OUR SINGLE LARGEST SHAREHOLDERS GROUP

As of the Latest Practicable Date, Dr. Wang controls approximately 25.29% of the voting rights of the Company through (i) Bengbu Lesi, a limited partnership under the laws of the PRC of which Dr. Wang was a general partner, holding 14.04% of our total issued Shares; (ii) Bengbu Huarui Technology, a limited partnership established under the laws of the PRC of which Bengbu Huarui (a company established under the laws of the PRC with limited liability and wholly-owned by Dr. Wang) is the general partner and holds 7.13% of our total issued Shares; (iii) Bengbu Xinda, a limited partnership established under the laws of the PRC of which Dr. Wang is the general partner and holds 2.03% of our total issued Shares; (iv) Bengbu Huajing, a limited partnership established under the laws of the PRC of which Bengbu Huarui is the general partner and holds 1.64% of our total issued Shares; (v) Bengbu Huaan, a limited partnership established under the laws of the PRC of which Bengbu Huarui is the general partner and holds 0.09% of our total issued Shares; and (vi) direct beneficial interest held by Dr. Wang amounting to 0.36% of our total issued Shares. Accordingly, Dr. Wang and his controlled entities comprising Bengbu Lesi, Bengbu Huarui Technology, Bengbu Huarui, Bengbu Xinda, Bengbu Huajing and Bengbu Huaan constitute our single largest group of Shareholders (the "**Single Largest Shareholders Group**") as of the Latest Practicable Date.

Immediately following the completion of the **[REDACTED]** and assuming that no new Shares are issued under the **[REDACTED]** and the **[REDACTED]**, and no other changes are made to the issued share capital of the Company between the Latest Practicable Date and **[REDACTED]**, the Single Largest Shareholders Group will be entitled to collectively control the exercise of approximately **[REDACTED]**% of the total voting rights of our Company. Accordingly, our Company would not have any controlling shareholder as defined under the Listing Rules upon **[REDACTED]**.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDERS GROUP

Management independence

Our business is managed and conducted by our Board and senior management. Upon the **[REDACTED]**, our Board will consist of nine Directors, comprising four executive Directors, two non-executive Director and three independent non-executive Directors, and we also have two additional senior management members (who are not Directors). Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For details on the qualifications and experience of our Directors and senior management, see "Directors and Senior Management."

Our Directors consider that our Board and senior management will function independently of the Single Largest Shareholders Group after the **[REDACTED]** because:

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

(b) our daily management and operations are carried out by our executive Directors and the members of our 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;

(c) we have three independent non-executive Directors, representing one-third of the Board. The independent non-executive Directors will represent an element of independence at the board level, and certain matters of our Company must always be referred to the independent non-executive Directors for review, to protect the interests of our Company and the Shareholders as a whole;

(d) there are no business dealings between our Company on one part and each of Bengbu Lesi, Bengbu Huarui Technology, Bengbu Huarui, Bengbu Xinda, Bengbu Huajing and Bengbu Huaan on the other part. Furthermore, as of the Latest Practicable Date, (i) Bengbu Lesi, Bengbu Huajing and Bengbu Huaan were employee shareholding platforms with no substantive business operations; and (ii) Bengbu Huarui Technology, Bengbu Huarui and Bengbu Xinda were shareholding platforms for Dr. Wang and certain external investors. Although Dr. Wang was a director of Bengbu Huarui, and indirectly controls Bengbu Huarui Technology, Bengbu Huajing and Bengbu Huaan through his control over Bengbu Huarui, and being a general partner of each of Bengbu Lesi and Bengbu Xinda, there is no material conflict of interest. In the event that there is a material conflict of interest arising out of any transaction to be entered into between our Group and a Director or his or her respective associates, the interested Director shall abstain from voting and shall not be counted in the quorum in respect of such transactions; and

(e) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and our Single Largest Shareholders Group, which would enhance our independent management. See "— Corporate Governance Measures."

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role in our Group independently from our Single Largest Shareholders Group.

Operational independence

Our Group is operationally independent from our Single Largest Shareholders Group. Our Company (through our subsidiaries) holds all relevant licenses necessary to carry out our business operations. We own or are legally licensed to use all relevant intellectual property and own facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Single Largest Shareholders Group. We also have independent access to our customers and independent departments, each with specific areas of responsibilities. We have adopted a set of internal control procedures to maintain effective and independent operation of our business.

In addition, we have established our internal organizational and management structure which includes shareholders' meetings, our Board and other committees, and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Listing Rules and the Articles of Association, so as to establish a regulated and effective corporate governance structure.

Based on the above, our Directors believe that our business is operationally independent of our Single Largest Shareholders Group.

Financial independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We have sufficient capital to operate our business independently, and have adequate internal resources and working capital to support our daily operations. We do not expect to rely on the Single Largest Shareholders Group and their close associates for financing after the **[REDACTED]** as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans as well as the **[REDACTED]** from the **[REDACTED]**.

In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by the Single Largest Shareholders Group or their respective close associates. As of the Latest Practicable Date, there were no outstanding loans to or from any members of the Single Largest Shareholders Group, and all guarantees previously provided by members of the Single Largest Shareholders Group were released. We had received a series of **[REDACTED]** Investments from third party investors independently. See "History, Reorganization and Corporate Structure."

Based on the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Shareholders Group.

Competition

Each of the members of the Single Largest Shareholders Group does not currently have any interest in a business (save for the business of our Group) that competes or is likely to compete, whether directly or indirectly, with our Group's business, which would otherwise require disclosure under Rule 8.10 of the Listing Rules.

As of the Latest Practicable Date, Dr. Wang, a member of our Single Largest Shareholders Group, was a director of Anhui Guosheng, an entity formed by our Group and FIIF engaging in the research and development, design and production of silicon wafers. As of the Latest Practicable Date, the production base of Anhui Guosheng was still under construction and no production activities had commenced.

Our Directors are of the view that the businesses of our Group and Anhui Guosheng are clearly delineated from each other such that there would be no competition and risk of potential conflicts of interest is comparatively low, because our Group's manufacturing of wafers is made primarily for our own production needs, and our sale of silicon wafers produced by our Mainz production base was mainly made to third party customers in Europe. Conversely, upon completion of the construction of the production base of Anhui Guosheng, it is expected that the target customers of Anhui Guosheng would be customers located in the PRC.

Further, Dr. Wang only act as a non-executive director of Anhui Guosheng and does not participate in the operation and management of Anhui Guosheng.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Single Largest Shareholders Group:

(a) under the Articles, where a Shareholders' meeting is held to consider proposed transactions in which our Single Largest Shareholders Group or any of their associates are, under the Listing Rules, required to abstain, members of the Single Largest Shareholders Group(s) shall abstain from voting and their votes shall not be counted in respect of such transactions;

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

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

(d) our Single Largest Shareholders Group 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;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and annual reports or by way of announcements as required by the Listing Rules;

(f) 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 expense;

(g) we have appointed Altus 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; and

(h) we have established our audit committee, remuneration committee and nomination committee with written terms of reference in compliance with the Listing Rules and the Code of Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

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