Termination.* We may terminate the agreements in the event of, among others, a material breach of the supplier, such as significant non-conformity in material quality, a serious shortage in quantity, or supplier's failure to submit the production plan or deliver the goods within the stipulated periods.

All of our top five suppliers in each applicable period during the Track Record Period were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their close associates, or any Shareholders that, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers in each applicable year during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not experience quality issues with our suppliers that materially affect our operations, nor did we encounter any material disruptions in our product manufacture due to shortages of major components.

Overlapping of Major Customers and Suppliers

During the Track Record Period, we purchased raw materials and retrofit services from Supplier H. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, our purchases from Supplier H accounted for 5.7%, 5.4%, 3.9%, 4.4%, and 0.7% of our total purchases for the same periods, respectively. Supplier H also purchased our vessel exhaust gas emission control and cleaning systems. In 2023, 2024 and 2025 and for the five months ended May 31, 2025 and 2026, revenue generated from the purchases from Supplier H accounted for 0.04%, 0.3%, 1.1%, 0.9%, and 1.9% of our total revenue for the same periods, respectively. Negotiations of the terms of our sales to and purchases from such overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. According to CIC, it is not uncommon in the industry for one subsidiary of a group to receive goods or services from an entity, while other subsidiaries of such group provide services to that same entity. All of our sales to and purchases from such overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and in arm's length transactions. Our Directors confirmed that, other than Supplier H, none of our major customers was also a supplier, and vice versa, during the Track Record Period and up to the Latest Practicable Date.

PROJECT BACKLOG AND EXECUTION PERFORMANCE

The following table sets forth our project backlog movement in terms of contract value during the Track Record Period.

	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)		
Opening balance of contract value (excluding VAT) at the beginning of the year	2,148,520	1,592,671	3,270,263	3,270,263	4,843,741
Add: Contract value (excluding VAT) secured during the year/period	1,812,914	4,075,090	5,074,652	2,088,707	3,656,900
Less: Revenue recognized during the year/period	2,368,763	2,397,498	3,501,174	1,323,471	2,507,000
Closing balance of contract value (excluding VAT) at the end of the year/period	**1,592,671**	**3,270,263**	**4,843,741**	**4,035,499**	**5,993,641**

The following table sets forth a summary of our material projects, which refer to projects that each carries a contract value of over 1% of our net assets, during the Track Record Period and up to the Latest Practicable Date.

Business Line	Total Number of Projects	Number of Completed Projects	Number of Ongoing Projects	Average Contract Value
				(RMB in thousands)
Vessel Exhaust Gas Emission Control and Cleaning Systems	143	113	30	26,210
Vessel Energy Efficiency Enhancement Systems	45	14	31	21,645
Vessel Retrofit and Servicing	24	24	—	24,245

During the Track Record Period, there were nil, three, 14, 11, and five loss-making projects in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively. We incurred losses from these projects primarily due to our strategy to secure and maintain customers and foster long-term cooperation. Majority of the customers of the loss-making projects during the Track Record Period subsequently entered into new contracts with us. The gross losses resulting from these projects were nil, RMB1.5 million, RMB6.9 million, RMB5.6 million, and RMB5.9 million in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively. The revenue and gross loss attributable to loss-making projects during the Track Record Period were insignificant relative to our total revenue and gross profit. Therefore, the occurrence of these loss-making projects did not have a material adverse effect on our overall business operations.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

During the Track Record Period, certain of our customers, or the Relevant Customers, settled payments with us through third-party accounts, which we refer to as Third-Party Payment Arrangements. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, we had four, 24, 56, 27, and 22 Relevant Customers with Third-Party Payment Arrangements amounting to RMB76.6 million, RMB238.3 million, RMB2.10 billion, RMB617.0 million, and RMB1.10 billion, respectively, representing 3.2%, 9.9%, 60.0%, 46.6%, and 44.0% of the total revenue in the respective periods.

Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers utilized Third-Party Payment Arrangements mainly under two circumstances.

(i) Certain Relevant Customers arranged their affiliates, including parents, subsidiaries, or fellow subsidiaries, to settle payments with us on behalf of the Relevant Customers for internal fund allocation and management purposes. During the Track Record Period, the amount settled with Relevant Customers under this circumstance was RMB76.6 million, RMB184.9 million, RMB1.73 billion, RMB491.1 million, and RMB1.04 billion, accounting for 3.2%, 7.7%, 49.5%, 37.1%, and 41.6% of the total revenue in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively.

    Customer A, our largest customer, utilized Third-Party Payment Arrangements during the Track Record Period. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the amount settled with Customer A through Third-Party Payment Arrangements amounted to RMB41.3 million, RMB79.6 million, RMB1.67 billion, RMB465.7 million, and RMB1.03 billion, respectively, representing 1.7%, 3.3%, 47.6%, 35.2%, and 40.9% of our total revenue for the same period, respectively. For details regarding Customer A, see "— Customers and Suppliers — Relationship with Customer A." The increase in the overall proportion of amounts settled through Third-Party Payment Arrangements during the Track Record Period, in particular for 2025, was primarily attributable to Customer A, a leading global shipping group, which adopts unified financial and payment arrangements across its supplier base. Under its arrangements, payments in respect of certain transactions with Customer A were made by group members designated by Customer A. We have obtained an official letter from Customer A confirming that in connection with genuine transactions between Customer A and us, the relevant payments were made by group members of Customer A on its behalf. In addition, we also verified the identity of the third-party payors and their relationship with Customer A.

(ii) The other Relevant Customers utilize Third-Party Payment Arrangements in line with common settlement arrangements in the shipping industry where the operating structure typically involves separate but closely coordinated parties. Payments may be made by parties not signatory to the contract, such as shipowners, ship management companies, new shipowners following a title transfer, or other payors designated by shipowners based on the shipowners' own commercial cooperation arrangements with the payors, for commercial considerations such as management efficiency, project execution, title transfer, and the allocation of payment responsibilities among the parties to the relevant vessel project. Specifically, such arrangements generally arise because a vessel project may involve shipowners, ship management companies, and other project participants, each playing a different role in project ownership, management, and execution. On this basis, these arrangements can be further divided into the following categories: (a) where the Relevant Customer was a shipowner, a ship management company appointed for the relevant vessel project paid us on behalf of the shipowner based on vessel management or project execution arrangements, with Third-Party Arrangements under this situation amounting to nil, RMB50.9 million, RMB357.6 million, RMB120.6 million, and RMB59.9 million in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, accounting for nil, 2.1%, 10.2%, 9.1%, and 2.4% of the total revenue for the same periods, respectively; (b) where the Relevant Customer was a ship management company, the shipowner that owned the vessel and bore the relevant project cost paid us on behalf of the ship management company, with Third-Party Arrangements under this situation amounting to nil, nil, RMB5.1 million, RMB3.7 million, and nil in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, accounting for nil, nil, 0.1%, 0.3%, and nil of the total revenue for the same periods, respectively; (c) where the shipowner designated another payor based on its own commercial cooperation arrangements with the payor, the designated payor paid us on behalf of the shipowner in connection with the relevant vessel project, with Third-Party Arrangements under this situation amounting to nil, nil, RMB1.9 million, RMB0.3 million, and nil in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, accounting for nil, nil, 0.1%, 0.02%, and nil of the total revenue for the same periods, respectively; and (d) in a limited number of cases involving a title transfer, where the Relevant Customer was the original contracting party for the relevant vessel project and the vessel had been transferred to a new shipowner, the new shipowner, as the current owner of the vessel, paid us in connection with the same vessel project, with Third-Party Arrangements under this situation amounting to nil, RMB2.5 million, RMB4.9 million, RMB1.3 million, and nil in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, accounting for nil, 0.1%, 0.1%, 0.1%, and nil of the total revenue for the same periods, respectively. In each of these categories, the relevant third-party payors were not affiliates of the Relevant Customers. Their relationship with the Relevant Customers arose from vessel ownership, vessel management, project execution, title transfer, or other commercial cooperation arrangements relating to the same vessel project. During the Track Record Period, the total amount settled with Relevant Customers arising from the common settlement arrangements in the shipping industry was nil, RMB53.4 million, RMB369.5 million, RMB125.9 million, and RMB59.9 million, accounting for nil, 2.2%, 10.6%, 9.5%, and 2.4% of the total revenue in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively.

During the Track Record Period, our Third-Party Payment Arrangement with Customer A and other customers increased significantly in absolute amount and as a percentage of revenue. The following summary sets forth the underlying reasons for such increase.

(i) ***Customer A***.

The increase was mainly attributable to the expansion and diversification of our business with Customer A and Customer A's internal payment arrangements. Customer A is a large multinational shipping group that provides comprehensive technical management, crew manning, safety and compliance, and ship building supervision services, and owns the world's largest container ship fleet. Customer A1, a member of Customer A and the principal contracting party with us, entered into contracts with us covering EGCS and other products and services, including shore power, shaft generator systems, and technical support services. Payments under such contracts were made either by Customer A1 itself or by Customer A4 or Customer A2, other group members of Customer A. Our Third-Party Payment Arrangements with Customer A only involved Customer A1, Customer A4, and Customer A2.

In general, Customer A1 primarily acted as the ship management entity within Customer A and was responsible for vessel management and operating matters. Accordingly, payments for EGCS were generally made by Customer A1 itself, as EGCS primarily related to vessel operations and fuel cost management. In respect of technical support services, Customer A1 generally placed the relevant orders with us, while payments were generally made by Customer A2 pursuant to Customer A's internal payment system and fund arrangements. Customer A4 primarily acted as the ship owner or representative of the ship owner within Customer A and was responsible for arranging payments for products relating to vessel assets and energy efficiency enhancement. Accordingly, payments for shaft generator systems, shore power, and other energy-enhancement related products were generally made by Customer A4. Such arrangements were consistent with Customer A's overall group structure, internal allocation of responsibilities, and fund management practice.

In 2023, our revenue from Customer A was mainly attributable to EGCS, and the relevant payments were generally made by Customer A1 itself. Since 2024, as our business with Customer A expanded to include more shaft generator systems, shore power, other energy-enhancement related products, and technical support services, a larger portion of the relevant payments was made by Customer A4 and Customer A2 pursuant to Customer A's internal payment arrangements. As a result, the amount and percentage of revenue settled through the Third-Party Payment Arrangements with Customer A increased significantly during the Track Record Period.

(ii) ***Other customers***. The aggregate increase in revenue settled through Third-Party Payment Arrangements with customers other than Customer A was mainly due to our overall business growth and the corresponding increase in transaction volume. According to CIC, it is not uncommon for shipowners to designate ship management companies to make payments under Third-Party Payment Arrangements.

According to CIC, the adoption of Third-Party Payment Arrangements is not uncommon among shipowners and ship management companies, as such arrangements enable shipping groups to centralize management of funds and facilitate multi-party collaborations among shipowners, ship managers, and other parties, thereby simplifying operating management for shipping groups.

We require the Relevant Customers and their designated third-party payors to enter into tripartite agreements that set forth the delegation of payment arrangements with us prior to settlement under the Third-Party Payment Arrangements. According to these written delegations, the designated third-party payors are authorized by the Relevant Customers to settle payments with us and the Relevant Customers will bear the liabilities of any economic dispute caused by the Third-Party Payment Arrangements. Except for the payment arrangements with Customer A, written delegations were entered into for the vast majority of the transactions under Third-Party Payment Arrangements. For payment arrangements with Customer A, we have obtained an official letter from Customer A confirming that in connection with genuine transactions between Customer A and us, the relevant payments were made by group members of Customer A on its behalf. In addition, we also verified the identity of the third-party payors and their relationships with Customer A. We have implemented enhanced internal control measures to address third-party payment arrangements and ensure compliance. For details, see "— Enhanced Internal Control Measures."

As of May 31, 2026, 74 Relevant Customers were involved in the Third-Party Payment Arrangements. Among them, 64 Relevant Customers had signed tripartite written agreements with us and their designated third-party payors. In 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, the revenue settled through such arrangements not covered by tripartite written agreements amounted to RMB41.3 million, RMB81.2 million, RMB1.68 billion, RMB467.6 million, and RMB1.03 billion, respectively, representing 1.7%, 3.4%, 48.0%, 35.3%, and 40.9% of our total revenue, respectively. In particular, revenue settled through Third-Party Payment Arrangements with customers other than Customer A amounted to RMB35.3 million, RMB158.7 million, RMB434.1 million, RMB151.3 million, and RMB76.4 million, respectively, of which RMB35.3 million, RMB157.1 million, RMB421.9 million, RMB149.4 million, and RMB76.4 million, or 100.0%, 99.0%, 97.2%, 98.7%, and 100.0%, respectively, were covered by signed tripartite written agreements. The remaining nil, RMB1.6 million, RMB12.2 million, RMB2.0 million, and nil, or nil, 1.0%, 2.8%, 1.3%, and nil, respectively, were not covered by signed tripartite written agreements, representing nil, 0.7%, 0.6%, 0.3%, and nil of the total revenue settled under all Third-Party Payment Arrangements, respectively. Tripartite written agreements were not entered into for these transactions mainly because (i) according to CIC, Third-Party Payment Arrangements are not uncommon in the shipping industry, as shipowners may designate ship management companies or other related operating entities to settle payments on their behalf; (ii) all such arrangements were made in connection with genuine business transactions between us and the relevant customers, supported by signed contracts and other underlying transaction documents, including purchase orders, invoices, delivery records, acceptance records, and payment records; (iii) we had verified the relationship between the relevant customers and their designated third-party payors; and (iv) at the relevant time, our internal control measures over Third-Party Payment Arrangements were still being gradually enhanced, and given the immateriality of such arrangements and the absence of any dispute, refund, claim, or regulatory investigation in connection with such arrangements, we had not then made signed tripartite written agreements a mandatory requirement for these transactions.

We have used our best efforts to procure the execution of tripartite written agreements with customers adopting Third-Party Payment Arrangements. As part of our continued efforts to enhance the governance and documentation over such arrangements, we completed the execution of tripartite written agreements with five customers adopting Third-Party Payment Arrangements in the first quarter of 2026. As of the Latest Practicable Date, only Customer A had not yet entered into a tripartite written agreement, primarily due to its internal approval procedures and practical difficulties in executing additional documentation. Based on our latest communications with Customer A, it explicitly rejected our request to enter into tripartite written agreements due to its unified payment practice. We have otherwise verified the authenticity of the transaction by reviewing the underlying contracts, invoices, delivery or acceptance records, bank receipts, and other supporting documents, and have obtained official letters from this customer on the authenticity of the transaction.

During the Track Record Period, we did not initiate any Third-Party Payment Arrangements, and the Third-Party Payment Arrangements were arranged upon the Relevant Customers' requests. During the Track Record Period, to the best knowledge of our Directors, all Relevant Customers and the designated third-party payors who settled payments under the Third-Party Payment Arrangements were independent third parties. We did not provide any discount, commission, rebate, or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements.

In order to ensure the Third-Party Payment Arrangements are for bona fide transactions, our finance team are only allowed to accept payments from designated third-party payors of the Relevant Customers and our operations team are only allowed to ship our products to the Relevant Customers on the condition that our finance team confirm that the funds are received from designated third-party payors. In addition, we communicated with our customers to understand the nature of their businesses, business models, and ownership. To the best of our knowledge, during the Track Record Period, the relevant payments were based on bona fide underlying transactions and valid contractual relationships. The pricing and payment terms that we provided to the Relevant Customers were in line with those provided to customers not involved in the Third-Party Payment Arrangements. During the Track Record Period, we duly booked all payments received under the Third-party Payment Arrangement according to our internal accounting policies and tax laws and regulations. Our Directors are of the view that the foregoing measures to ensure payments under bona fide underlying transactions and valid contractual relationships with customers are sufficient and can substantially mitigate the risk we face.

To our best knowledge, we were not the subject of any investigations, inquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. In addition, we had not encountered any refund requests, actual or pending disputes or disagreements, or any claims against us relating to the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any money laundering issues, fabricated transactions, violation of tax laws, or other illegal activities under the Third-Party Payment Arrangement.

As advised by our PRC Legal Advisor, our Third-Party Payment Arrangements do not violate any mandatory provisions of applicable PRC laws or regulations. Our PRC Legal Advisor further advised that the risk of us being required to return the funds solely due to the Third-Party Payment Arrangements under applicable PRC laws and regulations is remote, because (i) as of the Latest Practicable Date, the written tripartite agreements have been duly executed for the majority of our Third-Party Payment Arrangements, confirming that such third-party payors would not request a refund of the funds settled on behalf of the Relevant Customers, and no refund is required under the Third-Party Payment Arrangements; (ii) for Customer A, we have obtained written confirmations from Customer A and verified the identity of the third-party payors and their relationship with Customer A; and (iii) during the Track Record Period and up to the Latest Practicable Date, we had not been requested to refund funds received through Third-Party Payment Arrangements, and to the best of our knowledge, there was no actual or pending dispute or disagreement involving any Third-Party Payment Arrangements.

In addition, our PRC Legal Advisor is of the view that the Third-Party Payment Arrangements are legal and valid under applicable PRC laws and regulations, and the PRC Legal Advisor is not aware of any facts indicating that such arrangements, by themselves, would constitute money laundering or give rise to any criminal liability. As a payment performance arrangement under the relevant underlying transactions, a Third-Party Payment Arrangement does not, by itself, violate any mandatory provision of applicable PRC laws and regulations, nor would it be rendered invalid merely because the payor is not a party to the underlying transaction or service contract. This view is based on (i) the fact that China's Civil Code does not prohibit a contractual party from arranging for a third party to perform its payment obligation on its behalf, (ii) our enhanced internal control measures regarding third-party payment arrangements, as set forth in "— Third-Party Payment Arrangements — Enhanced Internal Control Measures," and (iii) our confirmation and the results of public searches, which indicate that our Group has not been accused of, or investigated for, money laundering in connection with the Third-Party Payment Arrangements. On such basis, the PRC Legal Advisor is not aware of any facts indicating that the Third-Party Payment Arrangements were made to conceal or disguise criminal proceeds or would constitute any criminal offence under PRC law.

Enhanced Internal Control Measures

During the Track Record Period, we required the Relevant Customers to communicate with us the relevant information, including, among others, the reasons for the Third-Party Payment Arrangements and the identity of the third-party payors involved.

To mitigate the potential risks from the Third-Party Payment Arrangements, we have implemented enhanced internal control measures, including, among others:

(i) as a general rule, we only accept payments from our contractual customers. We only permit third-party payments in limited and exceptional circumstances where there is a genuine underlying transaction, clear contractual and performance records, and a valid commercial rationale for such arrangement;

(ii) before processing any third-party payment, our business department communicates with the relevant customer to understand the relationship between the contractual customer and the designated third-party payor, and requires the customer to complete a questionnaire setting out the identity of the third-party payor, the nature of its relationship with the customer, and the reasons for the proposed third-party payment arrangement;

(iii) we conduct internal due diligence and approval procedures on both the relevant customer and the designated third-party payor, including reviewing their registration information, relationship information, commercial rationale for the arrangement, and whether either party is subject to sanctions, industry restrictions, or adverse records;

(iv) our legal and finance departments conduct multi-level reviews of the authenticity and compliance of the relationship between the relevant customer and the designated third-party payor, as well as the underlying transaction and payment arrangement. We will not process any third-party payment arrangement that fails to pass such review;

(v) going forward, where a third-party payment arrangement is necessary, we will only enter into such arrangement with our customers if such transactions are supported by duly executed written tripartite agreements, except for future transactions with Customer A, who had explicitly rejected our request to enter into tripartite written agreements with it due to its unified payment practice. Such written documentation sets out, among others, the relationship between the contractual customer and the third-party payor, the reason for the arrangement, and the relevant payment terms;

(vi) our finance department verifies the relevant fund flows against the agreed payment terms and checks the settlement of the related receivables to confirm that the payment is supported by a genuine underlying transaction and complies with our internal procedures. Cash collections and payments are recorded in separate ledgers and reconciled on a monthly basis by our finance and business departments; and

(vii) we have adopted accountability measures for non-compliance with our internal policies on third-party payments, and any suspected illegal or criminal conduct, including potential money laundering activities, will be referred to the government authorities where appropriate.

Our Directors are of the view that the foregoing internal control measures are sufficient and can substantially mitigate the risk that we face. In addition, nothing material has come to the Joint Sponsors' attention that would reasonably cast doubt on our Directors' view.

We may not cease all Third-Party Payment Arrangements before [**REDACTED**] for the following reasons:

(i) According to CIC, such arrangements are consistent with industry practice in the international shipping industry, where different parties, such as shipowners, ship management companies, or other designated group entities, may separately act as the contracting party and the payment party based on the business and settlement arrangements.

(ii) Some of these arrangements involved two major customers of ours, namely Customer A and Customer J, which are multinational groups with centralized payment and fund management systems. Third-Party Payment Arrangements with them are adopted pursuant to their own payment and fund management arrangements, which are beyond our control. The amount of our Third-Party Payment Arrangements attributable to Customer A's centralized payment and fund management systems was RMB41.3 million, RMB79.6 million, RMB1.67 billion, RMB465.7 million, and RMB1.03 billion in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, representing 53.9%, 33.4%, 79.3%, 75.5%, and 93.1% of our total Third-Party Payment Arrangements for the corresponding periods, respectively. The amount of our Third-Party Payment Arrangements attributable to Customer J's centralized payment and fund management systems was nil, RMB24.4 million, RMB11.5 million, RMB5.1 million, and RMB1.0 million in 2023, 2024, and 2025 and for the five months ended May 31, 2025 and 2026, respectively, representing nil, 10.3%, 0.5%, 0.8%, and 0.1% of our total Third-Party Payment Arrangements for the corresponding periods, respectively. Requiring us to terminate all these arrangements before [**REDACTED**] would cause significant inconvenience and disruption to Customer A and Customer J's normal business operations and internal management, and we are not in a position to unilaterally terminate all such arrangements. It would also cause significant disruption to our business operations and revenue collection processes, which could lead to contractual defaults, loss of critical commercial relationships, and even undermine our competitive position in the industry.

(iii) We have implemented internal control measures over such arrangements, including due diligence on the contracting party and the third-party payor, written tripartite agreements, review by the legal and finance departments, and multi-level internal approval, to ensure that such arrangements are based on genuine underlying transactions, are commercially justified, and comply with applicable laws and regulations.

In light of the above, we believe that our third-party payments will not have a material adverse effect on our business operations.

EMPLOYEES

As of May 31, 2026, we had 574 full-time employees. The following table sets forth a breakdown of our full-time employees by functional departments as of May 31, 2026.

	As of May 31, 2026	
Function	**Number of Employees**	**Percentage of Total Employees**
Research and Development	134	23.3%
Sales and Marketing	40	7.0%
Management and General Administration	66	11.5%
Production	334	58.2%
Total	**574**	**100.0%**

We believe that the strength and talent of our workforce are critical to the success of our businesses, and we continually strive to attract, develop, and retain personnel commensurate with the needs of our businesses. We always strive to provide employees with comprehensive social benefits, a wide range of career growth opportunities, and a diverse work environment. In addition, we are committed to providing a safe and healthy workplace, which is backed by strict policies, robust trainings, and safety recognition awards. We are committed to the recruitment, education, development, and advancement of our personnel. Furthermore, we place special emphasis on the building of a talent pipeline and cohesive company culture. We have established a comprehensive system for employee training and development, covering topics such as professional competencies, corporate culture and values, workplace ethics, compliance awareness and others.

We recruit our employees based on a range of factors such as their industry experience, their educational background, and our vacancy needs. We primarily recruit employees through social recruitment, supplemented by campus recruitment to build a balanced talent pipeline.

As required by PRC laws and regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance, and housing fund plans through a PRC government-mandated benefit contribution plan. Specifically, we are required under PRC law to make contributions from time to time to employee benefit plans for our PRC-based employees at specified percentages of the salaries, bonuses, and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

We are committed to establishing a competitive and fair remuneration. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies. We conduct performance evaluation for our employees regularly to provide feedback on their performance. Compensation for our staff typically consists of base salary and a performance-based bonus.

We typically enter into standard employment agreements and confidentiality agreements with our senior management and core employees. We maintain a good working relationship with our employees, and we have not experienced any material labor disputes.

PROPERTIES

Our corporate headquarters is located in Hangzhou, Zhejiang Province, China. As of the Latest Practicable Date, we leased or otherwise had the right to use properties in China with an aggregate gross floor area of over 182,000 square meters, which were primarily used for office, manufacture, and warehousing functions. Most of the relevant lease agreements will expire between 2026 and 2030, and we will negotiate lease renewal upon their expiry as appropriate. We believe that our existing facilities are generally adequate to meet our current needs.

As of May 31, 2026, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

INTELLECTUAL PROPERTY

We regard our trademarks, patents, domain name, know-how, trade secrets, and similar intellectual property as critical to our success. As of May 31, 2026, we had (i) 99 issued patents; (ii) 10 granted computer software copyrights; (iii) 30 granted trademarks; and (iv) 1 granted domain name.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property infringement claims by third parties or suffered any material intellectual infringement by third parties.

We rely on a combination of copyright, patent, and trademark law, trade secret protection, confidentiality agreements with employees, and intellectual property, and confidentiality provisions in our agreements with third-party suppliers to protect our intellectual property rights. We have established a range of internal control policies and measures to ensure our ability to protect our intellectual property rights, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties. However, we cannot assure you that we will prevail on patent infringement claims against third parties. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately protect our intellectual property rights, and we may be exposed to intellectual property infringement or misappropriation claims."

For more details of our material intellectual property, see "Statutory and General Information — Further Information about the Business of Our Company — 2. Intellectual Property Rights" in Appendix IV to this document.

INSURANCE

We consider our insurance coverage to be adequate and in accordance with the commercial practices in the industries in which we operate, including employer's liability insurance and property insurance for our key facilities and assets. We provide social security insurance, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance, and medical insurance for our full-time employees. In addition, we have supplementary pension plans for our full-time employees, providing supplementary retirement benefits beyond the national regulatory insurance system. We have not obtained product liability insurance for our business in China or other jurisdictions in which we operate and are not required under applicable PRC laws or the laws of such other jurisdictions to obtain product liability insurance for our business. We believe that these policies provide coverage for the principal risks associated with our operations. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed. We did not make any material insurance claims during the Track Record Period and up to the Latest Practicable Date.

LICENSES, APPROVALS, AND PERMITS

We are in the process of applying for the permit for discharging wastewater into urban drainage facilities in relation to our vessel retrofit and servicing business, and currently do not anticipate encountering material difficulties in obtaining this permit. As advised by our PRC Legal Advisor, the absence of this permit alone unlikely will subject us to administrative penalties.

Saved as the disclosed above, during the Track Record Period and up to the Latest Practicable Date, we have obtained all licenses, approvals, and permits that are material and necessary for our business operations in jurisdictions where we operate, and these licenses, approvals, and permits are valid.

The following table sets forth a list of our material licenses, approvals, and permits.

License/Approval/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Business License	Our Company	Zhejiang Provincial Administration for Market Regulation	January 6, 2026	N/A
Customs Filing Certificate for Consignees/Consignors .	Our Company	Qianjiang Customs	August 7, 2018	N/A

License/Approval/Permit	Holder	Granting Authority	Grant Date	Expiry Date
Customs Filing Certificate for Consignees/Consignors	ZEME Shipyard	Jingang Customs	September 30, 2024	N/A
Environmental Impact Assessment Approval	ZEME Shipyard	Administrative Committee of Zhangjiagang Bonded Zone, Jiangsu Province	February 4, 2026	February 3, 2031
Pollutant Discharge Permit	ZEME Shipyard	Suzhou Ecological Environment Bureau	April 10, 2026	April 9, 2031

DATA PRIVACY AND SECURITY

We consider data security and protection crucial to our operations. We only collect personal information from third parties to the extent necessary, such as contact information of customers and suppliers. Otherwise, we do not collect any personal information. The data are collected, stored, and processed in compliance with our internal procedures and applicable laws and regulations.

We have established a comprehensive system to regulate our data processing activities. We have developed policies to govern data security, data usage and sharing, and the protection of personal information and privacy. These policies guide our information security and compliance efforts by establishing a hierarchical data classification and management system, setting out the requirements applicable to the entire data processing cycle, clarifying the standards for cybersecurity and information system security, requiring training for relevant personnel, and providing for data security and compliance risk assessment and audit procedures. In addition, we have established an emergency response mechanism in case of information security incidents. All our personnel are required to strictly follow these data security policies. Furthermore, we have designated personnel responsible for cybersecurity, data security, and personal information protection.

We have implemented a stringent data management system, only allowing data access and retrieval if preauthorized and under pre-determined manner. In addition, to safeguard the security of our IT systems, we have implemented industry-standard practices and technical measures to prevent unauthorized access, disclosure, or misuse, including data classification, backup, encryption, access controls, firewalls, and antivirus software. We have obtained level 2 certification for our network system under the multi-level protection scheme. Under this scheme, network systems are classified from level 1 to level 5 based on the degree of harm that could result from damage to or compromise of such systems, including the potential impact on national security, social order, and economic interests.

During the Track Record Period and up to the Latest Practicable Date, we had not received any claim from any third party against us alleging any violation of such party's data privacy rights, we have not experienced any material data breaches, losses, or unauthorized use of data, and our information technology and software systems have not encountered any material malfunction, unexpected system failure, or interruption. As advised by our PRC Legal Advisors, we comply with relevant PRC cybersecurity, data security, personal information protection, and cross-border data transfer laws and regulations that are currently effective and applicable to us in all material aspects, and there were no incident of material data leakage during the Track Record Period and up to the Latest Practicable Date.

INTERNATIONAL TRADE COMPLIANCE

During the Track Record Period, we did not purchase any raw materials from the United States. We only purchased certain U.S.-origin software through domestic agents. In 2025, we purchased through a domestic agent Windows Server and SQL Server, which were used as office and data storage software. The purchase amounts in 2025 were RMB44,112 and RMB43,000, respectively, and in aggregate represented 0.003572% of our cost of sales in 2025. For the five months ended May 31, 2026, we purchased SolidWorks Premium software, which is used for design and drawing purposes, from a domestic authorized distributor for RMB298,000, representing 0.000184% of our cost of sales for the same period. None of the U.S.-origin software we purchased constitute core software for our product production.

Our products sold for export are not subject to PRC export tariffs, and any import tariffs arising in overseas jurisdictions are generally borne by customers. During each period of the Track Record Period, revenue generated from our products exported from the Chinese mainland to the United States accounted for less than 0.1% of our total revenue, while the tariff rates applicable to our products exported from the Chinese mainland to the European Union ranged from 0% to 4.7%. In light of our limited exposure to the United States market and the applicable European Union tariff rates, our International Sanctions Counsel is of the view that the relevant tariffs have not had, and are not expected to have, any material direct or indirect adverse impact on us. For our imported purchases, the relevant import tariffs are borne by us.

During the Track Record Period and up to the Latest Practicable Date, (i) we did not experience any indirect impact on our sales arising from sales to customers with significant exposure to the U.S., EU, or other overseas markets as a result of overseas tariffs, and (ii) we did not receive any customer requests for order cancellations or renegotiation of sales terms as a result of overseas tariffs.

U.S. Outbound Investment Restrictions

We were not engaged in any activities relating to integrated circuits, advanced computers, quantum technology, or AI system development during the Track Record Period and up to the Latest Practicable Date that would give rise to any U.S. outbound investment prohibitions or notification requirements. We also did not have any relationship with any person engaged in such activities that would cause such U.S. outbound investment rules to apply to us. Accordingly, as advised by our International Sanctions Counsel, we are not a "covered foreign person" and we do not expect the U.S. outbound investment rules and related restrictions to have a material adverse effect on our business operations, financial performance, or our ability to obtain investment.

U.S. Export Control Restrictions

It is prohibited under the U.S. export control regime to export, reexport, or transfer in country any items subject to the U.S. Export Administration Regulation (EAR) when an entity is associated with the Entity List, which is defined as a list that subjects listed entities to EAR licensing requirements and restrictions, or when an entity using an address associated with the listed entity is a party to the transaction. For a violation to occur, the items involved in transactions with designated persons must be subject to the EAR.

During the Track Record Period, we transacted with one customer that was added to the Entity List in December 2020. We generated no revenue from this customer in 2023 or 2024. Revenue generated from the this customer amounted to US$1.1 million in 2025 and US$1.4 million for the five months ended May 31, 2026, representing 0.2% and 0.4% of our total revenue, respectively. As advised by our International Sanctions Counsel, the products sold this customer were not subject to the EAR because they were not U.S.-origin items, were not located in or in transit through the United States, and did not incorporate any U.S.-origin parts or technology. Although we used certain U.S.-origin software for design, internal administration, and information technology operations, it was not bundled with our finished products, and our equipment contained no U.S.-controlled content. Accordingly, neither the software nor our equipment caused our products to fall within the scope of the EAR under the Foreign Direct Product Rules. Since the products were not subject to the EAR and the this customer had no footnote designation, meaning that it was not subject to the additional controls under the Foreign Direct Product Rules applicable to entities with such designations, our transactions with this customer did not trigger any U.S. export licensing requirements under the EAR. Therefore, as advised by our International Sanctions Counsel, our Directors are of the view that there was no U.S. export controls exposure during the Track Record Period and up to the Latest Practicable Date.

U.S. Economic Sanctions

U.S. sanctions targeting China-based technology companies, including economic restrictions, may directly or indirectly affect our business. The U.S. Department of Treasury administers U.S. sanctions programs against targeted countries, entities, and individuals, which prohibits U.S. companies or U.S. persons from engaging in any transaction with or providing any goods or services for the benefit of the targeted country, entity, or individual.

During the Track Record Period, we transacted with three customers and one third-party payor under our Third-Party Payment Arrangements that were subsequently added to the SDN List, which is defined as a list that subjects listed parties to asset blocking and U.S. dealings restrictions. We refer to the three customers as Parties A, B, and C and the third-party payor as Party D. Revenue generated from Parties A, B, and C amounted to RMB11.4 million in 2024, US$6,000 in 2024, and US$1.8 million in 2023, representing 0.5%, 0.002%, and 0.5% of our total revenue for the corresponding periods, respectively. Party D generated no revenue, as it acted solely as a third-party payor for Party B. The US$6,000 paid by Party D in 2024 represented 0.02% of our total payments received under Third-Party Payment Arrangements for that year. We generated no revenue from these entities during the other periods of the Track Record Period.

Except for the limited post-designation dealings with Party A, our final dealings with each of Party B, C, and D occurred before their designation, when they were not a sanctioned target. We have ceased all dealings with these entities and confirmed that we will not enter into any further transactions with them. In respect of Party A, all deliveries were completed before its designation, and our post-designation dealings were limited to signing an agreement confirming the pre-designation delivery and passively receiving payments due under pre-existing contractual obligations. The payments were made exclusively in Renminbi through Chinese banks and had no U.S. nexus, and their receipt did not constitute the provision of financial, material, or technological support to Party A. In addition, we did not act as a foreign financial institution in the transaction, and the relevant secondary sanctions provisions applicable to foreign financial institutions therefore did not apply to us. Given our limited historical business with these entities and the absence of any business presence in a sanctioned country as defined under the applicable guidance, we are not considered a sanctioned target thereunder. Accordingly, as advised by our International Sanctions Counsel, our historical transactions with these entities did not constitute primary sanctioned activity as defined under the applicable sanction guidance, and the risk of secondary sanctionable activity is low. As of the Latest Practicable Date, all orders and obligations involving the these SDN listed entities had been fully performed, and there were no warranties, after-sales obligations, continuing services, or other outstanding contractual obligations remained arising from our products or services sold or provided. As advised by our International Sanctions Counsel, there are no continuing activities arising from the historical transactions that would increase our primary and secondary sanction risks as defined under the applicable sanction guidance.

During the Track Record Period, we entered into transactions with (i) a supplier whose parent company was added to the NS-CMIC List in June 2021, (ii) a customer that was added to the CMC List in January 2025, and (iii) another supplier whose parent company was added to the CMC List in June 2026. The NS-CMIC List is defined as a list that subjects listed companies to U.S. securities investment restrictions, while the CMC List is defined as a list that identifies Chinese military companies operating directly or indirectly in the United States. Purchases from the NS-CMIC-related supplier represented 4.9%, 4.8%, and 3.9% of our total purchase amount in 2023, 2024, and 2025, respectively. Revenue from the CMC-listed customer represented 0.01% of our total revenue in 2025, while purchases from the CMC-related supplier represented 0.00062% of our total purchase amount for the five months ended May 31, 2026. We did not enter into any transactions with the NS-CMIC-listed supplier and the CMC-listed customer for the five months ended May 31, 2026. As advised by our International Sanctions Counsel, the restrictions associated with the NS-CMIC List are inapplicable as the NS-CMIC prohibitions apply only to U.S. persons in respect of the purchase or sale of publicly traded securities or related instruments, while our transactions with this supplier did not involve any such securities transactions and we are not a U.S. person or a subsidiary of a U.S. company; the restrictions associated with the CMC List are likewise inapplicable as we are not listed on the CMC List, do not provide lobbying services, and have no business nexus with, or intention to conduct business with, the U.S. Department of Defense.

Therefore, as advised by our International Sanctions Counsel, we are of the view that the sanctions risks have not had, and are not expected to have any material direct or indirect adverse effect on our business operations and financial performance.

We have established internal policies and procedures to manage risks relating to export control, sanctions, and trade restrictions, including (i) counterparty screening against applicable sanctions and export control lists, (ii) internal review of product classification for potential export control implications, (iii) contractual compliance undertakings from counterparties, (iv) transaction-level review and approval procedures for higher-risk jurisdictions or counterparties, (v) periodic monitoring of regulatory developments, and (vi) compliance training for Directors, senior management and relevant personnel.

Based on the above and as advised by our International Sanctions Counsel, our Directors are of the view that our internal control measures are reasonably designed and implemented to identify, monitor, and manage material export control and sanctions-related risks. In addition, nothing material has come to the Joint Sponsors' attention that would reasonably cast doubt on our Directors' view.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

We uphold the principles of green and low-carbon development, operating efficiency, and regulatory compliance, with a focus on supporting global shipping decarbonization and green transition. We integrate environmental, social, and governance (ESG) considerations into our business operations and management practices.

Green Shipping

We have developed a comprehensive portfolio of green equipment and systems for the global shipping industry in response to the accelerating transition toward low-carbon shipping and increasingly stringent emissions regulations. We support customers in reducing air pollutants and greenhouse gas emissions while optimizing environmental performance and lowering compliance costs.

In response to requirements on vessel energy efficiency and emissions promulgated by International Maritime Organization and other relevant regulators, we have established a dedicated vessel decarbonization task force and proactively target fleets with relatively low CII ratings and identify compliance upgrade needs. We provide vessel-specific decarbonization and compliance upgrade solutions, tailored to vessel type, trading routes, and operating profiles.

In respect of sulfur oxides emissions control, the Annex VI of International Maritime Organization's International Convention for the Prevention of Pollution from Ships and other applicable rules set out requirements on sulfur emissions. In response, we provide vessel exhaust emission control and cleaning systems to assist customers in meeting relevant emissions control requirements.

In respect of greenhouse gas reduction and tightening carbon cost constraints, as mechanisms such as the EU ETS and FuelEU Maritime are progressively implemented and begin to impact the shipping industry, we are also advancing the research, development, and application exploration of vessel carbon capture, utilization, and storage (CCUS) technologies and products. These efforts aim to enhance customers' compliance resilience and support optimization of fleet asset economics and operating arrangements under carbon intensity management and carbon cost constraints.

In respect of vessel energy efficiency management, the International Maritime Organization has issued technical guidance on the calculation methodologies for energy efficiency metrics such as the EEXI. We provide energy-saving and emissions-reduction products and systems designed to improve energy efficiency and reduce fuel consumption, including shaft generator systems, integrated energy-saving devices, and shore power systems. These products and systems assist customers in improving energy efficiency performance, reducing fuel use and associated emissions, and meeting energy efficiency, shore power utilization, and emissions compliance requirements that may apply on certain key routes and in port areas.

In respect of emissions data management and compliance performance, the IMO Fuel Oil Consumption Data Collection System, the EU Monitoring, Reporting, and Verification regime, and the EU ETS impose requirements on the monitoring, reporting, verification, and traceability of emissions data. We provide continued greenhouse gas emissions monitoring systems to conduct real-time monitoring of key vessel emission sources and to calculate carbon dioxide emissions based on fuel consumption, supporting the management needs for completeness, continuity, and traceability of carbon emissions data for shipping companies, shipowners, and shipyards. As of the Latest Practicable Date, our relevant systems had obtained the data reporting compliance certification of the EU ETS and CII energy efficiency monitoring certification.

As the decarbonization of marine fuels progresses and relevant regulations impose progressively tighter requirements on the lifecycle greenhouse gas intensity of fuels, we provide products and systems such as dual-fuel supply systems to support the use of alternative fuels including liquefied natural gas, methanol, and ammonia. We also refer to the International Maritime Organization's relevant interim safety guidelines to inform system design and implementation in areas such as fuel property identification, risk control, and safe operations. These products and systems can be integrated with customers' fuel strategies to support the achievement of compliance and emissions-reduction objectives on key routes and in port areas.

As of the Latest Practicable Date, our principal products had obtained multiple approvals in principle, type approvals, and factory approvals granted by leading classification societies, indicating that the design, manufacturing processes, and quality management systems of the relevant products comply with the applicable technical, safety, and regulatory requirements of international classification societies.

For example, our exhaust gas cleaning systems have obtained International Air Pollution Prevention certification and type approvals from major classification societies, including Det Norske Veritas, Lloyd's Register, and American Bureau of Shipping.

Sustainable Operations

Zhejiang Energy Shipbuilding Heavy Industry (Suzhou) Co., Ltd., or ZEME Shipyard, our subsidiary engaging in vessel retrofit and installation services, has operations that involve relatively concentrated energy consumption and environmental emissions. ZEME Shipyard has established environmental data collection and management mechanisms and conducts systematic tracking and statistics on air emissions, wastewater discharge, non-hazardous and hazardous waste, and energy consumption.

At the level of headquarters office operations, we have implemented statistical tracking and management of purchased electricity and water consumption, and continue to reduce the environmental impact of daily operations through energy-efficient office practices.

The production and operational activities of ZEME Shipyard are conducted in compliance with applicable laws and regulations and are subject to environmental impact assessment procedures approved by the competent authorities. According to the publicly disclosed environmental impact assessment conclusions, our project complies with national and local industrial policies, and its overall environmental impact is assessed to be within a controllable range.

The following table sets forth our key environmental data during the Track Record Period.

		For the Year Ended December 31,			For the Five Months Ended May 31,
Metric[1]	**Unit**	**2023**	**2024**	**2025[6]**	**2026**
Emissions					
Wastewater Discharge	m^3	—	1,591.0	7,092.0	3,141.0
Chemical Oxygen Demand Discharge	kg	—	615.0	2,824.0	1,307.0
Ammonia Nitrogen Discharge	kg	—	47.0	245.0	116.0
Suspended Solids Discharge	kg	—	258.0	1,078.0	438.0
Particulate Matter Emissions	kg	—	1,841.0	7,445.0	3,117.0
Volatile Organic Compounds Emissions	kg	—	4,176.0	19,932.0	8,629.0

		For the Year Ended December 31,			For the Five Months Ended May 31,
Metric[(1)]	Unit	2023	2024	2025[(6)]	2026
Emissions					
Waste					
Hazardous Waste Disposed	kg	—	453.1	1,718.8	912.5
Non-Hazardous Waste Disposed	kg	—	20,639.1	80,064.3	38,553.5
Energy Use					
Diesel Consumption	L	—	30.0	329.7	210.7
Liquefied Natural Gas Consumption	tons	—	62.7	441.8	245.0
Purchased Electricity	MWh	77.8	2,210.0	22,522.7	9,737.3
Total Energy Consumption[(2)]	MWh	77.8	3,108.2	28,855.6	13,446.6
Energy Intensity	MWh per RMB100,000 of revenue	0.00	0.13	0.82	0.54
Water Resources					
Water Consumption	m^3	420.0	37,144.0	499,919.0	208,997.7
Recycled Water Consumption	m^3	—	766.0	6,425.0	1,800.0
Greenhouse Gas Emissions					
Direct Greenhouse Gas Emissions (Scope 1)[(3)]	tCO_2e	—	389.3	3,950.0	2,541.2
Indirect Greenhouse Gas Emissions (Scope 2)[(4)]	tCO_2e	41.3	1,172.6	11,950.6	5,166.6
Other Indirect Greenhouse Gas Emissions (Scope 3)[(5)]	tCO_2e	115.6	250.6	347.9	220.2
GHG Emissions Intensity (Scope 1 and Scope 2)	tCO2e per RMB100,000 of revenue	0.00	0.07	0.45	0.31
GHG Emissions Intensity (Scope 1, Scope 2, and Scope 3)	tCO2e per RMB100,000 of revenue	0.01	0.08	0.46	0.32

Notes:

(1) In 2023, the scope of data collection covered headquarters office operations only. From 2024 onwards, the scope has been expanded to include both headquarters office operations and ZEME Shipyard. Vessel-related engineering installation and commissioning activities are primarily carried out at customers' shipyards or project sites, where the associated energy consumption and environmental emissions are generally managed and recorded by the relevant site operators, and are therefore not included in our environmental data statistics.

(2) Total energy consumption is calculated in accordance with the General Principles for Calculation of Total Comprehensive Energy Consumption (GB/T 2589–2020). In particular, we determine the applicable boundaries and coverage, and convert relevant energy types into standard coal equivalent using the conversion factors stipulated therein for aggregation.

(3) Direct greenhouse gas emissions (Scope 1) are quantified with reference to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (2025 Edition) issued by the Ministry of Ecology and Environment, applying the relevant parameters and methodologies where appropriate. In addition to stationary combustion emissions, we use carbon dioxide as a shielding gas in welding operations. As such CO2 is released to the atmosphere during use, it is classified as a direct (non-combustion) emission and is included in our Scope 1 emissions in accordance with the GHG Protocol: Corporate Accounting and Reporting Standard (Revised Edition).

(4) Indirect greenhouse gas emissions (Scope 2) are calculated using the electricity CO2 emission factor published by the Ministry of Ecology and Environment and the National Bureau of Statistics in the Announcement on the Release of the 2023 Electricity CO2 Emission Factors. We adopt the national average grid emission factor for 2023 of 0.5306 kgCO2/kWh.

(5) Other indirect greenhouse gas emissions (Scope 3) currently cover only Category 6: Business travel as defined in the GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

(6) In 2025, our environmental data increased significantly compared with 2024, primarily due to the expansion of the vessel retrofit business. With the increase in the types of retrofit projects, the scope of implementation and the complexity of operational activities in 2025, together with the installation and retrofit of related equipment, the volume of works and operational demand rose accordingly, thereby leading to a phase-based increase in the relevant environmental data.

In response to the unprecedented challenges posed by climate change, ZEME Shipyard established the following sustainability targets, using 2025 as the baseline year:

- By 2030, to reduce GHG emissions intensity (scope 1 and scope 2) by no less than 6%;
- By 2030, to reduce total energy consumption intensity by no less than 5%.

Employment and Labor

We strive to comply with applicable laws and regulations, including the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China and have established internal policies such as the Personnel Recruitment Management Measures and Labor Contract Management Measures to ensure that our employment processes are lawful and compliant. We firmly oppose the use of child labor and forced labor. During the recruitment process, we rigorously verify identity documents to ensure that all employees meet the legal working age. Throughout the Track Record Period, we did not encounter any incidents involving child labor or forced labor.

Meanwhile, we are committed to fostering a work environment that is respectful, diverse, equitable, and non-discriminatory. In recruitment, promotion, compensation, and other employment management processes, discrimination based on race, skin color, age, gender, disability, pregnancy, religious belief, marital status, or other factors is strictly prohibited.

We prioritize employee experience and conduct an annual employee satisfaction survey to continually enhance employee benefits and care initiatives. We also organize regular team-building activities and provide holiday benefits, birthday vouchers, and other forms of recognition to strengthen employees' sense of belonging and well-being.

The following table sets forth our employee headcount data classified by gender, age, and position as of the dates indicated.

			As of December 31,			As of May 31,
Metric[1]	**Type of Employee**	**Unit**	**2023**	**2024**	**2025**	**2026**
Number of Employees		Headcount	142	404	541	573
Gender group	Male	Percentage	73.9	76.0	78.4	78.7
	Female	Percentage	26.1	24.0	21.6	21.3
Age group	30 years old or younger	Percentage	40.1	32.9	33.3	37.5
	31 to 49 years old	Percentage	57.0	55.9	57.9	54.3
	50 years old or older	Percentage	2.8	11.1	8.9	8.2

Note:

(1) In 2023, the scope of data collection covered headquarters office operations only. From 2024 onwards, the scope has been expanded to include both headquarters office operations and ZEME Shipyard.

Professional Development and Training

We fully recognize that employees are the cornerstone of our development. Our talent development approach centers on capacity building and is committed to establishing a systematic talent development framework to enhance the overall quality of our workforce, thereby continually strengthening our core competitiveness and sustainable development capabilities. In terms of compensation, we have formulated the Compensation and Benefits Management Measures to provide employees with market-competitive remuneration and benefits, thereby attracting and retaining talent. Regarding employee training, we have adopted the Employee Education and Training Management Measures. Aligned with business development and job requirements, we adopt a combination of internal and external training methods to provide employees with comprehensive development opportunities across multiple dimensions. These include job-specific skills training, new employee orientation, middle-management leadership and comprehensive competency training, corporate culture and policy education, and general quality enhancement programs, all designed to support their career growth.

The following table sets forth our employee-training data during the Track Record Period.

		For the Year Ended December 31,			For the Five Months Ended May 31,
Metric	**Unit**	**2023**	**2024**	**2025**	**2026**
Number of Employees Trained	Headcount	50	78	99	7
Total Training Hours	Hours	620.0	563.0	566.0	56.0

Occupational Health and Safety

We attach great importance to occupational health and safety, adhering to the safety first, prevention first, and comprehensive management principle. We consistently prioritize safety in all production and operational activities, strictly comply with applicable laws and regulations such as the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Zhejiang Province Work Safety Regulations.

Our occupational health and safety management system is centered on a clearly defined work safety responsibility system. We have formulated internal regulations, including the Work Safety Responsibility System Assessment Measures and the Work Safety Supervision and Management Measures, establishing a multi-level accountability framework ranging from the management team to front-line positions.

We strictly enforce our environmental protection and occupational health management measures through comprehensive measures such as providing compliant personal protective equipment, organizing occupational health examinations, and conducting specialized training. To enhance the safety competencies and awareness of all employees, in accordance with the Work Safety Education and Training System, we have established a comprehensive safety education and training mechanism, and implemented tiered and categorized training for all employees. We strictly enforce the certification requirement for key personnel in charge, safety management personnel, and special operations personnel, ensuring that employees possess the necessary safety knowledge and operational skills.

Regarding risk management, we implement a dual prevention mechanism integrating systematic risk classification with proactive hazard investigation. This approach employs a tiered control system and a full cycle inspection process from identification to resolution, thereby containing risks at their inception.

Supply Chain Management

We fully recognize the importance of the supply chain to our operations. To ensure the sustainability of our supply chain, we have established and implemented internal policies such as the Procurement Management Measures, Supplier Management Measures, and Contract Management Measures. These policies define the management procedures for procurement activities and various types of suppliers, clarify the establishment, evaluation, modification, utilization, and administration of our suppliers, and ensure objectivity, fairness, and effectiveness in supplier onboarding, selection, engagement, and evaluation.

In addition, we have established a regularized supplier management and assessment mechanism. Through periodic evaluations and dynamic monitoring of suppliers across dimensions such as quality standards, service responsiveness, contract fulfillment, and compliance management, we focus not only on short-term performance but also on continuingly driving improvements in supplier quality management and operational efficiency.

Product Responsibility and Innovation

We strictly comply with applicable laws and regulations, including the Product Quality Law of the People's Republic of China, and have established a full lifecycle quality management system covering design, procurement, production, and delivery, in accordance with our quality management system policies such as the Product Quality Management Manual. A key control point quality review mechanism is implemented, mandating reviews at critical control points to drive continued improvement in quality management levels. For core components and products such as pipelines, stainless steel fittings, and exhaust gas cleaning systems, we have established specific quality control procedures, including critical process control, material traceability management, and welding performed according to the Welding Procedure Specification imposed by the classification society, to ensure product reliability and operational safety. As of the Latest Practicable Date, our quality management system has been certified to ISO 9001:2015. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any product recalls due to safety and health reasons.

We consistently place innovation at our core and actively promote internal and external collaboration. We coordinate resources such as joint laboratories and industry-academia-research platforms to facilitate the integration of innovation resources and the incubation of achievements. To this end, we have developed and implemented management policies including the Science and Technology Management Measures, Intellectual Property Management Measures, Open Innovation and Entrepreneurship Platform Management Measures, and Technology Incentive Measures to drive technological breakthroughs and the corresponding commercialization.

In addition, we have demonstrated prominent technical leadership and industry influence in the formulation of industry standards. Notably, we have participated in the development of several key standards in the field of marine environmental protection. This includes leading the development of the enterprise standard Guidelines for the Design and Selection of Marine Exhaust Gas Desulfurization Units (Q/ZEME RD-01-2019), and serving as a core participant in drafting three group standards: Marine Exhaust Gas Desulfurization Equipment (T/CAMIE 31–2024), Marine Exhaust Gas Denitrification Equipment (T/CAMIE 30–2024), and Technical Requirements for Marine Exhaust Gas Desulfurization Units (T/ZZB G011–2022), which cover the entire chain of technologies for treating marine exhaust gases including desulfurization and denitrification. In 2025, the Company further expanded its scope in standard-setting by participating in the development of two industry standards: Verification Requirements for the Ship Energy Efficiency Design Index and Technical Requirements for Ship Intelligent Integration Platforms. As of the Latest Practicable Date, we have participated in the formulation of three group standards and two industry standards.

Anti-Corruption

We uphold the business ethics principle of integrity and self-discipline, strictly comply with applicable laws and regulations, and firmly resist improper conduct such as commercial bribery, corruption, and money laundering. Regular integrity training is conducted, and all employees are required to sign an integrity commitment letter.

To prevent, detect, and address corruption risks in our operations, we have implemented the following internal control measures:

(i) ***Policies and Conduct Requirements***. We have established internal policies governing anti-corruption, anti-bribery, anti-fraud, anti-money laundering, procurement, sales, reimbursement, conflicts of interest, and gifts and entertainment. Such policies prohibit improper payments, kickbacks, unauthorized gifts or entertainment, false reimbursement, improper benefits, and other non-compliant arrangements. All employees are required to comply with our internal policies and sign an integrity commitment letter;

(ii) ***Staff Training***. We provide anti-corruption and integrity training to our employees on an annual basis, covering, among others, applicable laws and regulations, our internal policies, reporting channels, common red flags, case studies, and disciplinary consequences. We also provide training or reminders to relevant personnel in procurement, sales, finance, and other functions with higher exposure to corruption and bribery risks;

(iii) ***Approval and Monitoring Workflows***. We have established approval and review procedures for procurement, sales, payments, discounts, commissions, gifts and entertainment, and reimbursements. Relevant transactions and payments are subject to multi-level internal review and are required to be supported by contracts, invoices, acceptance records, approval records, payment records, and other supporting documents. Our finance and business departments also conduct review and reconciliation procedures to monitor the authenticity and compliance of relevant transactions;

(iv) ***Procurement and Sales Controls***. In procurement and sales activities, we conduct counterparty review and internal approval procedures, including, where applicable, supplier and customer qualification review, pricing and payment term review, review of unusual payment arrangements, and approval of discounts, commissions, and other commercial terms. We prohibit employees from soliciting or accepting kickbacks, improper rebates, unauthorized gifts, entertainment, or other benefits from suppliers, customers, or other business partners;

(v) ***Whistleblowing and Reporting Mechanism***. We have established a closed-loop whistleblowing and reporting handling mechanism. Whistleblowing reports may be submitted through multiple channels, including mail, in-person visits, online portals, telephone hotlines, and other internal reporting channels. We require whistleblowing information to be recorded and handled confidentially, and prohibit retaliation against whistleblowers who report suspected misconduct in good faith;

(vi) ***Investigation and Remediation Procedures***. Upon receiving a whistleblowing report or identifying suspected misconduct, the relevant responsible personnel will conduct preliminary review, investigation, and evidence collection. Depending on the nature and seriousness of the matter, we may take remedial measures, impose disciplinary actions, enhance internal controls, and, where suspected illegal or criminal conduct is involved, report the matter to the relevant authorities as appropriate. We also provide feedback to informants where appropriate, thereby achieving closed-loop management from case intake to resolution; and

(vii) ***Management and Board Oversight***. Our anti-corruption internal controls are overseen by our senior management and the Board. The relevant departments are responsible for implementing our anti-corruption policies, monitoring compliance matters, following up on reported matters, and reporting material issues to senior management or the Board where appropriate. Our Board is responsible for overseeing the overall effectiveness of our internal control and risk management systems, including anti-corruption controls.

Based on the foregoing, our Directors are of the view that our anti-corruption internal controls are adequate and effective. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any legal proceedings relating to corruption.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had not been and were not a party to any material legal, arbitral, or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral, or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations. Litigation or any other legal or administrative proceeding, regardless of the outcome, can have an adverse impact on our business, financial condition, and results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — We may be involved in lawsuits, claims, regulatory investigations, or legal proceedings in our ordinary course of business, which could materially and adversely affect our reputation, business, financial condition, and results of operations."

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

We are committed to fostering a culture of compliance by establishing and implementing various policies and procedures, such as comprehensive risk management procedures, to ensure that our operations consistently meet regulatory and compliance requirements.

Environmental Compliance

Environmental Impact Assessment Approval and Acceptance Inspection of Environmental Protection Facilities. During the Track Record Period, one of our vessel retrofit and servicing projects commenced construction before we obtained the environmental impact assessment approval required for that project and subsequently commenced operations before certain ancillary environmental protection facilities and the related acceptance inspection procedures had been completed. It was carried out within the existing shipyard premises leased by us and mainly involved limited-scale technical upgrades and ancillary modifications to meet environmental protection and workplace safety requirements. At the early stage, the parties involved had different understandings as to the arrangement and timing for obtaining the environmental impact assessment approval, and, as a result, we did not obtain it before the works began. Under applicable PRC laws and regulations, failure to obtain the environmental impact assessment approval before commencing construction could have subjected us to administrative penalties, including an order to suspend construction, or a fine ranging from 1% to 5% of the total project investment. Based on a total project investment of RMB230.2 million, the maximum potential fine would have been RMB11.5 million. After identifying this issue, we maintained communication with the competent authority during the construction period, and the authority was aware of our rectification efforts and the progress of our application. We subsequently obtained the environmental impact assessment approval on February 4, 2026. Accordingly, the non-compliance arising from the commencement of construction before obtaining the environmental impact assessment approval has ceased. As of the Latest Practicable Date, however, certain ancillary environmental protection facilities remained under construction, and the related acceptance inspection procedures had not yet been completed. Under applicable PRC laws and regulations, commencing operations before completing the required environmental protection facilities and related acceptance inspection procedures could subject us to an order to rectify within a prescribed period and a fine ranging from RMB0.2 million to RMB1.0 million. If we fail to complete the rectification within the prescribed period, an increased fine ranging from RMB1.0 million to RMB2.0 million may be imposed. In the event of material environmental pollution or ecological damage, the authority may order the suspension of production or use or, subject to the requisite governmental approval, the closure of the relevant operation. We are actively working to complete the outstanding environmental protection facilities and the related acceptance inspection procedures by August 2026. During an interview, the competent authority confirmed that it was aware of the operation of the project, our ongoing rectification efforts, and our progress in completing the relevant environmental protection procedures and that, in principle, it would not impose penalties on us in respect of these matters. As of the Latest Practicable Date, we had not been subject to any administrative penalty in respect of the foregoing matters and had not experienced any environmental pollution incident. Based on the above, our PRC Legal Advisor is of the view that (i) the likelihood of us being subject to administrative penalties for the historical non-compliance is low, and (ii) provided that we complete the outstanding environmental protection facilities and the related acceptance inspection procedures in a timely manner and no other material adverse change occurs, the likelihood of us being subject to suspension of operation, closure, or other material administrative penalties in respect of the commencement of operation before completion of the required facilities and the acceptance inspection procedures is low although the possibility of administrative penalties in respect of the foregoing matters being imposed by the administrative authority cannot be completely ruled out. As of the Latest Practicable Date, the relevant project was in normal operation, and we had not been required by the competent authority to suspend the operation of the relevant project as a result of the foregoing matters. To prevent similar incidents in the future, we have enhanced internal control measures, including adopting a compliance review mechanism to confirm that all environmental protection procedures required by the governmental authorities have been duly completed before the relevant construction works or operations commence, as applicable.

Pollutant Discharge Permit and Permit for Discharging Wastewater into Urban Drainage Facilities. During the execution of one of our vessel retrofit and servicing projects, we initially understood the procedures to be ancillary works with limited wastewater discharge and environmental impact. On that basis, we did not timely identify the need to obtain the pollutant discharge permit and the permit for discharging wastewater into urban drainage facilities. Under applicable PRC laws and regulations, failure to obtain the permit for discharging wastewater into urban drainage facilities could have subjected us to a fine of up to RMB0.5 million. Failure to obtain the pollutant discharge permit could have subjected us to a fine of up to RMB1.0 million and, in addition, the competent authority could have ordered rectification, restricted production, suspended operations for rectification, or, in serious cases, ordered suspension of business or closure. Following guidance from the government authorities, we reviewed the applicable requirements, communicated with the authorities, commenced the application process for the pollutant discharge permit, and are constructing the necessary wastewater collection facilities to satisfy the application requirements for the permit for discharging wastewater into urban drainage facilities, which we will apply for promptly upon completion of such facilities. We obtained pollutant discharge permit in April 2026 and expect to obtain the permit for discharging wastewater into urban drainage facilities in September 2026. During the Track Record Period and as of the Latest Practicable Date, we had not received any administrative penalty decision or rectification order in relation to these matters. As of the Latest Practicable Date, the relevant project was in normal operation, and we had not been required by the competent authority to suspend the operation of the relevant project as a result of this incident. To prevent similar incidents in the future, we have enhanced internal control measures, including adopting a permit review mechanism to confirm applicable pollutant discharge and wastewater discharge permit requirements before conducting relevant discharge activities.

Labor Compliance

Use of Dispatched Workers in Certain Positions. On December 28, 2012, the PRC Labor Contract Law (《中華人民共和國勞動合同法》) was amended to impose more stringent requirements on labor dispatch and such amendments became effective on July 1, 2013. Under the PRC Labor Contract Law and the Interim Provisions on Labor Dispatch, labor dispatch is only permitted for temporary, auxiliary, or substitute positions, and the number of dispatched workers shall not exceed 10% of an employer's total workforce. During the Track Record Period, we engaged dispatched workers for certain positions that were not temporary, auxiliary, or substitute in nature, which was not strictly in line with applicable PRC laws. As of December 31, 2025, we had 34 dispatched workers, including 19 who were engaged in positions that did not fall within temporary, auxiliary, or substitute positions, primarily in engineering, technical, inspection, maintenance, and supervisory roles. This was mainly because, as a state-owned enterprise, our recruitment and onboarding procedures were generally more time-consuming, and we therefore used labor dispatch as a temporary staffing measure to support our operational needs. In addition, during the early stage of taking over the shipyard operations, we retained certain experienced on-site workers through labor dispatch to maintain operational continuity and ensure a smooth transition. Under applicable PRC laws and regulations, we may be ordered by the competent authorities to rectify this non-compliance. If we fail to complete the rectification within the prescribed time limit, we may be subject to a fine of up to RMB10,000 per person. During the Track Record Period and up to the Latest Practicable Date, we and our subsidiaries had not been subject to any administrative penalties or other disciplinary actions relating to labor dispatch by government authorities. Following the rectification measures we implemented, as of the Latest Practicable Date, none of our dispatched workers remained engaged in substantive positions. To prevent similar incidents in the future, we have enhanced internal review and approval procedures for workforce engagement and position classification, including periodic reviews of labor dispatch arrangements, pre-approval procedures for engaging dispatched workers, and internal checks to ensure that dispatched workers are engaged only for temporary, auxiliary, or substitute positions.

Social Insurance and Housing Provident Funds. We are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance, and housing provident fund on behalf of our employees in China. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain employees of one of our subsidiaries, ZEME Shipyard, in accordance with applicable PRC laws and regulations. This was mainly due to the influence of local practice and industry norms at the time. In 2023, 2024, and 2025, the amount of under-contribution to social insurance was RMB0.9 million, RMB0.5 million, and RMB3.4 million, respectively, and the amount of under-contribution to housing provident funds was RMB1.1 million, RMB1.4 million, and RMB1.0 million, respectively. We did not incur any shortfall in social insurance contributions for the five months ended May 31, 2026, and we will make full housing provident fund contributions once the annual contribution adjustment window opens. Under applicable PRC laws and regulations, in relation to underpaid social insurance contributions, the competent authorities may require us to make up the outstanding contributions within a prescribed time limit and impose a late payment surcharge at a daily rate of 0.05% of the outstanding amount from the date of underpayment. If we fail to make the payment within the prescribed time limit, we may also be subject to a fine ranging from one to three times the outstanding amount. In relation to underpaid housing provident fund contributions, the government authorities may require us to make up the outstanding contributions within a prescribed time limit. If we fail to do so, it may apply to the People's Court for compulsory enforcement. No fine is prescribed for such non-compliance. We had not been subject to any administrative penalties in connection with our contribution of social insurance plans and housing provident funds during the Track Record Period and up to the Latest Practicable Date. Since identifying this issue, we have taken steps to rectify the underpayment and regularize our contribution arrangements. We have made full social insurance contributions for all employees of ZEME Shipyard for the period since January 2026 and will make full housing provident fund contributions for these employees for the same period once the regulatory make-up contribution window opens. To prevent similar incidents in the future, we have enhanced internal review and approval procedures for workforce engagement and position classification, including periodic reviews of contribution bases and contribution status, coordination between the human resources and finance departments, and timely adjustment of contribution arrangements in accordance with applicable requirements.

The PRC Legal Advisor is of the view that the likelihood of us being subject to material administrative penalties or centralized collection due to the failure to provide full social insurance and housing provident contribution is remote, because (i) based on consultations with the competent local authorities, they would not proactively pursue historical shortfalls on a centralized basis; (ii) if we voluntarily make supplemental contributions, no further administrative penalties would generally be imposed, and no late fees would be required; and (iii) we have undertaken to make timely supplemental contributions in full if so required by the competent authorities. Based on the foregoing, the PRC Legal Advisor is of the view that the non-compliance would not have a material adverse impact on our business, financial conditions, and results of operations. As a result, no provision was made in this regard.

The Interpretation II of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases provides that any agreement between an employer and an employee to waive social insurance contributions should be invalid, and where an employer fails to make social insurance contributions in accordance with the law, the employee may terminate the labor contract and claim economic compensation in accordance with the PRC Labor Contract Law. With the support of our PRC Legal Advisor, our Directors are of the view that this judicial interpretation would not have any material adverse impact on our business or financial performance, as (i) we had not entered into any agreement with, or obtained any undertaking from, any employee to waive social insurance contributions, and no material complaint, report, or labor dispute in relation thereto had arisen as of the Latest Practicable Date, and (ii) according to our PRC Legal Advisor, this judicial interpretation would not increase our exposure to penalties or affect the validity of the existing PRC social insurance regulatory regime.

Properties Compliance

Lease Registration. Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branches of the PRC Ministry of Housing and Urban-rural Development (中華人民共和國住房和城鄉建設部). During the Track Record Period, we did not complete the lease registration procedures for ten leased properties. We originally understood that, under local practice, the competent housing authorities mainly process lease registrations for commodity properties and generally do not accept registration applications for non-commodity properties, such as industrial premises. On that basis, we did not complete the registration procedures for these leases. Under applicable PRC laws and regulations, if the competent authorities determine that these leases are subject to the filing requirement and penalty under the Administrative Measures for Commodity Housing Leasing, we may be ordered to rectify the non-compliance and, if we fail to do so within the prescribed time limit, be subject to a fine ranging from RMB1,000 to RMB10,000 per lease. Pursuant to the PRC laws and regulations, the maximum potential fine with respect to the then-unregistered leases is RMB100,000. Lack of registration will not affect the validity of the lease agreements under PRC laws and regulations. Since the identification of this issue, we have taken steps to apply for and complete registration for these leases. As of May 6, 2026, all our property lease agreements that are subject to the leasing registration requirements under the applicable PRC laws and regulations had been properly registered. To prevent similar incidents in the future, we will take into account the lessor's willingness and ability to cooperate in completing lease registration procedures when selecting leased properties, and arranging for lease registration in a timely manner.

Ownership Certificates of the Leased Properties. During the Track Record Period, we selected the leased properties primarily based on their practical suitability and usage value. Certain of these leased industrial properties were located in suburban or rural areas, where landlords are generally less willing to cooperate in providing ownership certificates or other documents evidencing their right to lease the relevant properties. As of the Latest Practicable Date, we no longer lease these properties. Accordingly, the issues relating to the lack of ownership certificates or other supporting documents have been resolved. To prevent similar incidents, we will timely check the ownership certificates or other supporting documents evidencing the lessor's right to lease the relevant properties before entering into lease agreements.

We will complete the compliance rectification of the above matters before [**REDACTED**]. The Directors are of the view that the non-compliances did not and would not have a material adverse impact on our business operations or financial position, and would not affect the suitability of the Directors or our Company, taking into account that (i) as advised by the PRC Legal Advisor, the risk of administrative penalties is low, (ii) most of the relevant non-compliances have been rectified and the remaining will be rectified before [**REDACTED**], (iii) the amounts involved were immaterial, and (iv) enhanced internal control measures have been put in place to prevent similar incidents from recurring. In addition, nothing material has come to the Joint Sponsors' attention that would reasonably cast doubt on our Directors' view.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented various policies and procedures to ensure rigorous risk management and internal control, and we are dedicated to continually improve our internal control system to ensure the compliance of our business operations. Furthermore, we conduct periodic reviews of the implementation of our risk management policies and internal control system to ensure their effectiveness and sufficiency.

Risk Management

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures, or external events. We have established a series of internal policies and procedures with detailed responsibilities and clear instructions to manage such risk.

To ensure the security of sensitive information, we have implemented strict internal procedures and controls regarding confidentiality management to ensure our confidential information is protected and that leakage and loss to such information is avoided. Through effective business operational risk management, we expect to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Regulatory Compliance and Legal Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. Meanwhile, legal risk refers to the risk of legal liability arising from violations of laws and regulations, breaches of contracts, infringements on the legal rights of others or otherwise in connection with any contract or business activity in which we are involved.

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with relevant rules and regulations. In particular, as we and our employees deal with a variety of third parties in our operations, we have implemented internal procedures with respect to anti-bribery, anti-corruption and conflict of interest matters.

Internal Control

To ensure compliance with applicable laws and industry best practices, we have implemented rigorous internal control policies and measures in relation to our business operations. The following sets forth our major internal control measures:

- we design a comprehensive set of policies to identify, analyze, manage and monitor potential compliance issues, and periodically assess and update our internal control policies;
- the Board is responsible for overseeing the overall internal control;
- we will adopt various policies to ensure compliance with the Listing Rules, including risk management, connected transactions, and information disclosure; and
- we will continue to organize training sessions for our Directors and senior management with respect to the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong.

In addition, for details of our internal control measures relating to Third-Party Payment Arrangements, see "— Third-Party Payment Arrangements."

Furthermore, to monitor the ongoing implementation of our risk management and internal control policies and procedures after the [**REDACTED**], we have also established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

AWARDS AND RECOGNITIONS

During and prior to the Track Record Period, we received numerous awards and recognitions for our technologies and innovations from government authorities and industrial organizations.

The following table sets forth some of the significant awards and recognition that we have received.

Awarding Year	Award/Recognition	Issuing Organization
2025	Zhejiang Provincial Key Enterprise Research Institute of Ship and Marine Environmental Protection Equipment (浙江省船舶與海洋環保裝備重點企業研究院)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2024	Zhejiang High-Tech Enterprise Research and Development Center (浙江省高新技術企業研究開發中心)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2024	Top 10 Scientific and Technological Advances in China's Ecological Environment in 2023(2023年度中國生態環境十大科技進展證書)	Ecological Environment Industry–Academia Consortium of the China Association for Science and Technology (中國科協生態環境產學聯合體)
2023	High-Tech Enterprise (高新技術企業)	Zhejiang Department of Science and Technology (浙江省科學技術廳)
2023	Specialized, Refined, Distinctive, and Innovative SME in China (專精特新"小巨人"企業)	Ministry of Industry and Information Technology (China) (中國工業和信息化部)

Awarding Year	Award/Recognition	Issuing Organization
2023	Hangzhou Enterprise High-Tech Research and Development Center (杭州市企業高新技術研究開發中心)	Hangzhou Municipal Science and Technology Bureau (杭州市科學技術局)
2022	Specialized, Refined, Distinctive, and Innovative SME in Zhejiang (浙江省專精特新中小企業)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2022	First Prize, Invention and Entrepreneurship Awards (發明創業獎創新獎一等獎)	China Association of Inventions (中國發明協會)
2021	First Prize, Zhejiang Science and Technology Progress Award (浙江省科學技術進步獎一等獎)	Zhejiang Provincial People's Government (浙江省人民政府)
2020	Certificate of Zhejiang Province's First (Set of) Major Equipment Product in Manufacturing Industry (2020年度浙江省製造業首台產品證書)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2020	Zhejiang Provincial Science and Technology-based SME (浙江省科技型中小企業)	Zhejiang Department of Science and Technology (浙江省科學技術廳)

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Zhejiang Technology Environmental Group is a joint stock company with limited liability established in the PRC and is owned by Zhejiang Energy Group as to 51% and Zhejiang Changguang Group as to 49% respectively, Zhejiang Energy Group is owned by SASAC of Zhejiang Provincial People's Government (浙江省人民政府國有資產監督管理委員會) as to 90% and Zhejiang Social Security as to 10% respectively, Zhejiang Changguang Group is wholly owned by Zhejiang Energy Group, Zhejiang Social Security is wholly owned by Zhejiang Caikai Group and Zhejiang Caikai Group is wholly owned by Zhejiang Provincial Department of Finance (浙江省財政廳). As of the Latest Practicable Date, our Company was owned as to approximately 54.20% by Zhejiang Technology Environmental Group. Immediately following the completion of the [**REDACTED**] (assuming no exercise of the [**REDACTED**]), Zhejiang Technology Environmental Group will hold approximately [**REDACTED**] of the total issued share capital of our Company.

Therefore, Zhejiang Technology Environmental Group, Zhejiang Changguang Group and Zhejiang Energy Group will constitute a group of Controlling Shareholders under the Listing Rules immediately upon completion of the [**REDACTED**].

INFORMATION OF BUSINESSES OF OUR GROUP AND OUR CONTROLLING SHAREHOLDERS

Our Group

We are a global green shipping equipment and system provider, our business lines include: (i) vessel exhaust gas emission control and cleaning systems, (ii) vessel energy efficiency enhancement systems, (iii) vessel retrofit and servicing, (iv) intelligent vessel operating and maintenance systems, and (v) new energy vessel systems. These business lines encompass equipment design and manufacture to vessel refit, onboard installation, commissioning, and technical support, comprehensively contributing to ship value enhancement. For further details of our business, see "Business" in this document.

Zhejiang Technology Environmental Group

Apart from holding interest in our Group, Zhejiang Technology Environmental Group is principally engaged in flue gas treatment for onshore sectors such as coal-fired power plants as well as comprehensive utilization of solid waste resources, etc.

Zhejiang Energy Group

Apart from holding interest in our Group, Zhejiang Technology Environmental Group and Zhejiang Changguang Group, Zhejiang Energy Group is principally engaged in energy sector businesses including electricity, coal, natural gas, petroleum, new energy, energy technology, energy environmental protection, energy services, energy equipment, and energy finance. Apart from its interests in our Group, Zhejiang Technology Environmental Group and Zhejiang Changguang Group, it has investment in companies which are engaged in electricity, coal, natural gas, petroleum, new energy, energy technology, energy environmental protection, energy services, energy equipment, and energy finance. The above companies include investment in listed companies below:

Company	Principal business activities	Stock exchange	Stock code
Zhejiang Zheneng Power Co., Ltd. (浙江浙能電力股份有限公司)	Thermal power, gas power, nuclear power, combined heat and power, and integrated energy businesses, as well as managing and holding controlling interest in power generation companies.	Shanghai Stock Exchange	600023

Company	Principal business activities	Stock exchange	Stock code
Ningbo Marine Company Limited (寧波海運股份有限公司)	Domestic coastal and Yangtze River mid-to-lower reaches general cargo ship and product oil tanker transportation; international general cargo transportation.	Shanghai Stock Exchange	600798
Zhejiang Provincial New Energy Investment Group Co., Ltd. (浙江省新能源投資集團股份有限公司)	Comprehensive energy enterprise specializing in the investment, development, construction, operation, and management of renewable energy businesses such as wind power, photovoltaics, hydropower, hydrogen energy, and energy storage.	Shanghai Stock Exchange	600032
Jolywood (Suzhou) Sunwatt Co., Ltd. (蘇州中來光伏新材股份有限公司)	Photovoltaic auxiliary materials, high-efficiency cells and modules, photovoltaic application business.	Shenzhen Stock Exchange	300393
Zheneng Jinjiang Environment Holding Company Limited (浙能錦江環境控股有限公司)	Production and sale of electricity and steam, operation and project management of waste-to-energy plants, technical consulting and advisory services, and energy management contracting.	Singapore Stock Exchange	BWM.SI

Zhejiang Changguang Group

Apart from holding interest in our Group, Zhejiang Changguang Group is principally engaged in biomass power generation, cement production, fire protection, security, and photovoltaic power generation.

Apart from the above principal businesses of our Controlling Shareholders, our Controlling Shareholders are also interested in other investments which do not form part of our Group, and the principal businesses of such investments are separate and distinct from our businesses (together with the above principal businesses of our Controlling Shareholders, collectively, the "**Other Businesses**").

As disclosed above, we are a global green shipping equipment and system provider, our business lines encompass equipment design and manufacture to vessel refit, onboard installation, commissioning, and technical support, comprehensively contributing to ship value enhancement, whereas our Controlling Shareholders are primarily engaged in the energy fields including electricity, coal, natural gas, petroleum, new energy, energy technology, energy environmental protection, energy services, energy equipment, and energy finance. Our Controlling Shareholders are primarily heavy-asset companies focusing on the energy fields and energy-related industry chain, while our Company is a green shipping equipment and system provider focusing on vessel-related industry chain. Taking into account the differences between the Other Businesses and the business operations of our Group, the businesses of our Group and our Controlling Shareholders are clearly delineated from each other on the follow basis:

(i) **Function, Purpose and Technology:** the products/services provided by our Company and our Controlling Shareholders differ fundamentally in terms of both function, purpose and technological approach. Our Group is a green shipping equipment and system provider focused on the vessel-related industry chain, providing design, manufacturing, retrofit, installation, commissioning, and technical support services that enhance ship value. Our Controlling Shareholders are primarily engaged in the energy fields (electricity, coal, natural gas, petroleum, new energy, energy technology, environmental protection for onshore sectors such as coal-fired power plants, energy services, energy equipment, and energy finance). The products, services, functions, purposes, and technological approaches of our Group are different from those of our Controlling Shareholders (i.e. marine engineering against industry energy systems);

(ii) **Customers:** the customers of our Company are different from the customers of our Controlling Shareholders in general. Our Group's customers are shipping companies, vessel owners, and shipyards. Our Controlling Shareholders' customers are primarily industrial energy users, grid operators, and gas utilities. To the best knowledge, information and belief of our Company, there is no overlap between the customer bases of our Group and our Controlling Shareholders in general;

(iii) **Suppliers:** The supply chain of our Company and our Controlling Shareholders are different in general as we source from different types of suppliers. Our Group sources from maritime services companies, shipyards and suppliers of marine, mechanical and electromechanical equipment. Our Controlling Shareholders source from suppliers of energy equipment, drilling services and fuel. The supply chains of our Group and our Controlling Shareholders are distinct in general;

(iv) **Core Technologies, research and development:** the core technologies of our Group and our Controlling Shareholders are different from each other and there is no technology licensing arrangement. Our Group's core technologies are in the aspect of vessel energy efficiency, emission control, onboard systems, which are developed and owned by our Group. Our Controlling Shareholders' core technologies are mainly in the aspect of power generation, grid management and energy storage.

In addition, according to the Non-Competition Undertaking Letter, our Company is the only operating platform of green shipping equipment and system provider under our Controlling Shareholders. Accordingly, our Directors are of the view that there is a clear business delineation between our businesses and Other Businesses. Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

On [●], each of our Controlling Shareholders executed the Non-Competition Undertaking Letter in favor of our Company pursuant to which each of our Controlling Shareholders has undertaken to our Company that it will not, and will procure that its close associates (other than our Company and its subsidiaries) will not, directly or indirectly, as a principal or agent, either on their own accounts or in conjunction with or on behalf of any individual, firm, company, enterprise or organization, during the Restricted Period (as defined below):

(a) carry on, develop, be engaged in, operate, participate in, acquire or hold any right or interest in or render any services to or otherwise be involved in any business which is or may be in competition with the business of our Group ("**Restricted Business**"); and

(b) take any action which interferes with or disrupts or may interfere with or disrupt the business of our Group.

Each of our Controlling Shareholders has warranted and undertaken to our Company, that it shall not, and shall procure that its close associates (except any members of our Group) shall not: (a) induce or solicit any person, organization or company to induce any competition or suspension of the business of our Group; (b) induce or solicit any of the employee to leave our Company and/or its subsidiaries, or in any other forms employ the then employee to engage in any competition of the business of our Group; (c) engage in any business or activity or jointly with any person, organization or company engage in business or activity, that uses any name or trademark (registered or non-registered, excluding trademarks owned by each of our Controlling Shareholders) of our Group, or any name of our Group that is used in association with our Group's business or activity at intervals, or include all or any of the above material terms or any fraudulent imitations (except for circumstances, in which our Group is involved).

In addition, each of our Controlling Shareholders has confirmed that as of the Latest Practicable Date, it does not, and to the best knowledge and belief that its close associates do not, directly or indirectly, own, operate, participate, invest in or carry on any Restricted Business, or participate or hold any equity interests or is otherwise interested in any company or entity or firm which is principally engaged in the Restricted Business.

Such non-compete undertaking does not apply to our Controlling Shareholders or their respective close associates in respect of:

(a) their interests in the shares of any member of our Group;

(b) their interests in the shares of a company other than our Group which shares are listed on the Stock Exchange or a recognized stock exchange provided that the total number of the shares held by each of our Controlling Shareholders (including its close associates) does not exceed 5% of the issued shares or securities of the company in question and it and its close associates, whether acting individually or jointly, are not entitled to appoint a majority of the board of directors of that company; or

(c) their interests in the shares of a private company other than our Group provided that the total number of the shares held by each of our Controlling Shareholders (including its close associates) does not exceed 30% of the issued shares or securities of the company in question and it and its close associates, whether acting individually or jointly, are not entitled to appoint a majority of the board of directors of that company.

The "Restricted Period" refers to the period expiring on the earlier of (i) the date on which our H Shares cease to be [**REDACTED**] and traded on the [**REDACTED**]; or (ii) in respect of its capacity as a controlling shareholder, the date on which our Controlling Shareholders (including their respective close associates and parties acting in concert, jointly or severally), cease to be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company.

The Non-Competition Undertaking Letter also includes the following provisions:

- Each of our Controlling Shareholders has undertaken to and covenanted with our Company that during the Restricted Period, to procure any New Opportunity (as defined below) that it or any of its close associates identify or propose or that is offered or presented to him/it or any of their close associates by a third party, shall be first referred to our Company and handled in the following manner:

  (i) Our Controlling Shareholder shall as soon as reasonably practicable notify our Company in writing and refer such New Opportunity to our Company for consideration and provide such information as reasonably required by our Company in order to come to a reasonable assessment or conclusion of such business opportunity (including details of any investment or acquisition costs and the contact details of the third party offering, proposing or presenting the New Opportunity) to him/it and/or its associates (the "**Offer Notice**"); and

(ii) Our Company shall within 20 days from the receipt of the Offer Notice notify the relevant Controlling Shareholder and/or its associates in writing of any decision taken to pursue or decline the New Opportunity. If the relevant Controlling Shareholder and/or its associate has not received any written notice from our Company within 20 days from receipt by our Company of the Offer Notice, in which case our Company shall be deemed to have declined the New Opportunity.

- Our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Non-Competition Undertaking Letter by our Controlling Shareholders and their respective close associates.

- Our Controlling Shareholders have undertaken to us that they will, and will procure their respective close associates to, use their reasonable endeavours to provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Non-Competition Undertaking Letter.

- We will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Non-Competition Undertaking Letter in our annual report or by way of announcement to the public in compliance with the requirements of the Hong Kong Listing Rules.

- Our Controlling Shareholders have undertaken, to indemnify and keep indemnified our Group against any damage, loss or liability suffered by our Group arising out of or in connection with any breach of their undertakings and/or obligations under the Non-Competition Undertaking Letter, including any costs and expenses incurred as a result of such breach provided that such indemnity shall be without prejudice to any other rights and remedies our Group is entitled to in relation to any such breach, including specific performance.

The "New Opportunity" refers to any investment or commercial opportunity identified by or offered to any of our Controlling Shareholders or any of their respective close associates to engage in, assist or support a third party in the operation of, participate or have any interest in, a Restricted Business, other than through our Group, which our Controlling Shareholders or any of their respective close associates would not be permitted to do pursuant to the Non-Competition Undertaking Letter.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the [**REDACTED**], taking into consideration of the factors below.

Management Independence

Our Board consists of nine Directors, including four executive Directors, two non-executive Director and three independent non-executive Directors.

Upon [**REDACTED**], Mr. Yan Jie and Mr. Zhou Tao, our Directors, will continue to hold positions in our Controlling Shareholders or companies in which they have 30% or more interests:

Name of Director	Positions within our Group	Positions in our Controlling Shareholders or companies which they have 30% or more interests
Mr. Yan Jie	Non-executive Director	Director of the asset management department of Zhejiang Technology Environmental Group, a committee member and secretary of the Zhejiang Technology Environmental Group's Shuiqing party branch, and chairman of the board of directors of Zhejiang Tianyuan New Material Technology Co., Ltd.
Mr. Zhou Tao	Non-executive Director	Director of the air treatment division, thermal power plant pollution control services of Zhejiang Technology Environmental Group, president of Zhejiang Technology Environmental Group's Shaoxing Keqiao branch, director and vice president of Zhejiang Datang Tiandi Environmental Protection Technology Co., Ltd., director of Zhejiang Tianchuang Environmental Technology Co., Ltd. , chairman of the board of Zhejiang Energy Atlas, and director of Zhejiang Zheneng Catalyst Technology Co., Ltd.

We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details, see "Directors and Senior Management" in this document;

(c) we have appointed three independent non-executive Directors, comprising one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgment to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see "— Corporate Governance" in this section.

In light of the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates and will continue to do so after the [**REDACTED**].

Connected transactions with our Controlling Shareholders or their associates

The section headed "Continuing Connected Transactions" in this document sets out the non-exempted continuing connected transactions between our Group and our Controlling Shareholders or their respective associates which will continue after the completion of the [**REDACTED**]. All such transactions are determined after arm's length negotiations. As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transaction with our Controlling Shareholders and their respective associates at a reasonable percentage to our total revenues after the [**REDACTED**]. Accordingly, it is expected that such continuing connected transactions will not affect our operational independence as a whole.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of financial staff and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. Amount due from or due to our Controlling Shareholders and/or their close associate(s), which were non-trade nature, amounted to nil, nil, RMB50,000,000 and nil (such amounts being the outstanding loans our Group obtained from our Controlling Shareholders and/or their close associate(s)) as at December 31, 2023, December 31, 2024, December 31, 2025 and May 31, 2026, respectively, and were unsecured. For further details, see Note 31 to the Accountants' Report in Appendix I in this document. Save as disclosed above, as of the Latest Practicable Date, none of our Controlling Shareholders and/or their close associate(s) had provided any loans, guarantees, pledges or advances to our Group. All material amounts due from or due to our Controlling Shareholders and/or their close associate(s) will be fully settled before the [**REDACTED**].

Based on the above, our Directors believe that we are capable of carrying on our business independently of and do not place undue reliance on our Controlling Shareholders and their close associates after the [**REDACTED**].

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders or their associate will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses;

(e) the independent non-executive Directors will review, on an annual basis, compliance with the Non-Competition Undertaking Letter given by our Controlling Shareholders. Our Company will disclose decisions relating to compliance and enforcement of the Non-Competition Undertaking Letter (including our independent non-executive Directors' views for such decision) in our annual report;

(f) our Directors will be responsible for reviewing, considering and deciding whether or not to take up any business opportunity under the Non-Competition Undertaking Letter. Any Directors who have a material interest in such decision shall abstain from voting. Our Company will disclose such decision (including our independent non-executive Directors' views for such decision) in our annual report;

(g) the Non-Competing Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review referred to in paragraph (e) above; and

(h) we have appointed Somerley Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors (including our independent non-executive Directors) believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the [**REDACTED**].

OVERVIEW

We have entered into certain transactions with our connected persons, the details of which are set out in this section below. The transactions disclosed in this section will continue to be effective upon the [**REDACTED**], and hence, upon the [**REDACTED**], such transactions entered into with such connected persons will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules. Our Directors believe that these transactions are conducted in the ordinary and usual course of our Group's business and on normal commercial terms.

RELEVANT CONNECTED PERSONS

The following table sets out the connected persons of our Company which will continue to conduct connected transactions with our Group upon the [**REDACTED**] and their connected relationships with our Company:

Name	Connected relationship
Zhejiang Zheneng Digital Technology Co., Ltd. (浙江浙能數字科技有限公司) ("**Zhejiang Zheneng Digital**")	As of the Latest Practicable Date, it was wholly owned by Zhejiang Zheneng Technology Research Institute Co., Ltd. (浙江浙能技術研究院有限公司), which is a wholly-owned subsidiary of Zhejiang Energy Group, our Controlling Shareholder.
Zhejiang Zheneng Tianchen Environmental Protection Technology Co., Ltd. (浙江浙能天晨環保科技有限公司) ("**Zhejiang Zheneng Tianchen**")	As of the Latest Practicable Date, it was wholly owned by Zhejiang Technology Environmental Group, our Controlling Shareholder
Zhejiang Energy Atlas	As of the Latest Practicable Date, it was owned as to 50% by Atlas Corp., 30% by Zhejiang Technology Environmental Group (our Controlling Shareholder) and 20% by Guoxing Shipping Technology (Hangzhou) Co., Ltd. (國興航運科技(杭州)有限公司) (a wholly owned subsidiary of Mr. Wang). Zhejiang Energy Atlas is principally engaged in container ships leasing and provision of agency services under the Agency Services Agreement. To the best knowledge, information and belief of our Company, each of the shareholders of Zhejiang Energy Atlas exercises the voting rights attached to their respective interests and there is no single shareholder controlling more than 50% of the voting rights in Zhejiang Energy Atlas.

Name	Connected relationship
	Atlas Corp. is an asset management company whose objective is to achieve long-term risk-adjusted returns from high-quality infrastructure assets in the maritime sector, energy sector and other vertical infrastructure sectors. Atlas Corp. wholly owned Customer D, a large global shipping group. Customer D operates as an independent charter owner and operator of containerships with global operation. To the best knowledge, information and belief of our Company having made all reasonable enquiries, Atlas Corp. and its ultimate beneficial owner(s) are Independent Third Parties. Customer D is not a connected person as it is not providing the intermediary service under the Agency Services Agreement and being a fellow subsidiary of Zhejiang Energy Atlas is not regarded as a connected person under Rule 14A.13 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Computational Fluid Dynamics ("CFD") Simulation Services Agreement

Background

On July 31, 2025, we entered into a CFD simulation services agreement (the "**CFD Simulation Services Agreement**") with Zhejiang Zheneng Tianchen.

Principal terms

The principal terms of the CFD Simulation Services Agreement are set out below:

Term	:	Three years from July 31, 2025
Services to be provided by Zhejiang Zheneng Tianchen	:	CFD simulation verification services, including CFD fluid simulation verification and submission of CFD reports, which should meet the certification requirements of the relevant classification society

Pricing Policy

The estimated service fees that Zhejiang Zheneng Tianchen will charge under the CFD Simulation Services Agreement are set at RMB500,000 for the three years ending December 31, 2026, 2027 and 2028 respectively and have been determined after arm's length negotiations and taking into account, among other factors, (i) the expected operational costs (including labor costs and administrative costs) in relation to the provision of the CFD simulation verification services by Zhejiang Zheneng Tianchen; (ii) the demand of our Group's CFD simulation verification services; and (iii) the fees charged by other service providers for similar services in the market.

Historical figures and annual caps

The total amount of service fees incurred by our Group for the year ended December 31, 2025 and five months ended May 31, 2026 and the estimated service fees to be paid by our Group for the three years ending December 31, 2026, 2027 and 2028 are set out as below:

	For the year ended December 31, 2025	For the five months ended May 31, 2026
	RMB	*RMB*
Total amounts of service fees incurred by our Group	100,000	–

	For the year ending December 31, 2026	For the year ending December 31, 2027	For the year ending December 31, 2028
	RMB	*RMB*	*RMB*
Total amounts of service fees to be paid by our Group	500,000	500,000	500,000

Basis of annual caps

In arriving at the above proposed annual caps, our Directors have considered, among others, the following factors: (i) the expected operational costs (including labor costs and administrative costs) in relation to the provision of the CFD simulation verification services by Zhejiang Zheneng Tianchen; (ii) the demand of our Group's CFD simulation verification services; and (iii) the fees charged by other service providers for similar services in the market.

Reasons for the transactions

As part of our daily operation business needs, our Group is required to conduct CFD fluid simulation verification, including submission of CFD reports, which should meet the certification requirements of the relevant classification society. As such, we engaged Zhejiang Zheneng Tianchen, which is a company principally engaged in the provision of CFD simulation verification services in the PRC and also experienced in providing general support and related services. With its experience, it could ensure smooth audit process for our products certification and audit, in order to accommodate the operating needs of our Group, catering for our day-to-day business and administrative schedule. Our Group will in turn benefit from organized, efficient and cost-effective CFD simulation verification services, which helps enhance our market competitiveness and facilitates our plan to expand into the overseas market.

Listing Rules Implications

As all applicable percentage ratios under the Listing Rules (other than the profit ratio) in respect of the annual caps contemplated under the CFD Simulation Services Agreement are expected to be less than 0.1%, the transactions contemplated under the CFD Simulation Services Agreement will be within the de minimis threshold provided under Rule 14A.76 of the Listing Rules and therefore they will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.76(1)(a) of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

Agency Services Agreement

Background

On December 29, 2025, we entered into a commission agreement (the "**Agency Services Agreement**") with Zhejiang Energy Atlas and Customer D.

Principal terms

The principal terms of the Agency Services Agreement are set out below:

Term	:	Two years from December 29, 2025, subject to extension by mutual written agreement between the parties, provided such agreement is reached no later than one month before the scheduled termination
Services to be provided by Zhejiang Energy Atlas	:	Intermediary service (including but not limited to consulting, coordination, price assessment etc.) provided for the transaction between our Company and Customer D and its related party (any counter party related to Customer D, including but not limited to its subsidiaries, affiliates, direct and indirect business partners, agents or any contracting party referred by it) (the "**Related Party**" Customer D and its Related Party, collectively as "**Customer Group D**")

Pricing Policy

The commission that Zhejiang Energy Atlas will charge under the Agency Services Agreement are set at 6% (tax exclusive) on the contract price agreed by our Company and Customer D and/or its Related Party, which is estimated to be RMB20,000,000 and RMB20,000,000 for the two years ending December 31, 2026 and 2027 and have been determined after arm's length negotiations and taking into account, among other factors, (i) the expected operational costs (including labor costs and administrative costs) in relation to the provision of the intermediary services by Zhejiang Energy Atlas; (ii) the transaction amount between our Group and Customer D and/or its Related Party (taking into account the further and anticipated increase in transaction shifted from the distribution model to sales agent model in 2025 and the potential price fluctuation); (iii) the relationship between Zhejiang Energy Atlas and Customer D and/or its Related Party, in particular considering their customer resources in terms of existing demand and expected future demand for our products; and (iv) the commission rate charged by Zhejiang Energy Atlas to our Group for the year ended December 31, 2025 and five months ended May 31, 2026 and the average commission rates paid by our Group for other sales agents for the years ended December 31, 2023, 2024 and 2025 and five months ended May 31, 2026.

Historical figures and annual caps

The total amount of commission incurred by our Group for the year ended December 31, 2025 and five months ended May 31, 2026 and estimated commission to be paid by our Group for the two years ending December 31, 2026 and 2027 are set out as below:

	For the year ended December 31, 2025	For the five months ended May 31, 2026
	RMB	*RMB*
Total amounts of commission incurred by our Group[(Note)]	5,158,801.8	4,164,335.1

	For the year ending December 31, 2026	For the year ending December 31, 2027
	RMB	*RMB*
Total amounts of commission to be paid by our Group	20,000,000	20,000,000

The end customers under the Agency Services Agreement are Customer Group D. The historical transaction amounts and the proposed annual caps thereof cover the commission incurred by our Group/to be paid to Zhejiang Energy Atlas in connection with sales to other end customers.

Note: During the Track Record Period, Zhejiang Energy Atlas was our sole distributor. We primarily sold our EGCSs to Zhejiang Energy Atlas, who then resold them to large shipping companies. However, starting from December 2024, our collaboration model with Zhejiang Energy Atlas shifted from a distribution model to a sales agent model for the purposes of reducing the amount of transactions (which is connected transaction) and facilitating management through establishing a unified sales model (Zhejiang Energy Atlas was our sole distributor during the Track Record Period). As a result, the relevant historical figures for the year ended December 31, 2025 and five months ended May 31, 2026 are the total amounts of commission incurred by our Group pursuant to the sales agent model.

Basis of annual caps

In arriving at the above proposed annual caps, our Directors have considered, among others, the following factors: (i) the expected operational costs (including labor costs and administrative costs) in relation to the provision of the intermediary services by Zhejiang Energy Atlas; (ii) the transaction amount between our Group and Customer D and/or its Related Party (taking into account the further and anticipated increase in transaction shifted from the distribution model to sales agent model in 2025 and the potential price fluctuation); (iii) the relationship between Zhejiang Energy Atlas and Customer D and/or its Related Party; and (iv) the commission rate charged by Zhejiang Energy Atlas to our Group for the year ended December 31, 2025 and five months ended May 31, 2026 and the average commission rates paid by our Group for other sales agents for the years ended December 31, 2023, 2024 and 2025 and five months ended May 31, 2026.

The decrease in revenue from Zhejiang Energy Atlas from RMB761.39 million in 2023 to RMB76.02 million in 2024 was due to cyclical pattern in the shipyard maintenance schedule of the relevant clients which led to change in procurement needs of Customer Group D. Customer Group D placed orders in earlier years based on their vessel retrofit, maintenance, and newbuilding plans, and the projects were substantially delivered in 2023, which led to a decrease in procurement needs in 2024. Such decrease in revenue was a short-term cyclical factor and the proposed annual caps for the intermediary service provided for the transaction between our Group and Customer Group D are for a long-term business relationship. For details of the reasons for such decrease in revenue, see "Business — Our Customers" in this document. Furthermore, while the commission of RMB5,158,801.82 paid by our Group for the year ended December 31, 2025 is relatively small when compared with the amount of proposed annual caps of RMB20,000,000 under the Agency Services Agreement, such difference was mainly due to further and anticipated increase in transaction shifted from the distribution model to sales agent model in 2025 and the potential price fluctuation. For instance, the commission incurred by our Group for the nine months ended September 30, 2025 is RMB615,629.37, while the commission incurred by our Group for the year ended December 31, 2025 is RMB 5,158,801.82 already. In addition, according to the shipyard maintenance schedule of the relevant clients as communicated with Zhejiang Energy Atlas, it is estimated that the commission to be paid by our Group for the year ended December 31, 2026 will be approximately RMB16.39 million already. Accordingly, our Directors are of the view that the amount of proposed annual cap to be set at RMB20,000,000 is fair and reasonable taking into account the aforementioned factors. For details, see "Pricing policy" in this section above.

Reasons for the transactions

During the Track Record Period, Zhejiang Energy Atlas was our sole distributor. We primarily sold our EGCSs to Zhejiang Energy Atlas, who then resold them to large shipping companies. However, starting from December 2024, our collaboration model with Zhejiang Energy Atlas shifted from a distribution model to a sales agent model. As a result, we no longer sell our solutions directly to Zhejiang Energy Atlas, who then resells them to its own customers. Instead, we now provide our solutions directly to our customers and pay Zhejiang Energy Atlas a sales agent service fee, for details, see "Business — Our Customers" in this document. In light of the relationship between Zhejiang Energy Atlas and Customer D, we intend to engage Zhejiang Energy Atlas to foster our relationship between our Company and Customer D and/or its Related Party following the [**REDACTED**].

We believe that such engagement provides specialized value that cannot be replicated cost-effectively by our Group's internal resources, in particular, (i) Zhejiang Energy Atlas possesses proprietary knowledge of Customer D's procurement and decision-making processes, enabling it to provide targeted consulting and coordination services that streamline the sales cycle; (ii) Zhejiang Energy Atlas manages and coordinates communications among Customer D, its Related Party and our Group, reducing the administrative burden on our Group; and (iii) Zhejiang Energy Atlas's access to market intelligence of Customer D allows for accurate price assessments, ensuring our Group's bids are competitively positioned. Accordingly, we believe engaging Zhejiang Energy Atlas under the Agency Services Agreement would save our costs in marketing and administration expenses; increase the potential sales amount with Customer D and/or its Related Party; and enhance the stability of business operations of our Group, as proven by the past track record.

Listing Rules Implications

As the highest of the applicable percentage ratios under the Listing Rules (other than the profits ratio) in respect of the annual caps in relation to the Agency Services Agreement is expected to exceed 0.1% but less than 5%, the transactions contemplated under the Agency Services Agreement are subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

GENERAL

In the event that our Group enters into any new transaction or agreement or renews any transaction or agreement with any connected person in the future, we will comply with all the relevant requirements under Chapter 14A of the Listing Rules, including the announcement and/or independent shareholders' approval requirements, where applicable.

INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

We have established the following internal review procedures to ensure that the continuing connected transactions will be conducted in a fair manner, the terms for the continuing connected transactions we have or may have in the future are on normal commercial terms, in the interests of our Company and our Shareholders as a whole (including the minority shareholders) and no more favorable to the counterparties than terms available to Independent Third Parties:

- we will formulate internal guidelines according to the Listing Rules, which provide approval procedures for connected transactions based on their nature and amounts;

- If a comparable market price is available, we shall compare the proposed product price or service fee with the market price and take into account the market price of similar products or services to ensure that the proposed product price or service fee will not be higher than the selling price of product or service of a similar type or nature provided by independent third-party suppliers or providers;

- Before selecting a product supplier or services provider, our procurement department shall obtain price quotations from certain independent third-party suppliers or providers. The factors to be considered by us in conducting internal assessments include price, quality, exclusivity of product or service, and value added to us;

- If no comparable market price is available, our procurement department shall conduct arm's length negotiation with the relevant connected persons to determine the terms in line with the relevant pricing policies based on trade cost of the product involved or value of the relevant service and the actual costs and expenses incurred;

- After arm's length negotiation with the connected person, our procurement department will report to our senior management who will approve individual transactions as appropriate;

- prior to the execution of the CFD Simulation Services Agreement and the Agency Services Agreement, the operation department of the relevant business sector of our Group compared the terms of the proposed transactions (including pricing and other contractual terms) with those similar transactions entered with Independent Third Parties or the terms offered by Independent Third Parties to ensure that the terms of agreements under the CFD Simulation Services Agreement and the Agency Services Agreement shall be no less favourable to our Group than terms between our Group and the Independent Third Parties;

- for non-exempt continuing connected transactions, the finance department of our Group shall regularly examine the pricing of the transactions under the continuing connected transactions to ensure that those transactions are conducted in accordance with the pricing terms therein;

- for non-exempt continuing connected transactions, the internal control department of our Group shall periodically review the pricing of the transactions under the continuing connected transactions against the prices negotiated between our Group and Independent Third Parties for similar products/services, to ensure that the terms of the agreements under the continuing connected transactions are no less favourable to our Group than terms between our Group and the Independent Third Parties;

- Our internal audit department will regularly collect and monitor the transaction amount of continuing connected transactions to ensure timely assessment on whether the annual caps are exceeded; and

- Our independent non-executive Directors will also conduct annual review on the non-exempt continuing connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable and conducted according to the terms of the relevant framework agreement. The auditor of our Company will also conduct annual review on the pricing and annual cap of the non-exempt continuing connected transactions.

Taking into account the internal control measures implemented by us in connection with the continuing connected transactions, the on-going monitoring and supervision by our Board and other staff members of our Group with the assistance and advice from professional external advisers where required, our Directors (including our independent non-executive Directors) are of the view that our internal control measures are adequate and effective for our current and future continuing connected transactions. Nothing material has come to the Joint Sponsors' attention that would reasonably cast doubt on our Directors' view.

CONFIRMATION OF DIRECTORS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under the sub-section entitled "— Continuing Connected Transactions" in this section have been and will be carried out (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of the continuing connected transactions described under the sub-section entitled "— Continuing Connected Transactions" in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

Our Company confirms that it will comply with the applicable requirements under the Listing Rules and will immediately inform the Hong Kong Stock Exchange if any of the proposed annual caps for its non-exempt continuing connected transactions as set out above is exceeded, or when there is a material change in the terms of these transactions.

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view that the continuing connected transactions described under the sub-section entitled "— Continuing Connected Transactions" in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and that the proposed annual caps of such continuing connected transactions are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

WAIVER APPLICATION FOR CONTINUING CONNECTED TRANSACTION

The transaction described under the sub-section entitled "— Partially Exempt Continuing Connected Transaction" in this section constitute our continuing connected transaction under the Listing Rules, which is exempt from the independent Shareholders' approval requirements but subject to the reporting, annual review, announcement requirements of the Listing Rules.

In respect of the continuing connected transaction, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in "— Partially Exempt Continuing Connected Transaction" in this section, subject to the conditions that the aggregate amounts of the continuing connected transaction for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

BOARD OF DIRECTORS

Our Board consists of nine Directors, with four executive Directors, two non-executive Director and three independent non-executive Directors. Our Board is responsible for, and has general powers for the management and conduct of our business, including determining business strategies, implementing resolutions passed at the general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. Our Board of Directors also assumes the responsibilities for developing and reviewing the policies and practices of our Company on internal control and compliance with legal and regulatory requirements.

The table below sets out certain information in respect of our Directors.

Name	Age	Existing position(s) in our Group	Date of joining our Group	Date of appointment as Director	Roles and key responsibilities in our Group	Relationship with other Directors and senior management
Executive Directors						
Mr. Guo Jinrong (郭錦榮)	53	Executive Director, and chairman of our Board	October 2023	October 12, 2023	Overall strategic planning and business development of our Group	None
Mr. Wang . .	61	Executive Director, and president	June 2018	June 12, 2018	Overall daily operational management of our Group	None
Ms. Ying Manqing (應曼青) . .	38	Executive Director, and assistant vice president	August 2018	August 23, 2023	Responsible for the marketing department operations of our Group	None
Mr. Xu Huiping (徐慧平) . .	43	Executive Director (employee Director), vice president, chief financial officer and board secretary	June 2018	June 29, 2026	Accounting and financial management of our Group	None
Non-Executive Directors						
Mr. Yan Jie (顏杰) . . .	43	Non-executive Director	April 2022	April 13, 2022	Participating in the corporate and business strategies of our Group	None
Mr. Zhou Tao (周弢) . . .	52	Non-executive Director	October 2022	October 27, 2022	Participating in the corporate and business strategies of our Group	None
Independent non-executive Directors						
Mr. Yu Jun (余軍) . . .	57	Independent non-executive Director	April 2024	April 28, 2024	Responsible for providing independent advice to our Board	None
Ms. Ye Hui (葉會) . . .	47	Independent non-executive Director	April 2024	April 28, 2024	Responsible for providing independent advice to our Board	None
Mr. Yau Kwok Wing Tony (邱國榮) . .	52	Independent non-executive Director	January 2026	January 23, 2026	Responsible for providing independent advice to our Board	None

Executive Directors

Mr. Guo Jinrong (郭錦榮) aged 53, is the chairman of the Board. He was appointed as the chairman of our Board and as a Director on October 12, 2023, and was appointed as the convener of the strategy committee, member of the remuneration committee, and member of the audit committee of our Company in May 2024. Mr. Guo was re-designated as an executive Director on January 23, 2026. Mr. Guo is responsible for the formulation of the overall strategic planning and business development of our Group.

Mr. Guo has over 30 years of economic management and market supervision experience. Prior to joining our Group, Mr. Guo served as a staff member, deputy chief staff member, and chief staff member of the Zhejiang Provincial Administration for Industry and Commerce (浙江省工商行政管理局) from July 1994 to May 2010, an administrative law enforcement agency; a deputy director and party committee member of the Shaoxing Municipal Administration for Industry and Commerce (紹興市工商行政管理局) from May 2010 to May 2013, an administrative law enforcement agency; and a deputy division chief of the Zhejiang Provincial Administration for Industry and Commerce (浙江省工商行政管理局) from May 2013 to October 2018.

Mr. Guo also served concurrently as a vice president of Zhejiang Xingyuan Investment Co., Ltd. (浙江興源投資有限公司) from July 2016, a vice president and party committee member of Zhejiang Zheneng Xingyuan Energy Saving Technology Co., Ltd (浙江浙能興源節能科技有限公司) from November 2016 to November 2021, a member and secretary of the discipline inspection commission and member of the party committee of Zhejiang Energy Group Co., Ltd. Technology Engineering and Service Industry Branch (浙能集團科技工程與服務產業分公司) from November 2021 to September 2023, and as chairman of the supervisory board of Zhejiang Zheneng Xingyuan Energy Saving Technology Co., Ltd (浙江浙能興源節能科技有限公司) since December 2021. Mr. Guo also served as a general partner of Hangzhou Xiling, our Employee Incentive Platform, since December 2023.

Mr. Guo obtained a Bachelor of Law from Zhejiang University (浙江大學) in June 2004, and a Master of Marxist Philosophy from Graduate Program of the Zhejiang Provincial Party School (中共浙江省委黨校) in July 2009. He was accredited as a senior economist by the Zhejiang Provincial Department of Human Resources and Social Security (浙江省人力社保廳) in January 2025.

Mr. Wang Xingru (王興如), aged 61, was appointed as president and Director of our Company on June 12, 2018 and was re-designated as an executive Director on January 23, 2026. Mr. Wang is responsible for the daily operational management of our Group.

Mr. Wang has over 30 years of experience in the shipbuilding, marine and environmental engineering industry. Prior to joining our Group, Mr. Wang also served as a director and president of COSCO SHIPYARD Group Co., Ltd. (中遠船務工程集團有限公司), a company principally engaged in shipbuilding and offshore engineering, until June 2011; a non-independent and non-executive director of COSCO Shipping International (Singapore) Co., Ltd. (formerly known as COSCO Corporation (Singapore) Limited), a company listed on the Singapore Stock Exchange (trading counter name: COSCO SHP SG), from February 2006 until July 2011; vice chairman of the board and managing director of COSCO Pacific Limited (中遠太平洋有限公司) (currently known as COSCO SHIPPING Ports Limited (中遠海運港口有限公司)), a company listed on the Hong Kong Stock Exchange (stock code: 1199) and principally engaged in port logistics services, from July 2011 to July 2014. Mr. Wang also served as a general partner of Hangzhou Xiling, our Employee Incentive Platform, since September 2019.

Mr. Wang also served as a director of Dizuan Marine, a company principally engaged in maritime and environmental information consulting, since August 2017; a director of a company 50% owned by Customer A from July 2025 to March 2026 (see "Business — Customers and Suppliers — Our Customers" for more details); a director of Zhejiang Energy Atlas, a company principally engaged in the sales of special environmental protection equipment, since May 2021.

Mr. Wang was also a director of the following companies established in the PRC prior to its dissolution by voluntary deregistration with details as follows:

Name of Company	Nature of Business	Date of dissolution	Reasons for dissolution
Shuangguan Environmental Technology (Hangzhou) Co., Ltd. (雙冠環境科技(杭州)有限公司) .	Machinery and equipment leasing, software development, import and export agency, and ship repair	April 24, 2023	Ceased to have Business
Ningbo Crowd funding Ship Technology Service Co., Ltd. (寧波眾籌船舶技術服務有限公司)	Ship technical services, wholesale and retail of ship supplies and equipment	April 14, 2020	Ceased to have Business

Mr. Wang was a director of Shanghai Xinghe Marine Engineering Technology Service Co., Ltd (上海星和海洋工程技術服務有限公司), a company established in the PRC which is principally engaged in technical services and development in marine engineering equipment, shipbuilding, and oil and gas equipment. As confirmed by Mr. Wang, during his tenure, as the said company did not commence business operations after six months of its establishment or suspended business on its own for more than six consecutive months after commencing business, its business license was revoked on March 12, 2024. Mr. Wang confirmed that (i) the said company was solvent immediately prior to the revocation of business license, (ii) there was no wrongful act on his part leading to the revocation of business license of the said company; (iii) he is not aware of any actual or potential claim which has been or could potentially be made against him as a result of revocation of business license of the said company; and (iv) no misconduct or misfeasance had been involved on his part in the revocation of business license of the said company.

Mr. Wang has received multiple awards for his achievements, including the "National May 1st Medal" (全國「五一勞動獎狀」) from the All-China Federation of Trade Unions (中華全國總工會) in April 2008, the "First Prize of National Science and Technology Progress Award" (國家科學技術進步獎一等獎) from the State Council of the PRC (中華人民共和國國務院) in December 2011, and the "Hangzhou High-Level Talent (Category B)" award (杭州市高層次B類人才) from the Hangzhou Municipal Human Resources and Social Security Bureau (杭州市人力資源與社會安全局) in June 2024. He was accredited as a senior engineer by the Ministry of Transport of the People's Republic of China (中華人民共和國交通部) in October 2007.

Mr. Wang obtained a Master of Engineering in Mechanical Manufacturing from Shandong University of Technology (山東工業大學) in July 1991, and a PhD in Engineering (Mechatronics) from Dalian Maritime University (大連海事大學) in November 2010.

Ms. Ying Manqing (應曼青), aged 38, was appointed as a Director of our Company on August 23, 2023, an assistant vice president in October 2024, and was re-designated as an executive Director on January 23, 2026. Since joining our Group in August 2018, she was appointed as a deputy manager of the marketing department from August 2018 to May 2019, manager of the marketing department from May 2019 to October 2024. Ms. Ying is responsible for the marketing department operations and assists with the finance department of our Group.

Prior to joining our Group, Ms. Ying served as an engineer in Zhejiang Technology Environmental Group from July 2013 to July 2018.

Ms. Ying obtained a Bachelor of Environmental Engineering from Zhejiang University (浙江大學) in the PRC in June 2010, and a Master of Science in Biological and Agricultural Engineering from North Carolina State University in the U.S. in December 2012. Ms. Ying was accredited as a Registered Environmental Protection Engineer by the Ministry of Human Resources and Social Security, Ministry of Housing and Urban-Rural Development, and Ministry of Environmental Protection of the People's Republic of China (中華人民共和國人力資源與社會保障部、住房及城鄉建設部、環境保護部) in September 2017.

Mr. Xu Huiping (徐慧平), aged 43, was appointed as a chief financial officer and vice president of our Company on June 12, 2018, board secretary of our Company on March 25, 2024, and executive Director (employee Director) of our Company on June 29, 2026.

Prior to joining our Group, Mr. Xu served as an accountant in Zhejiang Technology Environmental Group from June 2006 to September 2019.

Mr. Xu also served as a general partner of Hangzhou Xiling, our Employee Incentive Platform, since September 2019. Mr. Xu was also appointed as a director of our subsidiary ZEME International on January 24, 2024.

Mr. Xu obtained a Bachelor of Science in Accounting from Zhejiang University of Finance and Economics (浙江財經學院) in the PRC in June 2006. Mr. Xu was accredited as an accountant practitioner from the Zhejiang Provincial Department of Finance (浙江省財政廳) in August 2006, and obtained his board secretary qualification training certificate by the Shanghai Stock Exchange in June 2024.

Non-Executive Directors

Mr. Yan Jie (顏杰), aged 43, was appointed as a Director of our Company on April 13, 2022, and was re-designated as a non-executive Director on January 23, 2026. He is responsible for participating in the corporate and business strategies of our Group.

Prior to joining our Group, Mr. Yan held several positions in Zhejiang Technology Environmental Group, including a structural designer and project engineer from December 2007 to June 2011; chief engineer of the planning department from June 2011 to May 2013; a deputy director of the planning and operations department from May 2013 to March 2014; a deputy director of the marketing and operations department from March 2014 to December 2015; an acting deputy director of the procurement department from March 2016 to January 2017; an acting deputy manager and director of the supply chain division from January 2017 to May 2020; a director of the asset management department since May 2020; concurrently a committee member and secretary of the Shuiqing party branch since July 2020. He has also been serving as the chairman of the board of directors of Zhejiang Tianyuan New Material Technology Co., Ltd. (浙江天遠新材料科技有限公司) since July 2023.

Mr. Yan obtained a Bachelor of Engineering in Civil Engineering from Huazhong University of Science and Technology (Wuchang Campus) (華中科技大學武昌分校) in June 2007.

Mr. Zhou Tao (周弢), aged 52, was appointed as a Director of our Company on October 27, 2022, and was re-designated as a non-executive Director on January 23, 2026. Mr. Zhou is responsible for participating in the corporate and business strategies of our Group.

Mr. Zhou held several positions in Zhejiang Technology Environmental Group, including the chief engineer of the Production and Construction Department of Zhejiang Technology Environmental Group from April 2012 to January 2017; a deputy director of the air treatment division, thermal power plant pollution control services of Zhejiang Technology Environmental

Group from January 2017 to January 2024; a director of the air treatment division, thermal power plant pollution control services of Zhejiang Technology Environmental Group since January 2024; and president of the Shaoxing Keqiao branch of Zhejiang Technology Environmental Group since August 2024.

Mr. Zhou has been serving as a director and vice president of Zhejiang Datang Tiandi Environmental Protection Technology Co., Ltd. (浙江大唐天地環保科技有限公司), a company principally engaged in environmental protection technology development, since February 2024; a director of Zhejiang Tianchuang Environmental Technology Co., Ltd. (浙江天創環境科技有限公司), a company principally engaged in environmental protection technology development, since April 2020, chairman of the board of Zhejiang Energy Atlas, a company principally engaged in the sales of environmental protection equipment, since April 2023; and director of Zhejiang Zheneng Catalyst Technology Co., Ltd. (浙江浙能催化劑技術有限公司), a company principally engaged in research and development of denitrification, mercury removal and dioxin removal, from October 2019 to June 2026.

Mr. Zhou obtained a Bachelor of Science in Thermal Engineering from the University of Science and Technology Beijing (北京科技大學) in the PRC in July 1996. He was accredited as an engineer by the State Power Corporation (國家電力公司) in December 2002.

Independent non-executive Directors

Mr. Yu Jun (余軍), aged 57, was appointed as an independent non-executive Director of our Company on April 28, 2024.

Mr. Yu has extensive experience in teaching and research. Mr. Yu served as an associate professor at Zhejiang University of Technology (浙江工業大學) from 2005 to 2009, a professor at South China University of Technology (華南理工大學) from August 2010 to June 2013, and a professor at Zhejiang University (浙江大學) since July 2013.

Prior to joining our Group, Mr. Yu has served as an independent non-executive director for Zhejiang Int'l Group Co., Ltd. (浙江英特集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000411), since July 2022.

Mr. Yu has received multiple awards for research, including the "Excellent Research Achievement Award in Philosophy and Social Sciences of Zhejiang Province" (浙江省哲學社會科學優秀研究成果獎) from the people's Government of Zhejiang Province in November 2019, and the "Excellent Research Achievement Award in Humanities and Social Sciences of the Ministry of Education" (教育部人文社科優秀研究成果獎) from the Ministry of Education in December 2020.

Mr. Yu obtained a Bachelor of History from Sichuan University (四川大學) in the PRC in July 1991, a Master of Law from Zhejiang University (浙江大學) in the PRC in March 2000; and a PhD of Law from Zhejiang University (浙江大學) in the PRC in March 2009. Mr. Yu was accredited as a qualified lawyer by the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) from August 1998, and was accredited with his teaching qualification by the Ministry of Education of the People's Republic of China (中華人民共和國教育部) in December 2004.

Ms. Ye Hui (葉會), aged 47, was appointed as an independent non-executive Director of our Company on April 28, 2024.

Ms. Ye has over 17 years of experience in the accounting and finance field. Prior to joining our Group, Ms. Ye has served as a member of the academic staff at Zhejiang Gongshang University School of Accounting (浙江工商大學會計學院) since July 2008.

Ms. Ye has also served as a director of Yatomi Technology (Zhejiang) Co., Ltd. (彌富科技(浙江)股份有限公司), a company principally engaged in the auto parts manufacturing industry, since December 2024; and a director of Hangzhou Zetian Chunlai Technology Co., Ltd. (杭州澤天春來科技股份有限公司), a company principally engaged in environmental testing and analysis, since June 2025.

Ms. Ye has received multiple awards, including the "Outstanding Scientific Research Achievement Award of Zhejiang Provincial Higher Education Institutions — Third Prize" (浙江省高等學校優秀科研成果獎三等獎) from Zhejiang Provincial Department of Education (浙江省教育廳) in 2011, the "Advanced Individual in 'Three Aspects of Education'" (浙江工商大學「三育人」先進個人) from Zhejiang University of Commerce (浙江工商大學) in 2012, and the "ACCA Teaching Excellence Award" (全國「ACCA年度優秀專業指導教師」) from the Association of Chartered Certified Accountants in 2023.

Ms. Ye was also a director of the following company established in the PRC prior to its dissolution by voluntary deregistration with details as follows:

Name of Company	Nature of Business	Date of dissolution	Reasons for dissolution
Zhejiang Geben Doushang Brand Management Co., Ltd. (浙江歌本抖商品牌管理股份有限公司)	Brand management, planning and design, marketing planning and promotion, business management consulting	November 8, 2021	Ceased to have Business

Ms. Ye obtained a Bachelor of Mathematics from Henan Normal University (河南師範大學) in the PRC in July 2001, a Master of Industrial Economics from Shantou University in the PRC in July 2005; and a PhD of Finance from Sun Yat-Sen University in the PRC in July 2008. Ms. Ye was accredited as an associate professor by the Zhejiang Provincial Department of Human Resources and Social Security (浙江省人力資源與社會保障廳) in November 2013, and has been attending the training for the Independent Director Qualification Certificate by the Shanghai Stock Exchange since January 2024.

Mr. Yau Kwok Wing Tony (邱國榮), aged 52, was appointed as an independent non-executive Director of our Company on January 23, 2026.

Mr. Yau has over 25 years of experience in capital markets, investment banking, business management and fund management segments. Mr. Yau is currently serving as chief executive officer of Century Ally Ventures Group, a private equity investment company which jointly founded FUTEC Financial Group with Heung Kong Group in 2017. Prior to that, Mr. Yau was served at Global Investment Banking of Deutsche Bank, an investment banking firm, with his last position as Managing Director from May 2006 to January 2017. Mr. Yau also served at the investment banking department of BNP Paribas Group with his last position as vice president from August 2000 to May 2006, and at Arthur Andersen & Co, an accounting firm, with his last position as experienced senior accountant from September 1996 to August 2000.

Mr. Yau has been serving as a non-executive director of Uni-Bio Science Group Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 690.HK), a company primarily engaged in biopharmaceutical business, since April 2019.

Mr. Yau is currently the President of Hong Kong Business Accountants Association and a committee member of the Corporate Finance Committee of the Hong Kong Institute Certified Public Accountants.

Mr. Yau obtained a Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University in August 1996. He is a Certified Public Accountant (CPA) of the Hong Kong Institute of Certified Public Accountants, accredited in October 1999, and is currently holding Type 1, 2, 4, 6, and 9 Responsible Officer licenses from the Securities and Futures Commission of Hong Kong.

Directors' Interest in Other Businesses

None of our Directors has any interest in any business, apart from the business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

Disclosure Pursuant to Rule 13.51(2) of the Listing Rules

Each of our Directors has confirmed that:

(1) save as disclosed in the paragraph headed "Appendix IV — Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — 1. Disclosure of Interests", he/she has no interest in the Shares within the meaning of Part XV of the SFO as of the Latest Practicable Date;

(2) save as disclosed above, he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to and as of the Latest Practicable Date;

(3) save as disclosed in "— Board of Directors", none of our Directors has any relationship with any other Directors, senior management or substantial Shareholders of our Company;

(4) he/she did not complete his/her education programs as disclosed in this section by way of attendance of long distance learning or online courses; and

(5) save as disclosed above, he/she does not hold other positions in our Company or other members of our Group;

Except as disclosed in this document, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

(1) there is no other matter with respect to the appointment of our Directors that needs to be brought to the attention to the Shareholders as of the Latest Practicable Date; and

(2) there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Disclosure Pursuant to Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 19, 2026, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Disclosure Pursuant to Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) he/she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person (as defined in the Listing Rules) of our Company; and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

Resignation of a Director

On October 31, 2023, Mr. Wang Runeng resigned as an executive director of our Company due to the adjustment of his work arrangement, with effect from the resignation date. Mr. Wang Runeng has confirmed with our Board that there is no disagreement between him and our Board and there is no matter related to his resignation that needs to be brought to the attention of the Stock Exchange.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business.

The table below sets out certain information in respect of the senior management of our Group.

Name	Age	Existing position(s) in our Group	Date of joining our Group	Date of first appointment	Roles and key responsibilities in our Group	Relationship with other Directors and senior management
Mr. Wang . .	61	Executive Director, and president	June 2018	June 12, 2018	Overall daily operational management of our Group	None
Mr. Shen Haitao (沈海濤). . . .	44	Vice president	June 2018	June 12, 2018	Technology research and development management of our Group	None
Mr. Liu Meng (劉猛)	42	Vice president and director of Marketing	February 2019	November 14, 2022	Marketing, customer development, and project planning management of our Group	None

For the biographical details of Mr. Wang, please refer to "— Executive Directors."

Mr. Shen Haitao (沈海濤), aged 44, was appointed as vice president of technology of our Company on June 12, 2018, and as a vice president of our Company on March 25, 2024.

Prior to joining our Group, Mr. Shen worked as chief engineer of the design and development department of Zhejiang Technology Environmental Group from April 2006 to May 2018.

Mr. Shen was also appointed as director of our subsidiary ZEME Shipyard on April 7, 2024.

Mr. Shen received the First Prize of Zhejiang Provincial Science and Technology Progress Award for the year 2021 (2021年度浙江省科技進步一等獎) from the Zhejiang Provincial People' Government (浙江省人民政府) in 2021.

Mr. Shen obtained a Bachelor of Engineering in Process Equipment and Control Engineering from Tianjin University (天津大學) in the PRC in July 2003, and a Master of Chemical Process Machinery from Zhejiang University (浙江大學) in the PRC in April 2006. Mr. Shen was accredited as a senior engineer from the Zhejiang Provincial Human Resources and Social Security Department (浙江省人力資源與社會安全廳) in December 2023.

Mr. Liu Meng (劉猛), aged 42, was appointed as deputy manager of the engineering department from February 1, 2019, manager of the planning and operations of our Company on September 30, 2021, and as a marketing director of our Company on November 14, 2022, and as vice president of our Company on March 25, 2024.

Mr. Liu obtained a Bachelor of Engineering in Marine Engineering from Jiangsu University of Science and Technology (江蘇科技大學) in the PRC in July 2007.

JOINT COMPANY SECRETARIES

Ms. Lu Qiong (盧瓊), aged 39, joined our Group in 2019, and was appointed as a deputy office director of our Company on November 14, 2022, deputy legal counsel of our Company on February 4, 2024, and was subsequently appointed as office director of the [**REDACTED**] working group of our Company on October 27, 2025. Ms. Lu was appointed as our joint company secretary in January 2026.

Prior to joining our Group, Ms. Lu worked as a claims and litigation management personnel at the headquarter of a nation-wide insurance company from June 2012 to February 2019.

Ms. Lu obtained a Bachelor of Laws from the Minzu University of China (中央民族大學) in the PRC in July 2010, and a Master of Laws from The Chinese University of Hong Kong in Hong Kong in December 2011.

Mr. Wong Keith Shing Cheung (王承鏱), was appointed as our joint company secretary in January 2026. Mr. Wong is a senior manager of company secretarial service at Vistra Services (Hong Kong) Limited and has over 15 years of experience in corporate governance, company secretarial and compliance work for companies listed on the Hong Kong Stock Exchange. Prior to joining Vistra Services (Hong Kong) Limited, Mr. Wong worked at the international accounting firm KMPG, China Huajun Group Limited (formerly known as Huajun Holdings Limited, a company listed on the Hong Kong Stock Exchange, stock code: 0377), and the Listing Division of the Hong Kong Stock Exchange. Mr. Wong obtained a bachelor's degree in finance, accounting and management from University of Nottingham in July 2009. Mr. Wong is a Chartered Secretary and Chartered Governance Professional, and a member of The Hong Kong Chartered Governance Institute, The Chartered Governance Institute in the United Kingdom and the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules, is contemplated, including share issues and share repurchases;
- where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The compliance advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The compliance advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The terms of the appointment shall commence on the [**REDACTED**] and end on the date which we comply with Rule 13.24 of the Listing Rules in respect of our financial results for first full the financial year commencing after the [**REDACTED**].

BOARD COMMITTEES

We have established the following committees on our Board: the Audit Committee, the Remuneration Committee, the Nomination committee and the Strategy Committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

Our Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Mr. Yau Kwok Wing Tony (邱國榮) (*Chairperson*), Ms. Ye Hui (葉會), and Mr. Zhou Tao (周弢), with Mr. Yau Kwok Wing Tony (邱國榮) serving as the chairman. Mr. Yau Kwok Wing Tony (邱國榮) is the independent non-executive Director with appropriate professional qualifications under Rule 3.10(2) of the Listing Rules.

The primary duties of the audit committee include, but are not limited to, (i) assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group; (ii) overseeing the audit process; and (iii) performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration Committee consists of Mr. Yu Jun (余軍), Ms. Ye Hui (葉會), Mr. Guo Jinrong (郭錦榮), Mr. Wang and Mr. Yau Kwok Wing Tony (邱國榮) with Mr. Yu Jun (余軍) serving as the chairman.

The primary duties of the Remuneration Committee include, but are not limited to, (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time.

Nomination Committee

Our Company has established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Mr. Guo Jinrong (郭錦榮), Mr. Yu Jun (余軍), Ms. Ye Hui (葉會), Mr. Xu Huiping (徐慧平), Mr. Yau Kwok Wing Tony (邱國榮), with Mr. Guo Jinrong (郭錦榮) serving as the chairman.

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of our Board; (ii) assessing the independence of independent non-executive Directors; and (iii) making recommendations to our Board on matters relating to the appointment of Directors.

Strategy Committee

Our Company has established a strategy committee. The Strategy Committee consists of Mr. Guo Jinrong (郭錦榮), Mr. Wang, Mr. Yan Jie (顏杰), Mr. Xu Huiping (徐慧平) and Mr. Yau Kwok Wing Tony (邱國榮), with Mr. Guo Jinrong (郭錦榮) serving as the chairman.

The primary duties of the strategy committee include, but are not limited to, researching on our Company's long-term development strategies and major investment decisions, and providing recommendations to the Board.

CORPORATE GOVERNANCE CODE

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules upon [**REDACTED**], which sets out principles of good corporate governance.

Board Diversity

We have adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to business management, research and development and audits. They obtained degrees in various majors including management, engineering, accounting and finance, etc. Furthermore, our Board has a relatively wide range of ages, ranging from 37 years old to 64 years old, and consists of 7 male members and 2 female members. Our Board of Directors is of the view that our Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of our Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the policy remains effective.

Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Group will take opportunities to increase the proportion of female members of our Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Group also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to our Board.

We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Company offers executive Directors and members of our senior management, who are also employees of our Company, emolument in the form of salaries, allowances, discretionary bonus and benefits in kind (if applicable). Our independent non-executive Directors receive emolument based on their responsibilities (including being members or the chairman of the Board committees). We adopt a market and incentive-based employee emolument structure and implement a multi-layered evaluation system which focuses on performance and management goals.

The aggregate amounts of remuneration which were paid to our Directors (including fees, salaries, allowances and benefits in kind, performance related bonuses and share incentive expense) for the financial years ended December 31, 2023, 2024, 2025 and five months ended May 31, 2026 were approximately RMB5.27 million, RMB7.99 million, RMB8.63 million and RMB3.53 million, respectively.

For the financial years ended December 31, 2023, 2024, 2025 and five months ended May 31, 2026, there were two, two, two and two Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration which were paid by our Group to the five highest paid individuals (excluding Directors) for the financial years ended December 31, 2023, 2024, 2025 and five months ended May 31, 2026 were RMB3.76 million, RMB4.30 million, RMB4.94 million and RMB2.24 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors or the five highest paid individuals of our Group during the Track Record Period.

For details, see Note 9 and Note 10 to the Accountants' Report as set out in Appendix I to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, the following persons will, immediately prior to and following the completion of the [**REDACTED**] (without taking into account any [**REDACTED**] which may be issued pursuant to the exercise of the [**REDACTED**]), have interests and/or short positions in our Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of nominal the [**REDACTED**] voting shares of our Company.

Interest in our Company

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
Name of Shareholder	**Nature of interest**	**Number and description of Shares**	**Approximate percentage of interest in our Company**	**Number and description of Shares**	**Approximate percentage of shareholding in the relevant type of Shares[1]**	**Approximate percentage of shareholding in the total share capital of our Company[1]**
Zhejiang Technology Environmental Group[2]	Beneficial owner	121,944,600 Unlisted Shares	54.20%	[REDACTED]	[REDACTED]	[REDACTED]
Zhejiang Energy Group[2]	Interest in controlled corporations	121,944,600 Unlisted Shares	54.20%	[REDACTED]	[REDACTED]	[REDACTED]
Zhejiang Changguang Group[2]	Interest in controlled corporation	121,944,600 Unlisted Shares	54.20%	[REDACTED]	[REDACTED]	[REDACTED]
Dizuan Marine[3] . .	Beneficial owner	81,296,400 Unlisted Shares	36.13%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Wang[3]	Interest in controlled corporation	81,296,400 Unlisted Shares	36.13%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Xu Jinhua (徐金華)[4]	Interest of spouse	81,296,400 Unlisted Shares	36.13%	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Yuansheng[3] . . .	Interest in controlled corporation	81,296,400 Unlisted Shares	36.13%	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Shen Lvyuan (沈呂遠)[3] . . .	Interest in controlled corporation	81,296,400 Unlisted Shares	36.13%	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Lou Ying (樓櫻)[5]	Interest of spouse	81,296,400 Unlisted Shares	36.13%	[REDACTED]	[REDACTED]	[REDACTED]
Hangzhou Xiling[6]	Beneficial owner	21,759,000 Unlisted Shares	9.67%	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

1. The calculation is based on the total number of [**REDACTED**] and [**REDACTED**] in [**REDACTED**] upon [**REDACTED**] of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) comprising [**REDACTED**] to be [**REDACTED**] pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

2. As of the Latest Practicable Date, Zhejiang Technology Environmental Group is owned by Zhejiang Energy Group as to 51% and Zhejiang Changguang Group as to 49% respectively, Zhejiang Energy Group is owned by SASAC of Zhejiang Provincial People's Government (浙江省人民政府國有資產監督管理委員會) as to 90% and Zhejiang Social Security as to 10% respectively, Zhejiang Changguang Group is wholly owned by Zhejiang Energy Group, Zhejiang Social Security is wholly owned by Zhejiang Caikai Group and Zhejiang Caikai Group is wholly owned by Zhejiang Provincial Department of Finance (浙江省財政廳). By virtue of SFO, (i) Zhejiang Energy Group and (ii) Zhejiang Changguang Group are deemed to be interested in the Shares held by Zhejiang Technology Environmental Group.

3. As of the Latest Practicable Date, Dizuan Marine is owned by Mr. Wang and Hangzhou Yuansheng, as to [**REDACTED**] and [**REDACTED**] respectively, Hangzhou Yuansheng is owned by Mr. Shen Lvyuan (沈呂遠) and Ms. Sheng Yuji (盛雨霽), as to 67% and 33% respectively. By virtue of SFO, (i) Mr. Wang and (ii) Mr. Shen Lvyuan (沈呂遠) are deemed to be interested in the Shares held by Dizuan Marine.

4. Ms. Xu Jinhua is the spouse of Mr. Wang. By virtue of SFO, Ms. Xu Jinhua is deemed to be interested in the Shares in which Mr. Wang is interested.

5. Ms. Lou Ying is the spouse of Mr. Shen Lvyuan. By virtue of SFO, Ms. Lou Ying is deemed to be interested in the Shares in which Mr. Shen Lvyuan is interested.

6. Hangzhou Xiling is our Employee Incentive Platform. As at the Latest Practicable Date, Hangzhou Xiling has four general partners, namely Mr. Wang, Mr. Guo Jinrong (郭錦榮), Mr. Shen Haitao (沈海濤) and Mr. Xu Huiping (徐慧平) and 23 limited partners. Mr. Xu Huiping (徐慧平) is the executive partner responsible for the day-to-day operation and management of Hangzhou Xiling.

For details of the substantial Shareholders who will be, directly and/or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see "Appendix IV — Statutory and General Information" in this document.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), without taking into account the [**REDACTED**] that may be taken up under the [**REDACTED**], have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital prior to and upon the completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered share capital of our Company was RMB225,000,000 comprising 225,000,000 Unlisted Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total [REDACTED] share capital
		(%)
[**REDACTED**] in [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**] to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total [REDACTED] share capital
		(%)
[**REDACTED**] in [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**] to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

SHARE CLASS

Upon completion of the [**REDACTED**], our Company would have [**REDACTED**] and [**REDACTED**]. Both Unlisted Shares and H Shares are ordinary shares in the share capital of our Company are regarded as the same class of Shares. Apart from certain qualified domestic [**REDACTED**] in the PRC, certain qualified PRC [**REDACTED**] under the [**REDACTED**] and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be [**REDACTED**] by or traded among legal and natural persons of the PRC.

Unlisted Shares and H Shares will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of Shares.

TRANSFER OF SHARES [REDACTED] PRIOR TO THE [REDACTED]

In accordance with the PRC Company Law, the shares [**REDACTED**] prior to any [**REDACTED**] of shares by a company cannot be transferred within one year from the date on which such publicly [**REDACTED**] shares are [**REDACTED**] and traded on the relevant [**REDACTED**]. As such, the Shares [**REDACTED**] by our Company prior to the [**REDACTED**] of [**REDACTED**] will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**].

Our Directors and members of the senior management of our Company shall declare their shareholdings in our Company and any changes in their shareholdings. Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed [**REDACTED**] of their total respective shareholdings in our Company. The Shares that the aforementioned persons held in our Company cannot be transferred within one year from the date on which the shares are [**REDACTED**] and traded, nor within half a year after they leave their positions in our Company. The Articles of Association may contain other restrictions on the transfer of the Shares held by our Directors and members of senior management of our Company.

For details, see "[**REDACTED**] — [**REDACTED**] Arrangements and [**REDACTED**] — [**REDACTED**] pursuant to the [**REDACTED**]" in this document.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (《關於境外上市公司非境外上市股份集中登記存管有關事宜的通知》) issued by the CSRC, our Company is required to register and deposit our Shares that are not listed on the overseas stock exchange with the CSDC within 15 business days upon the [**REDACTED**] and provide a written report to the CSRC regarding the centralized registration and deposit of our Shares that are not listed on the overseas stock exchange as well as the [**REDACTED**] and [**REDACTED**] of our H Shares.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which the Shareholders' general meeting is required, see "Appendix III — Summary of the Articles of Association".

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.

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 continuingly 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.

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 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 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	%
	(in thousands, except percentages)						*(Unaudited)*			
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)

	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)			
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	%
	(in thousands, except percentages)						(Unaudited)			
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**

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	%
	(in thousands, except percentages)						*(Unaudited)*			
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	%
	(in thousands, except percentages)						*(Unaudited)*			
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**

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	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(Unaudited)			
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.

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

	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)*			
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	%
	(in thousands, except percentages)						*(Unaudited)*			
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**

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	%
	(in thousands, except percentages)									
							(Unaudited)			
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	%
	(in thousands, except percentages)									
							(Unaudited)			
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.

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 recogniton, 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.

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 EGCSs, 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.

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.

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.

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.

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.

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 May 31,
	2023	2024	2025	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 May 31,	As of June 10,
	2023	2024	2025	2026	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**

	As of December 31,			As of May 31,	As of June 10,
	2023	2024	2025	2026	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.

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 May 31,
	2023	2024	2025	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,
	2023	2024	2025	2026
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 May 31,
	2023	2024	2025	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.

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 May 31,
	2023	2024	2025	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,
	2023	2024	2025	2026
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 May 31,
	2023	2024	2025	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**

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 May 31,
	2023	2024	2025	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 May 31,
	2023	2024	2025	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**

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 May 31,
	2023	2024	2025	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.

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

	As of December 31,			As of May 31,	As of June 10,
	2023	2024	2025	2026	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 May 31,	As of June 10,
	2023	2024	2025	2026	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**

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**

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.

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."

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
				(Unaudited)	
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, 2026
	2023	2024	2025	
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.

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."

FUTURE PLANS

We [**REDACTED**] for the [**REDACTED**] as part of our efforts to foster our growth to the next stage and strengthen our competitive position in the global green shipping equipment and system market. Specifically, we believe that the [**REDACTED**] will (i) promote our public profile and visibility in both domestic and international markets so that we may expand our customer base and promote our brand recognition, (ii) further broaden our access to international capital markets so that we may raise capital more efficiently both upon and after the [**REDACTED**] to support our growth, and (iii) attract talent and incentivize our employees. In addition, we choose [**REDACTED**] in Hong Kong because Hong Kong is a strategic gateway to international capital markets.

For a detailed description of our future plans, see "Business — Our Strategies."

[REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of HK$[**REDACTED**] million assuming no exercise of the [**REDACTED**], based on an assumed [**REDACTED**] of HK$[**REDACTED**] per Share, being the [**REDACTED**] of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, after deducting [**REDACTED**] and [**REDACTED**] and other estimated [**REDACTED**] paid and payable by us in relation to the [**REDACTED**].

In line with our strategies, we plan to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- **approximately [REDACTED] of the [REDACTED], or approximately HK$[REDACTED] million, will be used to advance our strategic mergers and acquisitions despite our historical organic growth strategy during the Track Record Period, in order to establish a high-quality green shipping equipment manufacture and service system, thereby promoting our integrated capabilities in eco-friendly equipment manufacture and vessel retrofit, and our one-stop service capabilities for core products as we have validated our vessel retrofit and servicing business and intend to ramp up this business quickly to respond to increasing market demand. See "Business — Selectively pursue strategic investments and acquisitions to enhance and strengthen our product and service deliveries." In particular,**

  o approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to acquire two or three shipyards for our vessel retrofit and servicing business, each capable of retrofitting and servicing over 100 vessels per year. We plan to complete the acquisition of one shipyard in 2027 and commence its operations in the same year, and to complete the acquisition of the other one to two shipyards between 2028 and 2030 and commence their operations within six months after completion of the relevant acquisitions. The acquired shipyards will serve as our core green shipping equipment manufacturing and integrated vessel retrofit bases to enhance our production and delivery capabilities. We give priority to the shipyards located in China's eastern coastal regions that possess well-established and integrated capabilities in the manufacture of equipment and vessel retrofit, supported by stable and efficient production capacity. Preference is given to the shipyards in China's eastern coastal regions in order to (i) efficiently take advantage of existing mature supply chains alongside that region and thus to maintain a competitive level of logistics and procurement costs and (ii) be closer to our existing operations and thus more effective for us to integrate into our business and serve our customers. Meanwhile, among shipyards located in China's eastern coastal regions, we will give priority to those equipped with 100,000 to 200,000-ton dry docks in normal operation;

o approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to upgrade equipment and adaptively reconstruct environmentally friendly production lines in these shipyards following their acquisitions, in order to meet the specific requirements for vessel retrofit and servicing, and to further develop these shipyards into integrated bases for vessel upgrade, retrofit, and related services, covering research and development validation, modularized intelligent manufacturing, on-vessel retrofit, and global coordination;

According to CIC, as of the Latest Practicable Date, there were over 20 suitable shipyards in the market that met our selection criteria. As of the Latest Practicable Date, we had not identified any specific acquisition targets.

- **approximately [REDACTED] of the [REDACTED], or approximately HK$[REDACTED] million, will be used to enhance our research and development capabilities and technologies to accelerate our investment in research and development from 2027 to 2030, compared to the level of our similar investment during the Track Record Period, as our management plans to diversify our products and services and boost future growth through new vessel energy efficiency enhancement systems, new energy vessel systems, and application of AI technologies, and to facilitate the commercialization of forward-looking technologies. See "Business — Further strengthen our leadership in vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems, and continually launch high quality, cost-effective products and services" and "Business — Accelerate the application of AI technology in the green shipping equipment and system industry and promote industrial implementation of advanced technologies." In particular,**

o approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to procure key equipment and software for our research and development and testing purposes. In addition, Building on our existing pilot testing platform for vessel EGCS, we plan to further establish three to five specialized laboratories and pilot testing platforms for specific research and development and testing purposes. These laboratories and platforms will be used primarily for prototype testing, system integration verification, performance validation, and engineering optimization of the following products:

Product	Function	Expansion/ Improvement from Our Existing Products
Marine Rotor Sails and Wing Sails . .	Use wind power to help propel vessels, reduce the load on the main engine, and lower fuel consumption.	Expands our vessel energy efficiency enhancement systems to wind-assisted propulsion, with research and development focused on wind-angle performance, rotation speed control, cost reduction, and prototype validation.
Shore Power Systems	Allow vessels to use shore-side electricity while berthed instead of relying on onboard power generation, so as to prevent exhaust gas emission while providing energy supply at ports.	Enhances our existing shore power offering by using a hydraulic coupling to make power transfer smoother and more reliable, which is intended to increase equipment uptime, reduce maintenance cost and energy use, and support safer cable delivery through more precise control.

Product	Function	Expansion/ Improvement from Our Existing Products
Marine Ammonia Fuel Supply Systems	Store and supply ammonia fuel safely to vessel engines at the required pressure and temperature, enabling vessels to generate power without carbon emissions from fuel combustion.	Builds on our existing dual-fuel supply systems by focusing on ammonia-specific fuel supply, including stable supply, low-temperature resistance, ammonia corrosion resistance, ammonia gas collection and release, and ammonia emission control.
Smart Vessel Systems	Use AI to monitor vessel operations, predict operating conditions, assist crew in voyage planning and equipment maintenance, and improve operating efficiency and safety.	Expands our existing intelligent vessel operating and maintenance systems by adding more advanced AI-assisted decision-making and predictive operating capabilities.
Onboard Carbon Capture Systems	Capture carbon dioxide from vessel engine exhaust and convert it into liquid form for storage, so as to prevent direct emissions into the air.	Further develops our existing technologies by focusing on absorbent and process-flow improvement, lower upfront investment and energy use, shorter payback period, and carbon dioxide storage or reuse solutions.

We believe that these efforts will position us as a competent industry leader associated with proven technical edges, mature engineering experience, and strong one-stop delivery capabilities;

o approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to procure indispensable materials, such as innovative energy-saving products and other materials and resources, for our research and development projects, and apply them into the research and development projects;

o approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to newly recruit over 50, and retain a total of over [**REDACTED**], interdisciplinary research and development talents with relevant experience and qualifications of hull structural hydrodynamics, electrical engineering, naval architecture, and algorithm engineering to expand our research and development team and enhance our technological advantage and competitive positioning; and

o approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to cover other research and development [**REDACTED**], including the [**REDACTED**] of external technical service, technical consulting service, and product performance testing and software licenses;

- **approximately [REDACTED] of the [REDACTED], or approximately HK$[REDACTED] million, will be used to expand production facilities from [REDACTED] to [REDACTED]. See "Business — Continue to build vessel retrofit and servicing bases to meet the growing customer demand." In particular,** o approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used to capacity expansion for our core production bases for vessel exhaust gas emission control and cleaning system, vessel energy efficiency enhancement system, and new energy vessel system businesses, with anticipated additional production capacity of 65 units, 100 units, and 65 units per year, respectively, thereby strengthening our product and service portfolio and further consolidating our advantages in vessel exhaust gas emission control and cleaning systems and vessel energy efficiency enhancement systems. These systems will be provided by the green equipment production lines at the Zhangjiagang base. The following table sets forth the anticipated additional annual production capacity and the percentage increase compared to our existing production capacity by product type upon completion of the expansion plan:

Product Type	Business Line	Anticipated Additional Annual Production Capacity	Percentage Increase Compared to Existing Production Capacity
Onboard Carbon Capture System	Vessel exhaust gas emission control and cleaning system	5 units	N/A[(1)]
Greenhouse Gas Continuous Emission Monitoring Systems		60 units	N/A[(1)]
Shaft Generator Systems	Vessel energy efficiency enhancement system	60 units	approximately 250%
Rotor Sails		20 units	N/A[(1)]
Pre-Shrouded Vane . . .		20 units	approximately 15%
Shore Power	New energy vessel system	30 units	N/A[(1)]
Electric Vessels		20 units	N/A[(1)]
Dual-Fuel Propulsion System		15 units	N/A[(1)]

Note:

(1) Indicates that the relevant product currently does not have a stable in-house production line, and therefore there is no comparable existing production capacity for calculating a percentage increase.

In particular, approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, and approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used for the construction of a green and intelligent industrial base in the Yangtze River Delta region, which is expected to be completed between 2027 and 2028, to efficiently take advantage of existing mature supply chains alongside that region and thus maintain a competitive level of logistics and procurement costs, including newly built heavy-duty workshops and specialized cleanrooms, with a total area of over 104,000 square meters, and procurement of production, testing and automation equipment, respectively. The heavy-duty workshops will be used for the manufacturing and final assembly of large and heavy components, including shaft generators and rotor sails, while the specialized cleanrooms will be used for the manufacturing of methanol, ammonia, and LNG dual-fuel supply systems in a ventilated and dust-controlled environment suitable for stainless steel welding to safeguard the quality of key welds; and

- o approximately [**REDACTED**] of the [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used for supporting infrastructure construction, including office buildings, conference rooms, and exhibition centers, to support our capacity expansion initiatives; and

- **approximately [REDACTED] of the [REDACTED], or approximately HK$[REDACTED] million, will be used for working capital and other general corporate purposes.**

If the [**REDACTED**] is set at the high point or the low point of the [**REDACTED**], the [**REDACTED**] of the [**REDACTED**] will increase or decrease by HK$[**REDACTED**] million, respectively. Under such circumstances, we will increase or decrease the [**REDACTED**] of the [**REDACTED**] to the above purposes on a pro rata basis.

If the [**REDACTED**] is exercised in full, the additional [**REDACTED**] of the [**REDACTED**] will be HK$[**REDACTED**] million, based on an assumed [**REDACTED**] of HK$[**REDACTED**] per Share, being the [**REDACTED**] of the [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share. Our Company may be required to [**REDACTED**] up to an aggregate of [**REDACTED**] additional Shares pursuant to the [**REDACTED**].

To the extent that the [**REDACTED**] of the [**REDACTED**] are not immediately required for the above purposes, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks or other authorized financial institutions (as defined under the Securities and Futures Ordinance or other applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

[**REDACTED**]

[REDACTED]

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

[To insert the firm's letterhead]

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

Introduction

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

Review of interim comparative financial information

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

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

Adjustments

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

Dividends

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

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

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

Year ended 31 December 2024

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

Year ended 31 December 2025

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

Five months ended 31 May 2025

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

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

Five months ended 31 May 2026

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

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

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

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

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

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

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

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

Notes:

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

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

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

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

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

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

The Company

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

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

2.1 BASIS OF PREPARATION

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

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

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]

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

2 No mandatory effective date yet determined but available for adoption

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

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

The application of the new standard is not expected to have a significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's management-defined performance measures will be disclosed in a separate note to the historical financial information.

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Impairment of non-financial assets

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group;

(iii) is a minority shareholder of the Group; or

(iv) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i), (a)(iii) and (a)(iv) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

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

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

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

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

Research and development costs

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

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

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

(b) Lease liabilities

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

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

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

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

Group as a lessor

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

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has not increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

Sale of green shipping equipment and systems

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

Provision of vessel retrofit and servicing

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

Other income

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

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

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

Contract liabilities

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

Share-based payments

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

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

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

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

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

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

Other employee benefits

Pension scheme

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

Borrowing costs

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

Events after the reporting period

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

Dividends

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

Foreign currencies

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

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

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

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

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

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

Leases – Estimating the incremental borrowing rate

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

Share-based payments

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

4. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(a) Revenue from external customers

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

(b) Non-current assets

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

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

Information about major customers

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

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

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

5. REVENUE

An analysis of revenue is as follows:

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

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of goods and services

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

Timing of revenue recognition

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

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

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

(b) Performance obligations

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

Sale of green shipping equipment and systems

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

Provision of vessel retrofit and servicing

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

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

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

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

6. OTHER INCOME AND GAINS

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

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

Note:

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

7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold*		1,557,586	1,555,808	2,438,508	948,634	1,634,716
Depreciation of property, plant and equipment	14	1,823	5,098	7,849	2,992	4,672
Depreciation of right-of-use assets	15(a)	4,048	7,015	42,427	18,657	18,840
Amortisation of intangible assets**		14	265	380	152	199
Research and development costs***		84,757	120,781	137,090	50,214	53,688
Employee benefit expenses (excluding directors' and chief executive's remuneration as set out in note 9):						
Salaries, bonuses, allowances and benefits in kind		37,907	77,514	153,997	58,274	77,006
Pension scheme contributions****		2,483	8,034	12,710	4,353	10,546
Equity-settled share-based payment expense		2,441	4,082	5,724	2,385	2,385

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

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

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

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

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

8. FINANCE COSTS

An analysis of finance costs is as follows:

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

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

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

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

(a) Independent non-executive directors

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

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

Note:

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

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

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

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

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

Executive directors

	Salaries, bonuses, allowances and benefits in kind	Equity-settled share-based payment expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Wang Xingru	1,121	–	37	1,158
Guo Jingrong *(ii)*	241	–	9	250
Ying Manqing *(ii)*	134	–	35	169
Wang Runeng *(iii)*	3,661	–	28	3,689
Total	5,157	–	109	5,266
Year ended 31 December 2024				
Wang Xingru	1,273	–	43	1,316
Guo Jingrong *(ii)*	884	4,644	43	5,571
Ying Manqing *(ii)*	736	–	43	779
Total	2,893	4,644	129	7,666
Year ended 31 December 2025				
Wang Xingru	1,423	–	73	1,496
Guo Jingrong *(ii)*	972	4,707	73	5,752
Ying Manqing *(ii)*	825	–	73	898
Total	3,220	4,707	219	8,146
Five months ended 31 May 2025 (unaudited)				
Wang Xingru	591	–	30	621
Guo Jingrong *(ii)*	251	1,961	30	2,242
Ying Manqing *(ii)*	323	–	30	353
Total	1,165	1,961	90	3,216
Five months ended 31 May2026				
Wang Xingru	650	–	30	680
Guo Jingrong *(ii)*	279	1,961	30	2,270
Ying Manqing *(ii)*	323	–	30	353
Total	1,252	1,961	90	3,303

Notes:

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

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

Non-executive directors

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

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

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

10. FIVE HIGHEST PAID EMPLOYEES

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

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

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

	Number of employees				
	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
HK$500,001 toHK$1,000,000	–	–	–	3	2
HK$1,000,001 to HK$1,500,000	2	2	2	–	1
HK$1,500,001 to HK$2,000,000	1	–	–	–	–
HK$2,000,001 to HK$2,500,000	–	1	1	–	–
Total	3	3	3	3	3

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

11. INCOME TAX EXPENSE

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

Chinese mainland

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

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

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

Singapore

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

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

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

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

12. DIVIDENDS

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

Notes:

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

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

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

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

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

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

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

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

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Earnings					
Profit attributable to owners of the parent	621,085	625,506	773,306	277,317	622,104

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
	'000	*'000*	*'000*	*'000 (unaudited)*	*'000*
Shares					
Weighted average number of ordinary shares used in the basic earnings per share calculation	225,000	225,000	225,000	225,000	225,000

	Year ended 31 December			Five months ended 31 May	
	2023	**2024**	**2025**	**2025**	**2026**
				(unaudited)	
Earnings per share attributable to ordinary equity holders of the parent					
Basic and diluted (RMB)	2.76	2.78	3.44	1.23	2.76

14. PROPERTY, PLANT AND EQUIPMENT

The Group

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

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

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

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

The Company

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

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

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

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

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

15. LEASES

The Group as a lessee

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

(a) Right-of-use assets

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

The Group

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

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

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

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

The Company

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

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

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

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

(b) ***Lease liabilities***

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

The Group

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

The Company

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

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

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

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

The Group

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

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

The Group as a lessor

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

The lease receivables are set out below:

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

16. DEFERRED TAX

The Group

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

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

	Impairment of assets	Accrued expenses and costs	Lease liabilities	Provision	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	1,583	34,536	461	8,635	45,215
Deferred tax credited/(charged) to the statement of profit or loss during the year	371	12,605	25,885	(2,420)	36,441
Gross deferred tax assets at 31 December 2024	1,954	47,141	26,346	6,215	81,656

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

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

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

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

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

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

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

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

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

The Company

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

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

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

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

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

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

	Right-of-use assets
	RMB'000
At 1 January 2023	965
Deferred tax credited to profit or loss during the year	(297)
Deferred tax liabilities at 31 December 2023	668

	Right-of-use assets
	RMB'000
At 1 January 2024	668
Deferred tax charged to profit or loss during the year	28,564
Deferred tax liabilities at 31 December 2024	29,232

	Right-of-use assets
	RMB'000
At 1 January 2025	29,232
Deferred tax credited to profit or loss during the year	(28,702)
Deferred tax liabilities at 31 December 2025	530

	Right-of-use assets
	RMB'000
At 1 January 2026	530
Deferred tax charged to profit or loss during the period	461
Deferred tax liabilities at 31 May 2026	991

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

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

17. INVENTORIES

The Group

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

The Company

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

18. TRADE RECEIVABLES

The Group

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

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

The Company

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

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

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

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

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

The Group

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

The Company

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

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

The Group

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

The Company

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

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

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

The Group

As at 31 December 2023

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

As at 31 December 2024

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

As at 31 December 2025

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

As at 31 May 2026

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

The Company

As at 31 December 2023

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

As at 31 December 2024

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

As at 31 December 2025

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

As at 31 May 2026

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

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

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

The Company

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

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

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

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

20. CASH AND CASH EQUIVALENTS

The Group

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

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

The Company

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

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

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

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

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

21. TRADE PAYABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	387,184	551,707	542,994	675,807

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	387,184	532,394	507,645	633,716

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

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

The Group

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

The Company

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

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

22. OTHER PAYABLES AND ACCRUALS

The Group

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

The Company

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

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

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

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

23. CONTRACT LIABILITIES

The Group

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

The Company

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

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

24. PROVISION

The Group and the Company

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

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

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

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

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

The Company

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

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

26. SHARE CAPITAL/PAID IN CAPITAL

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

Note:

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

27. SHARE INCENTIVE SCHEMES

Restricted Shares Plan

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

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

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

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

The following table lists the inputs to the model used:

	As at 22 February 2022
Discount rate	10.39%
Discount for lack of marketability	22.00%

	As at 25 December 2023
Discount rate	10.35%
Discount for lack of marketability	19.00%

	As at 28 June 2024
Discount rate	11.18%
Discount for lack of marketability	14.00%

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

28. RESERVES

The Group

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

Capital reserve

a. *Other reserve*

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

b. *Share premium*

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

c. *Equity-settled share incentive scheme reserve*

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

Exchange fluctuation reserve

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

Statutory surplus reserve

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

The Company

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	6,012	21,957	347,114	375,083
Profit for the year and total comprehensive income for the year	–	–	621,085	621,085
Equity-settled share-based payments	2,441	–	–	2,441
Compensation incentives for terminated employees	2,682	–	–	2,682
Transfer to statutory surplus reserve	–	62,108	(62,108)	–
Dividends declared	–	–	(150,572)	(150,572)
At 31 December 2023	11,135	84,065	755,519	850,719

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	11,135	84,065	755,519	850,719
Profit for the year and total comprehensive income for the year	–	–	622,001	622,001
Conversion into a joint stock company	321,785	(21,957)	(502,687)	(202,859)
Equity-settled share-based payments	8,726	–	–	8,726
Transfer to statutory surplus reserve	–	55,406	(55,406)	–
Dividends declared	–	–	(350,000)	(350,000)
At 31 December 2024	341,646	117,514	469,427	928,587

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	341,646	117,514	469,427	928,587
Profit for the year and total comprehensive income for the year	–	–	725,736	725,736
Equity-settled share-based payments	10,431	–	–	10,431
Dividends declared	–	–	(231,680)	(231,680)
At 31 December 2025	352,077	117,514	963,483	1,433,074

	Capital reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	352,077	117,514	963,483	1,433,074
Profit for the period and total comprehensive income for the period	–	–	589,057	589,057
Equity-settled share-based payments	4,346	–	–	4,346
Dividends declared	–	–	(420,000)	(420,000)
At 31 May 2026	356,423	117,514	1,132,540	1,606,477

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

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

(b) Changes in liabilities arising from financing activities

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

(c) Total cash outflow for leases

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

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

30. COMMITMENTS

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

31. RELATED PARTY TRANSACTIONS

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

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

(a) Related party transactions

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

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

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

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

(b) Other transactions with related parties:

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

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

(c) Outstanding balances with related parties

The Group

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

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

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

The Company

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

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

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

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

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

32. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

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

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

The Company

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

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

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

Fair value hierarchy

Assets for which fair values are disclosed:

As at 31 December 2023

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

As at 31 December 2024

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

As at 31 December 2025

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

As at 31 May 2026

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

Liabilities for which fair values are disclosed:

As at 31 December 2025

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

As at 31 May 2026

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Foreign currency risk

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

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

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

Credit risk

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

Maximum exposure and year/period-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

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

As at 31 December 2024

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

As at 31 December 2025

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

As at 31 May 2026

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

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

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

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

Liquidity risk

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

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

As at 31 December 2023

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

As at 31 December 2024

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

As at 31 December 2025

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

As at 31 May 2026

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

Capital management

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

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

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

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

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

35. EVENTS AFTER THE REPORTING PERIOD

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

36. SUBSEQUENT FINANCIAL STATEMENTS

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

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

A summary of the principal provision of the Articles of Association of the Company (the "Articles of Association") is set out below to provide an overview for investors. As this is only a summary, it does not contain all of the information that may be important to potential investors.

SHARES

Issue of Shares

The Shares of the Company take the form of registered stocks. Shares of the Company shall be issued in an open, fair and equitable manner. Each share of the same class shall be entitled to the same rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same; for the shares subscribed by any entity or any individual, the price per share paid must be the same.

The shares issued by the Company shall be denominated in RMB, with the nominal value of RMB1.00 per share.

After the fulfillment of the mandatory procedures stipulated in the Overseas Listing Trial Measures and other laws, regulations, rules and regulatory documents, the Company may issue shares to domestic investors and overseas investors. The term "overseas investors" shall refer to investors from foreign countries and Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company. The term "domestic investors" shall refer to investors inside the PRC, excluding the above-mentioned regions that subscribe for shares issued by the Company.

The shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. The shares issued by the Company to overseas investors for subscription in foreign currencies shall be referred to as foreign shares. The foreign shares listed overseas shall be referred to as overseas-listed foreign shares. Shareholders of domestic shares, shareholders of unlisted foreign shares and shareholders of overseas-listed foreign shares shall enjoy equal rights in the distribution of dividends or distribution in any other forms. For the purpose of the preceding paragraph, the term "foreign currencies" shall refer to any legal currency of any country or region that can be converted freely, excluding RMB.

After the fulfillment of the mandatory procedures stipulated in the Overseas Listing Trial Measures and other applicable laws, regulations, rules and regulatory documents, shareholders of domestic shares and unlisted foreign shares of the Company may transfer all or part of unlisted shares held by them to overseas investors, and list such shares on overseas stock exchanges for trading, or convert all or part of unlisted shares into overseas-listed foreign shares, and list them on overseas stock exchanges for trading. The listing and trading of the above-mentioned shares on any overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of the overseas stock markets.

Increase and Reduction of Shares

In accordance with the laws, regulations, rules and regulatory documents, the Company may increase the capital by the following ways upon approval by resolutions of the general meeting according to the operation and development needs of the Company:

(I) public offering of shares;

(II) non-public offering of shares;

(III) offering of bonus shares to existing shareholders;

(IV) capitalization of reserve fund into share capital;

(V) other forms specified in laws, regulations, rules and regulatory documents or approved by the securities regulatory authority of the place where the shares of the Company are listed.

The general meeting may authorize the Board to decide on issuing shares not exceeding 50% of the issued shares within three years. However, contributions made in non-monetary assets shall be subject to approval by the general meeting. Where the Board resolves to issue shares pursuant to the authorization, resulting in a change to the Company's registered capital or the number of issued shares, no further resolution from the general meeting shall be required to amend the corresponding provisions of the Articles of Association. Where the general meeting authorizes the Board to decide on issuing new shares, the resolution shall be passed by more than two-thirds of all directors. If the issuance of shares involves obtaining relevant approvals or prior filings as required by law, the company shall implement the issuance only after obtaining such approvals or filings in accordance with the law.

The Company may reduce its registered capital. The reduction in the registered capital shall be made in accordance with the Company Law and other relevant provisions and the procedures set out in Articles of Association.

Repurchase of Shares

The Company may acquire its shares in compliance with laws, regulations, rules and regulatory documents as well as the Hong Kong Listing Rules and the requirements of the Articles of Association, in one of the following circumstances:

(I) to reduce the registered capital of the Company;

(II) to merge with other companies holding the shares of the Company;

(III) to use the shares as an employee stock ownership plan or equity incentive plan;

(IV) to purchase its shares from shareholders who have voted against the resolutions on the merger or division of the Company at the general meeting upon their request;

(V) to convert the shares into convertible corporate bonds issued by the Company;

(VI) necessary for the Company to maintain its value and protect the interests of the shareholders; and

(VII) other circumstances stipulated by laws, regulations, rules, regulatory documents, the Hong Kong Listing Rules and other relevant requirements.

The Company may repurchase its shares through open centralized trading or other ways recognized by laws, regulations, rules and regulatory documents, and securities regulatory authorities of the place where the shares of the Company are listed.

If the Company repurchases its shares under any of the circumstances stipulated in paragraphs (III), (V) and (VI) above, it shall do so by way of open centralized trading.

Where the Company repurchases its shares under the circumstances stipulated in paragraphs (I) and (II) above, an approval shall be obtained from the general meeting; where the Company repurchases its shares under the circumstances stipulated in paragraphs (III), (V) and (VI) above, a resolution of the Board meeting shall be passed by a two-third majority of directors attending the meeting in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

Upon the repurchase of shares in accordance with the law, the Company shall, within the period prescribed by laws, regulations, rules, regulatory documents and the Hong Kong Listing Rules, cancel such shares and apply to the original company registration authority for registration of the change in registered capital.

After the Company acquires the H shares of the Company in accordance with the provisions of paragraph (I) above, the Company may, at its option, cancel or hold such shares as treasury shares in accordance with the Hong Kong Listing Rules. If the directors have not specified that the relevant shares shall be held as treasury shares, such shares shall be canceled. The Company shall deposit the treasury shares in a separate account within Hong Kong Securities Clearing Company Limited that can be clearly identified as treasury shares. The Company shall not exercise any rights in respect of the treasury shares, nor declare or distribute any dividends in respect of the treasury shares. Subject to the Articles of Association and the Hong Kong Listing Rules, the Company may dispose of the treasury shares on terms and conditions determined by the directors.

Where the laws, regulations, rules, regulatory documents and the Hong Kong Listing Rules stipulate other provisions on the relevant matters involved in the foregoing share repurchase, those provisions shall prevail.

Transfer of Shares

Shares of the Company may be transferred to other shareholders or persons other than shareholders. Shares of the Company shall be transferred in accordance with the laws, regulations, rules, regulatory documents, and the relevant provisions of the securities regulatory authorities of the place where the shares of the Company are listed and the Hong Kong Stock Exchange. The transfer of overseas-listed foreign shares listed in Hong Kong shall be registered in the share registrar in Hong Kong entrusted by the Company.

All fully paid overseas-listed foreign shares listed in Hong Kong may be transferred freely according to the Articles of Association. However, unless the following conditions are met, the Board may refuse to recognize any documents for the transfer without stating any reasons:

(I) transfer documents and other documents relating to or affecting the ownership of any shares shall be registered, and a fee shall be paid to the Company for such registration at the rate of fee prescribed in the Hong Kong Listing Rules, which shall not exceed the maximum fee prescribed from time to time in the Hong Kong Listing Rules;

(II) transfer documents are only in relation to overseas-listed foreign shares listed in Hong Kong Stock Exchange;

(III) the stamp duty payable under the laws of Hong Kong in respect of the transfer document has been paid;

(IV) relevant share certificate(s) and any other evidence which the Board may reasonably request to show that the transferor has the right to transfer the shares have been provided;

(V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;

(VI) the relevant shares do not have any lien attached;

(VII) no transfer of shares shall be made to any minors or any person of unsound mind or under other legal disability;

(VIII) the transfer of shares shall comply with all applicable laws, regulations, rules, and regulatory documents governing share transfers or changes in control.

If the Company refuses to register the transfer of shares, the Company shall, within two months from the date of the formal application for transfer, give one copy of the notice of refusal to register the transfer to the transferor and transferee. All transfer documents shall be kept at the legal address of the Company or such address as may be designated by the Board from time to time.

All overseas-listed foreign shares listed in Hong Kong Stock Exchange shall be transferred by a transfer document in writing in any usual or common form or any other form which the Board accepts (including the prescribed form or transfer form as required by the Hong Kong Stock Exchange from time to time). The written transfer documents may only be executed by hand or (if the transferor or the transferee is a company) affixed with the company's seal. If the transferor or transferee is a recognized clearing house as defined by the laws of Hong Kong in effect from time to time or the agent thereof, the written transfer documents may be executed by hand or by machine imprinted signatures.

All transfer documents shall be kept at the legal address of the Company, the address of the share transfer agency, or any other place specified by the Board from time to time.

Shares issued by the Company prior to its public offering shall not be transferred within one year from the date of listing and trading of the Company's shares on a securities exchange.

Directors and other senior management of the Company shall report to the Company their holdings of the Company's shares and any changes thereto. During their term of office as determined upon appointment, the shares transferred annually shall not exceed 25% of their total holdings of the Company's shares. Their holdings shall not be transferred within one year from the date of listing and trading of the Company's shares. Such persons shall not transfer their shares in the Company within six months after leaving their positions.

Where shares are pledged during the restricted transfer period stipulated by laws, regulations, rules and regulatory documents, the pledgee shall not exercise the pledge right during such restricted period.

If the securities regulatory authority of the place where the shares of the Company are listed stipulate other restrictions on the transfer of overseas-listed foreign shares, such provisions shall prevail.

Authority of Issuer's Subsidiaries to Hold Shares of Their Parent Companies

No provisions concerning the authority of the Issuer's subsidiaries to hold shares of their parent companies are contained in the Articles of Association.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

The Company shall set up a register of shareholders based on the certificates provided by the securities registration agency. The register of shareholders shall be sufficient evidence proving the holding of the shares of the Company by a shareholder. A shareholder shall enjoy rights and assume obligations as per the class of the shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

When the Company convenes general meetings, distributes dividends, commences liquidation or engages in other conducts that require the identification of shareholders, the Board or the convener of the general meeting shall determine the date of registration of shares. Shareholders registered in the register of shareholders after the closing on the date of registration of shares shall be the shareholders enjoying the relevant rights.

The Shareholders of ordinary shares of the Company shall be entitled to the following rights:

(I) to receive dividends and other forms of distributions in proportion to the shares they hold;

(II) to lawfully request, convene, preside over and attend the general meetings either in person or by proxy and exercise their corresponding rights to speak and voting rights (unless individual shareholders are required to abstain from voting on certain matters under the Hong Kong Listing Rules);

(III) to supervise, raise suggestions on or make inquiries about the operations of the Company;

(IV) to transfer, donate or pledge their shares in accordance with laws, regulations, rules, regulatory documents, the relevant regulations of the securities regulatory authority in the place where the shares of the Company are listed and the Articles of Association;

(V) to obtain relevant information in accordance with the Articles of Association, including:

1. receiving a copy of the Articles of Association after payment of cost;

2. being entitled to inspect free of charge and copy after payment of reasonable fee:

   (1) all parts of the register of shareholders;

   (2) personal data of directors, manager and other senior management of the Company, including:

      (a) present and former name and alias;

      (b) principal address (domicile);

      (c) nationality;

      (d) primary and all other part-time occupations and duties;

      (e) identification documents and the number thereof.

(3) report of the status of the issued share capital of the Company;

(4) report of the total nominal value, quantity, the highest and lowest price of share of each class repurchased by the Company from the last fiscal year, and the total amount paid by the Company for this purpose;

(5) special resolutions of the general meetings of the Company;

(6) the latest audited financial statements of the Company, and the reports of the Board, auditors and the Audit Committee of the Board;

(7) a copy of the latest annual report filed with the State Administration for Industry & Commerce of China or other competent authorities;

(8) counterfoils of corporate bonds, resolutions of meetings of the general meetings, resolutions of meetings of the Audit Committee of the Board; and

(9) minutes of the general meetings.

The Company shall, in accordance with the requirements of the Hong Kong Listing Rules, publish the documents specified in paragraphs (3) to (7) of the aforementioned point 2 and other applicable documents on the websites of the Hong Kong Stock Exchange and the Company. The Company shall keep paragraphs (1) to (9) of the aforementioned point 2 at the designated address in Hong Kong for free inspection by the public and shareholders (the minutes of the general meetings are only available for shareholders to inspect and copy after paying a reasonable fee).

The Hong Kong branch register of shareholders must be available for inspection by shareholders. However, the Company may be allowed to suspend the registration of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). In other words, the Company may, by notice, close its register of shareholders or that part of the register relating to shareholders holding any class of shares for one or more than one periods, provided that, the accumulative period of closure shall not exceed 30 days within any one year.

Subject to compliance with applicable laws, regulations, rules, regulatory documents and securities regulatory rules in the place where the shares of the Company are listed, the Company may reject the requests if the content to be inspected and copied involves the business secrets and inside information of the Company or the personal privacy of relevant personnel.

(VI) to participate in the distribution of the residual assets of the Company in proportion to their shareholdings in the event of the termination or liquidation of the Company;

(VII) to request the Company to purchase their shares for the shareholders who object to the resolution on merger or division made by the general meetings;

(VIII) other rights stipulated by laws, regulations, rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

Shareholders of the Company shall assume the following obligations:

(I) to abide by the laws, regulations, rules, regulatory documents and the Articles of Association;

(II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(III) not to withdraw the shares after the approval and registration of the Company unless required by laws, regulations, rules and regulatory documents;

(IV) not to abuse shareholders' rights to damage the interests of the Company or other shareholders; not to abuse the status of the Company as an independent legal person and the limited liability of shareholders to damage the interests of any creditors of the Company;

(V) other obligations as stipulated by the laws, regulations, rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

When any shareholder of the Company abuses the shareholders' rights and incurs losses to the Company or other shareholders, such shareholder shall be liable for compensation in accordance with the law. Where shareholders of the Company abuse the status of the Company as an independent legal person and the limited liability of shareholders for the purposes of evading debts, thereby materially damaging the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts of the Company.

Where any shareholder holding more than 5% of the voting shares of the Company pledges the shares held by him/her, the shareholder shall submit a written report to the Company on the day on which the pledge occurs.

The controlling shareholders and actual controllers of the Company shall not use their connected relations to damage the interests of the Company. Any losses caused to the Company as a result of such violation shall be compensated.

The controlling shareholders and actual controllers of the Company shall have fiduciary duties towards the Company and the public shareholders of the Company. The controlling shareholders shall exercise their rights as capital contributors in strict compliance with the law. The controlling shareholders, actual controllers and their connected parties shall not damage the lawful rights and interests of the Company by means of profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee, etc., nor make use of their controlling position to damage the interests of the Company and its public shareholders.

Where directors or senior management violate laws, regulations, rules, regulatory documents, or the provisions of the Articles of Association in the performance of their duties and cause losses to the Company, shareholders who individually or collectively hold more than 1% of the Company's shares for a continuous period of 180 days or more may submit a written request to the Board Audit Committee to initiate litigation in the People's Court. Where the Board Audit Committee violates laws, regulations, rules, regulatory documents, or the Articles of Association in the performance of its duties and cause losses to the Company, shareholders who individually or collectively hold more than 1% of the Company's shares for a continuous period of 180 days or more may submit a written request to the Board to initiate litigation in the People's Court. If the Board Audit Committee or the Board refuses to initiate litigation upon receiving the written request from shareholders as stipulated, or fails to initiate litigation within 30 days of receiving the request, or if the situation is urgent and the failure to initiate litigation immediately would cause irreparable damage to the Company's interests, shareholders specified above shall have the right to directly initiate litigation in their own name in the People's Court for the benefit of the Company.

Demand for Payment of Share Capital and Forfeiture of Shares

No provisions concerning the demand for payment of share capital and forfeiture of shares are contained in the Articles of Association.

General Provisions for General Meetings

The general meeting is the organ of authority of the Company and shall exercise the following functions and powers according to the law:

(I) to elect and replace directors who are not representatives of the employees and to determine matters relating to the remuneration of the directors;

(II) to consider and approve the reports of the Board;

(III) to consider and approve the profit distribution plans and plans for recovery of losses of the Company;

(IV) to make resolutions on increase or reduction of the registered capital of the Company;

(V) to make resolutions on the issuance of corporate bonds;

(VI) to make resolutions on the merger, demerger, dissolution, liquidation or change of corporate form of the Company;

(VII) to amend the Articles of Association;

(VIII) to make resolutions on the matter of the appointment and dismissal of accounting firms conducting audit services for the company;

(IX) to consider and approve the matters of guarantee subject to the consideration of the general meeting as prescribed in the Articles of Association;

(X) to consider the matters that the acquisition or disposal of significant assets by the Company within one year if the asset value exceeds 30% of the latest audited total assets of the Company;

(XI) to consider and approve matters relating to the change of the purpose of raised funds;

(XII) to consider the share incentive plans and employee shareholding schemes;

(XIII) to consider other matters that shall be decided by the general meetings as provided by laws, regulations, rules, regulatory documents or the Articles of Association;

(XIV) other matters required by the Hong Kong Listing Rules.

The functions and powers of the general meetings described above shall not be delegated to the Board or any other organizations or individuals through authorization.

The general meetings may, under necessary, reasonable and legal circumstances, authorize or delegate the Board to take charge of the matters he or she is authorized or delegated, including but not limited to the following matters in the general meetings:

Subject to the applicable laws, regulations, rules, regulatory documents and listing rules, general mandate is granted to the Board to issue, allot and deal with additional overseas listed shares, the quantity of which shall be no more than 20% of the issued overseas listed shares (or any other proportion regulated by applicable laws, regulations, rules, regulatory documents and listing rules in the place where the securities of the Company are listed);

The Board is authorized to decide the specific clauses and relevant matters about the issuance of debt financing instruments like domestic short-term financing bonds, medium-term notes, corporate bonds and overseas US dollars bonds within the scope of the limit for bond issuance according to the needs of production operation and capital expenditure and market conditions, including (but not limited to) determining the actual amount, interest rate, term, targets of issuance, use of proceeds of bonds to be issued within the aforesaid scope and preparing, signing and disclosing all necessary documents.

The following external guarantees of the Company shall be reviewed and passed at the general meetings:

(I) any guarantee provided after the total amount of external guarantees of the Company and its holding subsidiaries has exceeded 50% of the latest audited net assets;

(II) any guarantee provided after the total amount of external guarantees of the Company has exceeded 30% of the latest audited total assets;

(III) any guarantee provided by the Company exceeding 30% of the latest audited total assets, calculated based on the principle of cumulative amounts over 12 consecutive months within a year;

(IV) any guarantee provided for any guaranteed party with a gearing ratio of over 70%;

(V) any single guarantee with the amount of guarantee exceeding 10% of the latest audited net assets;

(VI) any guarantee provided to the shareholders, actual controllers and connected parties thereof;

(VII) other guarantee stipulated by the Articles of Association.

The guarantee stipulated in paragraph (III) shall be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting. When the general meeting deliberates on a guarantee proposal provided to shareholders, actual controllers, and connected parties thereof, the shareholder concerned or shareholders controlled by such actual controller shall not participate in such vote. Such vote shall be approved by more than half of the voting rights held by other shareholders present at the general meeting.

Where external guarantees provided by the Company violate approval authorities or deliberation procedures and cause losses to the Company, the relevant responsible persons shall be liable for the compensation thereto. Furthermore, the Company shall impose corresponding disciplinary actions on the relevant responsible persons based on the extent of economic losses suffered by the Company, the circumstances, and the severity of the violation.

General meetings are divided into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once a year and be held within six months from the end of the previous fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

(I) when the number of directors is less than the statutory number specified in the Company Law or two-thirds of the number specified in the Articles of Association;

(II) when the unrecovered losses of the Company amount to one-third of the total paid-in share capital of the Company;

(III) upon request in writing by a shareholder alone or shareholders together holding more than 10% of the Company's shares (excluding treasury shares);

(IV) when the Board considers it necessary;

(V) when it is proposed by the Audit Committee;

(VI) when it is proposed by the independent non-executive directors;

(VII) any other circumstances stipulated bylaws, regulations, rules, regulatory documents, the Hong Kong Listing Rules or the Articles of Association.

The Company shall convene a general meeting at its domicile or other places as indicated in the notice of the general meeting.

The general meeting shall arrange a meeting venue and be convened through on-site meetings. The Company may use electronic communications (including but not limited to online voting, video communications or other methods) and other means to facilitate shareholders attending the general meeting, as appropriate. Shareholders participating in general meetings in the aforesaid manner shall be deemed to have attended the meeting. Each shareholder has the rights to speak and vote at general meetings save for individual shareholders who are required by the Hong Kong Listing Rules to abstain from voting on particular matters.

The time and venue of on-site meetings shall be selected for the convenient participation of shareholders. After the issuance of the notice of the general meeting, the venue for an on-site meeting shall not be changed without any proper reasons. In case of any necessary change of the venue, the convener shall notify shareholders and state the reasons at least two working days prior to the date of the on-site meeting.

Convening of General Meetings

Independent non-executive directors shall have the right to propose to the Board to convene extraordinary general meetings. When an independent non-executive director proposes to convene an extraordinary general meeting, the Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the proposal according to the laws, regulations, rules, regulatory documents and the Articles of Association. If the Board gives consent to convene an extraordinary general meeting, it shall, within five days from the passing of the board resolution, issue a notice on convening the general meetings. If the Board does not give consent to convene an extraordinary general meeting, the Board shall state the reason and issue an announcement.

The Audit Committee shall submit a written proposal to propose the Board to convene an extraordinary general meeting. The Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the proposal according to the laws, regulations and the Articles of Association.

If the Board gives consent to convene an extraordinary general meeting it shall, within five days from the passing of the board resolution, issue a notice on convening the general meetings. Any changes to the original proposal in the notice shall obtain the consent of the Audit Committee.

If the Board does not give consent to convene an extraordinary general meeting or does not issue feedback within ten days from the receipt of the proposal, it shall be deemed that the Board is unable or does not perform its duty of convening general meetings, the Audit Committee may convene the general meeting on its own.

Shareholders holding more than 10% of the shares of the Company (excluding treasury shares) individually or jointly shall submit a written proposal to propose the Board to convene an extraordinary general meeting. The Board shall issue written feedback on consent or non-consent to the convening of the extraordinary general meeting within 10 days from the receipt of the proposal according to the laws, regulations, rules, regulatory documents and the Articles of Association.

If the Board gives consent to convene an extraordinary general meeting it shall, within five days from the passing of the board resolution, issue a notice on convening the general meetings. Any changes to the original proposal in the notice shall obtain the consent of the proposing shareholders.

If the Board does not give consent to convene an extraordinary general meeting or does not issue feedback within ten days from the receipt of the proposal, shareholders holding more than 10% of the shares of the Company (excluding treasury shares) individually or jointly may propose the Audit Committee to convene an extraordinary general meeting. Such proposal shall be submitted in a written form.

If the Audit Committee gives consent to convene an extraordinary general meeting it shall, within five days from the passing of the board resolution, issue a notice on convening the general meetings. Any changes to the original proposal in the notice shall obtain the consent of the relevant shareholders.

If the Audit Committee does not issue a notice on convening the general meetings within the stipulated time limit, it shall be deemed that the Audit Committee would not convene and chair a general meeting. Shareholders holding more than 10% of the shares of the Company (including preferred shares with restored voting rights, etc.) individually or jointly for a continuous period of ninety days or more may convene and chair the general meeting on their own.

Prior to the announcement of resolutions passed by the general meeting, the shareholding percentage of the convening shareholders shall be no less than 10% (excluding treasury shares).

For the general meetings convened by shareholders, the Board and the secretary of the Board shall cooperate. The Board shall provide the register of shareholders as at the date of record.

The necessary expenses for a general meeting convened by shareholders shall be borne by the Company.

Proposals and Notices of General Meetings

The contents of the proposal shall fall within the scope of the functions and powers of the general meetings and shall have specified subjects and specific resolutions, in further compliance with the laws, regulations, rules, regulatory documents and the Articles of Association. The proposals of the general meetings shall be in writing.

When the Company convenes the general meeting, the Board and shareholders individually or jointly holding more than 1% of the shares of the Company shall have the right to make proposals.

Shareholders individually or jointly holding more than 1% of the shares of the Company may make provisional proposals and submit them to the convener in writing 10 days before a general meeting and within the time limit stipulated in the Hong Kong Listing Rules. The convener shall, in accordance with the provisions of the Company Law and the Hong Kong Listing Rules, within two days upon receipt of the proposal, issue a supplementary notice of the general meeting announcing the contents of such provisional proposals, which exclude those violating the requirements of the laws, regulations, rules, regulatory documents or the Articles of Association, or falling out of the scope of the authority of the general meeting.

Except for the situations described above, the convener shall not modify the proposals already specified in the notice of the general meeting or add new proposals subsequent to the issue of the notice of the general meeting.

The general meeting shall not vote on or resolve any proposals not incorporated in the notice or not in compliance with the Articles of Association.

The convener of the general meeting shall notify the shareholders by announcement twenty-one days prior to the annual general meeting, and shall notify the shareholders by announcement fifteen days prior to the extraordinary general meeting. The notice shall be accompanied by the form of proxy, which shall provide the options for and against all resolutions to be proposed at the meeting.

In determining the commencement date and the period, the Company shall not include the date convening the meeting.

The notice of a general meeting shall include the following details:

(I) the time, address and duration of the meeting;

(II) the matters and proposals submitted to be deliberated at the meeting;

(III) a prominent written statement that all shareholders are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote at the meeting. The proxy may not be a shareholder of the Company;

(IV) the date of registration of shareholdings of shareholders who are entitled to attend the general meeting;

(V) the name and telephone number of the permanent contact person concerning meeting matters;

(VI) the time and procedure for voting through internet or other means;

(VII) any other matters stipulated by laws, regulations, rules, regulatory documents, and the Hong Kong Listing Rules.

The specific details of all proposals shall be adequately and fully disclosed in the notice and supplementary notice of the general meeting.

The interval between the date of registration of shareholdings and the date of the meeting shall be no more than seven business days. The date of registration of shareholdings shall not be changed once determined except for that in accordance with the Hong Kong Listing Rules.

If the matters involving the election of directors are to be discussed at the general meeting, the notice of the general meeting shall fully disclose the detailed information of the candidates for directors, which shall at least include the following:

(I) personal particulars including full name, educational background, working experience, part-time jobs;

(II) whether there is any connected relationship between such candidates and the Company or controlling shareholders and actual controller of the Company;

(III) disclosure of their shareholdings in the Company;

(IV) whether the candidates have been punished by the relevant regulatory authorities and other relevant authorities or reprimanded by a stock exchange;

(V) other matters regulated by the Hong Kong Listing Rules.

Except for the directors elected through the cumulative voting system, each candidate for director shall be individually proposed.

After the issuance of the notice for a general meeting, the general meeting shall not be postponed or canceled without any proper reasons, and the proposals specified in the notice shall not be withdrawn. In case of delay or cancelation, the convener shall give a notice to shareholders stating the reasons at least two business days before the original meeting date.

Holding of General Meetings

The Board and other conveners shall take all necessary measures to ensure that the general meeting is conducted in an orderly manner, and shall take steps to prevent any activities that interfere the general meetings, cause disturbances and infringe the legal interests of the shareholders, and report such activities to the relevant authorities for investigation and punishment.

All shareholders in the register of shareholders as at the date of record or their proxies shall have corresponding rights to attend and speak at the general meeting and exercise the voting rights according to relevant laws, regulations, rules, regulatory documents and the Articles of Association (except where a member is required, by the Hong Kong Listing Rules, to abstain from voting to approve the matter under consideration).

Shareholders may either attend and exercise the voting rights at the general meeting in person, or appoint any persons (regardless of whether such person is a shareholder of the Company) as their proxies to attend the meeting and exercise the voting rights within the scope of authorization. Any shareholder who is entitled to attend and vote at the general meeting shall be entitled to appoint one or more persons (whether such person is a shareholder or not) as his/her proxy(ies) to attend and vote on his/her behalf.

When the general meetings are held, all directors and secretary of the Board of the Company shall attend the general meetings, and the general manager and other senior management shall also attend the meetings on a non-voting basis.

The general meetings shall be convened by the Board and chaired by the chairman of the Board in accordance with the laws. When the chairman of the Board is unable to perform or does not perform his or her duties, a director nominated by more than half of the directors shall chair the meeting. However, the above provision shall not apply to the general meetings convened and chaired by qualified shareholders in accordance with the Articles of Association.

The general meeting convened by the Board Audit Committee shall be chaired by the convener of the Audit Committee. When the convener of the Audit Committee is unable to perform or does not perform his or her duties, a member of the Audit Committee nominated by more than half of the Audit Committee members shall chair the meeting. The general meeting convened by shareholders shall be chaired by a representative recommended by the convener.

Where the general meeting is unable to continue due to the chairman of the meeting violating the rules of procedure of the meeting during the meeting, the general meeting may elect a person to chair the meeting upon consent of the attending shareholders with more than half of the voting rights to continue the meeting.

The Company shall formulate the rules of procedure of the general meetings which shall set out the procedures of convening and voting at the general meetings in detail, including notices, registration, consideration for proposals, voting, vote counting, announcement on voting results, formation of the resolutions, meeting minutes and their signing, announcement and other matters, and the principles of authorization of the general meetings granted to the Board. The contents of authorization shall be clear and specific. The rules of procedure of the general meeting shall be prepared by the Board, approved at the general meeting and attached as an appendix to the Articles of Association.

Except for information that cannot be disclosed according to laws, regulations, rules and regulatory documents or information involving with trade secrets of the Company, the directors and senior management shall make explanations and statement on the inquiries and suggestions from shareholders at the general meetings.

Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies present and the total number of voting shares held by them. The number of shareholders and proxies present and the total number of voting shares held by them shall be subject to the meeting registration.

The secretary of the Board shall be responsible for the minutes of the general meetings. The minutes shall set forth the following contents:

(I) time, place, agenda of the meeting, name of the convener;

(II) name of the chairman of the meeting, directors, the manager and other senior management present or in attendance at the meeting;

(III) number of shareholders and proxies present at the meeting, the total number of voting shares and the proportion of the total number of voting shares to the total shares of the Company;

(IV) the consideration process, highlights of the speeches and voting results for each proposal;

(V) queries or suggestions of shareholders and the corresponding replies or explanations;

(VI) the name of lawyers (if any), counting officers and scrutinizers;

(VII) such other matters which shall be recorded in the minutes specified by laws, regulations, rules and regulatory documents, stock exchange of the place where the shares of the Company are listed or the Articles of Association.

Conveners of the general meetings shall ensure that the contents of the minutes are true, accurate and complete. The directors, secretary of the Board, convener or his or her representative and chairman of the meeting shall sign on the minutes. The minutes shall be kept together with the attendance record of shareholders attending the meeting, the power of attorney for proxies attending the meeting and the valid information of voting via online voting (if any) or other methods, and the shelf life shall be no less than 10 years.

The convener of the general meeting shall ensure that the general meeting is held continuously until the final resolutions are reached. In case the general meeting is adjourned or resolutions failed to be reached due to any special reasons like force majeure, necessary measures shall be taken to resume the general meeting as soon as possible or to directly terminate the general meeting. An announcement shall be made accordingly in time.

Voting and Resolutions of General Meetings

Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by the general meeting shall be passed by votes representing more than half of the voting rights held by shareholders attending the general meeting (including proxies thereof).

Special resolutions made by the general meeting shall be passed by votes representing more than two thirds of the voting rights held by shareholders attending the general meeting (including proxies thereof).

The following matters shall be passed through ordinary resolutions at a general meeting:

(I) work reports of the Board;

(II) plans for profit distribution and recovery of losses prepared by the Board;

(III) appointment and dismissal of the members of the Board, and their remuneration and payment methods;

(IV) annual report of the Company;

(V) matters other than those which shall be passed by special resolutions as specified by laws, regulations, rules, regulatory documents, the Hong Kong Listing Rules, or the Articles of Association.

The following matters shall be approved by way of special resolutions at a general meeting:

(I) increase or reduction in the registered capital of the Company;

(II) any division, spin-off, merger, dissolution and liquidation or any changes in the form of the Company;

(III) any amendment to the Articles of Association;

(IV) any purchase or sale of major assets or any provision of guarantee within any one year in an amount in excess of 30% of the Company's audited total assets in the latest period;

(V) any equity inventive scheme;

(VI) other matters for which special resolutions shall be passed as required by laws, regulations, rules, regulatory documents, the Hong Kong Listing Rules or the Articles of Association, and identified by an ordinary resolution of the general meeting as having a significant impact on the Company.

BOARD OF DIRECTORS

Directors

The directors of the Company shall be natural persons. Any natural person shall not serve as a director of the Company if he or she:

(I) has no civil capacity or has limited civil capacity;

(II) has been subject to criminal penalties due to corruption, bribery, embezzlement or misappropriation of property or sabotaging the socialist market economic order, or has been deprived of his or her political rights due to any criminal conviction, where no more than five years have elapsed since the date of completion of the execution of such penalty or deprivation, or a period of two years has not yet elapsed since the date of expiration of the probation period in case of probation;

(III) has served as a former director, the factory chief or the general manager of a company or enterprise bankrupted or liquidated, and was held personally liable for the bankruptcy, and no more than three years have elapsed since the date of completion of the bankruptcy or liquidation of such company or enterprise;

(IV) has served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to any violation of law, and was held personally liable for the revocation, and no more than three years have elapsed since the date of cancelation of business license or being ordered to close down;

(V) has defaulted on a personal debt in a significant amount and been listed as a dishonest person subject to enforcement by the people's court;

(VI) has been banned from entering the securities market by the relevant regulatory authorities and the period has not elapsed;

(VII) is banned under other circumstances specified in the laws, regulations, rules, regulatory documents or the Hong Kong Listing Rules.

If any director is elected or appointed in violation of the provisions of the preceding paragraph, such election, appointment or employment shall be null and void.

The Company shall dismiss a director from office if the circumstances of this Article arise during his or her term of office.

Non-employee representative Directors shall be elected or replaced at the general meeting. The general meeting may, subject to the provisions of relevant laws, regulations, rules and regulatory documents, remove any director whose term of office has not expired by ordinary resolutions (the compensation claim made by such director pursuant to any contract shall not be affected). Directors serve a term of office of three years and are eligible for re-election upon the expiration of the term. In case the term of office of an independent non-executive director exceeds nine years, the term of office shall only be renewed after fulfilling the corresponding consideration procedures under the listing rules of the place where the shares of the Company are listed.

Candidates for employee representative directors shall be nominated by the trade union of the Company and elected by the employee representative assembly of the Company, without being submitted to the general meeting for consideration or approval.

The term of office of a director shall be calculated from the date of duty assumption until the expiration of the term of office of the current session of the board. In the event re-election is not held in time upon the expiry of the term of office of directors that leads to the number of directors of the Board being lower than the quorum, the original directors shall fulfill duties of directors according to laws, regulations, rules, regulatory documents and the Articles of Association before the newly appointed or elected directors assumes the office.

A director who resigns shall submit a written notice to the Company, and the resignation shall become effective on the date the Company receives the notice. However, in the circumstances described in the preceding article, the director shall continue to perform his/her duties.

The general meeting may resolve to remove a director, and the removal shall take effect on the date of the resolution. A director who is removed before the expiration of the term of office may request compensation from the Company.

Subject to the provisions of the relevant laws, regulations, rules, regulatory documents and regulatory provisions, if the Board appoints any new director to fill any casual vacancy of the Board, or to increase the number of directors on the Board, the term of office of the newly appointed director shall expire on the first annual general meeting after the appointment. At the same time, such director shall be eligible for re-election.

A director may be concurrently served by a general manager or other senior management, but the total number of directors concurrently serving as general managers or other senior management and directors serving as employee representatives shall not exceed 1/2 of the total number of directors of the Company.

Directors shall observe the laws, regulations, rules, regulatory documents and the Articles of Association, and shall bear the following obligations of loyalty:

(I) Directors shall not take advantage of their powers to receive any bribes or other illegal income, and shall not embezzle any property of the Company;

(II) Directors shall not misappropriate any funds of the Company;

(III) Directors shall not deposit any assets or funds of the Company in any accounts opened in their own names or in the name of any other persons;

(IV) Directors shall not directly or indirectly enter into any contracts or transactions with the Company without reporting to the Board or the general meeting on the matters relating to the entering into of such contracts or transactions and having such matters approved by a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;

(V) Without the consent of the general meeting, directors shall not take advantage of their powers to pursue any business opportunities, except for any of the following circumstances (1) after reporting to the Board or the general meeting and passing the resolution at the Board or the general meeting in accordance with the provisions of the Articles of Association; (2) where the Company cannot take such business opportunity in accordance with the provisions of laws, regulations, rules, regulatory documents or the Articles of Association;

(VI) Directors shall not pocket commissions from the transactions with the Company;

(VII) Directors shall not disclose any confidential information of the Company without authorization;

(VIII) Directors shall not utilize its connected relationship to compromise the interest of the Company;

(IX) Directors shall bear other obligations of loyalty specified by laws, regulations, rules, regulatory documents, the Hong Kong Listing Rules and the Articles of Association.

The provisions of the preceding paragraph IV shall apply to the entering of contracts or transactions with the Company by close family members of the directors and senior management, enterprises directly or indirectly controlled by the directors, senior management or their close family members, and related (associated) persons who have other related (associated) relationships with the directors and senior management.

Any income derived by a director from violating the provisions of the above shall belong to the Company. The director shall also be liable for the compensation of losses suffered by the Company thereto.

Directors shall comply with the laws, administrative regulations and the Articles of Association, and shall bear the following duty of due diligence to the Company:

(I) Directors shall prudently, seriously and diligently exercise rights conferred by the Company to ensure that the business activities of the Company are in compliance with the requirements of national laws, administrative regulations and various economic policies and that the business activities shall not exceed the scope of business specified in the business license;

(II) Directors shall fairly treat all shareholders of the Company;

(III) Directors shall learn about the status of business and management of the Company in a timely manner;

(IV) Directors shall issue a written confirmation of opinions for regular reports of the Company and ensure the authenticity, accuracy and completeness of information disclosed by the Company;

(V) Directors shall truthfully provide the relevant information and materials to the Audit Committee of the Board, and shall not hinder the Audit Committee of the Board or its members from exercising their functions and powers;

(VI) Directors shall fulfill other duty of due diligence stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and the Articles of Association.

Where the controlling shareholder or the actual controller of a company does not hold the position of a director of the company but actually performs the company's affairs, the provisions of the Articles of Association of the Company on the duty of loyalty and the duty of care shall apply.

Unless otherwise stipulated in this section, the regulations relating to the qualifications and obligations of directors in the Articles of Association shall be applicable to independent non-executive directors of the Company. Independent non-executive directors shall faithfully perform their duties, safeguard the interests of the Company, protect the legal interests of shareholders of public shares, and ensure that the interests of all shareholders can be fully represented.

If any independent non-executive director fails to meet conditions for the qualifications and independence specified in the Hong Kong Listing Rules or encounters any other circumstances inappropriate for him or her to fulfill his or her duties such that the number of independent non-executive directors of the Company falls below the quorum in the Articles of Association, the Company shall inform the Hong Kong Stock Exchange immediately, and explain the relevant details and reasons in the announcement. The Company shall, within three months of the noncompliance, fill up the number of independent non-executive directors to meet requirements of the Hong Kong Listing Rules.

Any director who fails to attend two consecutive meetings of the Board in person and fails to entrust any other directors to attend on his or her behalf shall be deemed to be unable to perform his or her duties. The Board shall propose to the general meeting to remove such director.

A director may resign before the expiration of his or her term of office. The director shall submit a written resignation report to the Board. The Board shall disclose the relevant information within two days.

Where the number of directors of the Board falls below the minimum number of directors stipulated in the Company Law due to the resignation of any director, the original directors shall perform their duties according to laws, administrative regulations, departmental rules and the Articles of Association before the newly-elected director assumes the office.

Except for the circumstances specified in the preceding paragraph or a later date specified in the resignation report of the director, the resignation of the director shall become effective when the resignation report is delivered to the Board.

Upon the effectiveness of a director's resignation or the expiration of his or her term of office, the director shall complete all handover procedures with the Board and his or her duty of loyalty to the Company and its shareholders continues for two years after the end of his or her term of office. His or her obligations to keep the trade secrets of the Company confidential shall remain valid after the expiration of his or her term of office until the relevant secrets become publicly available information.

Unless otherwise specified in the Articles of Association or duly authorized by the Board, no director shall act on behalf of the Company or the Board in his or her personal capacity. When a director acts in his or her personal capacity, and a third party may reasonably believe that such director is acting on behalf of the Company or the Board, the director shall declare his or her stance and capacity in advance.

If the Company suffers any losses due to a director's violation of laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his or her duties, the director shall be liable for compensation.

The matters relating to independent non-executive directors of the Company shall be carried out according to laws, administrative regulations and regulations of the relevant regulatory authorities and stock exchange, and shall be regulated in details in the work policy of independent non-executive directors of the Company.

Loans to Directors

No provisions concerning loans to directors are contained in the Articles of Association.

Borrowing powers

No provisions concerning borrowing powers are contained in the Articles of Association.

Board of Directors

The Company shall establish the Board, which shall be responsible for the general meeting. On the premise of fully soliciting the opinions of the company's Party organization in advance, the Board shall, in accordance with the law, independently decide on major matters of the Company or make such decisions after completing the relevant approval procedures.

The Board shall consist of nine directors and one chairman. The chairman of the Board shall be elected by more than half of the votes by the directors. The Board of the Company shall consist of four executive directors (including one employee representative director), two non-executive directors and three independent non-executive directors. Independent non-executive directors shall at least include one director with appropriate professional qualifications, or appropriate expertise in accounting or financial management. At least one independent non-executive director of the Company permanently resides in Hong Kong.

The Board shall perform the following functions:

(I) to convene the general meetings and report to the general meetings;

(II) to implement the resolutions of the general meetings;

(III) to determine business operation plans and investment proposals of the Company, as well as the annual financial budget and final account proposals; to resolve on the company's external investment, asset acquisition and disposal matters in accordance with the Articles of Association or within the scope of authorization by the shareholders' meeting;

(IV) to formulate the plans for profit distribution and recovery of losses of the Company;

(V) to formulate plans for increase or reduction of the registered capital of the Company, issuance of bonds or other securities and listing;

(VI) to formulate plans for major acquisitions, purchase of shares of the Company, merger, division, dissolution or changes in the form of the Company;

(VII) to determine the matters such as the Company's external investment, purchase or sales of assets, asset pledge, external guarantee, entrusted wealth management, connected transactions and external donation within the scope authorized by the general meeting and the Articles of Association;

(VIII) to decide on the setup of the internal management organization of the Company;

(IX) to determine the appointment or dismissal of the manager and secretary to the Board and other senior management of the Company, as well as to determine their remuneration and rewards and punishments; and based on the nomination of the manager, to appoint or dismiss the deputy manager, the chief financial officer and other senior management of the Company, and to determine their remuneration, rewards and punishments;

(X) to formulate the basic management systems of the Company;

(XI) to formulate plans for any amendments to the Articles of Association;

(XII) to manage the disclosure of information of the Company;

(XIII) to propose at the general meeting the appointment or replacement of the accounting firm that performs audit for the Company;

(XIV) to receive the work report of the manager and other senior management personnel of the Company and examine on the work of the manager and other senior management personnel;

(XV) to formulate and implement the equity incentive plan of the Company;

(XVI) to fulfill other duties and powers granted by laws, administrative regulations, departmental rules, listing rules of the place where the shares of the Company are listed or the Articles of Association and the general meeting.

Matters set forth in items (III) and (X) of the preceding paragraph shall be adopted upon the affirmative vote of two-thirds or more of all the directors; all other matters for resolution shall be adopted upon the affirmative vote of more than half of all the directors. The limitation of the functions and powers of the Board in the Articles of Association shall not be against a bona fide third party.

Where the Board makes decisions on the above matters that fall within the scope of the participation of the Party organization of the Company in decision-making on major issues, it shall first listen to the opinions and advice of the Party organization of the Company.

Matters exceeding the scope of authorization by the general meeting shall be submitted to the general meeting for consideration.

All material matters subject to the decision-making of the Board of the Company shall be informed to all directors within the time specified in the Articles of Association, with sufficient information submitted to directors at the same time in compliance with the regulatory procedure. The directors may request for additional information. When more than one-fourth of the directors or more than two independent non-executive directors consider that the information and materials are insufficient or there are other reasons that make it impossible for them to make a judgment on the matters concerned, they may jointly propose to postpone the meeting of the Board or to postpone the deliberation of part of the matters discussed by the Board, and the Board shall adopt such proposal.

The Board of the Company shall explain to the general meeting of the Company regarding the non-standard audit opinion issued by the certified public accountant on the financial reports of the Company.

The Board shall formulate rules of procedure for the Board to ensure the implementation of resolutions of the general meetings, improve work efficiency and guarantee the reasonable decision-making.

The rules of procedure of the Board shall be drafted by the Board and approved by the general meeting, which shall be taken as an appendix to the Articles of Association.

The Board shall organize relevant experts and professionals to assess major investment projects.

The Board shall have one chairman, who shall be a director of the Company and elected by the Board by more than half of all directors. The chairman is the director representing the Company in performing the Company's affairs.

The chairman of the Board shall exercise the following functions and powers:

(I) to chair the general meetings, and to convene and chair the meetings of the Board;

(II) to sign important documents of the Board;

(III) to supervise and check the implementation of board resolutions;

(IV) to exercise other powers granted by the Board;

(V) to exercise other powers granted by laws, administrative regulations, department rules, listing rules of the place where the shares of the Company are listed or the Articles of Association.

In the event that the chairman is incapable of performing or does not perform his or her duties, a directors nominated by more than half of the directors shall perform the duties.

The Board shall convene regular meetings four times a year. The meeting shall be convened by the chairman of the Board. The meeting notice shall be delivered to all directors in writing 14 days before the date of the meeting. If necessary, the meeting notice shall also be sent to the manager and other senior management of the Company.

Shareholders representing more than 1/10 of voting rights of the Company (excluding treasury shares), more than one-third of all directors or the audit committee may propose to convene an ad hoc meeting of the Board. The chairman shall convene and chair a board meeting within 10 days from the receipt of such request.

The notice on convening any ad hoc meeting of the Board shall be delivered in writing seven days before the convening of the meeting to all directors, the managers, and if necessary, other senior management of the Company.

The notice of the meeting of the Board shall include the following:

(I) time and place of the meeting;

(II) duration of the meeting;

(III) reasons and issues of discussion;

(IV) date on which the notice is given;

(V) other matters stipulated in the Rules of Procedure for the Board of Directors.

The meeting of the Board may only proceed if more than half of all directors are present at the meeting. Unless otherwise regulated by the Articles of Association, resolutions made by the Board shall be passed by votes of more than half of all directors.

The voting on board resolutions shall adopt one vote per person.

A director with connected relationship with the companies involved with any matters in the resolution of the Board shall neither exercise the voting right for the resolution, nor exercise the voting right on behalf of any other directors, and his/her voting right shall not be counted towards the total voting rights. Such meeting of the Board shall only proceed if more than half of directors with no connected relationship present at the meeting. Except as otherwise provided herein, the resolutions of the meeting of the Board shall be passed by votes of more than half of directors with no connected relationship. In case there is less than three directors with no connected relationship present in the meeting, the matter shall be submitted to the general meeting for review.

The voting at the meetings of the Board shall be conducted by open ballot or by show of hands.

Unless otherwise regulated by applicable laws, administrative regulations and regulatory documents or the Hong Kong Listing Rules, subject to the thorough expression of opinions by all directors, the ad hoc meeting of the Board may be convened and pass resolutions by video conference, telephone conference or handover of written documents for signature, and all directors present at the meeting shall sign on such resolutions. If the Board has distributed the resolutions to all directors, the number of directors signing to consent the resolutions has reached the quorum, and the signed documents of the consent have been sent to the secretary of the Board through the above method, the motion will be deemed as a resolution passed by the Board, with the same legal force as the resolutions passed in the meetings of the Board convened according to the procedures regulated in relevant provisions of the Articles of Association.

The regular meetings of the Board shall not be convened in the form of handover of written documents for signature.

A director shall attend the meeting of the Board in person. Where a director is unable to attend the meeting of the Board for any reasons, he or she may appoint another director to attend on his or her behalf by a written power of attorney. The power of attorney shall specify the name of the proxy, the matters for entrustment, the scope of authorization and validity period, and shall be signed or sealed by the principal. A director who attends the meeting on behalf of another director shall exercise the rights of a director within the scope of the authorization. A director who does not attend a meeting of the Board in person or by proxy shall be deemed to have abstained from voting at such meeting.

The Board shall keep the minutes of the decisions on the matters discussed at the meeting, and all directors present at the meeting shall sign on the minutes. The minutes of the meetings of the Board shall be kept by the secretary of the Board as company files for a retention period of ten years.

The minutes of the meeting of the Board shall include the following:

(I) the date, venue and name of the convener of the meeting;

(II) the names of the directors present at the meeting, and the names of directors (proxies) present at the meeting appointed by other directors;

(III) the meeting agenda;

(IV) summaries of the speeches of directors;

(V) the voting methods and results for each resolution (the voting result shall indicate the number of votes for, against or abstention).

Special Committees of the Board

The Board of the Company shall set up four special committees including Audit Committee, Strategy Committee, Nomination Committee and Remuneration Committee. Special committees shall report to the Board, perform duties according to the Articles of Association and authorization of the Board, and submit proposals to the Board for consideration and decision. Special committees shall consist entirely of directors.

The Board shall formulate work principles for special committees and regulate the operation of special committees.

The special committees all comprise directors. The component of which are as follow:

(I) The Audit Committee shall consist of not less than three members, all of which shall be non-executive directors, and a majority of whom shall be independent non-executive directors with at least one independent non-executive director possessing the appropriate professional qualifications or accounting or related financial management expertise. The chairman must be an independent non-executive director. A majority of the members of the Audit Committee shall not hold positions in the Company other than as directors and shall not have any relationship with the Company that may affect their independent and objective judgment. Employee representatives who are members of the Board of the Company may become members of the Audit Committee;

(II) The Strategy Committee shall consist of at least five (inclusive) directors, and the chairperson thereof shall be the Chairman of the Board or an executive director;

(III) The Nomination Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company. The chairman must be the chairman of the Board or an independent non-executive director;

(IV) The Remuneration Committee shall consist of at least three (inclusive) directors, the majority of whom shall be independent non-executive directors of the Company. The chairman must be an independent non-executive director.

The power of the aforesaid special committees, as well as the remuneration and assessment mechanism for directors and senior management, are detailed in the working principles of the aforesaid special committees.

Manager and Other Senior Management

The Company shall have one manager, three deputy managers, one secretary of the Board of Directors and one chief financial officer. Managers, and other senior management personnel of the Company shall be appointed or dismissed by the Board.

The circumstances specified in the Articles of Association under which a director may not serve as a director shall also apply to the manager and other senior management of the Company.

The provisions concerning the duties of due diligence of the director specified in the Articles of Association shall also apply to the manager and other senior management of the Company.

A personnel serving in the administrative capacity other than serving as the director and the supervisor in any controlling shareholders of the Company shall not serve as senior management of the Company.

The senior management of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

The term of office of the manager is three years and may be renewed upon reappointment by the Board.

The manager shall report to the Board, and shall exercise the following functions and powers:

(I) to be in charge of the production operation and management work of the Company, to organize the implementation of the resolutions of the Board and to report his or her work to the Board;

(II) to organize the implementation of the annual operation plans and investment proposals of the Company;

(III) to draft the plan for establishing the internal management body of the Company;

(IV) to draft the basic management system of the Company;

(V) to develop the specific rules of the Company;

(VI) to suggest the Board on the appointment or dismissal of any deputy manager, the chief financial officer and other senior management of the Company;

(VII) to appoint or dismiss management other than those to be appointed or dismissed by the Board;

(VIII) to exercise other functions and powers granted by the Articles of Association or the Board.

The manager shall attend meetings of the Board.

Where the manager makes decisions on the above matters that fall within the scope of the participation of the Party organization of the Company in decision-making on major issues, it shall first listen to the opinions and advice of the Party organization of the Company.

The manager may resign before the expiration of his or her term of office. The specific procedures and methods for the resignation of the manager shall be determined according to the regulations of the employment contract between the manager and the Company. The manager shall draft the manager's work rules and submit them to the Board for approval before implementation.

The working rules for the manager shall include the following contents:

(I) the conditions, procedures and participants for convening the manager's office meeting;

(II) the respective specific duties and division of responsibilities of the manager and other senior management personnel;

(III) the authority for the application of the Company's funds and assets and the execution of material contracts, as well as the reporting system to the Board;

(IV) other matters that the Board deems necessary.

The Company shall have one secretary of the Board to take charge of the preparation of the Company's general meetings and meetings of the Board, the safekeeping of documents and management of the information of the Company's shareholders, and matters like disclosure of information.

The secretary of the Board shall comply with laws, administrative regulations, departmental rules and the Articles of Association.

In case the manager and other senior management violate the laws, administrative regulations, departmental rules or the provisions of the Articles of Association in fulfilling their duties of the Company, and as a result cause loss to the Company, they shall be liable for compensation.

The senior management of the Company shall faithfully perform their duties and act in the best interests of the Company and all shareholders. Where any senior management of the Company fails to faithfully perform his or her duties or breaches his or her obligation of good faith and thereby causes damage to the interest of the Company and public shareholders, he or she shall be liable for compensation according to the laws. If senior management personnel, in the course of implementing the relevant resolutions, find that the implementation is not feasible, that continued implementation may jeopardize the Company's interests, or that material risks arise during the implementation, they shall promptly report the matter to the manager or the Board.

Audit Committee of the Board

The Company does not establish the board of supervisors, and the Audit Committee of the Board shall exercise the following functions and powers:

(I) to review the regular report of the Company prepared by the Board and to provide comments in writing;

(II) to inspect the financial position of the Company;

(III) to supervise the performance of the directors and senior management and to advise the dismissal of any directors and senior management who violate the laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

(IV) to demand rectifications of the directors and senior management where their conducts are detrimental to the interest of the Company;

(V) to propose to convene an extraordinary general meeting and to convene and chair the general meetings if the Board fails to do so as required by the Company Law;

(VI) to submit proposals at a general meeting;

(VII) to institute proceedings against directors and senior management according to the Company Law;

(VIII) to investigate if there are any abnormalities in the operation of the Company; and if necessary, to engage professional institutions such as an accounting firm and a law firm to assist with its work at the expenses of the Company;

(IX) to exercise other powers granted by laws, administrative regulations, departmental rules, listing rules of the place where the shares of the Company are listed or the Articles of Association and the Terms of Reference of the Audit Committee of the Board.

The Audit Committee of the Board shall convene meetings at least twice a year. External auditors of the Company may request to convene a meeting if it thinks necessary. The Audit Committee of the Board shall formulate relevant rules of procedure to define the discussion method and voting procedure of the Audit Committee of the Board to ensure the work efficiency of the Audit Committee of the Board and that the decision-making process is conducted in a scientific manner.

The voting on the resolutions of the Audit Committee shall adopt one vote per person. A resolution made by the Audit Committee shall be approved by more than half of the members of the Audit Committee.

The following matters shall be approved by votes of more than half of all the members of the Audit Committee before the Board makes resolutions on them:

(I) appointment or dismissal of the accounting firm providing audit services to the Company;

(II) appointment or dismissal of the chief financial officer;

(III) disclosure of financial accounting reports;

(IV) other matters as stipulated by the securities regulatory authority of the State Council or the securities regulatory authority of the place where the shares of the Company are listed.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting System

The Company shall establish its financial and accounting system according to the laws, administrative regulations, departmental regulations, regulatory documents and the requirements of the relevant governmental authorities.

The accounting year of the Company is based on the calendar year system, which is from January 1 to December 31 of each calendar year. The Company shall prepare a financial accounting report at the end of each accounting year, which shall be audited by accounting firm in accordance with the laws. The financial accounting report shall be prepared according to relevant laws, administrative regulations and departmental regulations.

The Company publishes financial reports that are prepared in accordance with international accounting standards or overseas accounting standards of the place where the shares are listed twice per accounting year, i.e., an interim financial report within three months after the end of the first six months of each accounting year, and an annual financial report within four months after the end of the accounting year.

The Company publishes result announcement twice per accounting year, i.e., an interim result announcement within two months after the end of the first six months of each accounting year, and an annual result announcement within three months after the end of the accounting year.

Where the above announcements are otherwise regulated by relevant laws, administrative regulations, the securities regulatory authority of the place where the shares of the Company are listed and the Hong Kong Stock Exchange, those provisions shall prevail.

Interim result or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations, as well as international accounting standards or overseas accounting standards of the place where the shares are listed.

The Company shall not keep accounts other than those required by laws. The assets of the Company shall not be kept under the name of any individuals.

In distribution of the profit after tax of the year, 10% of the profit shall be contributed to the statutory reserves of the Company. When the aggregate statutory reserves of the Company have reached more than 50% of the registered capital of the Company, the Company may cease to make further contribution.

Where the statutory reserves of the Company are not sufficient to recover the losses for the previous year, the profit of the current year shall first be used to recover the losses before contributing to the statutory reserves as stipulated above.

The Company may also contribute to the discretionary reserves from the profit after tax upon contributing to the statutory reserves, subject to the resolution of the general meeting.

The Company may distribute the profit after tax according to the proportion of shareholdings after making up for losses and contributing to the statutory reserves.

If the general meeting distributes profits to shareholders before the Company recovers losses and contributes to the statutory reserves in violation of the above provisions, the shareholders shall return the profits distributed in violation of the provisions to the Company. The shareholders and the responsible directors and senior management shall be liable for compensation if the Company suffered losses therefrom.

The shares of the Company held by the Company are not entitled to any profit distribution.

The reserves of the Company may be used to recover losses, expand the production and operation of the Company, or be converted to increase the registered capital of the Company.

When the reserves are used to recover the losses of the Company, the discretionary reserve and the statutory reserve shall be prioritized; the capital reserve may be used in accordance with the regulations if such reserves are not sufficient to recover the losses.

The remaining statutory reserves after the conversion into capital shall be no less than 25% of the registered capital of the Company before the conversion.

The Company may distribute dividends through the following two methods (or through both methods simultaneously):

(I) cash

(II) shares.

The payment of cash dividends and other payments by the Company to the shareholders of domestic shares shall be paid in RMB. The payment of cash dividends and other payments by the Company to shareholders of unlisted foreign shares shall be denominated and declared in RMB and paid in foreign currencies. The payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be denominated and declared in RMB and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other payments by the Company to shareholders of overseas listed shares shall be handled according to the relevant national regulations on foreign exchange management.

Unless otherwise stipulated by relevant laws and administrative regulations, if the cash dividends and other payments are paid in Hong Kong dollars, the exchange rate shall be the average selling price of relevant foreign currencies announced by the People's Bank of China one calendar week before the date of declaration of dividends and other payments.

Internal Audit

The Company shall adopt an internal audit system and designate full-time auditors to supervise the internal audits of financial incomes and expenses as well as the business activities of the Company.

The internal audit system of the Company and the duties of auditors shall come into effect upon the approval of the Board. The person in charge of audits shall be accountable to and report to the Board.

Appointment of Accounting Firm

The Company shall appoint an accounting firm that meets the requirements of laws and regulations and has a good reputation to conduct the audit of accounting statements, verification of net assets and other relevant consulting services for a period of one year, which may be renewed.

The decision on the appointment, dismissal or non-renewal of the accounting firm shall be made by the general meeting.

The Company shall ensure that it will provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the accounting firm appointed without any objection, omission or falsehood.

In the event of termination of the appointment or non-renewal of the appointment of the accounting firm, the Company shall notify the accounting firm 15 days in advance. In the voting for the dismissal of the accounting firm at the general meeting, the Company shall allow the accounting firm to make its representation.

If the accounting firm proposes to resign, it shall explain to the general meeting whether there has been any impropriety on the part of the Company.

If the position of an appointed accounting firm is vacant, the Board may, before convening the general meeting, appoint an accounting firm, provided that such appointment shall be confirmed at the next general meeting. However, if the Company has other incumbent accounting firm during the vacant period, such accounting firm shall still perform their duties.

If the general meeting plans to adopt a resolution to appoint a non-incumbent accounting firm to fill any vacancy of the accounting firm, reappoint an accounting firm appointed by the board to fill a vacancy, or dismiss an accounting firm with an unexpired term, it shall follow the below provisions:

(I) The proposal shall be sent to the accounting firm to be appointed, removed or already removed in the relevant fiscal year before the notice of the shareholders' general meeting is sent out. Removal includes dismissal, resignation and expiration of term;

(II) If the outgoing accounting firm makes a written statement and requests the Issuer to notify shareholders of it, the Issuer shall take the following measures unless the statement is received too late:

1. indicate in the resolution notice that the outgoing accounting firm has made a statement;

2. send a copy of the statement to each shareholder entitled to the meeting notice.

(III) If the Issuer fails to send the accounting firm's statement as required, the relevant accounting firm may require the statement to be read at the shareholders' general meeting and may further present its views;

(IV) An outgoing accounting firm has the right to attend the following meetings:

1. The shareholders' general meeting where its term is to expire;

2. The shareholders' general meeting for filling the vacancy caused by its dismissal;

3. The shareholders' general meeting convened for its voluntary resignation.

An outgoing accounting firm has the right to receive all notices and relevant information of the aforesaid meetings, and to speak at such meetings on matters related to its tenure as the Issuer's former accounting firm.

An accounting firm that is resigning may leave a written notice at the registered office of the issuer. The notice shall include one of the following statements:

(I) A statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of shareholders or creditors of the issuer;

(II) Any statements that shall be accounted for;

(III) Such notices shall become effective on the date on which they are deposited at the registered office of the issuer or on such later date as may be specified in the notices.

Within 14 days after receiving the above written notice, the Issuer shall send a copy of the notice to the competent authority. If the notice includes the statement mentioned in Item (II) above, the Issuer shall also send it to each shareholder entitled to the Issuer's financial reports.

If the accounting firm's resignation notice contains the statement mentioned in Item (II) above, the firm may require the board of directors to convene a temporary shareholders' meeting to hear its explanations about the relevant circumstances of its resignation.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

The Company may engage in activities of merger or division according to laws.

A merger by absorption shall refer to that a company absorbs another company, and the company being absorbed shall be dissolved. A merger by establishment of a new company shall refer to that a new company is established as a result of a merger of two or more companies, and the companies being merged shall be dissolved.

In a merger of companies, all parties to the merger shall sign a merger agreement and prepare their respective balance sheets and checklists of assets. The companies shall notify the creditors within 10 days upon the passing of the resolution about merger and publish an announcement within 30 days.

The creditors may require the Company to pay off the debts or provide corresponding guarantee within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

Once the companies are merged, their creditors' rights and debts shall be assumed by the surviving company or the newly formed company after the merger.

Where a company is divided, its assets shall be divided accordingly.

Where the company is divided, a balance sheet and a checklist of assets shall be prepared. The Company shall notify the creditors within 10 days upon the passing of the resolution about division and publish an announcement within 30 days.

The divided companies shall bear joint and several liability for debts of the pre-division company, unless otherwise stipulated in the written agreement between the Company and the creditors in relation to the repayment of debts prior to the division.

A company which intends to reduce its registered capital shall prepare a balance sheet and a checklist of assets.

The Company shall notify the creditors within 10 days upon the passing of the resolution about the reduction in the registered capital and publish an announcement within 30 days. The creditors shall be entitled to require the Company to pay off the debts or to provide corresponding guarantee within 30 days of the receipt of the notice, or within 45 days upon the date of the announcement if they do not receive the notice.

The registered capital of the Company after the reduction shall not be lower than the statutory minimum amount.

In case of merger or division, the Company shall register changes in particulars of the companies as a result of the merger or division with the company registration authority in accordance with laws. In case of dissolution, the Company shall register the cancelation of a company according to laws. In case of incorporation of a new company, the Company shall register the incorporation of a company in accordance with laws.

In case of any increase or reduction in the registered capital, the Company shall register the changes with the company registration authority in accordance with laws.

Dissolution and Liquidation

The Company shall be dissolved for any of the following reasons:

(I) the expiration of the business period or other reasons for dissolution specified in the Articles of Association;

(II) the general meeting adopts a resolution to dissolve the Company;

(III) dissolution is required due to the merger or division of the Company;

(IV) the Company's business license is revoked, or it is ordered to close down or wind up in accordance with laws;

(V) where the Company gets into serious trouble in operation and management and its continuation may cause substantial losses to the interests of shareholders, and no solution can be found through any other channel, shareholders holding more than 10% of the voting rights of the Company may request the People's Court to dissolve the Company.

If the Company has any reasons for dissolution specified in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

In case of any situation in the paragraph (I), (II) of the above, and the property has not been distributed to shareholders, the Company may continue as a going concern by amending the Articles of Association or by resolution of the general meeting.

Amendments to the Articles of Association in accordance with the provisions of the preceding paragraph or by resolution of the general meeting shall be approved by more than two-thirds of the voting shares held by the shareholders attending the general meeting.

If the Company is dissolved under the circumstances in paragraphs (I), (II), (IV) and (V) of the above, the Company shall establish a liquidation group within 15 days from the date of the occurrence of the cause of dissolution to carry out the liquidation. The liquidation group shall consist of persons determined by directors or by the general meeting. The liquidation obligors shall bear the liability for damages suffered by the Company or creditors due to their failure to perform the obligations of liquidation in a timely manner. If the Company fails to establish a liquidation group within the specified time, or such group does not carry out liquidation after the establishment, the interested person may apply to the People's Court for appointment of relevant persons to establish a liquidation group to carry out the liquidation.

During the liquidation period, the Liquidation Group shall exercise the following powers and authorities:

(I) conduct a review of the Company's property, and separately prepare a balance sheet and an inventory of property;

(II) give notices to and issue public announcements for creditors;

(III) settle the company's outstanding business related to the liquidation;

(IV) pay all taxes owed by the Company and any taxes incurred in the course of the liquidation;

(V) settle the Company's claims and debts;

(VI) distribute the Company's remaining property after settling all debts;

(VII) participate in civil litigation activities on behalf of the Company.

The Liquidation Group shall notify the creditors within ten days from the date of its establishment, and make an announcement in a newspaper or on the National Enterprise Credit Information Publicity System within sixty days. A creditor shall declare its claims to the Liquidation Group within thirty days from the date of receiving the notice, or within forty-five days from the date of the announcement if no such notice is received.

When declaring a claim, a creditor shall state the relevant matters concerning the claim and provide supporting documents. The Liquidation Group shall register the claims.

During the claim declaration period, the Liquidation Group shall not make any repayment to the creditors.

After reviewing the Company's property and preparing the balance sheet and inventory of property, the Liquidation Group shall formulate a liquidation plan and submit it to the shareholders' general meeting or the people's court for confirmation.

The remaining property of the Company, after separately paying the liquidation expenses, employees' wages, social insurance premiums and statutory compensation, paying off all overdue taxes, and settling the company's debts, shall be distributed in proportion to the shares held by the shareholders.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to liquidation. The Company's property shall not be distributed to the shareholders before the liquidation payments specified in the preceding paragraph are made in full.

After checking the assets of the Company and preparing the balance sheet and checklist of assets, if the liquidation group discovers that the Company does not have sufficient assets to settle its debts, the liquidation group shall immediately file a bankruptcy liquidation application to the People's Court.

After the bankruptcy application is accepted by the People's Court, the liquidation group shall hand over the liquidation matters to the trustee in bankruptcy designated by the People's Court.

Upon the completion of the liquidation, the liquidation group shall prepare a liquidation report, submit it to the general meeting or the People's Court for confirmation and submit it to the company registration authority to apply for deregistration of the Company and announce the termination of the Company.

Members of the liquidation group shall perform their liquidating duties and have obligations of fidelity and diligence.

Where members of the liquidation group are remiss in performing their liquidation duties and cause losses to any property of the Company, he/she shall be liable for damages; members of the liquidation group shall be liable for compensation for losses incurred to the Company or creditors of the Company due to their intentional acts or gross negligence.

Where the Company is declared bankrupt according to laws, the Company shall implement bankruptcy liquidation according to laws relating to bankruptcy of enterprises.

Amendment to the Articles of Association

In any of the following circumstances, the Company shall amend the Articles of Association:

(I) if upon amendments to the Company Law, laws, administrative regulations, departmental rules, regulatory documents, or listing rules of the stock exchange of the place where the shares of the Company are listed, any terms contained in the Articles of Association become inconsistent with the provisions abovementioned;

(II) a change in the Company causes inconsistency with those contained in the Articles of Association;

(III) a resolution being passed by the general meeting to amend the Articles of Association.

The amendment of the Articles of Association shall be in accordance with the following procedures:

(I) the Board shall pass a resolution about the amendment of the Articles of Association, and formulate a proposal for amending the Articles of Association;

(II) the Board shall convene a general meeting to vote on the proposal to amend the Articles of Association;

(III) the general meeting adopts the amendment to the Articles of Association by special resolution;

(IV) the Company files the amended Articles of Association with the competent market supervision and management authority.

When a review and approval by the competent authority is required for the amendments to the Articles of Association passed by the general meetings, such amendments shall be submitted to the competent authority for approval. When an amendment to the Articles of Association involves registration, the Company shall also complete the registration of the amendment according to laws.

The Board shall amend the Articles of Association according to the resolution of the general meeting on the amendment of the Articles of Association and the review and approval opinions of the competent authority.

When the amendment to the Articles of Association contains information required to be disclosed by relevant laws and administrative regulations, the Company shall issue an announcement accordingly.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was established as a limited liability company in the PRC on June 22, 2018, and was converted into a joint stock company with limited liability in the PRC on March 22, 2024. As of the Latest Practicable Date, the registered share capital of our Company was RMB225,000,000.

Our Company has established a place of business in Hong Kong at Room 1901, 19/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong and has registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on [●]. Mr. Wong Keith Shing Cheung (王承鏱), the joint company secretary of our Company, has been appointed as our authorized representative for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

2. Changes in Share Capital of our Company

Upon the establishment of our Company under the laws of the PRC on June 22, 2018, our initial registered capital was RMB20,000,000, which has been fully paid up. Set out below are the changes of our registered capital/share capital since the date of incorporation up to the date of this document:

(a) In recognition of the contributions of our employees and to incentivize them to further promote our development, on October 13, 2019, our Shareholders resolved to increase the registered capital from RMB20,000,000 to RMB23,529,400. The increased in registered capital was subscribed by Hangzhou Xiling, our Employee Incentive Platform, at the consideration of RMB3,529,400;

(b) On December 26, 2023, our Shareholders resolved to conduct selective capital reduction on the equity interests in our Company held by Hanghzou Xiling and reduced the registered capital from RMB23,529,400 to RMB22,141,200. The capital reduction amount was RMB1,388,200, which was determined after taking into account: (i) the portion of unpaid equity interests in our Company held by Hanghzou Xiling; and (ii) an independent valuation report of our Company's total equity as at April 30, 2023; and

(c) On March 22, 2024, our Shareholders resolved at a general meeting to approve the conversion of our Company from a limited liability company into a joint stock company with limited liability with its registered capital increased to RMB225,000,000 divided into 225,000,000 Shares with a nominal value of RMB1.00 each. Our Shareholders and their respective shareholding percentages remain unchanged immediately before and after the conversion.

Upon completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, our total [**REDACTED**] share capital will be [**REDACTED**] Shares, consisting of [**REDACTED**] and [**REDACTED**], which represent approximately [**REDACTED**] and [**REDACTED**] of our total [**REDACTED**] share capital, respectively.

Upon completion of the [**REDACTED**] and assuming that the [**REDACTED**] is fully exercised, our total [**REDACTED**] share capital will be [**REDACTED**] Shares, consisting of [**REDACTED**] and [**REDACTED**], which represent approximately [**REDACTED**] and [**REDACTED**] of our total [**REDACTED**] share capital, respectively.

For further details, see "History and Corporate Structure" in this document. Save as disclosed above, there had been no alteration in our share capital within two years immediately preceding the date of this document.

3. Changes in the Share Capital of our Subsidiaries

ZEME Shipyard

On April 7, 2024, ZEME Shipyard was established in the PRC as a limited company, by our Company with an initial registered capital of RMB10,000,000.

On February 20, 2025, the registered capital of ZEME Shipyard was increased from RMB10,000,000 to RMB30,000,000, which was subscribed by our Company.

ZEME International

On January 24, 2024, ZEME International was established in the Singapore as a limited company with an initial issued share capital of USD1 divided into 1 share. On June 18, 2024, additional 99,999 shares were allotted and issued at USD1 per share to our Company.

Save as disclosed above, there has been no alteration in share capital of our subsidiaries within two years immediately preceding the date of this document.

4. Resolutions of the Shareholders

Pursuant to general meetings of our Shareholders held on January 23, 2026 and January 27, 2026, the following resolutions, among others, were passed by our Shareholders:

(a) the issue by our Company of H Shares of nominal value of RMB1.00 each and that such H Shares be listed [**REDACTED**];

(b) that the number of H Shares to be [**REDACTED**] shall not be [**REDACTED**] of the total [**REDACTED**] of our Company as enlarged by the [**REDACTED**], and the grant to the [**REDACTED**] (or their [**REDACTED**]) of the [**REDACTED**] of not [**REDACTED**] of the number of H Shares issued pursuant to the [**REDACTED**];

(c) subject to the completion of the [**REDACTED**], the adoption of the Articles of Association which shall become effective on the [**REDACTED**], and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules; and

(d) authorization of our Board to handle all relevant matters (other than the final matters for [**REDACTED**] plan, [**REDACTED**] investment and the further amendments of Articles of Association and other corporate governance documents pursuant to the [**REDACTED**]) relating to, among other things, the [**REDACTED**] and [**REDACTED**] of the [**REDACTED**].

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

(a) the [**REDACTED**].

2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks, which we consider to be material to our business:

No.	Trademark	Owner	Registration number	Class	Registration date	Expiry date
1 . . .	ZEME	Our Company	74898472	7	July 7, 2024	July 6, 2034
2 . . .	ZEME	Our Company	74895776	7	July 7, 2024	July 6, 2034
3 . . .	ZEME	Our Company	74881876	9	April 28, 2024	April 27, 2034
4 . . .	ZEME	Our Company	74875110	9	July 7, 2024	July 6, 2034
5 . . .	ZEME	Our Company	74886010	11	July 7, 2024	July 6, 2034
6 . . .	ZEME	Our Company	74884244	11	July 14, 2024	July 13, 2034

No.	Trademark	Owner	Registration number	Class	Registration date	Expiry date
7 . . .	ZEME	Our Company	74890781	12	May 7, 2024	May 6, 2034
8 . . .	ZEME	Our Company	74879066	12	July 14, 2024	July 13, 2034
9 . . .	ZEME	Our Company	74899708	37	July 7, 2024	July 6, 2034
10 . .	ZEME	Our Company	74881910	37	July 7, 2024	July 6, 2034
11 . .	ZEME	Our Company	74886139	39	April 28, 2024	April 27, 2034
12 . .	ZEME	Our Company	74881920	39	April 28, 2024	April 27, 2034
13 . .	ZEME	Our Company	74902750	40	April 28, 2024	April 27, 2034
14 . .	ZEME	Our Company	74901992	40	April 28, 2024	April 27, 2034
15 . .	ZEME	Our Company	74900090	42	July 7, 2024	July 6, 2034
16 . .	ZEME	Our Company	74890824	42	July 7, 2024	July 6, 2034
17 . .	ZEME	Our Company	74894220	45	April 28, 2024	April 27, 2034
18 . .	ZEME	Our Company	74890660	45	July 7, 2024	July 6, 2034
19 . .	迈领绿航	Our Company	88488734	7	April 28, 2026	April 27, 2036
20 . .	迈领绿航	Our Company	88488737	45	May 14, 2026	May 13, 2036
21 . .	迈领绿航	Our Company	88488742	12	June 14, 2026	June 13, 2036
22 . .	迈领绿航	Our Company	88488741	42	May 14, 2026	May 13, 2036
23 . .	迈领绿航	Our Company	88488738	40	May 14, 2026	May 13, 2036
24 . .	迈领绿航	Our Company	88488736	39	April 28, 2026	April 27, 2036
25 . .	迈领绿航	Our Company	88488735	9	April 28, 2026	April 27, 2036

No.	Trademark	Owner	Registration number	Class	Registration date	Expiry date
26 . .	迈领绿航	Our Company	88488743	37	May 14, 2026	May 13, 2036
27 . .	迈领绿航	Our Company	88488744	11	May 14, 2026	May 13, 2036

As at the Latest Practicable Date, our Group has applied for the registration of the following trademarks in Hong Kong, which are material to our business:

No.	Trademark	Owner	Application number	Class	Application date
1 . .	ZEME	Our Company	307157584	7, 9, 11, 12, 37, 39, 40, 42 and 45	January 12, 2026
2 . .	ZEME	Our Company	307111755	7, 9, 11, 12, 37, 39, 40, 42 and 45	December 1, 2025
3 . .	ZEME	Our Company	307111647	7, 9, 11, 12, 37, 39, 40, 42 and 45	December 1, 2025
4 . .	迈领绿航	Our Company	307111854	7, 9, 11, 12, 37, 39, 40, 42 and 45	December 1, 2025

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be material to our business:

No.	Patent name/description	Owner	Registration date	Patent number
1 . . .	Gas Heat Removal Device for Desulfurization and Denitrification (一種脫硫脫硝用氣體除熱裝置)	Our Company	January 17, 2020	CN201920806556.8
2 . . .	Desulfurization and Denitrification Tower for Flue Gas Treatment (一種煙氣處理用脫硫脫硝塔)	Our Company	January 17, 2020	CN201920534746.9

No.	Patent name/description	Owner	Registration date	Patent number
3 . . .	Rapid Drainage System for Vessel Desulfurization (一種適用於船舶脫硫的快速排水系統)	Our Company	August 28, 2020	CN201922372103.1
4 . . .	Connection Device Between Flanges of Different Pressure Ratings (一種不同壓力等級法蘭間的連接裝置)	Our Company	September 1, 2020	CN201922381021.3
5 . . .	Carbon Steel Pipe with Stainless Steel Liner and Guide Plate for Outboard Pipe (一種帶導流板的碳鋼管內襯不銹鋼出舷管)	Our Company	September 8, 2020	CN201922372114.X
6 . . .	Cooling System for Circulation Chamber of Hybrid Vessel Desulfurization (一種適用於船舶混合式脫硫的迴圈艙的冷卻系統)	Our Company	September 8, 2020	CN201922385614.7
7 . . .	Slurry Density Measurement Device for New Desulfurization System (一種新型脫硫系統漿液密度測量裝置)	Our Company	September 1, 2020	CN201922367904.9
8 . . .	Ship Exhaust Gas Desulfurization Treatment Device (一種船舶廢氣脫硫處理裝置)	Our Company	September 29, 2020	CN201922374652.2
9 . . .	Efficient Pre-Cooling System for U-Type Scrubber Tower (一種適用於U型洗滌塔的高效預降溫系統)	Our Company	October 2, 2020	CN201922374525.2
10 . .	Cross-Flow Composite Tray for Ship Exhaust Scrubber Tower (一種適用於船舶廢氣洗滌塔的穿流型複合塔盤)	Our Company	October 2, 2020	CN201922367852.5
11 . .	Wastewater Treatment Device for Vessel Desulfurization (一種適用於船舶脫硫廢水的處理裝置)	Our Company	October 9, 2020	CN201922374633.X

No.	Patent name/description	Owner	Registration date	Patent number
12 . .	Efficient Swirl Tray for Ship Exhaust Scrubber Tower and Ship Exhaust Scrubbing System (用於船舶廢氣洗滌塔的高效旋流塔盤、船舶廢氣洗滌系統)	Our Company	October 16, 2020	CN201922381051.4
13 . .	Oxidation Air Duct for Desulfurization Industry (一種用於脱硫行業氧化風管)	Our Company	October 16, 2020	CN201922383811.5
14 . .	Protective Cover for Liquid Level Switch of Marine Scrubber Tower (一種用於船用洗滌塔液位元開關的防護罩)	Our Company	March 23, 2021	CN202022006320.1
15 . .	Water Quality Monitoring System for Vessel Desulfurization Inlet and Outlet (一種適用於船舶脱硫進出口的水質監測系統)	Our Company	April 9, 2021	CN202021907748.7
16 . .	Composite Marine Flue Gas Whitening Heat Exchanger (一種複合型船用煙氣消白換熱器)	Our Company	May 7, 2021	CN202021909082.9
17 . .	Multifunctional Power Stabilization Device for Offshore Floating Power Station (一種適用於海上浮動式電站的多功能電力穩定裝置)	Our Company	August 17, 2021	CN202023203391.7
18 . .	Scrubber Tower (一種洗滌塔)	Our Company	April 5, 2022	CN202122726348.7
19 . .	Efficient Anti-Clogging Hybrid Vessel Desulfurization Equipment (一種高效抗堵型的船舶混合式脱硫設備)	Our Company	April 5, 2022	CN202122733353.0
20 . .	Flue Gas Waste Heat Recovery System for Vessel Desulfurization (一種適用於船舶脱硫的煙氣餘熱回收系統)	Our Company	May 13, 2022	CN202123219064.5

No.	Patent name/description	Owner	Registration date	Patent number
21 . .	Mobile Container Shore Power Device with Switchable Cable Output (一種可切換出纜的移動式集裝箱岸電裝置)	Our Company	May 17, 2022	CN202123347697.4
22 . .	Device to Prevent Suspension Sedimentation (一種防止懸浮液沉積的裝置)	Our Company	July 26, 2022	CN202220782736.9
23 . .	FGSS Gasification Cold Energy Recovery System (一種FGSS氣化冷能回收利用系統)	Our Company	September 6, 2022	CN202221434968.1
24 . .	Corrugated Demister for Enhanced Desulfurization (一種脫硫增效的波紋除霧器)	Our Company	June 6, 2023	CN202223605332.1
25 . .	Dual-Tank Marine LNG Supply System Cold Energy Utilization Device (雙罐型船用LNG供氣系統冷能利用裝置)	Our Company	December 8, 2023	CN202321639755.7
26 . .	Marine LNG Cold Energy Cascade Recovery System (一種船用LNG冷能梯級回收利用系統)	Our Company	July 12, 2024	CN202321648841.4
27 . .	Split-Type Shaft Clamping Device (分瓣式抱軸裝置)	Our Company	April 4, 2025	CN202421613636.9
28 . .	Split-Type Shaft Clamping Device (一種分瓣式抱軸裝置)	Our Company	May 27, 2025	CN202422181418.9
29 . .	Ship Windshield Wall (船舶擋風牆)	Our Company	July 11, 2025	CN202422336129.1
30 . .	Anti-Flue Gas Short-Circuit Pipeline System for Multi-Tower Vessel Desulfurization (一種適用於多塔型式船舶脫硫的防煙氣短路管路系統)	Our Company	June 3, 2022	CN202123213380.1
31 . .	Energy-Saving Vessel Desulfurization System (一種運行節能的船舶脫硫系統)	Our Company	June 2, 2023	CN202223600496.5

No.	Patent name/description	Owner	Registration date	Patent number
32 . .	Pre-Rotation Guide Wheel (前置預旋導輪)	Our Company	July 4, 2025	CN202422325468.X
33 . .	Multifunctional Air Pollution Control System (一種多功能的大氣污染防治系統)	Our Company	January 17, 2020	CN201810071398.6
34 . .	Energy-Saving Nozzle and Spray System for Vessel Desulfurization (一種適用於船舶脫硫的節能型噴嘴及其噴淋系統)	Our Company	June 14, 2022	CN202210286034.6
35 . .	System Based on Ship EGCS Data Collection and Remote Monitoring (一種基於船舶EGCS運行資料獲取及遠端監控的系統)	Shanghai Qipan Marine Technology Co., Ltd. (上海啟盤海洋科技有限公司); Our Company	March 22, 2022	CN202011328766.4
36 . .	Ship Exhaust Gas Treatment System and Method (船舶尾氣處理系統及其方法)	Our Company	July 7, 2023	CN202310438910.7
37 . .	Ship Fuel Supply Safety Monitoring System and Method (船舶燃料供應安全監測系統及其方法)	Our Company	July 7, 2023	CN202310424268.7
38 . .	Ship Exhaust Gas Hybrid Desulfurization System and Method (船舶廢氣混合式脱硫系統及其方法)	Our Company	August 1, 2023	CN202310552974.X
39 . .	Pressure Relief Device and Method for Container Medium-Voltage Distribution Cabinet (用於集裝箱中壓配電櫃的洩壓裝置及方法)	Our Company	August 25, 2023	CN202310702440.0
40 . .	Ship Exhaust Gas Desulfurization Process and System (船舶尾氣脱硫工藝及其系統)	Our Company	August 29, 2023	CN202310445481.6
41 . .	Marine Methanol Supply Method and System (船用甲醇供應方法及其系統)	Our Company	September 12, 2023	CN202310822446.1

No.	Patent name/description	Owner	Registration date	Patent number
42 . .	Auxiliary Spray Device for Scrubber Tower (一種洗滌塔用噴淋輔助裝置)	Our Company	September 29, 2023	CN202310885257.9
43 . .	Ship Exhaust Gas Scrubbing System and Method (船舶尾氣洗滌系統及其方法)	Our Company	October 10, 2023	CN202310818130.5
44 . .	Shell-and-Tube Heat Exchanger Structure for Methanol Supply (甲醇供給用管殼式換熱器結構)	Our Company	November 21, 2023	CN202311140285.4
45 . .	LNG Marine Bunkering Device and Method (一種LNG 船用加注裝置以及加注方法)	Our Company	January 9, 2024	CN202311349174.4
46 . .	Methanol Circulation Pump for Marine Methanol Fuel Supply System (一種船用甲醇燃料供給系統甲醇迴圈泵)	Our Company	March 19, 2024	CN202410044494.7
47 . .	Shell-and-Tube Heat Exchanger (一種管殼式換熱器)	Our Company	April 5, 2024	CN202410016735.7
48 . .	LNG Safety Monitoring System Based on Condition Monitoring and Automatic Content Identification (基於狀態監控自動識別含量的液化天然氣安全監測系統)	Our Company	April 5, 2024	CN202311155974.2
49 . .	Dual Filter Easy-to-Clean Device (一種便於清洗的雙聯濾器)	Our Company	April 2, 2024	CN202410035637.8
50 . .	High-Sealing Swirl-Type Methanol Circulation Pump (一種高密封性能的旋渦型甲醇迴圈泵)	Our Company	April 5, 2024	CN202410078711.4
51 . .	CO_2 Recovery Control System and Method for Natural Gas-Powered Ships (用於天然氣動力船舶的二氧化碳回收控制系統及其方法)	Our Company	April 19, 2024	CN202311115697.2

No.	Patent name/description	Owner	Registration date	Patent number
52 . .	Energy-Saving and Easy-Maintenance Scrubber Tower and Exhaust Gas Desulfurization Method (一種節能便於維修的洗滌塔以及廢氣脫硫處理方法)	Our Company	April 26, 2024	CN202111317788.5
53 . .	Marine Methanol Supply System (一種船用甲醇供應系統)	Our Company	July 12, 2024	CN202410615550.8
54 . .	Hybrid Ship Shaft Generator Device (一種混合動力船舶變速軸帶發電機裝置)	Our Company	July 12, 2024	CN2024105665471
55 . .	Shore Power Equipment and Method (一種岸電設備及其使用方法)	Our Company	July 30, 2024	CN202410620239.2
56 . .	High-Strength Support Structure for Ship Generator (一種船舶發電機高強度支撐結構)	Our Company	August 16, 2024	CN202410725333.4
57 . .	Ship Shore Power Station and Method (一種船舶岸電站及其使用方法)	Our Company	August 27, 2024	CN202410847892.2
58 . .	Dynamic Balance Testing Device for Container Ship Shaft Generator (一種集裝箱船用軸帶發電機的動平衡測試裝置)	Our Company	September 3, 2024	CN202410847001.3
59 . .	Marine Shore Power Equipment (一種船舶用岸電設備)	Our Company	September 6, 2024	CN2024108478941
60 . .	Marine Diesel Engine Exhaust Dust Removal and Decarbonization Device and Method (一種船用柴油機廢氣除塵脫碳設備及其使用方法)	Our Company	September 6, 2024	CN202410792431.X
61 . .	Ship Bow Windshield and Method (一種用於船舶的船艏擋風罩及其使用方法)	Our Company	October 1, 2024	CN202411011911.4
62 . .	Ship Dual-Fuel System (一種船舶雙燃料系統)	Our Company	October 15, 2024	CN202411059940.8

No.	Patent name/description	Owner	Registration date	Patent number
63 . .	Shaft Generator for Ships (一種用於船舶的軸帶發電機)	Our Company	November 15, 2024	CN202411178585.6
64 . .	Integrated Absorption Reaction Tower for Vessel Desulfurization and Decarbonization (一種船舶用脱硫脱碳一體吸收反應塔)	Our Company	November 19, 2024	CN202410920020.4
65 . .	Ship Decarbonization System (一種用於船舶的脱碳系統)	Our Company	November 22, 2024	CN2024111902830
66 . .	Installation Device for Ultra-Large Container Ship Shaft Generator (一種超大型集裝箱船軸帶發電機的安裝裝置)	Our Company	November 29, 2024	CN202411303008.5
67 . .	Integrated Reaction Device for Ship Exhaust Gas Decarbonization (一種用於船舶尾氣脱碳處理的一體反應裝置)	Our Company	November 29, 2024	CN202411062705.6
68 . .	Integrated Ship Exhaust Gas Denitrification and Decarbonization Device with Absorption and Solidification (一種集吸收固化為一體的船舶尾氣脱硝脱碳裝置)	Our Company	December 10, 2024	CN2024113578808
69 . .	Rotor Impact Testing Device for Ship Shaft Generator (一種船舶用軸帶發電機的定轉子衝擊測試裝置)	Our Company	December 31, 2024	CN2024114980649
70 . .	Torsion Testing Device and Method for Container Ship Shaft Generator (一種集裝箱船用軸帶發電機的扭轉測試設備及方法)	Our Company	January 17, 2025	CN2024111393807
71 . .	Tensioning Device for Ship Shaft Generator (一種船舶軸帶發電機的漲緊裝置)	Our Company	February 14, 2025	CN202411554391.1

No.	Patent name/description	Owner	Registration date	Patent number
72 . .	Ship Exhaust Gas Purification Desulfurization Device and Method (一種船舶廢氣淨化用脫硫裝置及其方法)	Our Company	February 18, 2025	CN202411690140.6
73 . .	Swirl Filtration Ballast Water Filtering Device and Method (一種旋流過濾式壓載水過濾裝置及方法)	Our Company	February 25, 2025	CN202411548523.X
74 . .	Vessel Desulfurization Device (一種船舶用脫硫裝置)	Our Company	March 11, 2025	CN202411856620.5
75 . .	Steel Structure Welding Alignment Guide Device and Method for Ship Hull Manufacturing (一種船體結構製造用鋼結構焊接引導對齊裝置及方法)	Our Company; ZEME Shipyard	April 18, 2025	CN202510065197.5
76 . .	Ship Sewage Well Monitoring System and Method (一種船舶污水井監測系統及方法)	Our Company	May 2, 2025	CN202510080557.9
77 . .	Ship Exhaust Gas Desulfurization Scrubber Tower (一種船舶尾氣脫硫洗滌塔)	Our Company	May 9, 2025	CN202411616084.1
78 . .	Hybrid Ship Exhaust Gas Desulfurization and Denitrification Equipment and Treatment Process (船舶廢氣處理用混合式脫硫脫硝設備及處理工藝)	Our Company	August 5, 2025	CN202310537661.7
79 . .	Continuous LNG Fuel Supply Device and Method for Ships (應用於船舶的LNG連續性燃料供應裝置及供應方法)	Our Company	August 1, 2025	CN202310537663.6
80 . .	Efficient Swirl Tray for Ship Exhaust Scrubber Tower (一種適用於船舶廢氣洗滌塔的高效旋流塔盤)	Our Company	May 16, 2025	CN201911368681.6
81 . .	Visual Inspection Device and Method for Ship Hull Surface Welds (一種用於船體結構表面焊縫檢測的視覺檢測裝置及方法)	Our Company; ZEME Shipyard	June 27, 2025	CN2024119102373

No.	Patent name/description	Owner	Registration date	Patent number
82 . .	LNG Fuel Supply System and Method with Hidden Integrated Structural Unit (帶隱藏式集成結構單元的LNG燃料供應系統及方法)	Our Company	August 22, 2025	CN202310807469.5
83 . .	Positioning Welding Device and Method Based on Container Ship Steel Structure (一種基於集裝箱船舶鋼結構的定位焊接裝置及方法)	Our Company; ZEME Shipyard	September 23, 2025	CN202510399966.5
84 . .	Shore Power Winch with Self-Protection Function (具有自我保護功能的岸電絞車)	Our Company	September 26, 2025	CN202511071792.6
85 . .	Shore power equipment with a multi-winding module （多繞卷模組的岸電設備）	Our Company	October 17, 2025	CN202511115273.5
86 . .	Windshield Wall (Basic Model) (擋風牆(基本款))	Our Company	April 25, 2025	CN202430609498.6
87 . .	Windshield Wall (Extended Rear Model) (擋風牆(尾部加高款))	Our Company	April 25, 2025	CN202430609497.1
88 . .	Processing device for marine machinery accessories/parts (一種用於船舶機械配件的加工裝置)	ZEME Shipyard	November 25, 2025	CN202423272902.9
89 . .	Bending device for shipbuilding components (一種船舶建造零部件用折彎裝置)	ZEME Shipyard	November 21, 2025	CN202423272889.7
90 . .	Steel structure welding device for hull construction (一種用於船體結構建造的鋼結構焊接裝置)	ZEME Shipyard	November 21, 2025	CN202423184432.0
91 . .	Grinding/polishing device for marine steel structures (一種船舶鋼結構打磨裝置)	ZEME Shipyard	November 14, 2025	CN202423184435.4
92 . .	Hoisting structure suitable for marine processing operations (一種適用於船舶加工吊裝結構)	ZEME Shipyard	October 17, 2025	CN202423184437.3

No.	Patent name/description	Owner	Registration date	Patent number
93 . .	Rust removal mechanism for steel plates used in ship repair and construction (一種船舶修造用鋼板除銹機構)	ZEME Shipyard	May 19, 2026	CN224255007U
94 . .	Hull rust removal device for ship repair (一種用於船舶維修的船體除銹裝置)	ZEME Shipyard	April 7, 2026	CN224090400U
95 . .	Lifting device for a large container ship shaft-driven generator rotor (一種大型集裝箱船軸帶發電機轉子起吊裝置)	ZEME Shipyard	February 6, 2026	CN 223879282U
96 . .	Device for container ship lashing tests (一種用於集裝箱船綁紮試驗的裝置)	ZEME Shipyard	March 24, 2026	CN 224035115 U
97 . .	Ship construction flatness inspection device (一種船舶建造平整度檢驗裝置)	ZEME Shipyard	March 17, 2026	CN 224004396U
98 . .	Fault Monitoring and Adaptive Control Methods and Systems for Marine Desulfurization Systems (用於船舶脫硫系統的故障監測與自適應調控方法及系統)	Our Company	February 3, 2026	CN 121165515 B
99 . .	Leakage Monitoring Method Based on LNG Gas System (一種基於LNG燃氣系統的洩漏監測方法)	Our Company	July 21, 2026	CN 122050612 B
100 .	PLC Control Software for Air Lubrication Drag Reduction System (空氣潤滑減阻系統PLC控制軟體)	Our Company	April 3, 2026	2026SR0529595

Software copyright

As of the Latest Practicable Date, we have registered the following software copyrights which we consider to be material to our business:

No.	Software name	Owner	Registration number	Date of registration
1 . . .	MPUSOx-U Type Hybrid Desulfurization System (MPUSOx-U型混合式脱硫系統)	Our Company	2019SR1449224	April 15, 2019
2 . . .	MPUSOx-U Type Open Desulfurization System (MPUSOx-U型開式脱硫系統)	Our Company	2019SR1451471	May 12, 2019
3 . . .	MPUSOx-I Type Hybrid Desulfurization System (MPUSOx-I型混合式脱硫系統)	Our Company	2019SR1448666	November 10, 2019
4 . . .	Material Balance Calculation Software for Marine Exhaust Gas Scrubbing and Purification System (船舶尾氣洗滌淨化系統物料平衡計算軟件)	Zhejiang University; Our Company; Zhejiang Energy Group; Zhejiang Technology Environmental Group	2020SR1142485	August 20, 2020
5 . . .	System Design Software for Full-Process Efficient Purification Technology of Marine Exhaust Nitrogen Oxides (船舶尾氣氮氧化物全流程高效淨化技術系統設計軟件)	Zhejiang University; Zhejiang Technology Environmental Group; Our Company; Ningbo C.S.I. POWER & Machinery Group Co., Ltd. (寧波中策動力機電集團有限公司); Zhejiang Hailiang Environmental Materials Co., Ltd. (浙江海亮環境材料有限公司)	2020SR1506260	July 7, 2019

No.	Software name	Owner	Registration number	Date of registration
6 . . .	LFSS Methanol Supply Skid Control System Software (LFSS甲醇供給撬塊控制系統軟件)	Our Company	2023SR1620857	August 18, 2023
7 . . .	Container Ship FGSS Control System Software (集裝箱船FGSS控制系統軟件)	Our Company	2023SR1736775	August 8, 2023
8 . . .	Ship 3D Repair Process Optimization Design and Management System (船舶三維修理工藝優化設計管理系統)	ZEME Shipyard	2025SR0301944	/
9 . . .	Integrated Platform for Modular Reconstruction Design of Container Ships (集裝箱船模組化重構設計集成平臺)	ZEME Shipyard	2025SR0302241	/
10 . .	PLC Control Software for Air Lubrication Drag Reduction System (空氣潤滑減阻系統PLC控制軟體)	Our Company	2026R11S0443895	April 3, 2026

Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be material to our business:

No.	Owner	Domain name	Registration date	Expiry date
1	Our Company	zeme.com.cn	June 16, 2023	June 16, 2029

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right which was material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executive of our Company in the share capital of our Company

Immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interests and short positions of our Directors and chief executive of our Company in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, in each case once our Shares are [**REDACTED**]:

Name of Director/ chief executive	Nature of interest	Number and description of Shares	Approximate percentage of shareholding in the relevant type of Shares[1]	Approximate percentage of shareholding in the total share capital of our Company[1]
Mr. Wang[2]	Interest in controlled corporation	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Notes:

1. The calculation is based on the total number of [**REDACTED**] and [**REDACTED**] in [**REDACTED**] upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised) comprising [**REDACTED**] to be [**REDACTED**] pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

2. As of the Latest Practicable Date, Dizuan Marine is owned by Mr. Wang and Hangzhou Yuansheng, as to 56.25% and 43.75% respectively, Hangzhou Yuansheng is owned by Mr. Shen Lvyuan (沈呂遠) and Ms. Sheng Yuji (盛雨霽), as to 67% and 33% respectively. By virtue of SFO, (i) Mr. Wang and (ii) Mr. Shen Lvyuan (沈呂遠) are deemed to be interested in the Shares held by Dizuan Marine.

(b) Interests of the substantial shareholders in the Shares and underlying shares of our Company or any member of our Group

For the information on the persons who will, immediately following the completion of the [**REDACTED**], have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders" in this document.

2. Service Contracts

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

Save as disclosed above, none of our Directors has or is proposed to have entered into any service contract with any member of our Group (excluding contracts expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" in this document and note 8 to the Accountants' Report for the years ended December 31, 2023, 2024 and 2025 and five months ended May 31, 2026, none of our Directors received other remunerations of benefits in kind from us.

4. Employee Incentive Scheme

The following is a summary of the principal terms of the Employee Incentive Scheme approved and adopted by our Shareholders' meeting in October 2019. The terms of the Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Employee Incentive Scheme does not involve the grant of options by our Company after the [**REDACTED**]. Given the underlying Shares under the Employee Incentive Scheme had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the Employee Incentive Scheme.

As of the Latest Practicable Date, our Company had established the Employee Incentive Scheme, namely Hangzhou Xiling. Hangzhou Xiling holds 21,759,000 Shares directly. For the details of the Employee Incentive Platform, see "History and Corporate Structure — Employee Incentive Scheme" in this document.

Objectives

The purpose of the Employee Incentive Scheme is to recognize contributions of our employees and to incentivize them to further promote our development.

Eligibility

Pursuant to the scheme documents (the "**Scheme Documents**"), participants of the Schemes include our Directors, Group's core employees and senior management members.

Grant of Awards

All selected participants do not have any voting rights in our Company. The selected participants will be granted awards in the form of economic interest in the Employee Incentive Platform conditional upon certain conditions as specified in Scheme Documents and upon completion of payment with respective amount of exercise price, such selected participants will become a limited partner of Hangzhou Xiling.

The limited partners have the rights to (a) attend or appoint a representative to attend to partners' meetings; (b) review meeting minutes, audit financial statements and other operating information; (c) understand and supervise the operations and give opinions; (d) profit distribution; and (e) transfer capital contributions.

The limited partners may withdraw from the partnership at the decision of the general partners upon occurrence of the situations including (a) losing the qualification of a partner as stipulated in the Scheme Documents; (b) domotion or dismissal due to incompetence in performing their job duties; and (c) injury, loss of capacity, death, or other circumstances that make it difficult for them to continue participating in the Employee Incentive Platform.

Having comprehensively considered various factors such as position, number of years employed at our Company, salary and contribution to our Company, the Board determines the identities of the participants (the "**Participants**"), the amount of awards and subscription price of the awards. The Participants will contribute the corresponding subscription price to the Employee Incentive Platform as capital contributions, and sign a partnership agreement with the other partners of the Employee Incentive Platform.

Administration of the scheme

As at the Latest Practicable Date, Hangzhou Xiling has four general partners, namely Mr. Wang, Mr. Guo Jinrong (郭錦榮), Mr. Shen Haitao (沈海濤) and Mr. Xu Huiping (徐慧平). Mr. Xu Huiping (徐慧平) is the executive partner responsible for the day-to-day operation and management of Hangzhou Xiling. The executive partner has the sole and exclusive right to execute the affairs of Hangzhou Xiling and to represent Hangzhou Xiling externally.

The general partners will hold regular meetings to decide on matters in relation to the Employee Shareholding Platform including: (a) amendment to the partnership agreements; (b) provision of guarantee for others; (c) disposal of the real estate; (d) admission of new partners; (e) increase or decrease of the capital contribution; (f) change of the name; (g) change of the business scope or principal place of business; (h) transfer or disposal of the intellectual property rights and other property rights; (i) appointment of persons other than partners as the management personnel; and (j) other matters according to laws, regulations and the partnership agreements.

Disposals

Pursuant to the terms of the Scheme Documents, the awards under the Employee Incentive Platform are subject to a lock-up period of six years. The limited partners are not allowed to transfer more than 25% of their partnership interests each year and they are not allowed to transfer to parties other than the partners under the Employee Incentive Platform or employees decided by the general partners.

5. Disclaimers

(a) none of our Directors or any of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix is:

  (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this document, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Company; or

  (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix:

  (i) is interested legally or beneficially in any shares in any member of our Group; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group; and

(c) save as disclosed in the sections headed "Business" and "Connected Transactions", so far as is known to our Directors, none of our Directors or their respective close associates (as defined under the Listing Rules) or Shareholders who owns more than 5% of the issued shares of our Company has any interests in the five largest customers or the five largest suppliers in each year of the Track Record Period of our Group.

OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or any of our subsidiaries under the laws of the PRC.

2. Litigation

Save as disclosed in the section headed "Business — Legal Proceedings and Compliance", during the Track Record Period and as of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration or claim of material importance, and, so far as we are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group, which would have a material adverse effect on our financial condition or results of operations, taken as a whole.

3. [REDACTED]

The [**REDACTED**] has made an [**REDACTED**] on behalf of our Company to the Hong Kong Stock Exchange for the [**REDACTED**] of, and [**REDACTED**], our [**REDACTED**].

Each of the [**REDACTED**] satisfies the independence criteria applicable to [**REDACTED**] set out in Rule 3A.07 of the Listing Rules. Each of the [**REDACTED**] will receive a [**REDACTED**] of [**REDACTED**] for acting as the [**REDACTED**] for the [**REDACTED**].

4. Preliminary expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

5. Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this document are as follows:

Name	Qualifications
CITIC Securities (Hong Kong) Limited	Licensed corporation under the SFO for Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CMB International Capital Limited	A licensed corporation under the SFO for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor

Name	Qualifications
Han Kun Law Offices	Company's PRC legal advisor
Han Kun LLP	Company's international sanctions laws legal adviser
China Insights Industry Consultancy Limited	Industry consultant

6. Consents

Each of the experts as referred to in the paragraph headed "— Other Information — 5. Qualifications of Experts" in this Appendix has given and has not withdrawn its respective written consents to the issue of this document with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

7. Interests of experts in our Company

Save for its obligations under the [**REDACTED**], none of the persons named in "— Other Information — 5. Qualifications of Experts" in this Appendix above is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

8. Taxation of Holders of H Shares

(1) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(2) Consultation with professional advisors

[**REDACTED**] in the [**REDACTED**] are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of [**REDACTED**] for, purchasing, holding or disposing of or [**REDACTED**] in our [**REDACTED**] (or exercising rights attached to them). None of our Company, our Directors, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], or any other person or party involved in the [**REDACTED**] accept responsibility for any tax effects on, or liabilities of, any person, resulting from the [**REDACTED**], purchase, holding or disposal of, [**REDACTED**] in or the exercise of any rights in relation to our [**REDACTED**].

9. No Material Adverse Change

Our Directors confirm that, as of the date of this document, there has been no material adverse change in the financial or trading position of our Company since May 31, 2026 (being the date on which the latest audited consolidated financial information of our Group was prepared).

10. Promoters

The promoters of our Company are Zhejiang Technology Environmental Group, Dizuan Marine and Hangzhou Xiling.

Save as disclosed in "History and Corporate Structure" in this document within the two years preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

11. Restrictions on Repurchase

For details, see Appendix III to this document.

12. Binding Effect

This document shall have the effect, if an [**REDACTED**] is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. Bilingual Document

The English and Chinese language versions of this document are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

14. Miscellaneous

(a) save as disclosed in the section headed "History and Corporate Structure", within the two years preceding the date of this document, (i) our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any shares of our Company;

(b) no Share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) our Company has no outstanding convertible debt securities or debentures;

(e) there is no arrangement under which future dividends are waived or agreed to be waived;

(f) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(g) our Company is not presently listed on any stock exchange or traded on any trading system; and

(h) our Company is a joint stock limited company and is subject to the PRC Company Law.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of each of the material contracts referred to in the paragraph headed "Appendix IV — Statutory and General Information — Further Information about the Business of our Company — 1. Summary of Material Contracts"; and

(ii) the written consents referred to in the paragraph headed "Appendix IV — Statutory and General Information — Other information — 6. Consents".

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at **https://www.zeme.com.cn/** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.com** up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I;

(c) the audited consolidated financial statements of our Group for the three years ended December 31, 2023, 2024, and 2025, and the five months ended May 31, 2026;

(d) the report prepared by Ernst & Young on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II;

(e) the industry report issued by China Insights Industry Consultancy Limited referred to in the section headed "Industry Overview";

(f) the PRC legal opinion issued by Han Kun Law Offices, our PRC Legal Advisor, in respect of, among other things, the general matters and property interests of our Group under the PRC laws;

(g) the material contracts referred to in the paragraph headed "Appendix IV — Statutory and General Information — Further Information about the Business of our Company — 1. Summary of Material Contracts";

(h) the service contracts referred to in the paragraph headed "Appendix IV — Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — 2. Service Contracts";

(i) the written consents referred to in the paragraph headed "Appendix IV — Statutory and General Information — Other Information — 6. Consents";

(j) the PRC Company Law, the PRC Securities Law and Overseas Listing Trial Measures together with unofficial English translations thereof; and

(k) the PRC Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translation.