## OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Controlling Shareholders, namely Wolong Holding, Wolong Shunyu, Mr. JC Chen and Ms. YN Chen, collectively controlled approximately 38.84% of the total issued share capital of our Company. See "History, Development and Corporate Structure — Our Shareholding and Corporate Structure" for details.

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Controlling Shareholders, comprising Wolong Holding, Wolong Shunyu, Mr. JC Chen and Ms. YN Chen, will collectively control approximately [**REDACTED**]% of the total issued share capital of our Company. Accordingly, they will remain as our Controlling Shareholders upon the [**REDACTED**].

Wolong Shunyu is wholly owned by Wolong Holding, which is in turn owned as to approximately 48.93% by Mr. JC Chen, as to approximately 38.73% by Ms. YN Chen and as to approximately 12.34% by five other shareholders (collectively, the "**Other Equity Holders**"), none of which holds more than 5% of the equity interest of Wolong Holding. Such Other Equity Holders are not considered as members of the group of Controlling Shareholders based on the followings: (i) each of the Other Equity Holders is a passive investor in Wolong Holding without participation in the daily management of Wolong Holding, and none of them could control the management decisions of Wolong Holding; (ii) Mr. JC Chen and Ms. YN Chen, by collectively holding more than three-fourth of the voting rights at the general meetings of Wolong Holding, are able to control the decisions of the matters to be considered at its general meetings; and (iii) no acting in concert or voting proxy arrangements exist between any of the Other Equity Holders and our Controlling Shareholders.

## CLEAR BUSINESS DELINEATION

### Our Business

We primarily offer electric drive solutions, specializing in the research and development, manufacturing, sales, and service of advanced electric drive products and solutions (the "**Core Business**"). We provide five core segments tailored for diverse applications worldwide: explosion-proof electric drive solutions, industrial electric drive solutions, HVAC electric drive solutions, E-mobility drive solutions, and robotic components and system applications.

### The Business of the Controlling Shareholders

Wolong Holding is a company incorporated under the laws of the PRC in 1984. Apart from the business operated by our Group, Wolong Holding also holds investments in companies (including through Wolong Shunyu) engaged in various industries, including but not limited to investment management, real property development, power generation and transmission business, manufacturing and sales of transformers and energy storage systems, software development and entertainment, which do not compete with the Core Business. In particular, although transformers may, in certain cases, be incorporated into our electric drive solutions and are therefore sourced by us from third parties (including Wolong Holding), Wolong Holding's business relating to manufacturing and sales of transformers is clearly delineated from our business based on the followings: (i) our Group is not engaged in manufacturing or sales of transformers, which is different in terms of product type and customer needs from the offerings of our electric drive solutions. The primary function of our electric drive solutions is to convert electrical energy into mechanical energy to enable rotational or linear motion, while a transformer is an electrical energy converter that changes voltage; (ii) the production line and production process for transformers are different from those of the offerings of our electric drive solutions; and (iii) transformers are only one of the components of certain of the offerings of our electric drive solutions. We have entered into certain transactions in the ordinary and normal course of our business with certain subsidiaries of Wolong Holding and/or its associates. See "Connected Transactions."

Wolong New Energy, a company listed on Shanghai Stock Exchange (stock code: 600173), is a subsidiary of Wolong Holding, which directly and indirectly controlled 46.01% of the voting rights in Wolong New Energy as of the Latest Practicable Date. Wolong New Energy primarily engages in real estate development and sales business and mineral trading business. Wolong New Energy has also been operating new-energy businesses primarily including sale of energy storage systems and electricity from photovoltaic power generation business since 2025. See "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers."

Zhejiang Wolong Mineral Resources Co., Ltd. (浙江臥龍礦產資源有限公司) ("**Wolong Mineral Resources**") was established in the PRC at the end of 2025, primarily to integrate Wolong Holding's mineral resources related business. Wolong Mineral Resources is mainly engaged in mining and mineral trading businesses. As of the Latest Practicable Date, Wolong Mineral Resources was owned as to approximately 48.93% and 38.73% by Mr. JC Chen and Ms. YN Chen, respectively.

Mr. JC Chen founded the business of Wolong Holding in his mid-twenties in 1984, and through which, Mr. JC Chen and Ms. YN Chen control three listed companies, including the Company, Wolong New Energy and Brook Crompton Holdings Ltd. (SGX: AWC.SI). Mr. Chen is currently the chairman of the board of directors of Wolong Shunyu and holds directorships at certain subsidiaries of Wolong Holding. Mr. JC Chen resigned from the Board in January 2022 due to his age and with the Group's long-term development in mind. Ms. YN Chen began engaging in the business management since holding managerial positions at subsidiaries of the Company in 2007. She previously successively served as a director of the Company and the chairperson of the board of directors of Wolong New Energy, and is currently the president and chairperson of the board of directors of Wolong Holding and also holds directorships at certain subsidiaries of Wolong Holding (including Wolong Shunyu). Ms. YN Chen resigned from the Board in September 2014 for strategic development reasons as well as corporate governance considerations. By bringing in more external and professional directors, the Board's expertise and independence are enhanced, resulting in a more standardized decision-making process that better safeguards the interests of minority shareholders.

Each of our Controlling Shareholders confirmed that as of the Latest Practicable Date, apart from the business of our Group, he/she/it did not have any interests in any other business, that competes or is likely to compete, directly or indirectly, with our Core Business, which would require disclosure under Rule 8.10 of the Listing Rules.

## NON-COMPETITION UNDERTAKING

On January 8, 2013, Wolong Holding, Wolong Shunyu and Mr. JC Chen each executed a non-competition undertaking, pursuant to which (A) each of them undertakes, among others, that they will not directly or indirectly engage in or participate in any business that may constitute potential direct or indirect competition with our Group, and will take legal and effective measures to procure other entities controlled by each of them not to engage in or participate in any business that is competitive with our Group; (B) each of Wolong Holding and Wolong Shunyu further undertakes that if they or any other controlled entity of them have any business opportunities to engage in and participate in any activities that may compete with our Group, they shall immediately notify our Group of the such business opportunities and provide such business opportunities to our Group free of charge; and (C) Mr. JC Chen further undertakes that he will indemnify us for all losses suffered by our Group caused by any breach or violation of the above undertakings.

## INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently from our Controlling Shareholders and their respective close associates after the [**REDACTED**].

### Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board consists of ten Directors, comprising four executive Directors, two non-executive Directors and four independent non-executive Directors. See "Directors and Senior Management" for details.

Save as disclosed below, none of our Directors or our senior management members holds a directorship or other position in our corporate Controlling Shareholders and their close associates.

| Name | Position in our Company | Position(s) in Controlling Shareholders and their close associates |
|---|---|---|
| Mr. PANG Xinyuan | Chairman of the Board, executive Director | Director with no management role at Wolong Holding and certain subsidiaries of Wolong Holding |
| Mr. MA Yajun | Non-executive Director | Chief financial officer of Wolong Holding; financial controller of Wolong Shunyu; director, supervisor or financial controller of certain subsidiaries of Wolong Holding; director of Wolong Mineral Resources and certain of its subsidiaries |
| Mr. LI Yinggang | Non-executive Director | Human resources director of Wolong Holding; director and general manager of a subsidiary of Wolong Holding |

Despite the aforesaid overlapping personnel, Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

(i) Mr. PANG Xinyuan is our chairman of the Board and an executive Director, and also currently holds directorships and managerial positions at certain subsidiaries of our Group. Mr. Pang is not acting as a director with management role at Wolong Holding and is not involved in the day-to-day management and operations of Wolong Holding or its subsidiaries;

(ii) Mr. MA Yajun and Mr. LI Yinggang are non-executive Directors of our Company, both of whom will be mainly responsible for providing guidance or supervision for the overall management and development of our Company and will not be involved in the day-to-day operation and management of our Company;

(iii) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(iv) each Director is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. 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, the interested Director shall abstain from voting and shall not be counted towards the quorum for the voting;

(v) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Controlling Shareholders or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted towards the quorum for the voting;

(vi) we have four independent non-executive Directors with extensive experience in their respective areas of expertise, representing more than one-third of the members of our Board. Certain matters of our Company, including continuing connected transactions, must always be referred to the independent non-executive Directors for review and approval; and

(vii) our Company is an A-share listed company and have formulated and adopted a series of corporate governance policies and measures to manage conflicts of interest, if any, in compliance with the relevant requirements and rules of the Shanghai Stock Exchange.

**Operational Independence**

We do not rely on our Controlling Shareholders or their respective close associates for our business development, staffing, logistics, administration, finance, internal audit, IT, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers. We are in possession of all relevant licenses, certificates, facilities and IP rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

We have entered into a number of transactions with certain subsidiaries of Wolong Holding and/or its associates. See "Connected Transactions" for further details of, and the reasons for entering into, these transactions. Considering that the amount of the relevant transactions during the Track Record Period are not significant to our Group, our Directors believe that such transactions will not have any impact on the operational independence of our Group.

Based on the above, our Directors believe that we are able to operate independent of our Controlling Shareholders and their respective close associates.

**Financial Independence**

We have our own financial management system and we make financial decisions according to our own business needs. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date, save for the guarantees set forth in Note 31 to the Accountants' Report set out in Appendix I to this document, none of our Controlling Shareholders or their close associates had provided any guarantees to our Group. Our Directors confirm that all such guarantees have been released as of the date of this document. In addition, we also provided guarantees to our Controlling Shareholders or their close associates during the Track Record Period as set forth in Note 48 to the Accountants' Report set out in Appendix I to this document, which have been released as of the date of this document.

As of September 30, 2025, we had independently borrowed from banks a principal amount of approximately RMB4.4 billion in total without guarantees from our Controlling Shareholders and/or their close associates. As our Group is able to independently obtain replacement financing from independent third party commercial banks on normal commercial terms without the guarantee or other financial support from our Controlling Shareholders, our Directors are satisfied that our Group will be financially independent of our Controlling Shareholders and any of their close associates upon [**REDACTED**].

Our Directors confirm that, save as such connected transactions set forth in the section headed "Connected Transactions," there will be no balances due to or from our Controlling Shareholders or their close associates which had not been fully settled nor were there any financial assistance, security or guarantee provided by our Controlling Shareholders or their close associates in favor of our Group or vice versa upon [**REDACTED**].

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

### Corporate Governance Measures

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of our Shareholders, including:

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

(ii) 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 provide that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;

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

(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 four independent non-executive Directors, and we believe our independent non-executive Directors (a) possess sufficient experiences, (b) are free of any business or other relationship which could interfere with the exercise of their independent judgment in any material manner, and (c) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole. See "Directors and Senior Management" for details of the independent non-executive Directors;

(v) the independent non-executive Directors will review, at least on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our Shareholders;

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

(vii) we have appointed Huatai Financial Holdings (Hong Kong) Limited as our Compliance Advisor to provide us with advice and guidance in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to Directors' duties and corporate governance; and

(viii) we have established our Audit Committee, Remuneration and Evaluation Committee, Nomination Committee and Strategy and ESG Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Company and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].