OVERVIEW

Immediately following the completion of the **[REDACTED]** (excluding [143,536,043] treasury Shares, assuming the **[REDACTED]** is not exercised, no additional Shares are issued pursuant to the 2022 Share Option Incentive Plan and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the **[REDACTED]**), Mr. Wang Xiangrong and Mr. Wang Zhuangli will collectively be entitled to exercise **[REDACTED]**% of the voting power at general meetings of our Company. Mr. Wang Xiangrong and Mr. Wang Zhuangli are brothers and, notwithstanding no acting-in-concert agreement being agreed between them, they were considered parties acting in concert for the purpose of the Takeovers Code during the Track Record Period. It is expected that they will continue to act in concert after **[REDACTED]**. Upon **[REDACTED]**, they will become our Single Largest Shareholder Group.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDER GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Single Largest Shareholder Group and their respective close associates upon **[REDACTED]**.

Management Independence

Upon **[REDACTED]**, our Board will comprise seven Directors, including four executive Directors, and three independent non-executive Directors. Our management and operational decisions are made collectively by our Board and senior management, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise as set out in "Directors and Senior Management." Mr. Wang Xiangrong and Mr. Wang Zhuangli, being our Single Largest Shareholder Group, are also our Executive Directors. Save for the above and Ms. Wang Lingyu who is the daughter of Mr. Wang Xiangrong, our other Directors and members of the senior management are all independent of the Single Largest Shareholder Group.

Our Directors consider that our Board and senior management will function independently of our Single Largest Shareholder Group for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and should not allow any conflict of interests between his or her duties as a Director and his or her personal interests;

(ii) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our executive Directors and senior management, see "Directors and Senior Management" in this document;

(iii) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting and shall abstain from voting in respect of such transaction and not be counted towards the quorum at the relevant Board meetings of our Company; and

(v) we have appointed three independent non-executive Directors, comprising more than one third of the total members of our Board, who have sufficient knowledge, experience and competence to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions and in the best interests of our Company and our Shareholders as a whole.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Single Largest Shareholder Group and their respective close associates after **[REDACTED]**.

Operational Independence

We have full rights to make all decisions regarding, and carry out, our business operations independently. We have established our own organizational structure, with each department assigned to specific areas of responsibilities which have been in operation and are expected to continue to operate independently of our Single Largest Shareholder Group and their respective close associates. We have independent access to suppliers and customers. We are also in possession of all assets, licenses, trademarks and other intellectual property and research and development facilities necessary to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Our Group has historically entered, and will continue to enter, into various transactions with Leo Holdings, a company controlled by our Single Largest Shareholder Group. All such transactions shall be determined after arm's length negotiations and on normal commercial terms or better. For details, see "Connected Transactions." As our Group has historically been engaged in the sale of pump and related accessories, while Leo Holdings is engaged in the sales of sewage lifting equipment, water supply equipment and water purifying equipment, there is a clear business delineation between our Group and Leo Holdings, with no competing interest. Our Group and Leo Holdings also operate independently, each with an established and segregated organizational structure and business operation model. Therefore, our Directors are satisfied that we will be able to operate independently of our Single Largest Shareholder Group and their respective close associates after **[REDACTED]**.

Financial Independence

We have the ability to operate independently of our Single Largest Shareholder Group and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of financial staff responsible for financial control, accounting and reporting function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We have adequate financial resources and credit facilities to support our daily operation without relying on any guarantee or security provided by our Single Largest Shareholder Group and their respective close associates.

We do not rely on our Single Largest Shareholder Group or their close associates to provide financial assistance to our Group. We have independent access to third party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Single Largest Shareholder Group or their respective close associates. In September 2025 and December 2025, we provided guarantees to a subsidiary of Shanghai Prosolar in respect of the repayment obligations of their certain loans of a total principal amount of RMB149 million (the "**Guarantees**"), of which Mr. Wang Xiangrong provided a counter-guarantee to our Company of such obligations (the "**Counter Guarantee**") of the same amount pursuant to relevant PRC rules and regulations. The period of the Counter Guarantee period is three years from the date when our obligations expire under the Guarantees, subject to the early termination or upon discharge of the obligations under the Guarantees, which will be expired upon repayment of the aforesaid loans at the end of 2026. Save for the Counter Guarantee, as of the Latest Practicable Date, none of the member of the Single Largest Shareholder Group or their respective close associates provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Single Largest Shareholder Group and their respective close associates after **[REDACTED]**.

CORPORATE GOVERNANCE MEASURES

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflict of interests with our Single Largest Shareholder Group and their respective close associates:

(i) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon **[REDACTED]**. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;

(ii) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself from the Board meetings on matters in which such Director or any of his/her close associates have a material interest;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon **[REDACTED]**, if our Company enters into connected transactions with our Single Largest Shareholder Group or any of their associates, our Company will comply with the applicable requirements under the Listing Rules; and

(iv) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see "Directors and Senior Management — Directors — Independent Non-Executive Directors" in this document.

We have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.