OUR CONTROLLING SHAREHOLDERS

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

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

INFORMATION OF BUSINESSES OF OUR GROUP AND OUR CONTROLLING SHAREHOLDERS

Our Group

We are a global green shipping equipment and system provider, our business lines include: (i) vessel exhaust gas emission control and cleaning systems, (ii) vessel energy efficiency enhancement systems, (iii) vessel retrofit and servicing, (iv) intelligent vessel operating and maintenance systems, and (v) new energy vessel systems. These business lines encompass equipment design and manufacture to vessel refit, onboard installation, commissioning, and technical support, comprehensively contributing to ship value enhancement. For further details of our business, see "Business" in this document.

Zhejiang Technology Environmental Group

Apart from holding interest in our Group, Zhejiang Technology Environmental Group is principally engaged in flue gas treatment for onshore sectors such as coal-fired power plants as well as comprehensive utilization of solid waste resources, etc.

Zhejiang Energy Group

Apart from holding interest in our Group, Zhejiang Technology Environmental Group and Zhejiang Changguang Group, Zhejiang Energy Group is principally engaged in energy sector businesses including electricity, coal, natural gas, petroleum, new energy, energy technology, energy environmental protection, energy services, energy equipment, and energy finance. Apart from its interests in our Group, Zhejiang Technology Environmental Group and Zhejiang Changguang Group, it has investment in companies which are engaged in electricity, coal, natural gas, petroleum, new energy, energy technology, energy environmental protection, energy services, energy equipment, and energy finance. The above companies include investment in listed companies below:

Company	Principal business activities	Stock exchange	Stock code
Zhejiang Zheneng Power Co., Ltd. (浙江浙能電力股份有限公司)	Thermal power, gas power, nuclear power, combined heat and power, and integrated energy businesses, as well as managing and holding controlling interest in power generation companies.	Shanghai Stock Exchange	600023

Company	Principal business activities	Stock exchange	Stock code
Ningbo Marine Company Limited (寧波海運股份有限公司)	Domestic coastal and Yangtze River mid-to-lower reaches general cargo ship and product oil tanker transportation; international general cargo transportation.	Shanghai Stock Exchange	600798
Zhejiang Provincial New Energy Investment Group Co., Ltd. (浙江省新能源投資集團股份有限公司)	Comprehensive energy enterprise specializing in the investment, development, construction, operation, and management of renewable energy businesses such as wind power, photovoltaics, hydropower, hydrogen energy, and energy storage.	Shanghai Stock Exchange	600032
Jolywood (Suzhou) Sunwatt Co., Ltd. (蘇州中來光伏新材股份有限公司)	Photovoltaic auxiliary materials, high-efficiency cells and modules, photovoltaic application business.	Shenzhen Stock Exchange	300393
Zheneng Jinjiang Environment Holding Company Limited (浙能錦江環境控股有限公司)	Production and sale of electricity and steam, operation and project management of waste-to-energy plants, technical consulting and advisory services, and energy management contracting.	Singapore Stock Exchange	BWM.SI

Zhejiang Changguang Group

Apart from holding interest in our Group, Zhejiang Changguang Group is principally engaged in biomass power generation, cement production, fire protection, security, and photovoltaic power generation.

Apart from the above principal businesses of our Controlling Shareholders, our Controlling Shareholders are also interested in other investments which do not form part of our Group, and the principal businesses of such investments are separate and distinct from our businesses (together with the above principal businesses of our Controlling Shareholders, collectively, the "**Other Businesses**").

As disclosed above, we are a global green shipping equipment and system provider, our business lines encompass equipment design and manufacture to vessel refit, onboard installation, commissioning, and technical support, comprehensively contributing to ship value enhancement, whereas our Controlling Shareholders are primarily engaged in the energy fields including electricity, coal, natural gas, petroleum, new energy, energy technology, energy environmental protection, energy services, energy equipment, and energy finance. Our Controlling Shareholders are primarily heavy-asset companies focusing on the energy fields and energy-related industry chain, while our Company is a green shipping equipment and system provider focusing on vessel-related industry chain. Taking into account the differences between the Other Businesses and the business operations of our Group, the businesses of our Group and our Controlling Shareholders are clearly delineated from each other on the follow basis:

(i) **Function, Purpose and Technology:** the products/services provided by our Company and our Controlling Shareholders differ fundamentally in terms of both function, purpose and technological approach. Our Group is a green shipping equipment and system provider focused on the vessel-related industry chain, providing design,

manufacturing, retrofit, installation, commissioning, and technical support services that enhance ship value. Our Controlling Shareholders are primarily engaged in the energy fields (electricity, coal, natural gas, petroleum, new energy, energy technology, environmental protection for onshore sectors such as coal-fired power plants, energy services, energy equipment, and energy finance). The products, services, functions, purposes, and technological approaches of our Group are different from those of our Controlling Shareholders (i.e. marine engineering against industry energy systems);

(ii) **Customers:** the customers of our Company are different from the customers of our Controlling Shareholders in general. Our Group's customers are shipping companies, vessel owners, and shipyards. Our Controlling Shareholders' customers are primarily industrial energy users, grid operators, and gas utilities. To the best knowledge, information and belief of our Company, there is no overlap between the customer bases of our Group and our Controlling Shareholders in general;

(iii) **Suppliers:** The supply chain of our Company and our Controlling Shareholders are different in general as we source from different types of suppliers. Our Group sources from maritime services companies, shipyards and suppliers of marine, mechanical and electromechanical equipment. Our Controlling Shareholders source from suppliers of energy equipment, drilling services and fuel. The supply chains of our Group and our Controlling Shareholders are distinct in general;

(iv) **Core Technologies, research and development:** the core technologies of our Group and our Controlling Shareholders are different from each other and there is no technology licensing arrangement. Our Group's core technologies are in the aspect of vessel energy efficiency, emission control, onboard systems, which are developed and owned by our Group. Our Controlling Shareholders' core technologies are mainly in the aspect of power generation, grid management and energy storage.

In addition, according to the Non-Competition Undertaking Letter, our Company is the only operating platform of green shipping equipment and system provider under our Controlling Shareholders. Accordingly, our Directors are of the view that there is a clear business delineation between our businesses and Other Businesses. Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

On [●], each of our Controlling Shareholders executed the Non-Competition Undertaking Letter in favor of our Company pursuant to which each of our Controlling Shareholders has undertaken to our Company that it will not, and will procure that its close associates (other than our Company and its subsidiaries) will not, directly or indirectly, as a principal or agent, either on their own accounts or in conjunction with or on behalf of any individual, firm, company, enterprise or organization, during the Restricted Period (as defined below):

(a) carry on, develop, be engaged in, operate, participate in, acquire or hold any right or interest in or render any services to or otherwise be involved in any business which is or may be in competition with the business of our Group ("**Restricted Business**"); and

(b) take any action which interferes with or disrupts or may interfere with or disrupt the business of our Group.

Each of our Controlling Shareholders has warranted and undertaken to our Company, that it shall not, and shall procure that its close associates (except any members of our Group) shall not: (a) induce or solicit any person, organization or company to induce any competition or suspension of the business of our Group; (b) induce or solicit any of the employee to leave our Company and/or its subsidiaries, or in any other forms employ the then employee to engage in any competition of the business of our Group; (c) engage in any business or activity or jointly with any person, organization or company engage in business or activity, that uses any name or trademark (registered or non-registered, excluding trademarks owned by each of our Controlling Shareholders) of our Group, or any name of our Group that is used in association with our Group's business or activity at intervals, or include all or any of the above material terms or any fraudulent imitations (except for circumstances, in which our Group is involved).

In addition, each of our Controlling Shareholders has confirmed that as of the Latest Practicable Date, it does not, and to the best knowledge and belief that its close associates do not, directly or indirectly, own, operate, participate, invest in or carry on any Restricted Business, or participate or hold any equity interests or is otherwise interested in any company or entity or firm which is principally engaged in the Restricted Business.

Such non-compete undertaking does not apply to our Controlling Shareholders or their respective close associates in respect of:

(a) their interests in the shares of any member of our Group;

(b) their interests in the shares of a company other than our Group which shares are listed on the Stock Exchange or a recognized stock exchange provided that the total number of the shares held by each of our Controlling Shareholders (including its close associates) does not exceed 5% of the issued shares or securities of the company in question and it and its close associates, whether acting individually or jointly, are not entitled to appoint a majority of the board of directors of that company; or

(c) their interests in the shares of a private company other than our Group provided that the total number of the shares held by each of our Controlling Shareholders (including its close associates) does not exceed 30% of the issued shares or securities of the company in question and it and its close associates, whether acting individually or jointly, are not entitled to appoint a majority of the board of directors of that company.

The "Restricted Period" refers to the period expiring on the earlier of (i) the date on which our H Shares cease to be [**REDACTED**] and traded on the [**REDACTED**]; or (ii) in respect of its capacity as a controlling shareholder, the date on which our Controlling Shareholders (including their respective close associates and parties acting in concert, jointly or severally), cease to be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company.

The Non-Competition Undertaking Letter also includes the following provisions:

- Each of our Controlling Shareholders has undertaken to and covenanted with our Company that during the Restricted Period, to procure any New Opportunity (as defined below) that it or any of its close associates identify or propose or that is offered or presented to him/it or any of their close associates by a third party, shall be first referred to our Company and handled in the following manner:

  (i) Our Controlling Shareholder shall as soon as reasonably practicable notify our Company in writing and refer such New Opportunity to our Company for consideration and provide such information as reasonably required by our Company in order to come to a reasonable assessment or conclusion of such

business opportunity (including details of any investment or acquisition costs and the contact details of the third party offering, proposing or presenting the New Opportunity) to him/it and/or its associates (the "**Offer Notice**"); and

(ii) Our Company shall within 20 days from the receipt of the Offer Notice notify the relevant Controlling Shareholder and/or its associates in writing of any decision taken to pursue or decline the New Opportunity. If the relevant Controlling Shareholder and/or its associate has not received any written notice from our Company within 20 days from receipt by our Company of the Offer Notice, in which case our Company shall be deemed to have declined the New Opportunity.

- Our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Non-Competition Undertaking Letter by our Controlling Shareholders and their respective close associates.

- Our Controlling Shareholders have undertaken to us that they will, and will procure their respective close associates to, use their reasonable endeavours to provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Non-Competition Undertaking Letter.

- We will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Non-Competition Undertaking Letter in our annual report or by way of announcement to the public in compliance with the requirements of the Hong Kong Listing Rules.

- Our Controlling Shareholders have undertaken, to indemnify and keep indemnified our Group against any damage, loss or liability suffered by our Group arising out of or in connection with any breach of their undertakings and/or obligations under the Non-Competition Undertaking Letter, including any costs and expenses incurred as a result of such breach provided that such indemnity shall be without prejudice to any other rights and remedies our Group is entitled to in relation to any such breach, including specific performance.

The "New Opportunity" refers to any investment or commercial opportunity identified by or offered to any of our Controlling Shareholders or any of their respective close associates to engage in, assist or support a third party in the operation of, participate or have any interest in, a Restricted Business, other than through our Group, which our Controlling Shareholders or any of their respective close associates would not be permitted to do pursuant to the Non-Competition Undertaking Letter.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the [**REDACTED**], taking into consideration of the factors below.

Management Independence

Our Board consists of nine Directors, including four executive Directors, two non-executive Director and three independent non-executive Directors.

Upon [**REDACTED**], Mr. Yan Jie and Mr. Zhou Tao, our Directors, will continue to hold positions in our Controlling Shareholders or companies in which they have 30% or more interests:

Name of Director	Positions within our Group	Positions in our Controlling Shareholders or companies which they have 30% or more interests
Mr. Yan Jie	Non-executive Director	Director of the asset management department of Zhejiang Technology Environmental Group, a committee member and secretary of the Zhejiang Technology Environmental Group's Shuiqing party branch, and chairman of the board of directors of Zhejiang Tianyuan New Material Technology Co., Ltd.
Mr. Zhou Tao	Non-executive Director	Director of the air treatment division, thermal power plant pollution control services of Zhejiang Technology Environmental Group, president of Zhejiang Technology Environmental Group's Shaoxing Keqiao branch, director and vice president of Zhejiang Datang Tiandi Environmental Protection Technology Co., Ltd., director of Zhejiang Tianchuang Environmental Technology Co., Ltd. , chairman of the board of Zhejiang Energy Atlas, and director of Zhejiang Zheneng Catalyst Technology Co., Ltd.

We believe that our Board as a whole, together with our senior management, is able to perform the managerial role in our Group independently from our Controlling Shareholders for the following considerations:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

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

(c) we have appointed three independent non-executive Directors, comprising one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgment to the decision-making process of our Board;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see "— Corporate Governance" in this section.

In light of the above, our Directors believe that our Company has sufficient and effective control mechanisms to ensure that our Directors perform their respective duties properly and safeguard the interests of our Company and our Shareholders as a whole.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operations independently. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate independently from our Controlling Shareholders and their close associates. We hold all the requisite licenses, intellectual property rights and qualifications that are material to carry on our principal business. We also have independent access to suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders and their close associates and will continue to do so after the [**REDACTED**].

Connected transactions with our Controlling Shareholders or their associates

The section headed "Continuing Connected Transactions" in this document sets out the non-exempted continuing connected transactions between our Group and our Controlling Shareholders or their respective associates which will continue after the completion of the [**REDACTED**]. All such transactions are determined after arm's length negotiations. As such, we expect that we will be able to maintain the aggregate amounts of the continuing connected transaction with our Controlling Shareholders and their respective associates at a reasonable percentage to our total revenues after the [**REDACTED**]. Accordingly, it is expected that such continuing connected transactions will not affect our operational independence as a whole.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have established an independent finance department with a team of financial staff and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their close associates. Amount due from or due to our Controlling Shareholders and/or their close associate(s), which were non-trade nature, amounted to nil, nil, RMB50,000,000 and nil (such amounts being the outstanding loans our Group obtained from our Controlling Shareholders and/or their close associate(s)) as at December 31, 2023, December 31, 2024, December 31, 2025 and May 31, 2026, respectively, and were unsecured. For further details, see Note 31 to the Accountants' Report in Appendix I in this document. Save as disclosed above, as of the Latest Practicable Date, none of our Controlling Shareholders and/or their close associate(s) had provided any loans, guarantees, pledges or advances to our Group. All material amounts due from or due to our Controlling Shareholders and/or their close associate(s) will be fully settled before the [**REDACTED**].

Based on the above, our Directors believe that we are capable of carrying on our business independently of and do not place undue reliance on our Controlling Shareholders and their close associates after the [**REDACTED**].

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their associates has a material interest, our Controlling Shareholders or their associate will not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(c) our Board consists of a balanced composition of executive Directors, non-executive Director and independent non-executive Directors, with independent non-executive Directors representing not less than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses;

(e) the independent non-executive Directors will review, on an annual basis, compliance with the Non-Competition Undertaking Letter given by our Controlling Shareholders. Our Company will disclose decisions relating to compliance and enforcement of the Non-Competition Undertaking Letter (including our independent non-executive Directors' views for such decision) in our annual report;

(f) our Directors will be responsible for reviewing, considering and deciding whether or not to take up any business opportunity under the Non-Competition Undertaking Letter. Any Directors who have a material interest in such decision shall abstain from voting. Our Company will disclose such decision (including our independent non-executive Directors' views for such decision) in our annual report;

(g) the Non-Competing Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review referred to in paragraph (e) above; and

(h) we have appointed Somerley Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors (including our independent non-executive Directors) believe that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the [**REDACTED**].