OVERVIEW

On 5 January 2020, Mr. Ye Jinwu, Ms. Li Chunlian, Mr. Ye Ye, Mr. Wang Xiaoyue and Ms. Ye Huiqing (collectively, the "**Concert Parties**") entered into a concert parties agreement, pursuant to which the Concert Parties agreed to act in concert with each other in exercising their respective voting rights in the Company. Each of the Concert Parties has agreed that that they will be acting in concert with each other by aligning their votes at the shareholders' meetings of our Company in accordance with the consensus achieved among them until the relevant Concert Parties cease to hold any interests in our Company, and shall vote in accordance with the view and decision of Mr. Ye Jinwu in the event that they are unable to reach consensus on any matter presented.

On 8 May 2023, as a result of the subscription of Shares by Jinlong Zhichuang LP, the employee shareholding platform of our Group, the general partner of which is Ms. Ye Weuilei, the spouse of Mr. Ye Ye, our executive Director and general manager, under a private placement, Jinlong Zhichuang LP also became a party acting in concert with the Concert Parties in exercising its voting rights in the Company.

As of the date of this document, Mr. Ye Jinwu, Ms. Li Chunlian, Mr. Ye Ye, Mr. Wang Xiaoyue, Ms. Ye Huiqing, Jinlong Zhichuang LP beneficially holds **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]** and **[REDACTED]** of the issued Shares of our Company, respectively, and for the purpose of the Listing Rules, Mr. Ye Jinwu, Ms. Li Chunlian, Mr. Ye Ye, Mr. Wang Xiaoyue, Ms. Ye Huiqing, Jinlong Zhichuang LP and Ms. Ye Weilei constitute a group of our Controlling Shareholders. As of the Latest Practicable Date, our Controlling Shareholders held in aggregate approximately **[REDACTED]** of the total issued Shares of our Company.

Immediately following completion of the **[REDACTED]**, our Controlling Shareholders will be, in aggregate, entitled to control the exercise of approximately **[REDACTED]** of the voting rights (assuming the **[REDACTED]** is not exercised) or approximately **[REDACTED]** of the voting rights (assuming the **[REDACTED]** is exercised in full) and thus remain as our Controlling Shareholders.

NO COMPETITION

Our Business

We are a national high-tech enterprise, operating within the variable frequency motor manufacturing industry. We are principally engaged in the design, development, manufacture and sale of small and medium-sized high-efficiency industrial motors and related control systems in the PRC.

Other Business of our Controlling Shareholders

Taizhou Jinlong Electric Machinery Co., Ltd.

Taizhou Jinlong Electric Machinery Co., Ltd. (台州市金龍電機有限公司) ("**Taizhou Jinlong**") was established in the PRC with limited liability on 7 July 2003, and had been owned by Mr, Ye Jinwu, Ms. Li Chunlian and Mr. Ye Ye as to 28.0%, 45.0% and 27.0% of its issued share capital, respectively throughout the Track Record Period and up to the Latest Practicable Date.

Taizhou Jinlong did not carry on any business activity throughout the Track Record Period and up to the Latest Practicable Date, and there is no intention for Taizhou Jinlong to carry on any business activity which competes or likely to compete with our principal business after the **[REDACTED]**.

Wuxi Jinjie Motor Technology Co., Ltd.

Wuxi Jinjie Motor Technology Co., Ltd. (無錫市錦捷電機技術有限公司) ("**Jinjie Motor Technology**") was established in the PRC with limited liability on 1 December 2020, and is owned as to 51.0% by Mr. Ye Jinwu.

Jinjie Motor Technology did not carry on any business activity throughout the Track Record Period and up to the Latest Practicable Date, and there is no intention for Jinjie Motor Technology to carry on any business activity which competes or likely to compete with our principal business after the **[REDACTED]**.

As at the Latest Practicable Date, save as disclosed above, none of our Controlling Shareholders, their respective close associates, and our Directors had any interest in a business that competes or was likely to compete, either directly or indirectly, with our principal business, which would be subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on our business independently from our group of Controlling Shareholders and their respective close associates after **[REDACTED]**.

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. We consider that our Board and senior management will function independently from our Controlling Shareholders because:

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

(b) 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 Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum subject to the provision of the Articles of Association;

(c) 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 the Articles of Association and/or the Listing Rules; and

(d) our Group has established our own finance, human resources, supply chain centre and marketing centre departments which are responsible for daily operations of our Group.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable of performing their roles in our Company independently and manage our business independently from members of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Operational independence

We have established our own organisational structure comprised individual departments, each with specific areas of responsibilities. We have also established various internal control procedures to facilitate the effective operation of our business. We are not operationally dependent on our Controlling Shareholders. We hold or enjoys the benefit of all relevant licences and owns all relevant intellectual property and R&D facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and suppliers.

Based on the above, our Directors believe that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates.

Financial independence

We have an independent financial system. Our accounting and finance functions are independent of our Controlling Shareholders and their close associates. We makes financial decisions according to our own business needs. Our major finance operations are handled by our financial department, which operates independently from our Controlling Shareholders and their close associates. We do not share any other functions or resources with any of our Controlling Shareholders or their close associates.

During the Track Record Period, Mr. Ye Jinwu, Ms. Li Chunlian, Mr. Ye Ye, Mr. Wang Xiaoyue, Ms. Ye Weilei and Taizhou Jinlong Electric Machinery Co., Ltd.* (台州市金龍電機有限公司), a company established in the PRC with limited liability which is owned as to 45.0%, 28.0% and 27.0% by Mr. Ye Ye, Mr. Ye Jinwu and Ms. Li Chunlian as of the Latest Practicable Date, had been providing guarantees (the "**Connected Guarantees**") as security for certain of our Group's banks loans (collectively, the "**Guaranteed Loans**"). As at 31 March 2026, the total Guaranteed Loans amounted to approximately RMB405.8 million and all Connected Guarantees are expected to be released upon **[REDACTED]**.

Based on the above, our Directors believe that our Group is able to operate with financial independence from our Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKING

Each of our Controlling Shareholders (the "**Covenantors**") has entered into a Deed of Non-competition in favour of our Company (for itself and as trustee for our subsidiaries) on [●]. Subject to the terms and conditions of the Deed of Non-competition, the Covenantors irrevocably and unconditionally undertake to and covenant with our Company (for itself and as trustee for our subsidiaries) that, during the period in which the Covenantors are subject to the provisions of the Deed of Non-competition:

(i) it/he/she will not, and will procure its/his/her close associates and/or the companies controlled by it/him/her (other than members of our Group) not to, directly or indirectly, either on its/his/her own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be engaged in, invest in, acquire, hold or provide any form of assistance to any person, firm or company (except members of our Group) to conduct (in each case whether as a shareholder, director, partner, agent, employee or otherwise and whether for interest, return or otherwise) any business which is or may be similar to or in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time, including but not limited to design, development, manufacture and sale of small and medium-sized high-efficiency industrial motors and related control systems (the "**Restricted Business**");

(ii) if it/he/she and/or any of its/his/her close associates has received, is offered or has identified any business investment or other business opportunity that competes or may compete, directly or indirectly, with the Restricted Business (the "**New Business Opportunity**"), it/he/she and/or any of it/his/her close associates shall (i) immediately give a notice in writing to our Company in respect of such New Business Opportunity, setting out all reasonably necessary information for our Group to make an informed assessment; and (ii) use its best efforts to assist our Company in acquiring such New Business Opportunity at terms and conditions no less favourable than those available to it and/or its close associates;

(iii) neither it/he/she nor any of its/his/her close associates, directly or indirectly, carries out, participates or is engaged in, invests in, acquires or holds (in each case whether as a shareholder, director, partner, agent, employee or otherwise and whether for interest, return or otherwise) or is otherwise involved (other than through our Group) in the Restricted Business;

(iv) it/he/she will provide all necessary information for our Directors (including our independent non-executive Directors) to review its/his/her compliance with and implementation of the Deed of Non-competition on an annual basis and, if necessary, make annual statements in respect of its compliance with and implementation of the Deed of Non-competition in the annual reports of our Company;

(v) it/he/she will allow our Directors, their respective representatives and auditors to have full access to its/his/her records and/or will procure its/his/her close associates to use their best efforts to allow our Directors, their respective representatives and auditors to have full access to their records, in order for it/him/her to meet the terms and conditions of the Deed of Non-competition; and

(vi) for so long as it or any of its/his/her close associates, either alone or as a whole, remains the Controlling Shareholder(s) of our Company (within the meaning of the Listing Rules) or a Director: (1) it/he/she will not participate in, carry on or invest in any project or business opportunity that competes or may compete, directly or indirectly, with the business conducted by our Group from time to time; (2) it/he/she will, in accordance with the Articles of Association and the Listing Rules, declare its/his/her interests and, where required, abstain from voting at any board meeting and/or general meeting of our Company and not be counted as quorum where required, if there is any actual or potential conflict of interests; (3) it/he/she and its/his/her close associates (other than our Group) will not solicit any existing or then our existing employee; (4) without the consent of our Company, it/he/she will not use any information pertaining to our business which may have come to its knowledge in its/his/her capacity as our Controlling Shareholders and/or our Director for any purposes; and (5) it/he/she will procure its/his/her close associates (other than our Group) not to participate in, carry on or invest in any project or New Business Opportunity mentioned above (except pursuant to paragraph (a) below).

The non-competition undertakings made by each of the Covenantors do not apply in the following circumstances:

(a) if the information on the principal terms of the Restricted Business, project or New Business Opportunity has been made available to our Group and our Directors, the principal terms in accordance with which the relevant Covenantor(s) or its/his/her/their close associates participate in carry on or invest in such Restricted Business, project or New Business Opportunity are approximately the same or are no more favourable than these offered to our Company, and our Company has confirmed that it, after review by our Directors (including our independent non-executive Directors, provided that the resolution shall be approved by the majority of our independent non-executive Directors at a meeting in the absence of Directors who have beneficial interest in the project or business relating to such project or business), will refuse to operate, participate in or carry on such Restricted Business relating to such New Business Opportunity, then any close associate of the Covenantors (other than our Group) has the right to participate in, carry on or invest in any Restricted Business relating to such New Business Opportunity that has previously been offered to our Group, irrespective of the value of such business. Subject to the foregoing, if the Covenantors or any of its close associates has decided to directly or indirectly participate in, carry on or invest in any Restricted Business relating to such New Business Opportunity, it/he/she/they shall be subject to any conditions imposed by our independent non-executive Directors and shall disclose to our Company the terms under which it/he/she/they operate, participate or carry on such Restricted Business as soon as practicable; and

(b) without prejudice to the principle of (a) above, the undertakings made by the Covenantors do not apply to any of the following: (i) holding of shares or other securities issued by our Company or our subsidiaries; and (ii) where a company is a company **[REDACTED]** on any stock exchange recognised by national laws and holds the shares of the date on which: (1) any of our Controlling Shareholders and its/their close associates and/or successor, individually and/or collectively, cease to own 30% (or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general **[REDACTED]**) or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as our Controlling Shareholders; or (2) our H Shares cease to be **[REDACTED]** on the Stock Exchange (except for temporary suspension of our H Shares due to any reason).

CORPORATE GOVERNANCE MEASURES

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 or any of their 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) our Company has established internal control mechanism to identify connected transactions. After the **[REDACTED]**, our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(iii) where our Directors reasonably request the advice of independent professionals, such as independent financial advisers, the appointment of such independent professional will be made at our Company's expense;

(iv) we have appointed Sunny Fortune Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(v) we have established the Strategy and Investment Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;

(vi) our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and

(vii) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders.