

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

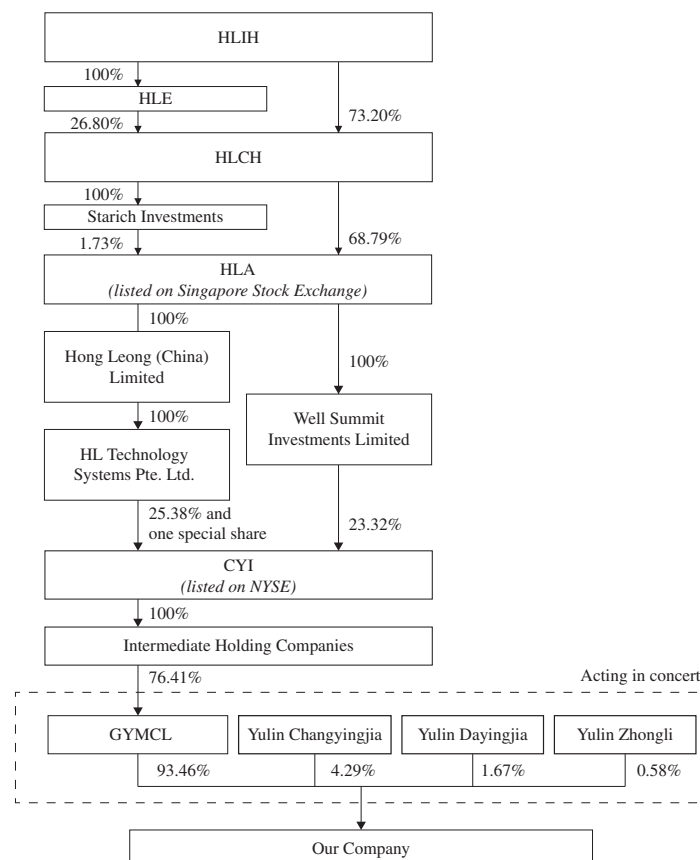
OUR CONTROLLING SHAREHOLDERS

The Company was incorporated in 2017 as a wholly owned subsidiary of GYMCL, with the principal business of selling *mtu* branded engines. In 2022 GYMCL injected the business of marine and genset power into the Company, following which the Company established a robust product portfolio in generators and marine engines. In December 2025, we converted into a joint stock limited company. As of the Latest Practicable Date, our Company was owned as to approximately 93.46% by GYMCL. Immediately following the completion of the [REDACTED] (assuming no exercise of the [REDACTED]), GYMCL will hold approximately [REDACTED]% of the total issued share capital of our Company.

As of the Latest Practicable Date, GYMCL was owned as to 76.41% by CYI through six intermediate holding companies (“**Intermediate Holding Companies**”), all of which are wholly-owned by CYI. See “History — Our Structure Immediately Prior to the [REDACTED]” for further details of the six intermediate holding companies.

As of the Latest Practicable Date, CYI, whose shares are listed on NYSE, was held as to 48.70% by HLA (through Hong Leong (China) Limited, HL Technology Systems Pte. Ltd. and Well Summit Investments Limited) 31.21% by public shareholders, and 20.09% by GY Entities. In addition, HLA beneficially owns a special share in CYI through its subsidiaries that entitles it to elect a majority of directors in CYI and no shareholders’ resolution may be passed without the affirmative vote of the special share. As of the Latest Practicable Date, HLA was directly and indirectly (through Starich Investments) held as to 70.52% by HLCH; HLCH was in turn directly and indirectly (through HLE) 100% owned by HLIH, being the ultimate holding company of HLA.

A simplified illustration of the aforementioned corporate structure immediately before the [REDACTED] is set out below.



See “History, Development and Corporate Structure” in this document for further details.

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Since the introduction of the Limited Partnership Platforms as shareholders of our Company through capital increase in June 2024, the Limited Partnership Platforms and GYMCL have been acting in concert with each other based on their respective partnership agreements, in which the Limited Partnership Platforms shall act in concert with GYMCL and exercise the same manifestation of intent as GYMCL when exercising its voting rights in our Company.

Immediately following the completion of the [REDACTED], GYMCL, HLTS, Earnest Assets, Cathay Diesel Holdings, Tsang & Ong, GSGH, Youngstar, CYI, HL Technology Systems Pte. Ltd., Hong Leong (China) Limited, Well Summit Investments Limited, HLA, Starich Investments, HLCH, HLE, HLIH, Yulin Dayingjia, Yulin Changyingjia and Yulin Zhongli will constitute a group of Controlling Shareholders under the Listing Rules.

INFORMATION OF BUSINESS OF OUR GROUP AND OUR CONTROLLING SHAREHOLDERS

Our Group

We design, develop, manufacture and sell power generators, marine engines, power generator sets and engine components. We serve a wide array of markets across the economy, including data center, distributed power station, infrastructure construction, telecommunications, healthcare, mining, agriculture, oil & gas and vessel transportation and operation sectors. See “Business” in this document for further details of our business.

GYMCL

GYMCL is our Controlling Shareholder and is principally engaged in the design, manufacture, assembly and sales of a wide variety of light-, medium- and heavy-duty engines for trucks, buses, pickups, construction and agricultural equipment, as well as marine and power generation applications through our Group. It offers a comprehensive portfolio of powertrain solutions, including but not limited to diesel, natural gas, and new energy products such as pure electric, range extenders, and hybrid and fuel cell systems.

CYI Group

CYI, the controlling shareholder of GYMCL, is a company listed on the New York Stock Exchange under the symbol of “CYD”. It primarily acts as a holding company for its principal subsidiary, GYMCL through six wholly owned subsidiaries, HLTS, Earnest Assets, Cathay Diesel Holdings, Tsang & Ong, GSGH and Youngstar.

HLTS, Earnest Assets, Cathay Diesel Holdings, Tsang & Ong, GSGH and Youngstar are investment holding companies of GYMCL without any substantive business.

HLA Group

HLA, the controlling shareholder of CYI, is a company listed on the main board of the Singapore Stock Exchange (SGX: H22) since 1998 with core businesses in powertrain solutions and building materials. The building material business supplies cement, ready-mix concrete and precast concrete elements for the built environment in Singapore and Malaysia. For the powertrain solutions business, HLA Group principally operates through CYI and GYMCL.

Hong Leong (China) Limited is principally engaged in the provision of other business support service activities, whereas HL Technology Systems Pte. Ltd. and Well Summit Investments Limited are investment holding companies.

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HLCH Group

HLCH, the controlling shareholder of HLA, is principally engaged in the trading, import, export and distribution of general merchandise and investment holding. Starich Investments is an investment holding company.

HLIH Group

HLIH, the controlling shareholder of HLCH, is an investment holding company. HLE is an investment holding company.

Yulin Dayingjia, Yulin Changyingjia and Yulin Zhongli

Yulin Changyingjia and Yulin Zhongli were established in the PRC as employee share incentive platforms of our Company, and Yulin Dayingjia was established in the PRC as a shareholding platform under which partnership interests were awarded to eligible participants who are employees of GYMCL and its subsidiaries other than our Company. See “History, Development and Corporate Structure — Limited Partnership Platforms” in this document for further details of Yulin Dayingjia, Yulin Changyingjia and Yulin Zhongli.

DELINEATION OF BUSINESSES

The Directors are of the view that there is clear delineation between the principal business of our Group and those of GYMCL Connected Persons. In particular, our Group focuses on the design, development, manufacture and sale of power generator engines and marine propulsion and auxiliary engines, whereas other than specifically disclosed in the table below, GYMCL Connected Persons primarily focus on the design, assembly, manufacture and sales of engines for other uses such as trucks, buses, pickups, construction and agriculture equipment.

Accordingly, although there are certain products where we collaborate with certain members of GYMCL Connected Persons, for the reasons below, we do not consider them to be competing with our Group’s business.

<u>Principal business undertaken</u>	<u>Collaboration with our Group and its associate</u>	<u>Differentiation</u>
(a) GYMCL		
(i) GYMCL’s business includes the sale of 6TD and VTD series engine products for applications other than power generation and marine propulsion, which principally include applications in heavy-duty construction equipment, mining trucks, air compressors, oil fracturing trucks and water pump units, along with the development of corresponding non-critical components.	Our business includes the development and manufacture of 6TD and VTD series engine products, and the sales of the 6TD and VTD series engine products to GYMCL for application other than power generation and marine propulsion, and other customers for power generation and marine propulsion.	See “Non-interchangeable applications for products manufactured to different specifications by GYMCL Connected Persons and our Group” below for further details. GYMCL neither develops nor manufactures the 6TD and VTD series engines and sells their engines only for the applications other than power generation and marine propulsion applications. By contrast, we develop and manufacture and sell those engines for the purpose of power generation and marine propulsion.

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Principal business undertaken	Collaboration with our Group and its associate	Differentiation
<p>(ii) GYMCL’s future business may include the development, production and sales of new engine series for applications principally include heavy-duty construction equipment, mining trucks, air compressors, oil fracturing trucks and water pump units.</p> <p>(iii) Given that our business was historically managed directly by GYMCL and subsequently injected into our Company, certain customers have continued to recognize GYMCL as their approved supplier in respect of power generation related products.</p> <p>Against this backdrop, during the Track Record Period, GYMCL purchased our power generator sets from our OEM suppliers and then supplied them to three of their existing end customers. The total value of transactions under such contracts amounted to less than 3% of our aggregated revenue during each financial year of the Track Record Period.</p>	<p>Our future business may include the development, production and sale of new engine series for the application of power generation and marine propulsion.</p>	<p>GYMCL intends to focus on new engine series for non-power generation and non-marine propulsion applications, whereas we intend to focus on new engine series for the application of power generation and marine propulsion.</p> <p>GYMCL is not engaged in the manufacture or production of power generator sets. This arrangement reflects the collaboration between GYMCL and our Group.</p>
(b) Simlan Technology^{Note (1)} and its wholly owned subsidiary		
<p>Simlan Technology and wholly owned subsidiary engage in the design, development, manufacture and sale of range extender (a power generation unit for the recharge of battery) for applications other than power generation and marine propulsion.</p>	<p>Our Group engages in the design, development, manufacture and sale of engine for the application of power generation and marine propulsion.</p>	<p>We do not manufacture and develop range extender for marine propulsion. However, in order to offer more products for our customers, we may procure range extender and engage in the sale of range extender for marine propulsion going forward.</p>
(c) Yichen Power^{Note (2)}		
<p>Yichen Power principally manufactures 6K-platform series engines for various applications, which principally include applications in automotive powertrains, construction machinery and other industrial power systems, and exclusively sells such engines for power generation and marine propulsion to our Group.</p>	<p>Our Group is involved in the design, development, manufacture and sale of power generators and marine engines. In particular, we also sell 6K-platform series engines manufactured by Yichen Power for power generation and marine propulsion to our customers.</p>	<p>See “Non-interchangeable applications for products manufactured to different specifications by GYMCL Connected Persons and our Group” below for further details.</p> <p>We do not manufacture and develop 6K-platform series engines for power generation, but in order to offer a comprehensive product portfolio to our customers, we purchased the same from Yichen Power for sales to our customers for the application of power generation and marine propulsion.</p>

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Notes:

- (1) As of the Latest Practicable Date, Simlan Technology was held as to 98.2% by GYMCL, with the remaining shares held by an Independent Third Party, namely 1.8% by Guangxi Industrial Technology Research Institute Investment and Development Co., Ltd.* (廣西產業技術研究院投資發展有限公司).
- (2) As of the Latest Practicable Date, Yichen Power was held as to 45% by GYMCL, with the remaining shares held by Independent Third Parties, namely 50% by C&C Trucks Co., Ltd. (集瑞聯合重工有限公司) (“**C&C Trucks**”) and 5% by Shenzhen Jiusi Investment Management Co., Ltd.* (深圳市九思投資管理有限公司) (“**Shenzhen Jiusi**”). On August 20, 2026, GYMCL entered into a share transfer agreement with C&C Trucks, under which C&C Trucks agreed to sell, and GYMCL agreed to purchase, the 45% equity interest in Yichen Power held by C&C Trucks. On August 21, 2026, GYMCL entered into another share transfer agreement with Shenzhen Jiusi, under which Shenzhen Jiusi agreed to sell, and GYMCL agreed to purchase, the 5% equity interest in Yichen Power held by Shenzhen Jiusi. Subject to and upon completion of the aforementioned transactions, Yichen Power will become a 95% owned subsidiary of GYMCL.

Non-interchangeable applications for products manufactured to different specifications by GYMCL Connected Persons and our Group

As stipulated above, although the engines sold by GYMCL Connected Persons, including the 6TD, VTD and 6K-platform series, fall within the same series as the products sold by our Group, they are differentiated by distinct technical specifications tailored to their respective applications. These differences apply consistently across all three engine series (i.e. 6TD, VTD and 6K-platform). The key differences are as follows:

Characteristic	Power Generation	Marine Propulsion	Construction Machinery
Operating Parameters	Constant speed operation at 1,500 r/min or 1,800 r/min	Variable speed operation at up to 2,035 r/min (for 6K-platform) or 1,800 r/min (for 6TD and VTD series)	Variable speed operation at up to 1,900 r/min
Performance Components	(i) Turbochargers designed for constant-speed operation; (ii) Fuel system calibrated for steady-state injection parameters.	(i) Turbochargers optimized for lower-speed, high-load conditions; (ii) Fuel injection pressure, duration and volume calibrated for marine operating profiles.	(i) Turbochargers specifically matched for high-speed, high-load conditions; (ii) Fuel injection pressure, duration and volume differ significantly from other applications.
Peripheral Components	(i) Bolting directly to the generator (no extra parts needed); (ii) No air compressor, steering pump or power take-off (“ PTO ”) required; (iii) Pressure-type (blowing) cooling fans.	(i) Using a standard housing that bolts straight to the marine gearbox (which is a universal fitting); (ii) No air compressor, steering pump or PTO required; (iii) Dual-purpose (blowing and drawing) ventilation fans.	(i) Requiring extra gearbox and special housing; (ii) Requiring air compressor, steering pump and PTO; (iii) Suction-type (drawing) cooling fans.
Applicable Standards	Mobile: China’s Non-Road Stage IV (particulate matter (“ PM ”) limit: 0.025 g/kWh); Stationary: no specific regulatory emission limits in the PRC.	Classification society requirements (e.g., double-walled high-pressure fuel lines); IMO Tier II (no PM requirement); or China’s Stage II (PM limit: 0.12 g/kWh).	China’s Non-Road Stage IV (PM limit: 0.025 g/kWh).

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Due to these substantial differences in operating parameters, performance and structural components, and applicable regulatory standards across the 6TD, VTD and 6K-platform series, even though the products sold by GYMCL Connected Persons and our Group fall within the same series, products designed for different application fields are not interchangeable and cannot be substituted for use in another.

For the reasons stated above, we believe that there is neither substantial competition (direct or indirect) nor material conflicts of interest between the business of our Group and the GYMCL Connected Persons. Nevertheless, to ensure that competition will not develop between the GYMCL Connected Persons (on the one hand) and our Group (on the other hand) in the future, GYMCL will provide certain undertakings to our Company. See “Deed of Non-Competition” below for further details. Further, Yichen Power issued an undertaking letter to our Company in April 2026, pursuant to which Yichen Power has undertaken that it will exclusively sell such engines for power generation and marine propulsion to us and shall not develop or sell other engines for power generation or marine propulsion. GYMCL has also undertaken that it will continue to monitor Yichen Power’s sales of engines for power generation and marine propulsion going forward and upon [REDACTED]. In particular, GYMCL has committed to conduct quarterly reviews of Yichen Power’s sales records and customer lists related to engines for power generation and marine propulsion, and to require Yichen Power to provide relevant sales data and transaction documents for verification. GYMCL will exercise its shareholding rights to require Yichen Power to comply with the exclusivity undertaking and cooperate with the monitoring procedures.

Save as disclosed above, as of the Latest Practicable Date, none of the members of the Controlling Shareholder Group, our Directors or their respective close associates was interested in any business, other than our Group’s business, which competes or is likely to compete, either directly or indirectly, with our Group’s business which require disclosure pursuant to Rule 8.10 of the Listing Rules.

Deed of Non-Competition

In order to avoid any potential competition between (i) GYMCL Connected Persons on the one hand; and (ii) our Group on the other hand, GYMCL has entered into the Deed of Non-competition in favor of our Company (for itself and on behalf of our Group). Pursuant to the Deed of Non-Competition, subject to the exceptions set out below, GYMCL has irrevocably and unconditionally undertaken to our Company that it would not, and would procure that its subsidiaries (other than our Group) not to, during the Restricted Period (as defined below), directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company (except through any member of our Group), among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent or otherwise, and whether for profit, reward or otherwise) any Restricted Business (as defined below), whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person.

The “**Restricted Business**” stated in the Deed of Non-Competition refers to any activity or business which competes, or is likely to compete, either directly or indirectly, with:

- (a) the design, development, manufacture and sale of power generator engines, marine engines, power generator sets, and other auxiliary products for power generation and marine propulsion; and
- (b) any other business from time to time conducted, entered into, engaged in or invested in by any member of our Group or which our Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, enter into, engage in or invest in, save as disclosed in this document.

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The obligation of the GYMCL under the Deed of Non-Competition will remain binding until the earlier of the followings:

- (a) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares on the Stock Exchange for any reason); or
- (b) the date on which GYMCL and its close associate, collectively cease to be entitled to exercise or control the exercise of 30% or more in aggregate of the voting power at general meetings of our Company or otherwise cease to be one of the Controlling Shareholders of our Company.

“**Restricted Period**” shall mean the period commencing on the [REDACTED] until the earlier of the above events.

GYMCL has also undertaken to our Company, that as permitted under the relevant laws and regulations, to provide all information requested by our Company which is necessary for the annual review by our Independent non-executive Directors of the GYMCL and/or its subsidiaries’ compliance with the undertakings and the enforcement of the Deed of Non-competition.

GYMCL has further undertaken to our Company that in the event that it or its subsidiaries (other than our Group) is given/identified/offered/made available any business investment or commercial opportunity relating to the Restricted Business (the “**New Business Opportunity**”), it will and will procure its subsidiaries to refer the New Business Opportunity to our Company as soon as practicable in the following manner:

- (a) GYMCL is required to, and shall procure its subsidiaries (other than any member of our Group) to, refer, or to procure the referral of, the New Business Opportunity to our Company, and shall give written notice (the “**Offer Notice**”) as soon as reasonably practicable to our Company of any New Business Opportunity containing all information reasonably necessary for our Company to consider whether (i) such New Business Opportunity would constitute the Restricted Business; and (ii) it is in the interest of our Group to pursue such New Business Opportunity, including but not limited to the nature of the New Business Opportunity, the identity of the target asset(s) or company(ies) (if applicable), and the details of the investment or acquisition costs;
- (b) as soon as reasonably practicable after receiving the Offer Notice, our Company shall seek approval from a board committee (comprising only our independent non-executive Directors who do not have any interest, actual or potential, direct or indirect in the relevant New Business Opportunity) (the “**Independent Board**”) as to whether to pursue or decline the New Business Opportunity. Any Director who has actual or potential, direct or indirect interest in the New Business Opportunity shall not be a member of the Independent Board;
- (c) the Independent Board shall take into account all relevant factors in considering whether our Company shall pursue the New Business Opportunity. Such factors may include, among other things, the financial impact of pursuing the New Business Opportunity, whether the nature of the New Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions. If appropriate, the Independent Board may, at the cost of our Company, appoint independent financial advisors, legal advisors and other professional advisors to assist in the decision-making process in relation to such New Business Opportunity;
- (d) the Independent Board shall, within 30 business days upon receipt of the Offer Notice inform the relevant Non-Competing Shareholder in writing on behalf of our Company of its decision whether to pursue or decline the New Business Opportunity;

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- (e) GYMCL and/or its subsidiaries shall be entitled (but not obliged) to pursue such New Business Opportunity (i) if it has received a notice from the Independent Board declining such New Business Opportunity, or (ii) if the Independent Board has failed to respond within such 30 business days period pursuant to sub-paragraph (d) above; and
- (f) if there is any material change in the nature, terms or conditions of such New Business Opportunity pursued by GYMCL, it shall refer such New Business Opportunity as so revised to our Company in the manner as outlined in the Deed of Non-competition as if it were a New Business Opportunity.

Nothing in the Deed of Non-Competition shall preclude GYMCL or their subsidiaries from holding interest in the shares of a company provided that any Restricted Business conducted or engaged in by such company or its subsidiaries (or assets relating thereto) accounts for less than 5% of that company’s consolidated turnover or consolidated assets, as shown in that company’s latest audited consolidated accounts.

Undertakings in relation to the GYMCL Connected Persons

In respect of the GYMCL Connected Persons, GYMCL has irrevocably and unconditionally undertaken to our Company that it will not, whether directly or indirectly, compete with our Group in the following manner:

- (a) ***GYMCL:***
 - (i) with respect to GYMCL’s business involving the sale of 6TD and VTD series engine products, GYMCL undertakes that, during the Restricted Period, the GYMCL Connected Persons will not develop, manufacture or commission any third party to manufacture any 6TD or VTD series engine products for power generation and marine propulsion;
 - (ii) with respect to GYMCL’s potential future business involving the development, production and sales of new engine series for applications other than power generation and marine propulsion, GYMCL undertakes that, during the Restricted Period, the GYMCL Connected Persons will not sell new engine series for the application of power generation or marine propulsion to companies or individual other than our Group; and
 - (iii) with respect to GYMCL’s procurement of our power generator sets from our OEM customers and its subsequent sale of such products to their existing end customers, GYMCL undertakes that, on or before the third anniversary of the Company’s [REDACTED], GYMCL Connected Persons will only purchases our power generator sets from our OEM customers and sell to their particular existing end customer in response to our Group’s request. From the third anniversary of the [REDACTED] onwards and until the end of the Restricted Period, GYMCL Connected Persons will cease all such sales activities.

At the same time, our Group undertakes that we will independently become an approved supplier for these specific customers on or before the third anniversary of the [REDACTED] of the Company.

- (b) ***Simlan Technology and its wholly owned subsidiary:*** GYMCL undertakes that, during the Restricted Period, other than exclusively selling to our Group, Simlan Technology will not sell range extender for the application of power generation and marine propulsion; and

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- (c) **Yichen Power:** GYMCL undertakes that, during the Restricted Period, it will use its best efforts to exercise its rights as a minority shareholder of Yichen Power (holding 45% of the shares of Yichen Power) and will exercise its shareholding rights to restrict Yichen Power from expanding its business of manufacturing 6K-platform series engine for power generation and marine propulsion.

In respect of Simlan Technology, as a majority shareholder with a controlling interest (holding 89.5% of its shares), GYMCL exercises effective control over Simlan Technology and its wholly owned subsidiary. Accordingly, the non-compete undertaking provided by GYMCL in respect of Simlan Technology is substantively binding and effective, as GYMCL has the ability to procure Simlan Technology’s compliance with such undertaking.

As for Yichen Power, as of the Latest Practicable Date, GYMCL, C&C Trucks and Shenzhen Jiusi held 45%, 50% and 5% of the equity interest in Yichen Power, respectively, and were entitled to appoint four, four and one out of nine directors of Yichen Power, respectively. Accordingly, no single shareholder is able to control Yichen Power by virtue of its shareholding or board composition alone. Major decisions by the board of Yichen Power, including decisions on operational and investment plans, external investments, acquisitions and disposals of assets, and related party transactions, require approval from at least two-thirds of the directors to pass a board resolution. As a result, no single shareholder is able to unilaterally control the major corporate actions of Yichen Power. However, as the two-thirds approval threshold cannot be met without the support of at least two directors appointed by GYMCL, GYMCL in essence has a veto right over the major corporate actions of Yichen Power. GYMCL has therefore undertaken to exercise its shareholding rights, where its consent is required, to restrict Yichen Power from expanding its business of manufacturing 6K-platform series engines for power generation and marine propulsion. In addition, Yichen Power has also undertaken to exclusively sell such engines for power generation and marine propulsion to us pursuant to the undertaking issued by Yichen Power in April 2026. On August 20, 2026, GYMCL entered into a share transfer agreement with C&C Trucks, under which C&C Trucks agreed to sell, and GYMCL agreed to purchase, the 45% equity interest in Yichen Power held by C&C Trucks. On August 21, 2026, GYMCL entered into another share transfer agreement with Shenzhen Jiusi, under which Shenzhen Jiusi agreed to sell, and GYMCL agreed to purchase, the 5% equity interest in Yichen Power held by Shenzhen Jiusi. Subject to and upon completion of the aforementioned transactions, Yichen Power will become a 95% owned subsidiary of GYMCL and be subject to the Deed of Non-Competition.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently of our Controlling Shareholders and their respective close associates after the [REDACTED] for the reasons set out below.

Management Independence

Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. We also have a senior management team comprised of our three executive Directors.

As at the Latest Practicable Date, Yulin Changyingjia held 4.29% of the shares in our Company, and Mr. Ning, our executive Director and general manager, was and will continue to be its executive partner. Similarly, Yulin Dayingjia held 1.67% of shares in our Company and Mr. Chen, our non-executive Director and chairman of the Board, was and will continue to be its executive partner, and at the same time, continue to be the general manager and a director of GYMCL and a director of certain subsidiaries of GYMCL. In addition, Mr. Neo and Ms. Su, our non-executive Directors, will continue to hold positions in our Controlling Shareholders or companies in which they have 30% or more interests:

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Name of Director and positions within our Group	Position in our Controlling Shareholder or companies in which they have 30% or more interests
Mr. Ning Executive Director and general manager	<ul style="list-style-type: none"> • Executive partner of Yulin Changyingjia
Mr. Chen Non-executive Director	<ul style="list-style-type: none"> • General manager and director of GYMCL • Executive partner of Yulin Dayingjia • Director of MTU Yuchai • Director of Guangxi Yuchai Mould Equipment Company Limited* (廣西玉柴模具裝備有限公司), a company wholly owned by GYMCL • Director of Guangxi Yuchai Foundry Company Limited* (廣西玉柴鑄造有限公司), a company wholly owned by GYMCL • Director of Guangxi Yuchai Crankshaft Co., Ltd.* (廣西玉柴曲軸有限公司), a company wholly owned by GYMCL • Director of Guangxi Purem Yuchai Automotive Technology Co., Ltd.* (廣西普赫姆玉柴汽車技術有限公司), a company held as to 49% by GYMCL • Director of Guangxi Yuchai Exhaust Technology Co., Ltd.* (廣西玉柴排氣技術有限公司), a company wholly owned by GYMCL • Director of Guangxi Yufu Technology Co., Ltd.* (廣西玉福科技術有限公司), a company held as to 51% by GYMCL • Director of YC Europe Co., Limited, a company held as to 75% by GYMCL
Mr. Neo Non-executive Director	<ul style="list-style-type: none"> • Independent director of CYI • Independent director of GYMCL
Ms. Su Non-executive Director	<ul style="list-style-type: none"> • Chief accountant of GYMCL • Director of Yuchai Machinery Exclusive, a company held as to 71.8% by GYMCL • Director of Guangxi Yulin Hotel Company Limited* (廣西玉林賓館有限公司), a company wholly owned by GYMCL • Director of Guangxi Yuchai Equipment Mould Company Limited* (廣西玉柴模具裝備有限公司), a company wholly owned by GYMCL • Supervisor of Simlan Technology • Supervisor of Guangxi Yuchai Foundry Company Limited* (廣西玉柴鑄造有限公司), a company wholly owned by GYMCL • Supervisor of Guangxi Yuchai Crankshaft Co., Ltd.* (廣西玉柴曲軸有限公司), a company wholly owned by GYMCL • Supervisor of Guangxi SKY Cloud Technology Co., Ltd. (廣西星網智雲科技有限公司), a company wholly owned by GYMCL • Supervisor of Guangxi Yuchai Exhaust Technology Co., Ltd.* (廣西玉柴排氣技術有限公司), a company wholly owned by GYMCL

Our management and operational decisions are made by our Board and senior management, all of whom have substantial experience in the industry in which we are engaged in and/or in their respective fields of expertise. Our Directors have a track record of devoting sufficient time and energy to discharge their duties as our Directors and senior management members and they will continue to focus on our Group’s business. See “Directors and Senior Management” in this document for further details of our Directors and senior management.

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Despite the common directorship and overlapping personnel, we believe that the management independence between our Group and our Controlling Shareholders will be maintained. Given that Yulin Changyingjia and Yulin Dayingjia have no substantive business other than a 4.29% and 1.67% of holdings in our Company, respectively, Mr. Ning and Mr. Chen will not be spending significant time in their roles as an executive partner in Yulin Changyingjia and Yulin Dayingjia, respectively.

Furthermore, Mr. Chen is a non-executive Chairman of the Board and a non-executive Director, while Mr. Neo and Ms. Su are non-executive Directors. All of their roles are non-executive in nature. They will not handle day-to-day operation or management in our Company after the [REDACTED]. In respect of transactions between our Group and the GYMCL Group, Mr. Chen, Ms. Su and Mr. Neo will be required to abstain from voting on the approval of such transactions by reason of their directorship or senior management positions at GYMCL. Notwithstanding such abstentions, the remaining Directors, including the three executive Directors, collectively possess sufficient and requisite knowledge, industry experience and expertise to advise on conflicted transactions and to make informed and independent business decisions in relation thereto. Each of Mr. Ning, Mr. Chen, Mr. Neo and Ms. Su confirms that his/her involvement in our Controlling Shareholders or their subsidiaries will not affect the discharge of his/her duties nor limit his/her time devoted to our Group. Apart from Mr. Ning, Mr. Chen, Mr. Neo and Ms. Su, none of our Directors hold any directorship or senior management position or otherwise have any employment relationship with our Controlling Shareholders or companies in which they have 30% or more interests.

Apart from the above, our Directors consider that our Board and senior management will function independently of our Controlling Shareholders due the following reasons:

- (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 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) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions. Further, our Articles provide that a Director shall not vote on any resolution approving any contract or arrangement in which such Director or any of his/her close associates have interest nor shall such Director be counted in the quorum present in the meeting. For details, see “Summary of the Articles of Association” in Appendix III to this document;
- (c) 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. See “Corporate Governance Measures” in this section below for details;
- (d) the majority of the Board is independent from our Controlling Shareholders group. There are sufficient number of executive Directors and independent non-executive Directors who are independent from our Controlling Shareholders to ensure that our Board are able to perform its functions properly; and
- (e) we have three independent non-executive Directors, comprising one-third of our Board which provides balance between the number of executive Directors, non-executive Directors and independent non-executive Directors, and ensure that there is a strong independent element on our Board and with a view to promoting the best interests of our Company and Shareholders taken as a whole. The independent non-executive Directors have diversified skills and experiences in their respective fields of expertise (for details of their biographical details, see “Directors and Senior Management” in this document) and our Directors believe that our independent non-executive Directors are able to bring impartial opinion and sound judgment to the decision-making process of our Board and protect the interest of our

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Company and Shareholders as a whole. Our Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each committee includes independent non-executive Directors so as to monitor the operation of our Group.

Based on the above, our Directors believe that our Board and senior management are able to perform the managerial role in our Group independently from our Controlling Shareholders.

Operational Independence

The business operations of our Group are carried out separately from other businesses operated by our Controlling Shareholders. Save for the connected transactions conducted in ordinary course of business of the Group entered into between the Company and GYMCL Group as detailed below, we manufacture our products and provide services independently of our Controlling Shareholders. We have full rights, hold and enjoy the benefit of all relevant licenses, have sufficient capital and employees necessary to make all decision on, and to carry out, our own business operation independent from our Controlling Shareholders and their respective close associates and will continue to do so after the [REDACTED].

Licenses required for operation

We hold all relevant licenses and permits material to the operation of our business.

Access to customers, suppliers and business partners

We have a large and diversified base of customers and suppliers that are unrelated to our Controlling Shareholders and/or their respective close associates. We have independent access to such customers, our suppliers as well as other business partners.

Connected transactions with our Controlling Shareholders or their associates

The section headed “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.

Employees

We have our independent team of quality personnel, among whom have rich industry experience in designing, developing, manufacturing and sales of power generators, marine engines, and others auxiliary products. We recruit our employees independently, and we also have an independent management team to handle our day-to-day operations.

Operational facilities

We leased certain properties used as production facilities from GYMCL, our Controlling Shareholder (See “Business — Properties” and “Connected Transaction — Non-exempt Continuing Connected Transactions subject to Reporting, Annual Review and Announcement Requirements — 2. Lease of equipment to GYMCL Connected Persons” in this document for further details.) The lease agreement entered into between our Controlling Shareholder, GYMCL, and our Company commenced on January 1, 2025, for a term ending December 31, 2027. The unit area rental under the lease agreement is RMB18.36/month/sq.m. (exclusive of value added tax, management service fees and other

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outgoing charges and expenses) during the lease term. The rental is payable on an annual basis, and our Company is not permitted to sublet the leased properties. The lease may be terminated by either party in advance upon 30 days’ notice.

All facilities necessary for our business operations are operating independently from our Controlling Shareholders and their respective close associates. Based on the above, our Directors are satisfied that we are able to function and operate independently from our Controlling Shareholders and their close associates after the [REDACTED].

Financial Independence

Our Group is not financially dependent on our Controlling Shareholders, and we do not expect to rely on our Controlling Shareholders for financing after the [REDACTED]. Our Company has established its own independent finance department and implemented its own independent audit, accounting, internal control and financial management systems. We make financial decisions and determine our use of funds according to our own business needs. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders. Furthermore, we have made tax filings and paid tax independently of our Controlling Shareholders pursuant to applicable laws and regulations. We have adequate internal resources to support our daily operations.

As of the Latest Practicable Date, there was no outstanding loan, advance, balance of non-trade nature due to or from, or pledge or guarantee provided by our Controlling Shareholders or their respective close associates to us. We have been and are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

Based on the above, our Directors are of the view that our Board and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and his/its associates after the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders’ interests. We will adopt 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 its 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;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules;
- (c) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements;
- (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;

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- (e) the independent non-executive Directors will review, on an annual basis, compliance with the Deed of Non-competition given by GYMCL. Our Company will disclose decisions relating to compliance and enforcement of the Deed of Non-competition (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 Deed of Non-competition. 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) GYMCL will undertake, according to the requirements under the Listing Rules, 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 Anglo Chinese Corporate Finance, Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

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 Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the [REDACTED].