OUR SINGLE LARGEST SHAREHOLDERS GROUP

Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), (i) Guanghongyuan will directly hold approximately [REDACTED]% of the enlarged share capital of our Company; and (ii) Ningbo Shenyang will directly hold approximately [REDACTED]% of the enlarged share capital of our Company.

In January 2016, Guanghongyuan, Ningbo Shenyang and Mr. Wang entered into a concert party agreement, pursuant to which, the parties agreed to act in concert regarding the Company's operations and management, and to align their votes with Mr. Wang at general meetings and Board meetings. For details, see "History, Development and Corporate Structure — Concert Party Agreement" in this document.

Guanghongyuan is a limited partnership established in the PRC with Lianfeng Investment being its general partner, holding 1.60% partnership interests therein. Mr. Wang is the sole shareholder of Lianfeng Investment. Ningbo Shenyang is a limited partnership with Mr. YANG Chao (楊超), the finance manager of Guangxin Nano being its general partner, holding 1.97% partnership interests therein.

On the basis of the above, Mr. Wang, through Lianfeng Investment and Guanghongyuan, and Mr. YANG Chao, through Ningbo Shenyang, will be entitled to exercise or control an aggregate of approximately [REDACTED]% of the voting power at general meetings of our Company upon [REDACTED]. As a result, Guanghongyuan, Lianfeng Investment, Mr. Wang, Ningbo Shenyang and Mr. YANG Chao will constitute a Single Largest Shareholders Group of our Company under the Listing Rules.

Apart from being a member of the Single Largest Shareholders Group, Mr. Wang is the chairman of our Board and an executive Director. For further background details of Mr. Wang, see "Directors and Senior Management — Executive Directors" in this document. Mr. Wang also serves as the chairman of the board of directors of Guangbo Stock, where he directly and indirectly controls an aggregate equity interest of approximately 29.68%.

COMPETING INTEREST

Each of the members of our Single Largest Shareholders Group and our Directors confirm that he/she/it does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDERS GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Single Largest Shareholders Group and their respective close associates after the [REDACTED].

Management Independence

The Board comprises six executive Directors and four independent non-executive Directors. Although Mr. Wang is the chairman of the Board, and an executive Director and also a member of our Single Largest Shareholders Group, our management and operational decisions are made by our executive Directors and senior management as a whole, most of whom have served our Group for a long time and have substantial experience in the industry in which we are engaged, and will therefore be able to make business decisions that are in the best interests of the Group. For details, see "Directors and Senior Management" in this document.

Each of our Directors is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests. A Director shall abstain from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

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

Operational Independence

Although our Single Largest Shareholders Group will retain a significant interest in our Company after the [REDACTED], we have full rights to make all decisions regarding, and to carry out, our own business operations independently from our Single Largest Shareholders Group and their respective close associates. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses necessary to carry out our businesses, and has sufficient capital, equipment and employees to operate our business independently from our Single Largest Shareholders Group and their respective close associates.

Based on the above, our Directors believe that we are able to operate independently from our Single Largest Shareholders Group and their respective close associates.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group had our own internal control, accounting and financial management systems, accounting and finance department, independent treasury functions for cash receipts and payment and we make financial decisions according to our own business needs.

In addition, we have independent access to third party financing and our Group does not rely on our Single Largest Shareholders Group and/or their close associates by virtue of their provision of financial assistance. As of the Latest Practicable Date, the Company has no loans, advances and balances due to or due from the Single Largest Shareholders Group. Our Directors believe that we are capable of obtaining financing from external sources without reliance on the Single Largest Shareholders Group.

Based on the above, our Directors believe that we have the ability to operate independently of our Single Largest Shareholders Group and their respective close associates from a financial perspective and are able to maintain financial independence from our Single Largest Shareholders Group and their respective associates.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there will be adequate corporate governance measures in place to manage conflicts of interest after [REDACTED]. In particular, we will implement the following measures effective upon [REDACTED]:

(a) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) Directors with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and abstain from voting at the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that our Board should include a balanced composition of executive and independent non-executive Directors. We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For biography of our independent non-executive Directors, see "Directors and Senior Management — Directors — Independent Non-executive Directors" in this document;

(d) in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Single Largest Shareholders Group and/or our Directors on the other hand, our Single Largest Shareholders Group and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors either through its annual report or by way of announcements; and

(e) we have appointed Guotai Junan Capital Limited as our Compliance Adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

Further, any transaction that is proposed between our Company and our Single Largest Shareholders Group and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders' approval requirements.

SHARE PLEDGES BY OUR SINGLE LARGEST SHAREHOLDERS GROUP

As of the Latest Practicable Date, Guanghongyuan, a member of our Single Largest Shareholders Group, pledged 16,000,000 A Shares held by it (the "**Existing Pledge Financing**") to two commercial banks in the PRC (together, the "**Pledgees**"), as collateral to secure certain bank loans obtained by certain third-party borrowers that are outside of our Group (the "**Borrowers**"). The expiry dates of the Existing Pledge Financing fall between March 2027 and December 2030. Such Existing Pledge Financing will continue, and may be renewed, extended and/or refinanced after Listing.

The Pledgees may have the right to enforce the share pledges and dispose of the pledged A Shares if the Borrowers or Guanghongyuan breach the terms of the relevant agreements. While the share pledges remain effective, Guanghongyuan shall not transfer, dispose of or otherwise create other encumbrances over the pledged A Shares without the prior written consent of the Pledgees.

The Company considers that the risk of the pledged A Shares held by Guanghongyuan being enforced or liquidated by the Pledgees is remote and will not impact our Company's business operation, corporate management and control stability, taking into account: (i) the market price of our A Shares as of the Latest Practicable Date which provides a sufficient buffer above the warning lines and liquidation lines under the Existing Pledge Financing; (ii) the absence of any historical enforcement or negative credit record regarding the A Shares pledged by Guanghongyuan; (iii) the fact that as of the Latest Practicable Date, the number of A Shares pledged by Guanghongyuan represented approximately 6.12% of the total issued share capital of our Company and less than 50% of the total A Shares held by it; and (iv) the shares subject to the aforementioned pledges are not involved in any litigation, arbitration, freeze, sequestration or other judicial measures. As advised by our PRC Legal Adviser, as of the Latest Practicable Date, save for the share pledges disclosed above, the shares of the Company held or controlled by the Single Largest Shareholders Group are free from any other pledge, freeze, litigation, arbitration, or any other restriction on rights or title disputes.

To the best knowledge, information and belief of our Directors, there has not been any adverse credit record against Guanghongyuan in connection with the Existing Pledge Financing, nor any breach of repayment obligations. Guanghongyuan has confirmed that, if there is any risk of default or other circumstances that may trigger the enforcement of the pledged A Shares, it shall take all necessary remedial actions, including but not limited to providing additional collaterals, making margin payments, or repaying the loans prior to maturity, to avoid such enforcement.