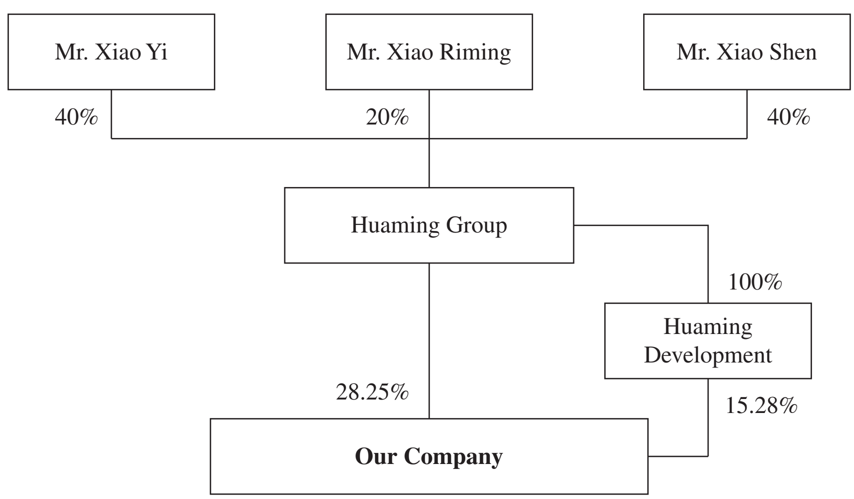
OVERVIEW

As at the Latest Practicable Date, Mr. Xiao Yi (our executive Director and Chairman of the Board), Mr. Xiao Shen (brother of Mr. Xiao Yi) and Mr. Xiao Riming (father of Mr. Xiao Yi and Mr. Xiao Shen) were interested in an aggregate of 390,130,835 A Shares through Huaming Group (of which 136,986,301 A Shares were being held through Huaming Development), representing (i) approximately 43.53% of our total issued share capital and (ii) approximately 43.54% of the voting power at general meetings of our Company (excluding the 246,209 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). For further details of the treasury Shares, see "Share Capital — Our Shares" in this document.

Mr. Xiao Yi, Mr. Xiao Shen and Mr. Xiao Riming are deemed to be acting in concert in respect of our Company by reason of their kinship under the applicable rules of the Shenzhen Stock Exchange.

The shareholding of Mr. Xiao Yi, Mr. Xiao Shen and Mr. Xiao Riming in our Company as at the Latest Practicable Date was as follows:



Immediately following the completion of the [**REDACTED**] (assuming that (1) the [**REDACTED**] is not exercised, (2) any Remaining Shares will be granted under the 2025 Employee Shareholding Scheme prior to the [**REDACTED**], and (3) there are no other change to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), Mr. Xiao Yi (our executive Director and Chairman of our Board), Mr. Xiao Shen (brother of Mr. Xiao Yi) and Mr. Xiao Riming (father of Mr. Xiao Yi and Mr. Xiao Shen) will continue to be collectively entitled to control approximately [**REDACTED**]% of the voting power at general meetings of our Company.

In light of the above, Mr. Xiao Yi, Mr. Xiao Shen, Mr. Xiao Riming, Huaming Group and Huaming Development are considered as a group of Controlling Shareholders of our Company upon [**REDACTED**].

As of the Latest Practicable Date, Huaming Group was principally engaged in investment holding and management, and Huaming Development was principally engaged in investment holding.

For details of Mr. Xiao Yi, see "Directors and Senior Management — Board of Directors" in this document.

COMPETITION

As of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence

Our business has been managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of ten Directors, comprising five executive Directors, one non-executive Director and four independent non-executive Directors, and we also have four senior management members (of which one is an executive Director). For further information of our Directors and senior management, see "Directors and Senior Management" in this document.

As of the Latest Practicable Date, save for Mr. Xiao Yi, who serves as (i) an executive director of Huaming S&T (a wholly-owned subsidiary of Huaming Group) and (ii) a director of Huaming New Energy Development (Beijing) Co., Ltd. (華明新能源發展(北京)有限公司) (a company owned as to 49% by Huaming Group), none of our Directors or members of our senior management holds any directorship or senior management position in our Controlling Shareholders or their respective close associates (other than our Company or any member of our Group).

Notwithstanding the above, our Directors are of the view that our Board as a whole and together with our senior management team are able to manage our business independently from the Controlling Shareholders and their close associates for the following reasons:

(1) our Directors and senior management are able to devote sufficient time and efforts to manage the daily operations of our Group and make decisions independent of the Controlling Shareholders. Our executive Directors have been devoting and will continue to allocate adequate amount of time and effort to the management and operation of our Group and would bear the best interests of the Company and the Shareholders as a whole in mind;

(2) 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;

(3) 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;

(4) we have established clear reporting lines among the management team of our Company and between our management team and the Board, and our management team ultimately reports to the executive Directors, who are responsible for reporting to the Board. The Board supervises and monitors the performance of our Company's management team generally through receiving regular reports from our executive Directors, attending regular meetings and other ad hoc meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of our management team, as well as through the regular updates provided to our Directors of our operational and financial information;

(5) as an A-share listed company, we have formulated and adopted a comprehensive internal control and management system in compliance with the relevant requirements of the rules of the Shenzhen Stock Exchange. The Articles of Association has also included relevant provisions to manage conflict of interest, pursuant to which our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she has a connected or related relationship, and shall not be counted in the quorum present at the particular Board meeting;

(6) we have appointed four independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to promote the interests of our Company and the Shareholders as a whole. The independent non-executive Directors will be entitled to engage professional advisers at our cost for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates;

(7) where a Shareholders' meeting is held to consider a proposed transaction in which the Controlling Shareholders have a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and

(8) our Company has appointed First Shanghai Capital Limited as our Compliance Advisor, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders or their close associates. We have made tax filings and paid tax independently from our Controlling Shareholders or their close associates pursuant to applicable laws and regulations. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations.

During the Track Record Period, our Controlling Shareholder Mr. Xiao Yi provided guarantees in favor of certain lenders in respect of certain loans of our Company. All such guarantees had been released as of the Latest Practicable Date.

Based on the above, our Company considers there is no financial dependence on our Controlling Shareholders and their close associates.

Operational Independence

We engage in our operations independently, making and implementing operational decisions independently. We have obtained all material licenses and permits necessary for our business operations and are not dependent upon our Controlling Shareholders or their close associates for any such licenses and permits. 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 with independent departments, each with specific areas of responsibilities.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and our Controlling Shareholders:

(1) where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders have a material interest, our Controlling Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(2) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;

(3) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders, our Controlling Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;

(4) our Company has established internal control mechanisms to identify connected transactions. If our Group and our Controlling Shareholders or any of their associates intend to engage in any connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules;

(5) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual reports that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(6) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis;

(7) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the Corporate Governance Code;

(8) we have appointed First Shanghai Capital Limited as our Compliance Advisor 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.

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 Company and our Controlling Shareholders, and to protect our minority Shareholders' interests after the [**REDACTED**].