



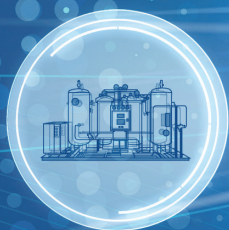
上海匯舸環保科技集團股份有限公司
CONTIOCEAN ENVIRONMENT TECH GROUP CO., LTD.

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

Stock Code: 2613

2025

INTERIM REPORT



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Definitions

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

"Adoption Date"	1 August 2025, being the date on which the Scheme is approved and adopted by the Shareholders
"Affiliate(s)"	shall include the following: <ul style="list-style-type: none">(a) any direct or indirect holding company of the Company;(b) any direct or indirect Subsidiary of any company included in (a) above; and(c) any associated company of the Company, but excluding any members of the Group
"Articles of Association" or "Articles"	the articles of association of the Company adopted on 27 July 2024, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Award Letter"	the letter issued by the Company to each Participant in such form as the Board or the Committee may from time to time determine, specifying the grant terms, including the date of grant, the manner of acceptance of the Awards, the number of Restricted Shares underlying the Awards, the vesting dates and conditions, the vesting date, the grant price (if applicable) and such other details, terms and conditions as they may consider necessary and in compliance with the Scheme
"Awards"	the awards granted by the Board or the Committee to an Eligible Participant pursuant to the Scheme
"Board of Directors" or "Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"Co-founders"	Mr. Zhou Yang, Mr. Zhao Mingzhu, and Mr. Chen Zhiyuan

Definitions *(Continued)*

"Committee"	means the person(s) from time to time delegated by the Board with the power and authority to administer the Scheme
"Company" or "our Company" or "the Company"	ContiOcean Environment Tech Group Co., Ltd. (上海匯舸環保科技集團股份有限公司) (stock code: 2613), a joint stock company incorporated in the People's Republic of China with limited liability
"Concert Party Agreement"	the concert party agreement (一致行動人協議書) dated 13 October 2022 entered into among Mr. Zhou Yang, Mr. Zhao Mingzhu, and Mr. Chen Zhiyuan
"ContiOcean Development"	ContiOcean Corporate Development LLP (上海匯舸企業發展合夥企業(有限合夥)), formerly known as Huzhou ContiOcean Equity Investment Partnership (LP) (湖州匯舸股權投資合夥企業(有限合夥)) and ContiOcean (Huzhou) Corporate Management Partnership (LP) (匯舸(湖州)企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on 21 May 2021 and our employee shareholding platform, with its general partner being ContiOcean Industrial
"ContiOcean Industrial"	ContiOcean (Nantong) Environment Industrial Holdings Co., Ltd. (匯舸(南通)環保產業控股有限公司), a limited liability company established in the PRC on 14 May 2021 and controlled by our Co-founders
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refers to Mr. Zhou Yang, Mr. Zhao Mingzhu, Mr. Chen Zhiyuan, and ContiOcean Development for the purpose of the Listing Rules
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	the China Securities Regulatory Commission
"Date of Grant"	means the date on which the Board or the Committee resolves to make an offer of an Award to an Eligible Participant, which date must be a Business Day
"Director(s)"	the directors of our Company, including all executive, non-executive, and independent non-executive Directors
"ECL"	expected credit loss

Definitions *(Continued)*

"Eligible Participant(s)"	persons who are eligible to participate in, and be granted Awards under, the Scheme
"Employee Participant(s)"	any employee (excluding core connected persons) of the Company and any of its Subsidiaries (each such person being an "Employee Participant")
"ESG"	environment, social and governance
"EUR" or "Euro"	the lawful currency of the European Union
"Global Offering"	the Hong Kong Public Offering and International Offering
"Group", "our Group", "our", "we", or "us"	the Company and its subsidiaries, or any one of them as the context may require or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"H1 2024"	the six-month period from 1 January 2024 to 30 June 2024
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HKD" or "HK\$"	Hong Kong dollars the lawful currency of Hong Kong
"Hong Kong Public Offering"	has the meaning ascribed to it in the Prospectus
"IFRS"	IFRS Accounting Standards, as issued from time to time by the International Accounting Standards Board
"IMO"	the International Maritime Organization
"International Offering"	has the meaning ascribed to it in the Prospectus
"Latest Practicable Date" or "LPD"	31 August 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this Interim Report prior to its publication

Definitions *(Continued)*

"LFSS"	low-flashpoint fuel supply system
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	9 January 2025, the date on which the H Shares were initially listed on the Hong Kong Stock Exchange
"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
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NEEQ"	National Equities Exchange and Quotations
"Non-H Share(s)"	ordinary Share(s) with a nominal value of RMB1.00 each, other than our H Shares
"Other Participant(s)"	means any person or entity (excluding core connected persons) other than the Employee Participants, the Related Entity Participants and the Service Providers, whom the Board or the Committee in its sole discretion considers may contribute or have contributed to the Group (including but not limited to any consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group)
"Participants"	the participants of the Pre-IPO Share Option Scheme
"PCTC"	Pure Car and Truck Carriers
"PRC", "China" or "Mainland China"	the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires otherwise, references in this interim report to "China" and "the PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the People's Republic of China, and Taiwan
"PRC Company Law"	the Company Law of the 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
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme which came into effect on 27 July 2024

Definitions *(Continued)*

"Prospectus"	the prospectus of the Company dated 31 December 2024
"R&D"	research and development
"Related Entity Participant(s)"	any employee of the Affiliates (each such person being a "Related Entity Participant")
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period" or the "Period" or "H1 2025"	the six-month period from 1 January 2025 to 30 June 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Scheme" or "2025 H Share Restricted Share Scheme"	the 2025 H Share Restricted Share Scheme proposed to be adopted by the Company
"Scheme Period"	subject to any early termination of the Scheme pursuant to terms of the Scheme, the Scheme shall be valid and expiring on the Business Day immediately prior to ten (10) years from the Adoption Date (i.e. 1 August 2025 which is the day on which the Scheme is approved by the Shareholders at the EGM)
"Securities Transaction Code for Directors, Supervisors and Senior Management"	the securities transaction code formulated by the Company for Directors, Supervisors and senior management of the Company
"Service Provider(s)"	means any person (including any entity) that provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group including but not limited to person(s) who work for any member of the Group as independent contractors (such as agents, distributors, contractors, vendors, suppliers, advisers, consultants and other service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time

Definitions *(Continued)*

"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of our Share(s)
"Shareholders Communication Policy"	the shareholders communication policy of the Company
"Stock Exchange" or "Hong Kong Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisors of our Company
"Supervisory Committee"	the supervisory committee of the Board
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented, or otherwise modified from time to time
"Trust"	the trust constituted or to be constituted by the Trust Deed
"Trust Deed"	a trust deed entered or to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the 2025 H Share Restricted Share Scheme
"Trustee"	the trustee (which is independent of and not connected with the Company) appointed or to be appointed by the Company for the administration of the Scheme or any additional or replacement trustee
"U.S." or "United States"	the United States of America, its territories, its possessions, and all areas subject to its jurisdiction
"USD" or "US\$"	United States dollars, the lawful currency of the United States
"VAT"	value-added-tax
"%"	per cent

Corporate information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Zhu Rongyuan (*Chairman*)
Mr. Zhou Yang
Ms. Ng Sin Kiu¹
Dr. Guan Yanmin¹

STOCK CODE

2613

LISTING DATE

9 January 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

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

REGISTERED OFFICE

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

COMPANY'S WEBSITE

www.contioceangroup.com

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office No. 2506
25th Floor, Landmark South
39 Yip Kan Street
Wong Chuk Hang
Hong Kong

H SHARE REGISTRAR

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

¹ With effect from 28 March 2025, Dr. Guan Yanmin, an independent non-executive director of the Company, ceased to be a member of the Nomination Committee and Ms. Ng Sin Kiu, an independent non-executive director of the Company, has been appointed as a member of the Nomination Committee

Corporate information *(Continued)*

COMPANY SECRETARY

Mr. Shu Wa Tung, Laurence

SUPERVISORS

Mr. Shen Xiaowei

Mr. Yu Yuanyang

Mr. Wu Yunfeng

AUTHORIZED REPRESENTATIVES

Mr. Shu Wa Tung, Laurence

Mr. Chen Rui

COMPLIANCE ADVISER

China Galaxy International Securities

(Hong Kong) Co., Limited

20th Floor, Wing On Centre

111 Connaught Road Central

Sheung Wan

Hong Kong

HONG KONG LEGAL ADVISER

Allen Overy Shearman Sterling

9th Floor, Three Exchange Square

Central

Hong Kong

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.

Shanghai Branch, Changle Sub-branch

No. 801 Changle Road

Shanghai

PRC

Bank of Communications Co., Ltd.

Shanghai Municipal Branch

10th Floor, 99 South Zhong Shan Road

Shanghai

PRC

Interim Financial Highlights

	H1 2025 (Unaudited) RMB'000	H1 2024 (audited) RMB'000	Change (%)
Revenue	143,486	336,466	-57.4%
Gross profit	44,436	142,782	-68.9%
Profit for the period	6,061	82,082	-92.6%
Profit attributable to owners of the Company	6,945	82,494	-91.6%
	RMB	RMB	%
Basic earnings per share	0.18	2.75	-93.5%
Diluted earnings per share	0.18	N/A	N/A

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000	Change (%)
Total assets	822,948	453,619	81.4%
Total liabilities	335,125	169,387	97.8%
Net assets	487,823	284,232	71.6%

Management Discussion and Analysis

OVERVIEW

The Group's revenue and profit for the Reporting Period were approximately RMB143.5 million (H1 2024: RMB336.5 million) and RMB6.1 million (H1 2024: RMB82.1 million), respectively. Basic earnings per share attributable to owners of the Company for the Reporting Period was RMB0.18 (H1 2024: RMB2.75). The Board has not recommended the payment of interim dividend for the Reporting Period.

GEOGRAPHICAL MARKET ANALYSIS

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

	H1 2025 (Unaudited) (RMB'000)	H1 2024 (Audited) (RMB'000)	Approximate percentage change	Approximate percentage of total revenue in H1 2025	Approximate percentage of total revenue in H1 2024
Mainland China	78,769	191,771	-58.9%	54.9%	57.0%
Overseas	64,717	144,695	-55.3%	45.1%	43.0%
	143,486	336,466	-57.4%	100.0%	100.0%

The Group's revenue from the Mainland China decreased by approximately RMB113.0 million or 58.9% from RMB191.8 million in H1 2024 to RMB78.8 million in H1 2025, as most new orders secured in early 2025 are predominantly long-cycle in nature. Accordingly, the relevant orders had not been completed and the revenue had not been recognized in the Reporting Period.

The Group's revenue from overseas decreased by approximately RMB80.0 million or 55.3% from RMB144.7 million in H1 2024 to RMB64.7 million in H1 2025, which was mainly due to geopolitical tensions and recent tariff-driven volatility, compounded by peak-season shipyard slot constraints and surging dry dock charges domestically. These have prompted overseas shipowners to defer non-urgent retrofits.

Despite these challenges, the Company has proactively implemented strategies to accelerate expansion into new markets, and accelerated the development and collaboration of new products and products for potential demand to mitigate the adverse impacts.

Management Discussion and Analysis *(Continued)*

BUSINESS SEGMENT ANALYSIS

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

	H1 2025 (Unaudited) (RMB'000)	H1 2024 (Audited) (RMB'000)	Approximate percentage change	Approximate percentage of total revenue in H1 2025	Approximate percentage of total revenue in H1 2024
Marine exhaust gas cleaning systems	45,173	204,402	-77.9%	31.5%	60.7%
Marine energy-saving devices	7,688	22,557	-65.9%	5.4%	6.7%
Marine clean-energy supply systems	36,316	13,288	173.3%	25.3%	3.9%
Maritime services	54,309	96,219	-43.6%	37.8%	28.7%
	143,486	336,466	-57.4%	100.0%	100.0%

Marine exhaust gas cleaning systems generated revenue of approximately RMB204.4 million in H1 2024 and RMB45.2 million in H1 2025. Revenue from marine exhaust gas cleaning system decreased by about 77.9% in H1 2025 as compared to H1 2024, primarily due to the following reasons:

- (i) during H1 2025, most newbuilding projects remained in the installation and commissioning phase, with sea trials and final delivery not yet completed. Consequently, revenue from marine exhaust gas cleaning systems decreased significantly; and
- (ii) shipyard slot constrains arising from the high utilization of the shipyard capacities in China. This situation caused a short-term surge in dry-dock charges at Chinese repair yards during the Reporting Period, thereby reducing shipowners' economic feasibility for retrofits in short run.

Management Discussion and Analysis *(Continued)*

The Group's revenue from marine energy-saving devices decreased from RMB22.6 million in H1 2024 to RMB7.7 million in H1 2025 mainly due to:

- (i) geopolitical tensions and tariff impacts, combined with peak-season capacity constraints at Chinese shipyards and surge in dry-dock charges. These have rendered retrofits of some energy-saving devices less economically attractive for shipowners versus the same period of last year, resulting in a substantial decrease in energy-saving devices deliveries during the Reporting Period and driving significant revenue contraction; and
- (ii) that although newly developed energy-saving solutions (e.g., plate heat exchangers) secured considerable orders, most of them are newbuilding projects and involved long delivery cycles. Consequently, most projects remained uncompleted, and revenue had not been recognized in the Reporting Period.

The Group's revenue from marine clean-energy supply systems increased significantly by about 173.3%, from RMB13.3 million in H1 2024 to RMB36.3 million in H1 2025 due to the following reasons:

- (i) since 2021, new order intake in the shipbuilding market has consistently remained at elevated levels, with historic global growth in new energy shipbuilding orders in 2024. Concurrently, tightening environmental regulations in shipping had accelerated widespread adoption of clean fuels like liquefied natural gas and methanol. To ensure safety during handling and transportation, these low-flashpoint fuels required nitrogen-based tank sealing and purging operations, in turn driving sustained expansion in the market demand of nitrogen system; and
- (ii) the Company had intensified R&D investments in clean energy technologies, enhancing system performance and stability while achieving significant cost reductions. The convergence of external market growth and internal technological advantages had led to rapid acceleration in new order intake. As these orders were being delivered, revenue had achieved transformative expansion in the Reporting Period.

The Group's revenue from maritime services decreased from RMB96.2 million in H1 2024 to RMB54.3 million in H1 2025. The 43.6% decrease was mainly due to that most new orders for maritime services secured in 2024 and the Reporting Period predominantly featured long delivery cycles, preventing completion of delivery and revenue recognition in H1 2025.

We remain positioned to capture growth from the IMO-led regulatory shifts and marine sustainability initiatives, driving expanded revenue generation through our comprehensive equipment and system solutions.

Management Discussion and Analysis *(Continued)*

CUSTOMER ANALYSIS

Below is a breakdown of revenue by customers:

	H1 2025 (Unaudited) (RMB'000)	H1 2024 (Audited) (RMB'000)	Approximate percentage change	Approximate percentage of total revenue in H1 2025	Approximate percentage of total revenue in H1 2024
Customer A	39,316	66,876	-41.2%	27.4%	19.9%
Customer B	23,522	73,237	-67.9%	16.4%	21.8%
Customer C	19,452	79,292	-75.5%	13.6%	23.6%
Customer D	16,465	11	149,581.8%	11.5%	0.0%
Other customers	44,731	117,050	-61.8%	31.1%	34.7%
	143,486	336,466	-57.4%	100.0%	100.0%

During the Reporting Period, our top four customers generated the majority of revenue — a concentration level consistent with industry norms for maritime environmental protection systems. Annual variation among key clients is significant, reflecting the nature of these capital-intensive solutions: shipowners typically invest in non-recurring capital expenditures on maritime environmental protection equipment and system rather than repeat-purchase consumables.

The revenue from Customer A, Customer B and Customer C decreased by 41.2%, 67.9% and 75.5% respectively while the revenue from Customer D increased significantly from a minimal amount of RMB11,000 attributable to sales of spare parts in H1 2024 to RMB16.5 million in H1 2025.

Our strategy to reduce concentration risks focuses on: (i) cultivating emerging market relationships; (ii) broadening product portfolios to reach wider customer segments; and (iii) boosting brand visibility through targeted sales initiatives.

Simultaneously, we are leveraging technology to drive innovation, sharpen our competitive edge, and decrease dependencies on any single customer. These efforts collectively advance our primary objectives: diversified revenue streams and a fortified long-term market position.

Management Discussion and Analysis *(Continued)*

RESEARCH AND DEVELOPMENT

As a global leader in maritime environmental protection equipment and system provider, the Group maintains an unwavering commitment to R&D excellence, consistently pioneering innovative products and services including:

Marine energy-saving devices

- Optimization development of Dual-Alkali Carbon Capture Systems: Completed fundamental process calculations following phase I trials. Currently advancing phase II testing for product refinement, with focused experimentation to acquire comprehensive data and expertise on solid-liquid separation solutions.
- Waste Heat Recovery Systems: Achieved a milestone delivery of our inaugural waste heat recovery system for 7000 PCTC. The system demonstrably reduces vessel operational energy consumption during ship operation and contributes to energy-saving and emission-reduction efforts in the shipping sector.

Marine clean-energy supply systems

- Stirling LiqBOG System: Through our jointly established experimental platform with Zhejiang University, the Company has successfully developed the Stirling LiqBOG System. This system employs the advanced reverse-Stirling cycle principle to achieve liquefaction via compression and expansion of helium working medium. The Stirling LiqBOG System can avoid the risk of storage tank overpressure caused by gas expansion while reducing greenhouse gas emissions.

Patent Achievements

The Group was successfully granted 6 new patents (including 3 invention patents) in the Reporting Period, bringing the total portfolio to 86 patents (including 45 invention patents).

OUTLOOK

The geopolitical tensions and tariff disputes in H1 2025 have unfolded against a complex global operating environment for the shipping industry that underscores both structural headwinds and resilient long-term opportunities for the maritime environmental protection industry. While industry-wide pressures have temporarily impacted near-term revenue visibility, our foundational strategy remains firmly aligned with irreversible regulatory and market trends supporting sustainable shipping. During the Reporting Period, the orders we received were mainly of newbuildings types due to the change in demand from customers as a result of geopolitical tensions and tariff-driven volatility which required longer delivery schedule than the retrofit in-service ship orders and revenue is expected to be recognized subsequent to 2025. The Group had gained substantial progress in securing new orders, with the total contract value of our order backlog amounted to RMB861.7 million as at 30 June 2025, increased by RMB278.6 million or 47.8% as compared to that of RMB583.1 million as at 31 December 2024.

Management Discussion and Analysis *(Continued)*

Notably, while external environmental shifts have exerted short-term pressure on the Group's performance, the long-term trajectory of the market demand for maritime ESG solutions remains unaltered — global governance consensus on climate change driven by fossil fuel usage, coupled with maturing clean energy technologies and declining clean fuel costs paving the way for scaled adoption, alongside industry leaders' demonstration effect in their ESG measures propelling some small and medium sized enterprises to intensify ESG investments, collectively sustain favorable conditions for the Group's growth in marine exhaust gas cleaning systems, marine energy saving devices, marine clean-energy supply systems, and maritime services.

During this transformation window, the Group will leverage its technological first-mover advantage to achieve critical breakthroughs: the commercialization process for marine clean-energy supply systems accelerated significantly (clean-energy segment revenue surged 173.3% period-over-period) in H1 2025, effectively balancing cyclical volatility in traditional businesses; the implementation of the FuelEU Maritime Regulation is systematically expanding market penetration avenues for marine ESG solutions; and with the capital advantages built upon the successful H share listing (period-end cash reserves: RMB296.7 million), we sustained strategic R&D investments (current period: RMB9.6 million) to advance industrialization roadmaps for next-generation technologies for the energy-saving devices and clean-energy supply systems.

Going forward, we will reinforce our competitive edge through deepening penetration in regulation-driven markets (e.g., Europe) to continuously consolidate our industry leadership. The ongoing industry recalibration in the short term creates value-generation opportunities for technologically integrated enterprises. With the introduction of more mandatory environmental regulations by the European Union and the IMO, early adopters offering integrated ship ESG solutions are expected to gain significant economic profits. The Group will, through precision resource deployment and differentiated technological development strategies, achieve simultaneous advancement in market share expansion and profitability resilience enhancement during the industry's evolution.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to RMB143.5 million, decreased by RMB193.0 million or 57.4% as compared to that of RMB336.5 million in H1 2024. The decrease in revenue was mainly due to (i) the impact on China's shipbuilding and shipping industries as a result of geopolitical tensions and recent tariff-driven volatility; (ii) delay in the delivery of certain high-value backlog orders that had been secured before 2025, as a result of adjustments in shipyard repair and newbuilding schedules of our customers during the Reporting Period; and (iii) most new orders secured in early 2025 are predominantly long-cycle in nature, and accordingly the relevant orders have not been completed and the revenue has not been recognized in the Reporting Period.

Management Discussion and Analysis *(Continued)*

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit amounted to RMB44.4 million, decreased by RMB98.4 million or 68.9%, as compared to that of RMB142.8 million in H1 2024, mainly due to the decreases in gross profit of (i) marine exhaust gas cleaning systems from RMB107.2 million in H1 2024 to RMB16.1 million in the Reporting Period; (ii) marine energy-saving devices from RMB11.2 million in H1 2024 to RMB2.3 million in the Reporting Period; and (iii) maritime services from RMB21.4 million in H1 2024 to RMB16.4 million in the Reporting Period.

Our overall gross profit margin decreased from 42.4% in H1 2024 to 31.0% in the Reporting Period, partly because the revenue contribution from marine clean-energy supply systems and maritime services further increased in H1 2025, as compared to H1 2024. These business segments had not yet achieved full in-house manufacturing and accounted for a higher proportion of operating costs, resulting in a decline in overall gross profit margin in H1 2025. The drop in gross profit margin of our marine exhaust gas cleaning systems due to the overall decrease in market price, as a result of increasing competition and the increase in shipyard installation cost, being another factor leading to the decline of the Group's overall gross profit margin.

Other income

The Group's other income amounted to RMB5.2 million in the Reporting Period, increased by approximately RMB2.6 million or 100.0% as compared to that of RMB2.6 million in H1 2024. This increase was mainly due to the increased government grants from RMB0.2 million in H1 2024 to RMB2.4 million in the Reporting Period, as more subsidies were granted by the PRC local government authorities to group entities as incentives for the Group's operating activities in the Reporting Period.

Please refer to the table below and note 6 to the consolidated financial statements for details.

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Interest income	2,794	2,435
Government grants (Note)	2,376	185
Others	3	11
	5,173	2,631

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

Management Discussion and Analysis *(Continued)*

Other gains and losses

The Group recorded a gain of RMB5.3 million in H1 2024 while a loss of RMB1.3 million in the Reporting Period for other gains and losses, primarily due to net foreign exchange losses of RMB3.2 million recorded in the Reporting Period, compared to the net foreign exchange gains of RMB5.5 million incurred in H1 2024. This was mainly due to the depreciation of USD and HKD against RMB during the Reporting Period, generating material exchange losses on the Company's USD/HKD-denominated monetary assets. Conversely, USD appreciation against RMB in H1 2024 yielded exchange gains on USD holdings.

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Net foreign exchange (losses) gains	(3,175)	5,470
Fair value gains on financial assets at FVTPL	1,882	–
Loss on disposal of equipment	–	(121)
Others	(4)	(4)
	(1,297)	5,345

Distribution and selling expenses

The Group's distribution and selling expenses amounted to approximately RMB9.7 million in the Reporting Period, decreased by RMB10.9 million or 52.9% from that of RMB20.6 million in H1 2024. It was primarily due to the decrease in sales commission from RMB14.8 million incurred in H1 2024 to RMB4.4 million incurred in the Reporting Period.

Administrative expenses

The Group's administrative expenses amounted to RMB23.0 million in the Reporting Period, slightly decreased by RMB0.5 million or 2.1% from that of RMB23.5 million in H1 2024.

Research and development expenses

The Group's research and development expenses amounted to RMB9.6 million in the Reporting Period, slightly decreased by RMB0.5 million or 5.0% from RMB10.1 million in H1 2024.

Impairment losses under ECL model, net of reversal

The Group's impairment losses under the ECL model, net of reversal, amounted to a gain of RMB1.7 million in the Reporting Period, decreased by RMB2.0 million, as compared to a loss of RMB0.3 million in H1 2024. It was mainly due to the decrease in our trade receivables balance as at 30 June 2025, as compared to the amount as at 31 December 2024, resulting in a reversal of previously recognized impairment losses on trade receivables.

Finance costs

The Group's finance costs amounted to RMB1.2 million in the Reporting Period, increased by RMB0.8 million or 200.0% as compared to approximately RMB0.4 million in H1 2024. The increase in finance costs was primarily due to the higher average balance of our bank borrowings in the Reporting Period as compared to H1 2024.

Management Discussion and Analysis *(Continued)*

Income tax expense

Our income tax expense decreased by 96.4% from RMB13.7 million in H1 2024 to RMB0.5 million in the Reporting Period. This was primarily attributed to the decrease of profit before tax in H1 2025 as compared to H1 2024.

Profit for the Reporting Period

As a result of the foregoing, the Group's profit for the Reporting Period amounted to RMB6.1 million, decreased by RMB76.0 million or 92.6% as compared to RMB82.1 million in H1 2024.

Property, plant and equipment

Our property, plant and equipment mainly consisted of (i) buildings, (ii) machinery and equipment, (iii) office equipment and furniture, (iv) transportation equipment, (v) leasehold improvements and (vi) construction in progress.

As at 30 June 2025, the Group's property, plant and equipment amounted to RMB45.1 million, decreased by RMB1.7 million or 3.6% from RMB46.8 million as at 31 December 2024. The decrease was mainly due to depreciation in the Reporting Period.

Inventories

Our inventories primarily consisted of (i) raw materials and consumables such as stainless-steel plates and stainless-steel pipes, (ii) work in progress from production lines, and (iii) finished goods, i.e. products that were manufacturing, completed quality inspection processes and were ready to be delivered.

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Raw materials and consumables	3,898	1,143
Work in progress	6,423	3,329
Finished goods	43,891	24,177
	54,212	28,649

The Group's inventories amounted to RMB54.2 million as at 30 June 2025, increased by RMB25.6 million or 89.5% as compared to RMB28.6 million as at 31 December 2024. The primary reason is that the Company's newly secured orders and order backlog scale rapidly increased during the Reporting Period. Consequently, the scale of raw materials, work-in-progress, and finished goods all experienced substantial growth compared to the amount as at 31 December 2024.

Management Discussion and Analysis *(Continued)*

Trade and other receivables

Our trade and other receivables mainly consisted of (i) trade receivables, less allowance for ECL; and (ii) prepayments, notes receivables, VAT recoverable, rental deposits, letter of credit and bank guarantee deposits, advance to employees and deposits for acquisition of an operating vessel.

The Group's trade and other receivables amounted to RMB249.3 million as at 30 June 2025, increased by RMB83.7 million or 50.5% as compared to RMB165.6 million as at 31 December 2024, which was mainly due to the following reasons:

- (i) the decrease in trade receivables and letter of credit and bank guarantee deposits, from RMB80.2 million and RMB13.9 million as at 31 December 2024 respectively to RMB48.6 million and RMB5.0 million as at 30 June 2025, which was mainly due to the decrease of revenue in H1 2025 as compared to H1 2024;
- (ii) the prepayments of RMB146.2 million as at 30 June 2025 which included the down payment to suppliers, consultant service fee, research and development fee, compared to RMB31.6 million as at 31 December 2024; and
- (iii) the payment of the deposits for acquisition of an operating vessel amounting RMB39.4 million in the Reporting Period, whereas there was nil payment of deposits for the same purpose as at 31 December 2024, as this deposit payment was for the purpose of acquisition of a long-term asset, which was classified as other receivables under non-current assets.

Financial assets at fair value through profit or loss

The Group's financial assets amounted to RMB137.9 million as at 30 June 2025, increased by RMB118.1 million or 596.5% as compared to RMB19.8 million as at 31 December 2024.

The financial assets represented the Group's subscription of wealth management products from independent third parties. The underlying investments of the wealth management products are high liquidity, low risk financial instruments including US treasury notes with remaining maturity within one year and other cash and cash equivalents with committed return ranged from 1.0% to 4.5% per annum. The wealth management products are principal-and-return-guaranteed.

Restricted bank deposits

Our restricted bank deposits referred to the security deposits we made at banks for the issuance of bank guarantees, letters of credits and bankers' acceptance. The Group's restricted bank deposits decreased by RMB2.1 million or 28.0% from RMB7.5 million as at 31 December 2024 to RMB5.4 million as of 30 June 2025. This decrease was mainly because of the release of the deposits upon the expiration of certain bank guarantees.

Cash and cash equivalents

The Group's cash and cash equivalents increased by RMB163.3 million or 122.4% from RMB133.4 million as at 31 December 2024 to RMB296.7 million as at 30 June 2025. The increase was mainly attributable to the proceeds received from the issuance of H shares of the Company and proceeds from bank borrowings.

Management Discussion and Analysis *(Continued)*

Trade and other payables

Our trade and other payables mainly consisted of (i) trade payables, (ii) notes payable, (iii) other payables, (iv) payroll payables, (v) accrued expenses, (vi) dividend payable and (vii) other tax payables.

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Trade payables — third parties	43,305	40,822
Notes payables	9,265	14,862
Payroll payables	3,257	7,608
Other payables — third parties	7,890	17,627
Accrued expenses	3,253	5,776
Dividend payable	60,000	—
Other tax payables	265	1,177
	127,235	87,872

The average credit period on purchases of goods and services of the Group is 90 days.

The Group's trade and other payables increased by RMB39.3 million or 44.7% from RMB87.9 million as at 31 December 2024 to RMB127.2 million as at 30 June 2025. The increase was mainly due to the dividend payable of RMB60.0 million, which was subsequently paid in July 2025.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, we have sufficient working capital to meet our requirement for business operation. Our cash and cash equivalents increased by RMB163.3 million or 122.4% from RMB133.4 million as at 31 December 2024 to RMB296.7 million as at 30 June 2025. The increase was primarily attributable to the proceeds received from issuance of H shares of the Company and increase in the proceeds from bank borrowings in the Reporting Period.

CASH FLOW USED IN OPERATING ACTIVITIES

For the six months ended 30 June 2025 the net cash used in operating activities by the Group amounted to RMB103.6million (six months ended 30 June 2024: RMB14.9 million), the change was mainly due to (i) the Group's operating profit declined materially during the Reporting Period as compared to H1 2024; (ii) the Group entered into long-term strategic partnerships with suppliers and prepaid certain procurement funds to ensure fulfillment of production and delivery requirements for its current order backlog.

Management Discussion and Analysis *(Continued)*

CASH FLOW USED IN INVESTING ACTIVITIES

For the six months ended 30 June 2025, the net cash used in investing activities by the Group amounted to RMB132.4 million while the net cash flow from investing activities for the six months ended 30 June 2024 was RMB36.5 million, which was primarily because (i) we invested idle funds in capital-preserving wealth management products during the current period; (ii) we paid an earnest money deposit of RMB39.4 million for vessel acquisitions.

CASH FLOW FROM FINANCING ACTIVITIES

For the six months ended 30 June 2025, the net cash from financing activities by the Group amounted to RMB398.8 million, while the net cash flow used in financing activities for the six months ended 30 June 2024 was RMB44.0 million, which was primarily because (i) we completed its listing on the Main Board of HKEX, generating net proceeds of approximately RMB294.5 million in the Reporting period; (ii) we obtained net proceeds of RMB127.4 million from bank borrowings. Comparatively, the net cash outflow of RMB44.0 million from financing activities in the H1 2024 was primarily attributable to cash dividend distributions.

CAPITAL EXPENDITURES AND INVESTMENT

For the six months ended 30 June 2025, the Group's total capital expenditure amounted to RMB39.5 million as the deposits for acquisition of an operating vessel. Save as disclosed above, the Group did not make any significant investments during the six months ended 30 June 2025.

ORDER BOOK

Our order backlog (by order number and value) as at 30 June 2025 are as follows:

- (i) Marine exhaust gas cleaning systems: we had 185 orders on hand as of 30 June 2025, including 53 orders for ship exhaust gas cleaning systems and 132 orders for spare parts, with a total contract value of RMB308.9 million (185 orders on hand as of 31 December 2024, including 20 orders for ship exhaust gas cleaning systems and 165 orders for spare parts, with a total contract value of RMB140.4 million).
- (ii) Marine energy-saving devices: we had 44 orders on hand with a total contract value of RMB29.1 million as of 30 June 2025 (32 orders on hand with a total contract value of RMB20.9 million as of 31 December 2024).
- (iii) Marine clean-energy supply systems: we had 96 orders on hand with a total contract value of RMB146.7 million as of 30 June 2025 (70 orders on hand with a total contract value of RMB148.6 million as of 31 December 2024).
- (iv) Maritime services: we had 637 orders on hand with a total contract value of RMB377.0 million as of 30 June 2025 (649 orders on hand with a total contract value of RMB273.2 million as of 31 December 2024).

Management Discussion and Analysis *(Continued)*

INDEBTEDNESS

Our indebtedness mainly included bank borrowings and lease liabilities, mostly denominated in RMB. Our indebtedness increased from RMB41.9 million as of 31 December 2024 to RMB171.0 million as of 30 June 2025. It was primarily attributable to the increase in bank borrowings.

As at 30 June 2025, the Group's bank loans amounted to RMB167.3 million (31 December 2024: RMB40 million), and lease liabilities amounted to RMB3.7 million (31 December 2024: RMB1.9 million). The annual interest rates of the bank loans ranged from 2.30% to 3.00%. (31 December 2024: 3.00% to 3.40%)

PLEDGE OF ASSETS

As of 30 June 2025, the Group did not pledge any assets.

GEARING RATIO

The gearing ratio is total liabilities divided by total asset at the end of the Reporting Period and multiplied by 100%. As of 30 June 2025, the gearing ratio of the Group was 40.7% (as of 31 December 2024: 37.3%).

CONTINGENT LIABILITIES

As of 30 June 2025, we did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

For the six months ended 30 June 2025, the Group has not undertaken any material acquisitions or disposal transactions.

FOREIGN EXCHANGE RISK

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

EMPLOYEES AND REMUNERATION

As at 30 June 2025, the Group had a total workforce of 126 employees (31 December 2024: 111 employees). The remuneration packages for the Group's employees are determined with reference to their job responsibilities, position level, professional experience, and work performance.

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

Management Discussion and Analysis *(Continued)*

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

As disclosed in the Prospectus, the Company plans to acquire controlling stake in a company holding an ocean-going ship as our maritime R&D platform and a mobile exhibition platform to showcase the Group's equipment and system offering and pipeline products and the negotiations are underway. The expected source of funding is from the proceeds received from the Global Offering.

INTERIM DIVIDEND

The Board did not recommend any payment of interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

CORPORATE GOVERNANCE PRACTICES

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

In the Reporting Period, to the best of the Directors' knowledge, the Company has complied with all code provisions set out in Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Supervisors of the Company on terms no less exacting than the required standards set in the Model Code.

Having made specific enquiries of all Directors and Supervisors, they have confirmed that they have complied with the Model Code in the Reporting Period.

CORPORATE GOVERNANCE MEASURES TO AVOID POTENTIAL CONFLICTS OF INTEREST

As stated in the Prospectus of the Company dated 31 December 2024, the Company has adopted certain measures to ensure good corporate governance standards and to avoid potential conflicts of interest between the Group and the Controlling Shareholders. Accordingly, the independent non-executive Directors have conducted an annual review on whether there are any conflicts of interests between the Group and the Controlling Shareholders, and confirmed that they are not aware that there are any conflicts of interests between the Group and the Controlling Shareholders.

Management Discussion and Analysis *(Continued)*

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

As at 30 June 2025, so far as the Directors are aware, the following persons (other than the Directors, Supervisors or chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares or underlying Shares of the Company

Name	Nature of Interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate percentage of relevant class of share capital (%)	Approximate shareholding percentage in total share capital of the Company (%)
Mr. Zhou Yang ⁽²⁾	Beneficial owner	Non-H Share	9,787,500 (L)	32.63	24.47
		H Share	167,500 (L) ⁽⁴⁾	1.68	0.42
	Interest in controlled corporation	Non-H Share	2,400,000 (L)	8.00	6.00
	Interest held jointly with another person	Non-H Share	16,312,500 (L)	54.38	40.78
		H Share	335,000 (L)	3.35	0.84
Mr. Zhao Mingzhu ⁽²⁾	Beneficial owner	Non-H Share	8,156,250 (L)	27.19	20.39
		H Share	167,500 (L) ⁽⁴⁾	1.68	0.42
	Interest in controlled corporation	Non-H Share	2,400,000 (L)	8.00	6.00
	Interest held jointly with another person	Non-H Share	17,943,750 (L)	59.81	44.86
		H Share	335,000 (L)	3.35	0.84
Mr. Chen Zhiyuan ⁽²⁾	Beneficial owner	Non-H Share	8,156,250 (L)	27.19	20.39
		H Share	167,500 (L) ⁽⁴⁾	1.68	0.42
	Interest in a controlled corporation	Non-H Share	2,400,000 (L)	8.00	6.00
	Interest held jointly with another person	Non-H Share	17,943,750 (L)	59.81	44.86
		H Share	335,000 (L)	3.35	0.84
Mr. Shu Wa Tung, Laurence	Beneficial owner	Non-H Share	1,500,000 (L)	5.00	3.75
		H Share	134,000 (L) ⁽⁴⁾	1.34	0.34
Mr. Chen Rui	Interest in a controlled corporation ⁽³⁾	Non-H Share	300,000 (L)	1.00	0.75
	Beneficial owner	H Share	201,000 (L) ⁽⁴⁾	2.01	0.50
Mr. Shen Xiaowei	Interest in a controlled corporation ⁽³⁾	Non-H Share	600,000 (L)	2.00	1.50
Mr. Yu Yuanyang	Interest in a controlled corporation ⁽³⁾	Non-H Share	300,000 (L)	1.00	0.75

Management Discussion and Analysis *(Continued)*

Notes:

- (1) The letter “L” denotes respectively a “long position” (as defined under Part XV of the SFO) in such Shares.
- (2) Mr. Zhou Yang, Mr. Zhao Mingzhu, and Mr. Chen Zhiyuan are parties acting in concert. Please see “Relationship with Our Controlling Shareholders — Controlling Shareholders — The Concert Party Agreement in the Prospectus for further details. In addition, for the purpose of Part XV of the SFO, each of them is deemed to be interested in the 2,400,000 Shares held by ContiOcean Development, whose general partner is ContiOcean Industrial, a company owned by Mr. Zhou Yang, Mr. Zhao Mingzhu and Mr. Chen Zhiyuan.
- (3) Pursuant to the partnership agreement among the partners of ContiOcean Development (a limited partnership that holds 2,400,000 Shares), each of Mr. Chen Rui, Mr. Shen Xiaowei and Mr. Yu Yuanyang is interested in 12.50%, 25.00% and 12.50% interest in the partnership, respectively. Each of Mr. Chen Rui, Mr. Shen Xiaowei and Mr. Yu Yuanyang is deemed to be proportionately interested in the corresponding 300,000 Shares, 600,000 Shares and 300,000 Shares, respectively, held by ContiOcean Development.
- (4) Each of Mr. Zhou Yang, Mr. Zhao Mingzhu, Mr. Chen Zhiyuan, Mr. Shu Wa Tung, Laurence and Mr. Chen Rui was granted share options under the Pre-IPO Share Option Scheme to each subscribe for 250,000 Shares, 250,000 Shares, 250,000 Shares, 200,000 Shares and 300,000 Shares. 82,500, 82,500, 82,500, 66,000 and 99,000 options for Mr. Zhou Yang, Mr. Zhao Mingzhu, Mr. Chen Zhiyuan, Mr. Shu Wa Tung, Laurence and Mr. Chen Rui were regarded as lapsed in accordance with the terms of the scheme.

Save as disclosed above, as at 30 June 2025, there were no other persons (other than the Directors, Supervisor and chief executives of the Company) had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Management Discussion and Analysis *(Continued)*

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

As at 30 June 2025, so far as the Directors are aware, the following persons (other than the Directors, Supervisors or chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

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

Management Discussion and Analysis *(Continued)*

Notes:

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

Save as disclosed above, as at 30 June 2025, there were no other persons (other than the Directors, Supervisor and chief executives of the Company) had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Management Discussion and Analysis *(Continued)*

PRE-IPO SHARE OPTION SCHEME

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

(a) Purpose

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

(b) Number of Shares

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

(c) Participants

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

(d) Administration

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

(e) Implementation

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

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

Management Discussion and Analysis *(Continued)*

(f) Date of grant of options

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

(g) Exercising Arrangement

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

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

Management Discussion and Analysis *(Continued)*

(h) Exercise of Options

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

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

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

(i) Expiry of options

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

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

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

Management Discussion and Analysis *(Continued)*

(k) Summary of Grantees

On 29 July 2024, our Company granted share options for an aggregate of 3,930,000 H Shares (being the maximum number of H Shares underlying the options under the Pre-IPO Share Option Scheme), representing 9.83% of the issued share capital of the Company immediately following completion of the Global Offering to 50 grantees. As at 30 June 2025, there were a total of 2,613,000 outstanding share options.

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

Grantee	Number of outstanding share options as at 1 January 2025	Number of share options granted during the Reporting Period	Number of share options exercised during the Reporting Period	Number of share options cancelled during the Reporting Period	Number of outstanding share options lapsed in accordance with the terms of the scheme during the Reporting Period	Number of outstanding share options as at the end of the Reporting Period
Directors						
Zhou Yang	167,500	0	0	0	0	167,500
Zhao Mingzhu	167,500	0	0	0	0	167,500
Chen Zhiyuan	167,500	0	0	0	0	167,500
Shu Wa Tung, Laurence	134,000	0	0	0	0	134,000
Chen Rui	201,000	0	0	0	0	201,000
Employees (Other than Directors)						
Other company's employees	1,775,500	0	0	0	0	1,775,500
Total	2,613,000	0	0	0	0	2,613,000

Management Discussion and Analysis *(Continued)*

The number of Shares that may be issued in respect of share options granted during the Reporting Period under the Pre-IPO Share Option Scheme divided by the weighted average number of Shares of the relevant class in issue for the six months ended 30 June 2025 was nil as no H Share was issued before the Listing Date.

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

The Pre-IPO Share Option Scheme will expire on 28 July 2034 unless otherwise cancelled or amended. As at the date of this interim report, the remaining period of validity of the Pre-IPO Share Option Scheme is approximately 9 years.

THE 2025 H SHARE RESTRICTED SHARE SCHEME

The following is a summary of the principal terms of the 2025 H Share Restricted Share Scheme which became effective on 1 August 2025. The Scheme constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, as the Scheme does not involve the issue of new Shares or the grant of any options to new Shares of the Company, it does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Listing Rules. As at Latest Practicable Date, the Board has not yet instructed the Trustee to purchase existing H Shares on the Stock Exchange or off the Stock Exchange from existing Shareholders, nor has it signed or issued any Award Letter to the Eligible Participants.

(a) Purpose

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

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

(b) Administration

The general meeting of the Shareholders as the highest authority of the Company can authorize the Board to handle matters pertaining to the Scheme within the scope of its authority.

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

Management Discussion and Analysis *(Continued)*

(c) Eligible Participants and the basis of determining the eligibility of the Eligible Participants

The Eligible Participants who may participate in the Scheme shall be the persons who have the right to receive the Award as determined by the Board in accordance with the terms of the Scheme, and the scope of the Eligible Participants include: (i) Employee Participants; (ii) Related Entity Participants; (iii) Service Providers; and (iv) Other Participants.

In determining the basis of eligibility of each Eligible Participant, the Board or the Committee would take into account of, among others, the experience of the Eligible Participant in respect of the business of the Group, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions that the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

(d) Source of the Awards

The Board shall entrust a qualified trust manager to act as the Trustee under the Scheme to establish a trust plan with the objective of implementing equity incentives. The Eligible Participants will be granted the Awards and thus indirectly hold the interest of the Company's shares through the Trust. The Awards will be vested upon the fulfilment of certain conditions. The Awards granted to the Eligible Participants shall be subject to the terms of the Scheme and the restrictive terms as agreed in the Trust Deed. The Eligible Participants shall be entitled to the corresponding rights and interests in accordance with the terms agreed in the Trust Deed.

The Board instructs the Trustee to purchase existing H Shares on the Stock Exchange or off the Stock Exchange from existing Shareholders. Should the Shares be purchased by the Trustee off the Stock Exchange from existing Shareholders, the purchase price must not be higher than the lower of the following: (i) the closing market price on the date of such purchase; and (ii) the average closing market price for the five (5) preceding trading days on which the H Shares were traded on the Stock Exchange.

(e) Life of the Scheme

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

(f) Maximum number of shares of the Scheme

The maximum number of H Shares that the Trustee can acquire and hold from time to time under the Scheme throughout the life of the Scheme shall not exceed 10% of the total number of issued Shares of the Company (excluding treasury shares, if any) (the "Scheme Mandate Limit").

Management Discussion and Analysis *(Continued)*

As at the Latest Practicable Date, the total number of issued Shares of the Company (excluding treasury shares) was 40,000,000 Shares. The Scheme Mandate Limit is 4,000,000 Shares (representing 10% of the total number of the issued Shares of the Company (excluding treasury shares, if any) as at the Adoption Date).

Within the Scheme Mandate Limit, the maximum number of H Shares that may be granted to the Service Providers under the Scheme and all share options and share awards that may be granted under any other share scheme(s) of the Company must not in aggregate exceed 1% of the total number of issued Shares of the Company (excluding treasury shares) (the "Service Provider Sublimit"). The Service Provider Sublimit is 400,000 Shares (representing 1% of the total number of the issued Shares of the Company (excluding treasury shares) as at the Adoption Date).

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

(g) Maximum entitlement to each Eligible Participant

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

(h) Date of Grant

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

(i) Consideration for the grant of the Scheme

According to the provisions of the Scheme, the incentive consideration (if any) of the Eligible Participants shall be determined by the Board or the Committee and shall be agreed in the Award Letter.

The Eligible Participant shall, in accordance with the Scheme, pay the relevant amount of the purchase price, if any, corresponding to the Awards vested and received by the Eligible Participant to the Company or such other entity as the Company may designate in accordance with the instructions as set out in the Award Letter.

Management Discussion and Analysis *(Continued)*

(j) Vesting period

Subject to the satisfaction of all vesting conditions as set out in the Award Letter to each Eligible Participant, the Award granted under the Scheme shall be held for not less than twelve (12) months before being vested on the Eligible Participant and in accordance with the applicable vesting schedule as set out in the Award Letter.

However, to ensure the practicability in fully attaining the purpose of the Scheme, the Board and the Remuneration Committee are of the view that (1) there are certain instances where a strict twelve (12) months vesting requirement would not work or would not be fair to the holders of the Awards, (2) there is a need for the Company to retain flexibility in certain cases to provide a competitive remuneration package to attract and retain individuals to provide services to the Group, and (3) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition and thus should have flexibility to impose vesting conditions depending on individual circumstances and performance-based vesting conditions, or such other time-based vesting criteria which effectively restricts an Eligible Participant's Award shares for at least 12 months. Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period is in line with the market practice and is appropriate and align with the purpose of the Scheme.

Vesting Date may be less than twelve (12) months from the grant date in the following circumstances:

- (1) grants of "make whole" Awards to a new Employee Participant to replace Awards such Employee Participant forfeited when leaving his or her previous employer;
- (2) grants of Awards which are subject to the fulfilment of performance targets pursuant to the terms of the Scheme;
- (3) grant of Awards that are made in batches during a year for administrative and compliance reasons;
- (4) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or
- (5) grants of Awards with a total vesting and holding period of more than 12 months.

(k) Vesting conditions of the Scheme and clawback mechanism

The Awards granted to an Eligible Participant shall be vested to the Eligible Participant during the vesting period upon satisfaction of the vesting conditions and the performance targets, if any, set forth in the Scheme. The vesting conditions and the performance targets, if any, shall be determined at the sole discretion of the Board or the Committee in the Award Letter.

The performance targets, if any, shall be based on the performance of the Eligible Participant and/or the operating or financial performance of the Group and/or such other performance target to be determined by the Board or the Committee in its absolute discretion from time to time.

Management Discussion and Analysis *(Continued)*

If the Eligible Participant fails to fulfil the vesting conditions applicable to the relevant Awards, the relevant part of the Awards which may otherwise be vested during the respective vesting period shall, unless the Board or the Committee otherwise agrees, lapse forthwith and the relevant Restricted Shares shall not vest on the relevant vesting date. In such case, the Company will give notice of such partial lapse to the Trustee, who will hold the relevant unvested shares as returned shares ("Returned Shares") for the purpose of the Scheme and may upon instructions by the Board or the Committee (i) allocate such Returned Shares as Restricted Shares to any Grantees; or (ii) sell or procure to be sold such Returned Shares, in which case the net sale proceeds thereof shall be deemed as income of the trust fund of the Trust and shall be applied in accordance with the Scheme.

Under the Scheme, the Board or the Committee may impose a clawback mechanism for the Company to recover or withhold the remuneration (which may include any Awards granted) to any Eligible Participants in the event of serious misconduct, a material misstatement in the financial statements of the Company or other circumstances in respect of the Awards granted. The Board believes that the aforesaid will provide the Board with more flexibility in setting the terms and conditions of the Restricted Shares under particular circumstances of each grant and facilitate the Board's aim to offer meaningful incentives to attract and retain or otherwise maintain ongoing business relationships that are valuable to the development of the Group and for the benefit of the Group and the Shareholders as a whole.

(l) Rights on voting and dividends

Neither the Eligible Participants nor the Trustee may exercise any voting rights attached to any Shares held by the Trustee under the Trust Deed.

Subject to the provisions of the Scheme, a Grantee shall not have the right to receive dividends prior to the vesting date. Dividends payable in respect of Awards which have not yet vested shall be retained by the Trustee and form part of the trust fund of the Trust.

(m) Restrictions and limitations

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

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

Management Discussion and Analysis *(Continued)*

(n) Termination of the Scheme

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

MATERIAL LITIGATION

The Company was not involved in any litigation, arbitration or claim of material importance, during the six months ended 30 June 2025. The Directors are also not aware of any litigation, arbitration or claim of material importance that are pending or threatened against the Group which would have a material adverse effect on our financial condition or results of operations, taken as a whole, during the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company's H shares were initially listed on the Main Board of the Stock Exchange on 9 January 2025. Since the Listing Date and up to the date of this Interim Report, neither the Company nor any of its subsidiaries has purchased, sold, or redeemed any of its securities.

CHANGES IN DIRECTORS AND CHIEF EXECUTIVES

With effect from 28 March 2025, Dr. Guan Yanmin, an independent non-executive director of the Company, ceased to be a member of the Nomination Committee and Ms. Ng Sin Kiu, an independent non-executive director of the Company, has been appointed as a member of the Nomination Committee.

Save as disclosed in this interim report, there has been no change in the information of the Directors and senior chief executives which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE CAPITAL AND SHARES ISSUED

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

BANK BORROWINGS

Particulars of bank loans of the Group as at 30 June 2025 are set out in notes 19 to the consolidated financial statements.

Management Discussion and Analysis *(Continued)*

LOAN AND GUARANTEE

As of 30 June 2025, we have not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, Supervisors and Senior Management of the Company, the Controlling Shareholders of the Company or their respective connected persons.

CONVERTIBLE BONDS

The Group did not issue any convertible bonds during the six months ended 30 June 2025.

DIVIDENDS

During the six months ended 30 June 2025, a final dividend in respect of the year ended 31 December 2024 of RMB1.5 per ordinary share, in aggregate amount of RMB60,000,000 (31 December 2023: RMB48,000,000) has been approved by the shareholders in the annual general meeting, and was subsequently paid in July 2025.

Particulars of dividend are set out in note 10 to the consolidated financial statements.

PERMITTED INDEMNITY

The Company has purchased appropriate liability insurance for its Directors, Supervisors and Senior Management in January 2025, and such permitted indemnity provision for the benefit of Directors, Supervisors and Senior Management still in force and continued to be in force till the date of this Interim Report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company completed the Global Offering of its H Shares on 9 January 2025. After deducting underwriting commissions and related listing expenses, the net proceeds received by the Group from the Global Offering amounted to approximately HKD273.4 million (equivalent to RMB253.2 million). As at 30 June 2025, there has been no change to the intended application of the net proceeds from the Global Offering according to the intentions previously disclosed in the “Future Plans and Use of Proceeds” section of the Prospectus, and that the Company had used, and proposed to use, the net proceeds from the Global Offering according to the intentions disclosed therein in the Prospectus.

Management Discussion and Analysis *(Continued)*

Further details of the usage as at 30 June 2025 were as follows:

	Percentage of the total net proceeds as previously disclosed in the Prospectus	Approximate allocation of net proceeds as previously disclosed in the Prospects (RMB million)	Approximate amount of net proceeds unutilized as at 30 June 2025 (RMB million)	Approximate utilization amount of proceeds from the Listing Date to 30 June 2025 (RMB million)	Estimated timeline for utilization of net proceeds
Acquire the controlling stake in a company holding an ocean-going ship as our maritime R&D platform and a mobile exhibition platform to showcase our equipment and system offering and pipeline products	35.8%	90.7	51.3	39.4	Before end of 2025
Development of prototype products such as the LFSS (for ammonia), optimization development of the carbon capture system and the waste heat recovery system	7.7%	19.5	10.1	9.4	Before end of 2026
Recruitment of and retaining around 13 new R&D staff	4.1%	10.4	10.2	0.2	Before end of 2025
Cooperative R&D with universities, enterprises, or R&D institutions	2.4%	6.1	5.5	0.6	In 2025 and 2026
Potential mergers and acquisitions	15.0%	37.9	37.9	0.0	Before end of 2026

Management Discussion and Analysis *(Continued)*

	Percentage of the total net proceeds as previously disclosed in the Prospectus	Approximate allocation of net proceeds as previously disclosed in the Prospects (RMB million)	Approximate amount of net proceeds unutilized as at 30 June 2025 (RMB million)	Approximate utilization amount of proceeds from the Listing Date to 30 June 2025 (RMB million)	Estimated timeline for utilization of net proceeds
Leasing a production facility in mainland China or Southeast Asia	15.0%	37.9	37.9	0.0	The location to be determined by 2025 following extensive research
Establishing four service centers internationally	8.0%	20.3	20.3	0.0	In 2025 and 2026
Upgrading our service centers	2.0%	5.1	4.5	0.6	Before end of 2026
Working capital and other general corporate purposes	10.0%	25.3	0.0	25.3	N/A
Total	100.0%	253.2	177.6	75.6	

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the financial reporting matters including the review of the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2025. The Audit Committee considers that the interim financial results for the six months ended 30 June 2025 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been made.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Reference is made to the circular of the Company dated 16 July 2025. To recognise and acknowledge the contributions which the Eligible Participants have made or may make to the Group, the Group adopted a restricted share scheme, pursuant to which a maximum of 4,000,000 shares shall be granted to the Eligible Participants, which was subsequently approved by the shareholders at the extraordinary general meeting on 1 August 2025. The scope of Eligible Participants include: (i) Employee Participants; (ii) Related Entity Participants; (iii) Service Providers; and (iv) Other Participants, each as defined in the Circular.

Management Discussion and Analysis *(Continued)*

The Board shall entrust a qualified trust manager to act as the Trustee under the trust scheme to establish a trust plan with the objective of implementing equity incentives. The Eligible Participants will be granted the awards and thus indirectly hold the interest of the Company's shares through the trust. The awards will be vested upon the fulfilment of certain conditions. The Board will instruct the Trustee to purchase existing H shares of the Company on the Stock Exchange or off the Stock Exchange from our existing shareholders.

On 16 July 2025, the Board passed a resolution to propose to apply for the delisting of non-H shares of the Company from the NEEQ, which was subsequently approved by the shareholders at the extraordinary general meeting on 1 August 2025. Our application for delisting of the Company's non-H shares from the NEEQ was submitted to the NEEQ on 12 August 2025. The NEEQ has granted its approval for our NEEQ delisting application on 25 August 2025. Pursuant to the approval letter issued by the NEEQ, the non-H shares of the Company will be delisted from and no longer be traded on the NEEQ from 27 August 2025.

Reference is made to the announcement of the Company dated 2 September 2025. The Board announces that the Company submitted an application to the CSRC in respect of the full circulation of all of the 30,000,000 domestic shares of the Company, representing 75% of the total issued share capital of the Company as at the Latest Practicable Date. (the "H Share Full Circulation"). The completion of the H Share Full Circulation and the conversion and listing are subject to the fulfillment of other relevant procedures as required by the CSRC, the Stock Exchange and other relevant domestic and overseas regulatory authorities. The Company will apply for the listing of, and permission to deal in, such H shares on the Main Board of the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available and within the knowledge of the Directors, the Company maintained the prescribed public float as required under the Listing Rules as at the date of this Interim Report.

TAX RELIEF AND EXEMPTION

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

PRE-EMPTIVE RIGHTS

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

Management Discussion and Analysis *(Continued)*

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

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

Shanghai, PRC, 19 September 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2025

	NOTES	Six months ended June 30,	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Revenue	4	143,486	336,466
Cost of sales		(99,050)	(193,684)
Gross profit		44,436	142,782
Other income	6	5,173	2,631
Other gains and losses	7	(1,297)	5,345
Distribution and selling expenses		(9,734)	(20,550)
Administrative expenses		(22,963)	(23,495)
Research and development expenses		(9,569)	(10,148)
Listing expenses		(25)	–
Impairment losses under expected credit loss ("ECL") model, net of reversal		1,654	(304)
Finance costs		(1,162)	(443)
Profit before tax	8	6,513	95,818
Income tax expense	9	(452)	(13,736)
Profit for the period		6,061	82,082
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		7	(2,594)
Total comprehensive income for the period		6,068	79,488
Profit (loss) for the period attributable to owners of the Company:			
Owners of the Company		6,945	82,494
Non-controlling interests		(884)	(412)
		6,061	82,082

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

For the six months ended June 30, 2025

	NOTES	Six months ended June 30,	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Audited)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		6,032	80,146
Non-controlling interests		36	(658)
		6,068	79,488
EARNINGS PER SHARE			
Basic (in RMB)	11	0.18	2.75
Diluted (in RMB)	11	0.18	N/A

Condensed Consolidated Statement of Financial Position

At June 30, 2025

	NOTES	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment ("PPE")	12	45,071	46,781
Right-of-use assets	12	9,932	8,412
Other receivables	15	39,919	–
Goodwill		8,578	8,710
Other intangible assets		503	303
Deferred tax assets		2,314	1,702
Restricted bank deposits		208	1,172
		106,525	67,080
Current assets			
Inventories	13	54,212	28,649
Contract assets	14	1,386	1,776
Trade and other receivables	15	209,362	165,617
Contract costs	16	9,291	9,459
Tax recoverable		2,429	–
Financial assets at fair value through profit or loss ("FVTPL")	17	137,896	19,768
Term deposits with an original maturity over three months but within one year		–	21,565
Restricted bank deposits		5,170	6,303
Bank balances and cash		296,677	133,402
		716,423	386,539
Current liabilities			
Trade and other payables	18	127,235	87,872
Bank borrowings	19	127,300	9,950
Income tax payable		5,060	4,335
Lease liabilities		2,297	1,396
Provisions	20	2,980	4,109
Contract liabilities		28,736	31,181
Other current liabilities		132	–
		293,740	138,843
Net current assets		422,683	247,696
Total assets less current liabilities		529,208	314,776

Condensed Consolidated Statement of Financial Position *(Continued)*

At June 30, 2025

	NOTES	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Capital and reserves			
Share capital	21	40,000	30,000
Reserves		445,977	252,422
Equity attributable to owners of the Company		485,977	282,422
Non-controlling interests		1,846	1,810
Total equity		487,823	284,232
Non-current liabilities			
Lease liabilities		1,385	544
Bank borrowings	19	40,000	30,000
		41,385	30,544
		529,208	314,776

The condensed consolidated financial statements on pages 44 to 70 were approved and authorised for issue by the Board on August 26, 2025 and signed on its behalf by:

Zhou Yang
Director

Shu Wa Tung, Laurence
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2025

	Attributable to owners of the Company								Total RMB'000
	Share capital	Share premium	Foreign currency transaction reserves	Other reserve	Share-based payment reserve	Retained profits	Subtotal	Non- controlling interests	
	RMB'000 (Note 21)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At January 1, 2025 (Audited)	30,000	36,229	4,050	18,483	12,389	181,271	282,422	1,810	284,232
Profit (loss) for the period	–	–	–	–	–	6,945	6,945	(884)	6,061
Other comprehensive (expense) income for the period	–	–	(913)	–	–	–	(913)	920	7
Total comprehensive (expense) income for the period	–	–	(913)	–	–	6,945	6,032	36	6,068
Issuance of H shares	10,000	284,468	–	–	–	–	294,468	–	294,468
Transaction costs attributable to issue of shares	–	(37,266)	–	–	–	–	(37,266)	–	(37,266)
Distribution to shareholders	–	–	–	–	–	(60,000)	(60,000)	–	(60,000)
Recognition of equity-settled share-based payment	–	–	–	–	321	–	321	–	321
Provision of safety fund surplus reserve	–	–	–	773	–	(773)	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	(95)	–	95	–	–	–
At June 30, 2025 (Unaudited)	40,000	283,431	3,137	19,161	12,710	127,538	485,977	1,846	487,823
At January 1, 2024 (Audited)	30,000	36,229	3,411	14,476	7,626	160,387	252,129	2,662	254,791
Profit (loss) for the period	–	–	–	–	–	82,494	82,494	(412)	82,082
Other comprehensive expense for the period	–	–	(2,348)	–	–	–	(2,348)	(246)	(2,594)
Total comprehensive (expense) income for the period	–	–	(2,348)	–	–	82,494	80,146	(658)	79,488
Distribution to shareholders	–	–	–	–	–	(96,000)	(96,000)	–	(96,000)
Recognition of equity-settled share-based payment	–	–	–	–	1,130	–	1,130	–	1,130
Provision of safety fund surplus reserve	–	–	–	752	–	(752)	–	–	–
Utilisation of safety fund surplus reserve	–	–	–	(108)	–	108	–	–	–
At June 30, 2024 (Audited)	30,000	36,229	1,063	15,120	8,756	146,237	237,405	2,004	239,409

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2025

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
OPERATING ACTIVITIES		
Profit before tax	6,513	95,818
Adjustments for:		
Interest income	(2,794)	(2,435)
Interest expenses on borrowings	1,087	387
Interest expenses on lease liabilities	75	56
Depreciation of PPE	1,644	3,223
Depreciation of right-of-use assets	1,174	764
Amortisation of other intangible assets	118	8
Gain arising on changes in fair value of financial assets at FVTPL	(1,882)	–
Impairment loss, net of reversal-financial assets and other items under ECL	(1,654)	304
Impairment loss on contract assets	(21)	–
(Reversal) provision for inventories	(90)	394
Net foreign exchange gain	(108)	(3,777)
Loss on disposal of equipment	–	121
Share-based payment expenses	321	1,130
OPERATING CASH FLOW BEFORE MOVEMENTS IN WORKING CAPITAL	4,383	95,993
Decrease (increase) in contract costs	168	(482)
Decrease (increase) in contract assets	411	(602)
(Increase) decrease in trade and other receivables	(58,172)	8,625
Decrease (increase) in restricted bank deposits	2,097	(3,807)
(Decrease) increase in provisions	(1,129)	2,104
Decrease in trade and other payables and other current liabilities	(21,546)	(1,978)
Decrease in contract liabilities	(2,445)	(153,122)
(Increase) decrease in inventories	(24,969)	48,941
CASH USED IN OPERATIONS	(101,202)	(4,328)
Income tax paid	(2,358)	(10,580)
NET CASH USED IN OPERATING ACTIVITIES	(103,560)	(14,908)

Condensed Consolidated Statement of Cash Flows *(Continued)*

For the six months ended June 30, 2025

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
INVESTING ACTIVITIES		
Purchase of PPE	(438)	(1,470)
Purchase of intangible assets	(318)	–
Payments for deposits for acquisition of an operating vessel	(39,372)	–
Interest received	2,794	2,435
Purchase of financial assets at FVTPL	(116,246)	–
Payment of rental deposits	(359)	–
Withdrawal of term deposits	21,565	35,414
Proceeds from disposal of PPE	–	90
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(132,374)	36,469
FINANCING ACTIVITIES		
Repayment of bank borrowings	(25,560)	(19,900)
Proceeds from bank borrowings	152,910	26,950
Deferred issue costs paid	(20,889)	(1,887)
Bank interest paid	(1,087)	(387)
Repayment of lease liabilities	(993)	(727)
Proceeds received from issuance of H shares	294,468	–
Dividends paid	–	(48,000)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	398,849	(43,951)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	162,915	(22,390)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	133,402	177,414
Effects of exchange rate changes	360	610
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	296,677	155,634

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2025

1. GENERAL INFORMATION

ContiOcean Environment Tech Group Co., Ltd. (“上海匯舸環保科技集團股份有限公司”) (the “Company”) was established in the People’s Republic of China (the “PRC”) on May 31, 2017, as a limited liability company. On December 28, 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The Non-H Shares of the Company became quoted on NEEQ (stock code: 874207.NQ) in February 2024. On January 9, 2025, the Company’s H shares became listed on The Stock Exchange of Hong Kong Limited. The respective address of the registered office and the principal place of business of the Company are Room 1101, No. 2 Maji Road, China (Shanghai) Pilot Free Trade Zone, Shanghai.

The Group is a marine exhaust gas cleaning system, marine energy-saving devices, marine clean-energy supply systems and maritime services provider.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of the Listing Rules.

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of amendments to IFRS Accounting Standards, agenda decision/decisions of the IFRS Interpretations Committee (the “IFRS Committee”) of the IASB, and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2024.

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

For the six months ended June 30, 2025

3. ACCOUNTING POLICIES *(Continued)*

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to a IFRS Accounting Standard and the IFRS Committee agenda decision/decisions in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Type of services		
Marine exhaust gas cleaning systems	45,173	204,402
Marine energy-saving devices	7,688	22,557
Marine clean-energy supply systems	36,316	13,288
Maritime services	54,309	96,219
	143,486	336,466

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

For the six months ended June 30, 2025

4. REVENUE *(Continued)*

(i) Disaggregation of revenue from contracts with customers *(Continued)*

Geographical markets

The Group's revenue from external customers, based on the respective country/region of the entities providing services are as follows:

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mainland China	78,769	191,771
Overseas	64,717	144,695
	143,486	336,466

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Timing of revenue recognition		
At a point in time	143,486	336,466

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

For the six months ended June 30, 2025

5. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”), which is also identified as the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. During the six months ended June 30, 2025 and 2024, the CODM assesses the operating performance and allocated the resources of the Group as a whole as the Group is primarily engaged in the marine exhaust gas cleaning solution, marine energy-saving and carbon reduction solution, marine clean-energy solution and global maritime services. Therefore, the CODM considers the Group only has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies as set out in Note 3 and no further analysis of the single segment is presented.

Geographical information

Information about the Group’s non-current assets is presented based on the geographical location of the assets. Non-current assets excluded financial instruments and deferred tax assets.

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Mainland China	63,519	65,340
Overseas	565	168
	64,084	65,508

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

For the six months ended June 30, 2025

6. OTHER INCOME

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Interest income	2,794	2,435
Government grants (Note)	2,376	185
Others	3	11
	5,173	2,631

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

7. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Net foreign exchange (losses) gains	(3,175)	5,470
Fair value gains on financial assets at FVTPL	1,882	–
Loss on disposal of equipment	–	(121)
Others	(4)	(4)
	(1,297)	5,345

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

For the six months ended June 30, 2025

8. PROFIT BEFORE TAX FOR THE PERIOD

	Six months ended June 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Profit before tax for the period has been arrived at after charging (crediting):		
Depreciation of PPE	2,148	2,290
Depreciation of right-of-use assets	1,174	764
Amortisation of other intangible assets	118	8
	3,440	3,062
Changes in amount capitalised in inventories	(504)	933
	2,936	3,995
Auditor's remuneration	1,190	894
Directors' and Supervisors' emoluments	7,035	8,472
Other staff costs:		
— Salaries, bonus and other allowances	11,218	14,767
— Retirement benefit scheme contributions	1,011	927
— Equity-settled share-based payment expenses	193	754
	19,457	24,920
Changes in amount capitalised in inventories	(460)	751
	18,997	25,671
Amortisation of contract costs	11,669	18,982
Cost of inventories recognized as an expense (excluding write-down of inventories)	93,190	190,325
(Reversal) write-down of inventories	(90)	394

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

For the six months ended June 30, 2025

9. INCOME TAX EXPENSE

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Current Tax:		
PRC Enterprise Income Tax	26	11,314
Singapore Income Tax	504	827
Hong Kong Profits Tax	499	305
Portuguese Income Tax	18	–
	1,047	12,446
Deferred Tax	(595)	1,290
	452	13,736

10. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended December 31, 2024 of RMB1.5 per ordinary share, in aggregate amount of RMB60,000,000 (December 31, 2023: RMB48,000,000) has been approved by the shareholders in the annual general meeting, and was subsequently paid in July 2025.

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

For the six months ended June 30, 2025

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Profit for the period attributable to owners of the Company	6,945	82,494
Number of shares		
Weighted average number of ordinary shares in issue	39,558	30,000

The computation of diluted earnings per share for the six months ended June 30, 2025 does not assume the exercise of the Company's options granted under a share option scheme adopted in 2024, since the performance conditions included were not satisfied as at June 30, 2025.

No diluted earnings per share for the six months ended June 30, 2025 was presented as there were no potential ordinary shares in issue during the six months ended June 30, 2025.

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

For the six months ended June 30, 2025

12. PPE AND RIGHT-OF-USE ASSETS

During the six months ended June 30, 2025 and 2024, the Group incurred RMB438,000 (unaudited) and RMB1,509,000 (audited) on acquisition of PPE, respectively. There was no significant disposal or write off PPE during the reporting periods.

During the current interim period, the Group renewed several lease agreements and entered into several new lease agreements with lease terms ranged from 2 to 3 years (six months ended June 30, 2024: nil). On date of lease modification or lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB2,660,000. The Group is required to make fixed monthly payments.

13. INVENTORIES

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Finished goods	43,891	24,177
Raw materials and consumables	3,898	1,143
Work in progress	6,423	3,329
	54,212	28,649

Finished goods are net of a write-down of approximately RMB360,000 (unaudited) and RMB360,000 (audited) as of June 30, 2025 and December 31, 2024.

Raw materials are net of a write-down of approximately RMB751,000 (unaudited) and RMB841,000 (audited) as at June 30, 2025 and December 31, 2024.

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

For the six months ended June 30, 2025

14. CONTRACT ASSETS

Certain marine services contracts of the Company and its subsidiaries include terms that require certain portion of the payments to be withheld by the customers until the expiry of the warranty period.

The Group typically agrees to a retention period of 12 months for a percentage ranging from 2% to 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditioned on the marine services not having any quality issues. The contract assets are transferred to trade receivables when the warranty obligations expire.

The Group classifies these contract assets as current because the Group expects to realize them in its normal operating cycle.

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

For the six months ended June 30, 2025

15. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Trade receivables	51,170	84,446
Less: Allowance for credit losses	(2,564)	(4,226)
	48,606	80,220
Prepayments	146,190	31,571
Notes receivables	5,834	9,262
Deferred issue costs	–	27,449
Value-added-tax ("VAT") recoverable	1,734	1,413
Prepaid income tax	–	410
VAT export refund receivable	726	28
Rental deposits	1,592	1,073
Less: Allowance for credit losses	(638)	(638)
	954	435
Letter of credit and bank guarantee deposits	4,976	13,934
Advance to employees	693	498
Deposits for acquisition of an operating vessel	39,372	–
Others	196	397
	249,281	165,617
Analyzed as:		
Non-current	39,919	–
Current	209,362	165,617
	249,281	165,617

The Group normally grants a credit period of 30 days or a particular period agreed with customers effective from the date when the services and goods have been completed and accepted by customers.

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

For the six months ended June 30, 2025

15. TRADE AND OTHER RECEIVABLES *(Continued)*

The following is an aged analysis of trade receivable net of allowance for credit losses presented based on the date of invoice at the end of each reporting period:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
0–30 days	21,750	47,232
31–90 days	5,405	30,035
91–180 days	4,781	2,775
181–365 days	16,615	151
Over 1 year	55	27
	48,606	80,220

16. CONTRACT COSTS

Details of contract cost are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Incremental costs to obtain contracts (Note a)	7,024	8,204
Costs to fulfill contracts (Note b)	2,267	1,255
	9,291	9,459

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

For the six months ended June 30, 2025

16. CONTRACT COSTS *(Continued)*

Notes:

- a. Contract costs capitalized relate to the incremental sales commissions paid to agents whose selling activities resulted in customers entering into sale and purchase agreements whose revenue has not yet been recognized at the end of the reporting period.
- b. Costs to fulfill contracts are mainly in relation to the design review fees of ongoing projects at each of the end of the reporting period.

Contract costs are recognized as expenses in the consolidated statement of profit or loss in the period in which the corresponding revenue is recognized.

There was no impairment in relation to the opening balance of capitalized costs or the costs capitalized during the reporting period.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Financial assets at FVTPL	137,896	19,768

During the six months ended June 30, 2025 and 2024, the Group subscribed several wealth management products amounting to USD19,000,000 (equivalent to RMB137,896,000) (unaudited) and USD2,750,000 (equivalent to RMB19,768,000) (audited). The wealth management product has no fixed term and are principal-and-return-guaranteed.

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

For the six months ended June 30, 2025

18. TRADE AND OTHER PAYABLES

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Trade payables		
— third parties	43,305	40,822
Notes payables	9,265	14,862
Payroll payables	3,257	7,608
Other payables		
— third parties	7,890	17,627
Accrued expenses	3,253	5,776
Dividend payable (Note)	60,000	—
Other tax payables	265	1,177
	127,235	87,872

Note: The dividend payable was subsequently paid in July 2025.

The average credit period on purchases of goods and services of the Group is 90 days.

The following is an aged analysis of trade payables, presented based on earlier of the date of goods and services received and the invoice dates as at the end of the reporting periods:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
0–90 days	32,025	8,986
91–180 days	4,227	19,394
181–365 days	3,403	9,204
Over 365 days	3,650	3,238
	43,305	40,822

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

For the six months ended June 30, 2025

19. BANK BORROWINGS

As at June 30, 2025 and December 31, 2024, bank borrowings of RMB62,400,000 (unaudited) and RMB30,000,000 (audited) are unsecured but guaranteed by the Company.

As at June 30, 2025 and December 31, 2024, bank borrowings of RMB104,900,000 (unaudited) and RMB9,950,000 (audited) are unsecured and unguaranteed.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
Fixed-rate borrowings	2.30%–3.00%	3.00%–3.40%

	At June 30, 2025 RMB'000 (Unaudited)	At December 31, 2024 RMB'000 (Audited)
The carrying amounts of the above borrowings are repayable		
Within one year	127,300	9,950
Over one years but within two years	40,000	30,000
	167,300	39,950

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

For the six months ended June 30, 2025

20. PROVISIONS

	Warranty provision RMB'000
At December 31, 2024 (audited)	4,109
Reversal of provision during the period	(1,010)
Utilisation of provision during the period	(119)
At June 30, 2025 (unaudited)	2,980

The warranty provision represents management's best estimate of the Group's liability under 2–5 years assurance-type warranty granted on products, based on prior experience and industry averages for defective products.

21. SHARE CAPITAL

	Number of shares	Nominal value of shares RMB'000
Ordinary shares of RMB1 each		
At January 1, 2024 (audited) and January 1, 2025 (audited)	30,000,000	30,000
Issuance of H shares	10,000,000	10,000
At June 30, 2025 (unaudited)	40,000,000	40,000

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

For the six months ended June 30, 2025

22. SHARE-BASED PAYMENT TRANSACTIONS

a) Equity-settled restricted shares scheme of the Company

Set out below are details of the movements of the outstanding unvested shares granted under the share-based payment arrangements during the six months ended June 30, 2025.

	At June 30, 2025
Directors	
At the beginning of the period	75,000
Vested during the period	(75,000)
At the end of the period	–
Supervisors	
At the beginning of the period	225,000
Vested during the period	(225,000)
At the end of the period	–
Other employees	
At the beginning of the period	390,000
Vested during the period	(390,000)
At the end of the period	–

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

For the six months ended June 30, 2025

22. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

b) Equity-settled share option scheme of the Company

Set out below are details of the movements of the outstanding shares options granted under the share-based payment arrangements during the six months ended June 30, 2025.

	At June 30, 2025
Directors	
At the beginning of the period	837,500
Forfeited during the period	(412,500)
At the end of the period	425,000
Other employees	
At the beginning of the period	1,775,500
Forfeited during the period	(874,500)
At the end of the period	901,000

During the period, the second batch, which is 33% of the total granted share options, were forfeited due to the performance condition was estimated to be unfulfilled.

During the six months ended June 30, 2025 and 2024 equity-settled share-based payment compensation expenses of RMB321,000 (unaudited) and RMB1,130,000 (audited), in relation to the above mentioned share-based payment arrangements were charged to profit or loss.

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

For the six months ended June 30, 2025

23. RELATED PARTY TRANSACTIONS

Save for disclosed in elsewhere of these condensed consolidated financial statements, the Group has the following transactions and balances with related parties during the reporting periods.

Compensation of key management personnel

The remuneration of key management of the Group during the reporting periods were as follows:

	Six months ended June 30,	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Audited)
Short term benefits	5,188	4,567
Discretionary bonus	1,440	3,785
Retirement benefit scheme contributions	279	325
Share-based payments	128	470
	7,035	9,147

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include the lowest level inputs which are significant to the fair value measurement for the asset or liability that are not based on observable market data (significant unobservable inputs).

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

For the six months ended June 30, 2025

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial asset that is measured at fair value on a recurring basis

The following table gives information about how the fair value of the financial assets is determined (in particular, the valuation techniques and inputs used).

Financial asset	Fair value as at June 30, 2025 RMB'000	December 31, 2024 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input
Financial assets at FVTPL	137,896	19,768	Level 2	Based on the net asset values of the funds, which are determined with reference to observable and quoted prices of underlying investment portfolio and adjustments of related expenses.	N/A

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2025 and the year ended December 31, 2024.

25. EVENTS AFTER THE REPORTING PERIOD

Except for the events or transaction disclosed elsewhere in the condensed consolidated financial statements, the Group incurred below events after the reporting period:

- (a) To recognise and acknowledge the contributions which the Eligible Participants have made or may make to the Group, the Group adopted a restricted share scheme, pursuant to which a maximum of 4,000,000 shares shall be granted to the Eligible Participants (the "2025 H Share Restricted Share Scheme"), which was subsequently approved by the shareholders at the extraordinary general meeting on August 1, 2025. The scope of Eligible Participants include: (i) Employee Participants; (ii) Related Entity Participants; (iii) Service Providers; and (iv) Other Participants.
- (b) On July 16, 2025, the board of Company passed a resolution to propose to apply for the delisting of Non-H Shares from the NEEQ, which was subsequently approved by the shareholders at the extraordinary general meeting on August 1, 2025.