

RISK FACTORS

An [REDACTED] in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your [REDACTED]. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section titled “Forward-Looking Statements” of this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Factors that adversely affect the industries in which our customers operate may reduce the downstream demand for our products, and our business, financial condition and results of operations may be materially and adversely affected.

Our business and financial performance are closely tied to the conditions and trends of the industries in which our customers operate. As a supplier in the global electrolytic copper foil industry, we provide lithium-ion battery copper foil products and electronic circuit copper foil products to a range of downstream sectors, including new energy vehicles, energy storage systems and consumer electronics. The demand for our products is therefore directly influenced by the growth, technological advancement and investment cycles of these industries. In addition, ongoing international trade frictions and heightened geopolitical tensions may adversely impact our business, financial condition and results of operations.

The development and performance of these downstream sectors are subject to a variety of external factors beyond our control, such as changes in macroeconomic conditions, fluctuations in consumer demand, technological innovation, regulatory changes, supply chain disruptions and shifts in industry competition. For example, a slowdown in the adoption of new energy vehicles or energy storage systems, delays in the rollout of new consumer electronics or reduced capital expenditure in digital infrastructure could all lead to a decrease in demand for our copper foil products.

Furthermore, our business model often involves close collaboration with key customers, including joint development and coordination of product launches. As a result, any delay, reduction or cancellation of major projects by our customers, or any significant change in their procurement strategies, could have a negative impact on our business. If we are unable to adapt to changes in these downstream markets or respond effectively to adverse developments, the demand for our products may decline, which could materially and adversely affect our business, financial condition and results of operations.

The industries in which we operate are highly competitive. If we fail to compete effectively and successfully, our business, financial condition and results of operations may be materially and adversely affected.

According to Frost & Sullivan, the global electrolytic copper foil industry is highly competitive and relatively fragmented, with the top five manufacturers in the industry globally accounting for approximately 28.9% of the total market share in terms of shipment volume in 2025. We primarily compete with peers on innovation and iteration of technology, products and production processes, production capacity, supply chain pricing and customer relationships, and failure to compete

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successfully on such aspects may adversely affect our results of operations and financial performance. In particular, we rely on our ability to maintain robust cooperative relationships with customers and respond rapidly to customer requirements to maintain mutually beneficial relationships with our existing and new customers. As we expand our product portfolio and customer base and enter new geographical markets, we will need significant managerial, financial and human resources to outperform our competitors in these aspects. We cannot assure you that we can maintain our overall competitiveness to secure sales orders or gain market share.

The global electrolytic copper foil industry is subject to persistent pricing pressure, as products become increasingly commoditised and industry participants expand capacity in response to perceived growth opportunities. This may result in cyclical oversupply and heightened price competition, which could compress our profit margins and adversely affect our profitability. There can be no assurance that any initiatives in relation to operational efficiency, cost control or product mix will be sufficient to offset the impact of intense competition or preserve our profit margins.

We may face increasing competition from emerging companies that may expand the scale of their operations. In addition, some of our existing and new competitors may have greater financial, marketing, technical or other resources than us. Greater resources may allow such competitors to respond to changes in market demand more quickly and produce and sell more advanced products, as well as better withstand downturns in the markets where we operate. Intense competition may also lead to further consolidation in the industry. Our competitors may enter into strategic alliances such as business partnerships or joint ventures, which may enable certain competitors to further benefit from greater economies of scale and more effectively compete against us. There can be no assurance that we will be able to continue to compete successfully, and our failure to do so could have an adverse effect on our business, financial condition and results of operations.

If we fail to keep up with technological evolution in downstream markets or adapt our technology to emerging industry standards, or if our investments in new technologies prove unsuccessful or ineffective, our business, competitiveness and profitability may be materially and adversely affected.

We operate in a dynamic, technology-driven environment where customer specifications are constantly advancing. To maintain our competitive edge and customer relationships, we have consistently upgraded and enhanced our product portfolio, developing ultra-thin and lightweight, high-strength, and high-elongation copper foils that meet increasingly stringent performance standards. As downstream technology roadmaps and performance requirements continue to evolve, we have continued to allocate significant financial and human resources to R&D activities, which primarily focus on the development of technologies that enhance product performance, such as materials and process optimization, and the development of high value-added products. If we fail to anticipate or respond effectively to key technological shifts or customer specifications, our products may become less competitive or obsolete, which could result in the loss of existing customers, failure to secure new customer engagements and a decline in our market share.

In 2023, 2024 and 2025, our research and development expenses amounted to RMB28.6 million, RMB30.6 million and RMB39.6 million, respectively. Our continued investment in R&D activities may increase operating expenses and adversely affect our profitability and operating cash flow in the short term. See “Financial Information — Description of Major Components of Our Results of Operations — Research and Development Expenses.” However, as R&D activities are inherently uncertain, we cannot assure you that our R&D projects will be successful or be completed within the anticipated time frame and budget, or that our newly developed products will achieve wide market acceptance or enjoy the advantages as we expected. If we fail to keep up with the latest technological development and industry trends, we may suffer a decline in our competitive position. Even if such

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products can be successfully launched, we cannot assure you that they will be accepted by our customers and achieve anticipated sales targets or profits.

In addition, R&D projects may encounter delays, cost overruns, technical obstacles or changes in market demand. If we fail to anticipate technological trends, meet evolving customer requirements or achieve acceptable returns on our R&D investments, our market position, growth prospects and financial performance could be materially and adversely affected.

We generate a substantial portion of our revenue from a limited number of key customers. If we are unable to retain existing customers and attract new customers, our business, financial condition and results of operations will be adversely affected.

Our business has relied and will continue to rely on our major customers and their loyalty and level of satisfaction with, our products. We derived a significant portion of our revenue from our top five customers during the Track Record Period. In 2023, 2024 and 2025, the revenue from our five largest customers for each year amounted to RMB3,708.3 million, RMB4,658.1 million and RMB7,027.0 million, respectively, accounting for 85.0%, 84.2% and 81.4% of our total revenue for the same years. Any decrease in, or cancellation of, purchase orders by some or all of our major customers, material delays in their acceptance of our products or failure of any of our major customers to make timely payments may have a material adverse effect on our business, financial condition and results of operations. In addition, we cannot assure you that our major customers will not change their business scope or business focus, suspend their operations, fail to comply with applicable laws in their operations or encounter any operating or financial difficulties. Neither can we assure you that we will be able to continue to generate significant revenue from existing customers or that we will be able to maintain existing, or further expand, customer relationships. If we lose one or more of our significant customers and fail to identify and acquire suitable new customers within a reasonable time, or at all, our business, financial condition and results of operations may be materially and adversely affected.

Moreover, there is no assurance that we could retain our existing customers or attract new customers as we did during the Track Record Period. If we fail to retain our existing customers or attract new customers in the future due to our products not meeting the requirements of the market, or our selling prices not being competitive, or due to other factors beyond our control, our business, financial condition and results of operations may be adversely affected.

Our sales depend on our ability to continuously meet stringent customer qualifications and performance requirements, and failure to do so may result in the loss of existing customers or inability to acquire new customers.

We are required to undergo rigorous customer qualification processes before our electrolytic copper foil products can be used in downstream applications, particularly in new energy vehicles, energy storage systems, consumer electronics and others. Such qualification processes typically include on-site audits, product sampling, long-term reliability testing and performance verification, which can be time-consuming and costly. Even after qualification, customers may require ongoing performance reviews, periodic re-qualification or upgrades in accordance with their evolving battery technologies.

If our products fail to meet customer specifications, performance standards or consistency requirements at any stage, we may be unable to obtain new certifications, maintain existing certifications or participate in customer expansion projects. In addition, changes in downstream battery technology roadmaps — such as thinner foils, higher strength requirements or shifts in

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material systems — may impose more stringent expectations that require additional R&D efforts and production adjustments.

Failure to meet these requirements could lead to customer complaints, reduction in order volumes, loss of existing customers or inability to secure new orders, any of which may materially and adversely affect our business, financial condition and results of operations.

We rely on a limited number of suppliers for key raw materials, and any disruption in supply or deterioration in our relationships with such suppliers could materially and adversely affect our business, financial condition and results of operations.

Our production operations depend on a stable and timely supply of key raw materials, particularly copper and chemical reagents, with copper being a globally traded commodity with diversified sources of supply. Our suppliers primarily consist of domestic manufacturers and distributors of copper and chemical reagents in China. During the Track Record Period, purchases from our five largest suppliers in each year amounted to RMB3,817.6 million, RMB3,600.9 million and RMB7,726.3 million, respectively, accounting for 69.3%, 63.1% and 76.6% of our total purchases for the same years. Purchases from our largest supplier in each year during the Track Record Period amounted to RMB1,557.1 million, RMB1,434.6 million and RMB2,439.4 million, respectively, accounting for 28.3%, 25.1% and 24.2% of our total purchases for the same years. As a result, our procurement is exposed to supplier concentration risk, and our ability to maintain stable production and meet customer delivery requirements may be adversely affected if we experience any disruption, delay or shortage in supply from our key suppliers.

If any of these suppliers fails to provide us with sufficient quantities of raw materials that meet our quality standards on a timely basis, substantially increases prices, changes payment terms, reduces its production capacity, suspends or terminates its business relationship with us, or otherwise experiences operational or financial difficulties, we may be required to source alternative suppliers or materials on short notice, or at all.

In addition, we cannot assure you that we will be able to promptly identify and qualify alternative suppliers on commercially reasonable terms, particularly for raw materials subject to quality, consistency, regulatory compliance and customer requirements. Any disruption in supply, inability to secure adequate raw materials or deterioration in our relationships with our key suppliers could result in production interruptions, lower capacity utilization, higher procurement costs, increased working capital needs, delays in fulfilling customer orders and potential loss of customers. Furthermore, factors beyond our control, including supply chain disruptions, geopolitical tensions, changes in trade policies, regulatory changes, natural disasters, public health events, civil unrest, strikes or transportation disruptions, may adversely affect the availability and market prices of our raw materials.

We are exposed to fluctuations in processing fees and increases in our operating costs, which could materially and adversely affect our profitability and cash flows.

Our product pricing generally follows a copper price plus processing fee model. Under this model, the copper raw material is adjusted by reference to a market benchmark and typically can be passed through to customers. As a result, our margins are driven primarily by the processing fee component, which is intended to cover manufacturing and operating costs and contribute to profit. Processing fees in our industry are subject to competitive dynamics and cyclical supply-and-demand conditions, and may decline if there is industry production capacity expansion, weakness in downstream demand, changes in customer purchasing strategies or intensified price competition.

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At the same time, our costs may increase due to factors that may not be fully or timely reflected in processing fees, including changes in electricity and other energy prices, labor costs, depreciation and maintenance costs, and logistics and other operating expenses. If processing fees decrease while our costs increase, or if we are unable to implement effective cost control measures, our financial condition and results of operations could be materially and adversely affected.

In addition, under this pricing approach, higher copper prices may increase the amount of funds required for procurement and inventories and could lead to higher working capital needs and financing costs. Any sustained compression in processing fees, significant cost inflation or increased working capital and financing pressure could materially and adversely affect our business, financial condition and results of operations.

Our business is capital intensive, and the sources of our future financing can be uncertain.

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including the purchase of equipment and construction of production facilities. To the extent that we expand or add new production facilities, we expect to fund the related financial commitments and other capital and operating expenses from the cash flow generated from operating activities, banking facilities and the net [REDACTED] from the [REDACTED]. However, we cannot assure you that we will be able to generate sufficient cash from our operations or obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable and affordable to us or consistent with our expectations. To the extent that we cannot obtain financing for our expansion at reasonable costs, or at all, in the future, our business may be adversely affected. We cannot assure you that we will not experience any unforeseen circumstances that may adversely affect our working capital in the future. If that happens, our business, financial position, results of operations and prospects may be affected.

We operate in an industry that requires substantial working capital, particularly for the procurement of raw materials.

We operate in an industry that requires substantial working capital, particularly for the procurement of raw materials, which represents one of the largest components of our cost of sales. In 2023, 2024 and 2025, the raw materials cost accounted for 83.5%, 86.0% and 87.5% of our cost of sales, respectively. Our business requires us to maintain adequate levels of inventory to ensure stable production and timely fulfillment of customer orders. As a result, we must continuously commit significant cash flows to the purchase of copper and related raw materials. Any increase in raw materials, disruptions in supply, changes in payment terms required by suppliers or our inability to effectively manage inventory levels may increase our working capital needs. If our working capital resources become insufficient due to fluctuations in raw material prices, supply chain constraints, delays in customer payments or other unforeseen circumstances, we may be required to seek additional financing. However, we cannot assure you that such financing will be available on terms acceptable to us, or available at all. If we fail to maintain sufficient working capital to support our procurement needs, our production schedule, ability to meet customer orders, financial condition, results of operations and overall business prospects may be materially and adversely affected.

We may be subject to significant pricing and commercial pressure from established battery manufacturers, which could reduce our bargaining power and profitability.

A substantial portion of our sales is generated from established battery manufacturers, which typically have strong bargaining power due to their industry position, procurement scale, stringent supplier qualification systems and increasingly stringent cost-down requirements. As competition intensifies along the lithium-ion battery materials value chain, these established customers may

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demand lower prices, shorter delivery schedules, higher technical specifications or more stringent commercial terms. We cannot assure you that we will be able to maintain our current pricing levels or contractual terms in the future. Any significant pricing pressure, unilateral changes in procurement strategy, consolidation among downstream players or increased competition among electrolytic copper foil manufacturers may further weaken our bargaining power. If we are unable to pass on cost increases, such as raw material price fluctuations, electricity cost adjustments or higher labor expenses to our customers, our profitability, margins and overall business performance may be materially and adversely affected.

Any failure to maintain effective quality control systems or meet customer quality standards may result in product returns and/or recalls, customer claims, loss of business and reputational damage.

Product quality is critical to the success of our business, and we have implemented integrated quality management throughout our business operations, including R&D, procurement, supply chain management, production processes and customer service, to maintain stringent product and service standards. However, the effectiveness of our quality control system depends on a number of factors, including the design of the system, the machinery used, the quality of the staff and related training programs and the ability to ensure that employees adhere to the quality control policies and guidelines. From time to time, we may be involved in complaints, claims, disputes or litigation relating to the quality of our products. We are required to comply with specific guidelines based on product safety and restricted materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. The safety standards for the inspection of the products are also based on relevant national and industry standards. See "Business — Quality Control." We cannot assure you that our quality control system will continue to be effective and be compliant with relevant laws and regulations and standards. Any significant failure in, or deterioration of, the efficacy of our quality control system could result in losing accreditations and requisite certifications or qualifications, which could in turn have a material and adverse effect on our business, financial condition and results of operations.

We are exposed to certain inherent risks in connection with our copper futures trading transactions. In particular, volatility in copper prices may adversely affect our financial condition.

During the Track Record Period, we have engaged in copper futures transactions to manage our exposure to fluctuations in copper prices, as copper is a key raw material used in our production. Such transactions are primarily undertaken for hedging purposes. However, hedging may not fully offset our exposure, and we may incur losses if our hedging positions are not properly calibrated in terms of timing, volume and duration, if there is basis risk between futures and spot prices, or if market conditions change rapidly. In addition, there are certain inherent risks associated with metals trading. For example, the prices of copper are subject to significant volatility driven by factors including changes in global supply and demand, geopolitical instability and economic conditions. This price volatility could result in fluctuations in our production costs and profit margins, and we may incur losses if our hedging strategies are ineffective or do not achieve the intended offset or if market prices decline unexpectedly. Moreover, our hedging activities in the futures market are subject to regulatory requirements, as changes in environmental laws, export/import restrictions and compliance requirements may increase operational costs or disrupt trade flows. If we fail to address those inherent risks associated with such hedging activities, our business, financial condition and results of operations could be materially and adversely affected.

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Our current and future cooperation and strategic partnerships may fall short of expectations or take longer than expected to materialize.

We have established strategic partnerships with renowned domestic business partners during the Track Record Period and collaborated with leading lithium-ion battery manufacturers. However, we may not realize the anticipated benefits from these strategic partnerships, or it may take longer than anticipated to realize these benefits. The success of strategic partnerships will depend, in part, on the successful partnership between the relevant partner and us. Such partnership is subject to the risks outlined below, and more generally, to the same types of business risks as would impact our business operations when pursued on a collaborative basis:

- our partners may encounter financial difficulties, including insolvency, or may fail to fulfill their payment or other obligations under the cooperation arrangements;
- our partners may be subject to negative publicity, which in turn may adversely affect our business operation and financial performance;
- our partners' commercial priorities or other considerations may not always fully align with ours, or may evolve over time. Such differences, where they arise, may affect the pace, scope or expected outcomes of our cooperation;
- disputes between us and our partners may result in litigation or arbitration that would increase our expenses and prevent our management from focusing their time and effort on our business; and
- we may in certain circumstances be required to undertake additional responsibilities or obligations in connection with our cooperative arrangements, including those relating to shared projects.

As a result of the foregoing, our existing or future strategic partnerships may not develop as initially expected or may progress more slowly than anticipated, which could have an impact on our business, financial condition or results of operations.

We depend on certain third parties for the supply of various products and services in connection with our business.

We rely on third-party suppliers for various products and services including raw materials, utilities and logistics services, which are in line with industry practice. We endeavor to source products and services from third-party providers whom we believe are able to meet our quality, delivery schedule and other requirements. However, the products and services provided by any of the third-party service providers may not be provided in a timely manner or of satisfactory quality. If the third-party providers do not perform satisfactorily, substantially reduce the amount and scope of products and services provided to us, substantially increase their prices or terminate their business relationship with us, we may need to replace the third-party providers or take other remedial measures which could increase our costs of operations. As we do not have direct control over the third-party providers, if they become involved in unauthorized provision of goods or services not complying with our requirements or those of our customers, our reputation may be affected. Our reputation will also be adversely affected if the third-party providers do not comply with applicable laws and regulations. This, in turn, may materially and adversely affect our business, reputation, financial condition and results of operations.

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Our production depends on a stable, timely and adequate supply of energy, power and auxiliary raw materials such as water and chemicals at commercially reasonable prices.

In addition to major raw materials, our production operation depends on the supply of energy and other auxiliary raw materials such as water and chemicals. The production volume and production costs are dependent on our ability to source such materials at acceptable prices and maintain a stable supply. The prices for energy and other auxiliary raw materials are subject to price volatility attributable to a number of factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for the same materials, the availability of complementary and substitute materials and local and national regulatory requirements. Furthermore, we cannot assure you that shortages of energy or water will not occur in the future or that we will be able to pass on any cost increases in raw materials, energy or water to the customers. Significant fluctuations in such costs may have a material effect on our profitability if we are unable to adjust the prices of our products accordingly, and may also harm our competitive advantage with respect to the affected products. In particular, increases in energy and raw material prices that are unable to be passed onto the consumers will reduce the profit margins. Moreover, if the supply of such materials is affected by natural disasters, adverse weather conditions, suppliers’ equipment failures, disruptions in transport or other inclement factors, we may not be able to locate alternative sources of supply in sufficient quantities, of suitable quality and/or at acceptable prices. Any such events may have a material and adverse effect on our business, financial condition and results of operations.

Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.

To operate our business successfully and to meet our customers’ demands and expectations, we must maintain a certain level of inventory, which includes raw materials, work in progress, finished goods and goods in transit. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB1,007.7 million, RMB983.9 million and RMB1,982.0 million, respectively. Such inventories may be subject to the fluctuations in the market prices of raw materials. Our business model requires us to manage our inventories efficiently.

We rely on our demand forecasts to determine our raw material purchasing plans and to align our production scheduling with expected sales. However, demand for our products may vary materially from time to time, and our forecasts may not always be accurate. Demand may be affected by factors beyond our control, including overall market conditions, downstream end-market conditions, customers’ procurement plans, new product launches, pricing dynamics and discounting practices. In addition, when we develop and commercialize new products, we may not be able to establish stable supplier relationships on commercially acceptable terms or accurately forecast demand during the initial ramp-up period. The procurement of certain raw materials may involve long lead times and advance payments, and such materials may not be returnable.

Managing our inventory also requires effective coordination of procurement, production, warehousing and logistics. As we continue to expand our product portfolio and scale up our production capacity, we expect to carry a broader range of raw materials and consumables, which may increase the complexity of our inventory management and logistics operations. If we maintain inventory levels in excess of actual demand, we may incur increased holding costs, face a higher risk of inventory obsolescence and record inventory write-downs, and we may be required to sell excess inventory at discounted prices, which could adversely affect our profitability. Conversely, if we fail to maintain sufficient inventory or are unable to procure raw materials in a timely manner, we may not be able to fulfill customer orders, which could cause us to lose sales and market share.

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We cannot guarantee that our inventory management measures will be effective in all circumstances, and any material misalignment between our inventory levels and actual demand could materially and adversely affect our business, financial condition and results of operations.

If we are unable to implement our strategies, our business and prospects may be materially and adversely affected.

The global electrolytic copper foil industry is experiencing rapid expansion driven by strong demand from downstream sectors such as new energy vehicles, energy storage systems, and consumer electronics. In response, we intend to further enrich our product portfolio by developing new-generation copper foil products, expanding into advanced applications such as ultra-thin and lightweight profiles, high tensile strength and composite foils, and accelerating the mass production of 3.5μm and below electrolytic copper foil. We will also strengthen our presence in both lithium-ion battery and electronic circuit copper foil markets, and proactively pursue internationalization by establishing overseas production bases in key regions such as Southeast Asia and Europe. In parallel, we will deepen collaboration with leading global battery and consumer electronics manufacturers, and promote vertical integration across the industry value chain. However, the implementation of these strategies may expose us to various operational challenges, such as the need for significant capital investment in new production facilities, the recruitment and retention of R&D technical personnel, the integration of advanced manufacturing and management systems across our production bases, and the ability to meet evolving customer requirements and international regulatory standards.

If we fail to address these challenges or adapt our strategies promptly, we may experience increased costs, reduced operational efficiency, constraints on production capacity or delivery, weakening relationships with key customers or other adverse impacts. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our reputation is key to our business success. Negative news or publicity may adversely affect our reputation, business and growth prospects.

It is critical for us to maintain and enhance our brand image and reputation, whose value depends on factors such as the quality, design, performance, functionality, durability, reliability and consistency of our products, manufacturing capabilities, technological innovation, customer service and delivery performance. In the global electrolytic copper foil industry, our brand and reputation are closely linked to our ability to deliver high-quality copper foil products, meet customer specifications, achieve high yield rates and ensure timely delivery. Our brands, reputation and customer relationships could be harmed if our products fail to meet the expectations of our customers or contain defects. In particular, any quality issues, production delays, failure to meet customer specifications or significant yield loss could result in customer complaints, claims or loss of business. In addition, adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine customer confidence in us and reduce long-term demand for our products.

In addition, negative publicity concerning our Group, including our shareholders, affiliates, directors, officers, employees, business partners and other third parties, as well as the broader industry, can have detrimental effects. Such publicity, regardless of its accuracy, can tarnish our reputation, resulting in loss of customer trust, decreased sales and challenges in maintaining or establishing business relationships with our customers. We may also be subject to unfair competition, harassment or other detrimental conduct by third parties, including complaints to regulatory authorities, negative social media postings and the dissemination of misleading or malicious statements about us. These actions, regardless of their accuracy or source, could harm our reputation, erode customer confidence, reduce sales and make it more difficult to attract or retain key personnel, and could materially and adversely affect our business, financial condition and results of operations.

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We are subject to complex and evolving ESG requirements, which require us to devote substantial time and resources to compliance and could adversely affect our business and financial performance.

Compliance with evolving ESG-related requirements in the jurisdictions in which we operate may require us to incur additional costs and devote additional management time and resources to implement and maintain compliance systems, monitoring and reporting processes and controls, including in areas such as hazardous chemicals management, waste gas and wastewater treatment, solid waste disposal, energy consumption and greenhouse gas emissions. As market expectations relating to ESG continue to evolve and become more stringent, we may be required to make further operational adjustments or capital expenditures, and our compliance and reporting costs may increase. Any failure, or perceived failure, to comply with ESG-related requirements (or to meet the expectations of investors, customers or other stakeholders) could result in contractual or commercial consequences and reputational harm, any of which could adversely affect our business, financial condition and results of operations.

If we are unable to protect our intellectual property rights, or if the scope of our intellectual property rights fails to protect our proprietary know-how, our reputation and results of operations may be adversely affected.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees and confidentiality agreements signed with third parties to protect our intellectual property rights. See “Business — Intellectual Property.” There is no assurance that we will be able to successfully apply for and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. For example, there may be a leakage of our trade secrets or know-how, and our pending or future patent applications may not be registered or approved. Even if these patent applications are registered and approved, they may not be of sufficient strength or scope to protect our intellectual property. As a result, third parties may challenge our patent applications or use the technologies and proprietary processes that we have developed and compete with us, which may adversely affect our competitive advantage, dilute our brand and materially and adversely affect our results of operations.

In addition, policing the unauthorized use of our proprietary technology can be difficult and expensive. Our success largely depends on our ability to use and develop our technology, know-how and product designs without infringing upon the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of other intellectual property rights of third parties. In addition, although we endeavor to ensure that companies that work with us possess appropriate intellectual property rights or licenses, we cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components used in our products or by companies we work with in cooperative R&D activities. Our current or potential competitors may have obtained, or may obtain, patents that will prevent, limit or interfere with our ability to make, use or sell our products in China or other countries.

Any dispute or litigation in relation to intellectual property rights, even if resolved in our favor, could be costly and time-consuming, divert management resources, and may materially and adversely affect our business, financial condition and results of operations.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to pay significant damages.

We regard our patents, know-how, proprietary technologies, trademarks, copyrights and other intellectual properties as critical to our business development and operations, and we rely on both intellectual property laws and contractual arrangements to protect these rights. In particular, our core

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technologies relating to the production of electrolytic copper foil are important to our competitiveness and business growth. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages as we expected. In addition, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable.

We may be a party to claims and litigation as a result of infringement by third parties of our intellectual property rights. Even when we sue the parties for such infringement, such lawsuits may have adverse consequences for our business. Any such lawsuits may be time-consuming and costly to resolve and may divert our management's time and attention from our business. They could also result in a court or governmental agency invalidating, narrowing the scope of or rendering our patents or other intellectual property rights involved in such lawsuits unenforceable, which may significantly harm our business. In addition, if we are unable to obtain adequate remedies, such as damages or injunctions, against infringers in a timely manner, our proprietary technologies may be further disseminated or adopted by our competitors, which may erode our competitive advantages.

Although we enter into employment agreements with confidentiality, non-compete covenants and intellectual property ownership clauses, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in time, or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. Given the highly specialized and competitive nature of the electrolytic copper foil industry, we rely on a number of key technical and engineering personnel. If any of these key personnel leave us and join our competitors or establish their own businesses, there is a risk that our trade secrets and other proprietary information may be disclosed or used without our authorization.

It is critical for us to use and develop our technology and know-how and to manufacture and sell our products without infringing the intellectual property or other rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The defense and prosecution of intellectual property lawsuits, patent opposition proceedings, trademark disputes and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the attention of our technical and management personnel. An adverse ruling in such litigations or proceedings could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or to redesign our products or subject us to injunctions prohibiting the manufacturing and sales of our products or the use of our technologies. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation.

We carefully select suppliers and adopt relevant management policies. However, there can be no assurance that such measures will be sufficient to prevent suppliers from providing materials, equipment or components with potential intellectual property issues, nor can we guarantee that we will be able to recover all damages or compensation from suppliers in respect of claims by third parties against us for such products or intellectual property infringement. We typically seek contractual undertakings and indemnities from our suppliers in respect of intellectual property rights, but such undertakings and indemnities may be limited in scope, amount or enforceability.

If any of these events occur, our reputation could be damaged and our business, financial condition and results of operations may be adversely affected.

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Our historical financial and operating results are not indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue, profitability and margins.

During the Track Record Period, we experienced robust growth in revenue. Our revenue increased by 26.8% from RMB4,362.2 million in 2023 to RMB5,532.7 million in 2024, and further increased by 56.0% to RMB8,630.5 million in 2025. Despite the growth in our revenue during the Track Record Period, we recorded net losses and had net operating cash outflows. We incurred net losses of RMB212.1 million and RMB364.2 million in 2023 and 2024, respectively. We had net operating cash outflows of RMB1,118.0 million, RMB653.9 million and RMB3,821.7 million in 2023, 2024 and 2025, respectively.

In addition, we may encounter risks and difficulties in constantly evolving industries, and any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable industry. Our business, financial condition and results of operations depend in part on our ability to effectively manage our growth or implement our growth strategies. See “Business — Our Strategies.” We intend to grow by expanding our business, increasing market penetration of our existing products and developing new ones. The management of our growth may place significant demands on our managerial, administrative, operational, financial and other resources. Moreover, our growth depends on the ability to maintain stable production capacity and offer reliable products to our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, investors’ perceptions of our business and prospects may be adversely affected and the market price of our Shares could decline.

Any changes in, or discontinuation of, preferential tax treatment and government subsidies currently available to us could adversely affect our business, financial condition and results of operations.

During the Track Record Period, we received certain government grants and preferential tax treatment according to relevant policies. In 2023, 2024 and 2025, our government grants amounted to RMB41.2 million, RMB55.5 million, and RMB40.1 million, respectively. See “Financial Information — Description of Major Components of Our Results of Operations — Other Net Income.” The government grants we received during the Track Record Period represented various forms of incentives and subsidies granted to our Group by government authorities. These government grants were mainly non-recurring in nature, and the amounts of these grants were subject to the discretion of governments. We cannot guarantee that we will receive such government grants and preferential tax treatment in the future, and our financial condition and results of operations may be adversely affected if we fail to obtain such government grants in the future.

We cannot assure you that the preferential tax treatment we have received in the PRC or any other jurisdictions will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. If any change or termination of preferential tax treatment occurs, the increase in our tax charge or any other related tax liabilities could materially and adversely affect our business, financial condition and results of operations.

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We are subject to credit risk in collecting trade and bills receivables due from customers.

We generally grant customers credit periods ranging from 30 to 90 days from invoice date. As of December 31, 2023, 2024 and 2025, the balances of our trade and bills receivables amounted to RMB1,980.5 million, RMB2,355.0 million and RMB4,616.5 million, respectively. Our trade and bills receivables turnover days were 123 days, 141 day and 145 days in 2023, 2024 and 2025, respectively. As an electrolytic copper foil manufacturer, our customers include (i) leading lithium-ion battery manufacturers for applications in new energy vehicles, energy storage systems and consumer electronics; and (ii) major CCL and PCB manufacturers serving the communications, computing and automotive electronics industries, some of whom may have varying credit profiles and payment practices. There is no assurance that all such amounts will be settled on time, or at all, and we are subject to credit risk in collecting the trade and bills receivables due from the customers. In addition, changes in the macroeconomic environment, industry cycles or financial condition of our customers may affect their ability to settle outstanding receivables. Our performance, liquidity and profitability may be adversely affected if amounts due to us are not settled on time, or at all. The bankruptcy or deterioration of the credit condition of any of our major customers could also materially and adversely affect our business, financial condition and results of operations.

We are exposed to changes in the fair value of our financial assets measured at fair value through other comprehensive income (the “FVOCI”). Fluctuations in their values would affect our results of operations and financial condition.

Our financial assets measured at FVOCI primarily consist of bills receivables measured at FVOCI and derivative financial instruments. Our bills receivables measured at FVOCI amounted to RMB705.7 million, RMB87.4 million and RMB84.2 million as of December 31, 2023, 2024 and 2025, respectively, which represented bank-issued notes and digital bills receivables from customers. For bills receivables that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates as of each year of the Track Record Period. Our derivative financial instruments amounted to RMB1.2 million, RMB2.4 million and RMB3.4 million as of December 31, 2023, 2024 and 2025, respectively, which represented the copper forward contracts purchased on the market of Shanghai Futures Exchange, the fair value of which was measured based on the unadjusted quoted prices in active market for identical assets as of each year of the Track Record Period. For details, see “Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Current Assets and Liabilities.”

For financial reporting purposes, fair value measurement of financial assets measured at FVOCI is categorized into Level 1, 2 or 3, based on, among other things, the observability and significance of the inputs used in the valuation technique. The fair value of financial assets classified in Levels 1 and 2 is determined based on observable inputs, while the determination of the fair value of Level 3 financial assets is based on valuation techniques and various assumptions of inputs that are unobservable which inherently involve a certain degree of uncertainty. For details, see Note 28 to the Accountants’ Report in Appendix I to this document. There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets at FVOCI during the Track Record Period. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use, thereby affecting the fair value of these financial assets. These factors include general economic conditions, changes in market interest rates, and stability of the capital markets. Any of these factors could cause our estimates to vary from actual results and cause the fair value of our financial assets to fluctuate substantially, which may in turn have a material adverse effect on our financial position and results of operations. Moreover, the value ultimately realized by us on disposal of these investments may be lower than their current fair value. We cannot assure you that we can recognize comparable fair value gains in

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the future and we may on the contrary recognize fair value losses, which would affect our result of operations for future periods.

Our success relies on key management and other qualified personnel with specialized skills.

Our business success depends on the continued service of our key management and skilled technical personnel, including those responsible for strategic planning, R&D, production, quality control and customer relationship management. These individuals possess in-depth industry knowledge, technical expertise and longstanding customer relationships that are critical to our operations and competitiveness. Competition for experienced management and technical talent in the electrolytic copper foil industry is intense, and the pool of qualified candidates is limited. If we fail to attract, retain or motivate such personnel, whether due to more attractive compensation packages offered by competitors, limited availability of qualified talent or other personal or professional considerations, our ability to execute our business strategies, maintain operational stability and pursue growth opportunities could be adversely affected. In addition, any significant increase in labor costs, including those arising from market-driven salary adjustments, regulatory changes or inflationary pressures, could increase our operating expenses and negatively impact our profitability. The loss of any key management or technical personnel, or our inability to hire and integrate qualified replacements in a timely manner, would materially and adversely affect our business, financial condition, results of operations and growth prospects.

Labor shortages, increases in labor costs, labor dispatch and other labor-related matters may have an adverse effect on our business.

Our business performance relies on maintaining favorable labor relations with our employees, and any deterioration in our relationships with employees, labor shortages, work stoppages or increases in labor costs may have a material adverse effect on our business, financial condition and results of operations.

As the manufacture of electrolytic copper foil is labor-intensive and requires skilled operators and technicians, our ability to hire, train, retain and motivate employees is crucial to our success. We may face labor-related issues such as employee turnover, disputes, strikes or other work stoppages, any of which could disrupt our production and adversely affect our delivery schedules, product quality and operating efficiency. We may also be subject to claims, investigations and negative publicity in relation to production safety, workplace environment or occupational hazards, particularly if our employees or third-party service providers suffer injuries or casualties at our facilities, which may cause a deterioration in labor relations.

In addition, labor costs in the regions where we operate have been rising and may continue to increase, including due to inflation, changes in minimum wage requirements, intensified competition for skilled workers and higher statutory contributions and employee benefits. If we are unable to maintain a stable workforce or control our labor costs, we may not be able to fully pass such increased costs on to our customers, which may materially and adversely affect our business, financial condition and results of operations.

Furthermore, we engaged dispatched workers from time to time during the Track Record Period. The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) was amended to impose more stringent requirements on labor dispatch, and the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》), which became effective on March 1, 2014, require an employer to strictly control the number of dispatched workers engaged, which generally shall not exceed 10% of the total number of its workers. As of December 31, 2025, our labor dispatch ratio was below such limit. However, PRC laws and regulations, and their interpretation and enforcement, may change from time to time, and we

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cannot assure you that we will be able to maintain compliance with applicable labor dispatch requirements at all times in the future. If we fail to comply with such requirements, we may be ordered by the relevant labor administrative authorities to make corrections within a prescribed period and may be subject to fines or other administrative measures, which may adversely affect our business, financial condition, results of operations and reputation.

Our insurance coverage may be inadequate to protect us from potential losses.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, our employees are covered by social insurance and we maintained insurance for certain fixed assets. However, our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under the insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Failure to comply with PRC property-related laws and regulations regarding certain of our owned properties may adversely affect our business.

As of December 31, 2025, certain auxiliary structures at our Yulin Production Base and Tongling Production Base with a total area of approximately 7,000.0 sq.m., representing approximately 1.4% of our total GFA, had not obtained property ownership certificates in accordance with PRC laws and regulations. These structures are constructed for ancillary production support purposes and not used as primary business or operational premises. We have separately obtained written confirmations from the local competent authorities in Yulin and Tongling in respect of these auxiliary structures. In Yulin, the relevant authority confirmed that the structures were constructed on land lawfully owned by our relevant subsidiaries with valid title certificates and do not encroach on any third-party or public land, and that they may continue to be used subject to the fulfillment of relevant safety management responsibilities, and, as of the date of its confirmation, there were no plans or arrangements for their repossession, relocation, dismantling or demolition, and no administrative penalties had been imposed in relation thereto. In Tongling, the relevant authority confirmed that the auxiliary structures have been approved under the applicable planning requirements and comply with the PRC Urban and Rural Planning Law (《中華人民共和國城鄉規劃法》) and other applicable laws and regulations concerning urban and rural planning, and that it would not impose administrative penalties on us in connection with their use. See “Business — Properties — Owned Properties.” Nevertheless, we cannot assure you that the relevant laws and regulations or judicial interpretations will not be amended in the future. If we are challenged by third parties or government authorities upon any of the circumstances stated above, we may be subject to warnings, rectification orders, fines or demolition requirements, and may be forced to relocate, as the case may be, and, as a result, our business, financial condition and results of operations may be adversely affected.

Any disruption to our information technology systems or any system security threats may pose a risk to our systems, networks, products and services.

We rely on our information technology systems to support our daily operations, including procurement planning, transaction processing, product development, risk management, financial management and customer services. These systems are also critical to the secure handling of customers’ confidential product specification. Any unauthorized access, cyberattack, security breach, human error, power failure, natural disaster or other disruption could compromise the confidentiality, integrity or availability of our data and systems. Such events could result in the loss, theft or

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unauthorized disclosure of sensitive information, including our proprietary process know-how or customers' information, potentially leading to contractual liabilities, legal disputes, regulatory investigations or reputational damage. We may incur significant costs to investigate, remediate and strengthen our IT security measures, and there can be no assurance that our preventive and recovery measures will be adequate to address all potential threats. Any of these consequences could materially and adversely affect our business, financial condition and results of operations.

We may not be able to detect or prevent fraud, bribery, corruption or other misconduct committed by our current and former Directors, senior management, employees, customers, suppliers or other third parties.

We are exposed to fraudulent or illegal activities or other misconduct by our current and former Directors, senior management, employees, customers, suppliers or other third parties, which could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. There can be no assurance that our controls and policies will prevent fraud or illegal activity by such people or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity by our current and former Directors, senior management, employees, customers, suppliers or other third parties, including those in violation of anti-corruption or anti-bribery laws, could subject us to negative publicity that could severely damage our brand and reputation and, if conducted by our current and former Directors, senior management, employees, could further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our current and former Directors, senior management, employees, customers, suppliers or other third parties could materially and adversely affect our business.

Failure to make fully and timely social insurance and housing provident fund contributions for some of our employees as required by PRC laws and regulations may subject us to payments of outstanding amounts, overdue charges or penalties imposed by relevant governmental authorities.

Companies operating in the PRC are required to make social insurance and housing provident fund contributions for their employees. During the Track Record Period, we did not make social insurance and housing provident fund contributions fully and timely in accordance with the relevant PRC laws and regulations for certain employees. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

As advised by our PRC Legal Advisor, under the current policies and regulations related to social insurance and housing provident fund, the implementation and supervision requirements of local governments, and there are no collective complaints or reports made or related litigation and arbitration initiated by our employees, the risk of us being ordered to make a centralized collection payment and subject to material administrative penalties by local authorities is remote. If the relevant authorities order us to fully contribute the social insurance and/or housing provident fund contributions, we would make full contributions and take rectification measures as soon as possible

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within the specified period. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice requiring us to pay any outstanding social insurance and housing provident fund contributions, nor have we been subject to any administrative action or penalty by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions.

According to the Judicial Interpretation (II) of the Supreme People’s Court on the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), promulgated by the Supreme People’s Court on August 1, 2025 and effective from September 1, 2025, any agreement between a PRC employer and an employee or an employee’s undertaking to the employer on the non-contribution of social insurance shall be deemed invalid by the people’s court. If an employee requests to terminate the employment agreement and seek economic compensation on the grounds that the employer has failed to pay social insurance contributions in accordance with the applicable laws, the people’s court shall support such claims. Conversely, if the enterprise has lawfully paid the social insurance contributions and then requests the employee to return the compensation already paid, the people’s court shall also support such claim.

We cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall, overdue charges or penalties retroactively, thereby adversely affecting our business, financial condition and results of operations.

Any unexpected disruptions to our business operations, future force majeure events, natural disasters, acts of war or terrorism, the outbreak of any pandemics, or the occurrence of other incidents that are beyond our control, may adversely affect our business, financial condition and results of operations.

Natural and man-made disasters and other force majeure events which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people there. Any occurrence or recurrence of any of such events could result in disruptions to our operations, which could adversely affect our business, financial condition and results of operations.

Our business operations could be disrupted if any of our employees is suspected of contracting any epidemic disease, since it could require our offices or facilities to be closed for disinfection or other remedial measures, which would adversely delay or disrupt our production schedule, and we may experience raw material shortages or price surges if the operations of any of our suppliers are disrupted by pandemics.

Moreover, natural disasters, including earthquakes, floods, landslides and droughts, could result in deaths, significant economic losses and significant and extensive damage to factories, power lines and other properties, as well as blackouts, transportation and communications disruptions and other losses in the affected areas. Any future natural disasters, public health and public security hazards may, among other things, materially and adversely affect or disrupt our operations. Furthermore, such natural disasters, public health and public security hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business, financial condition and results of operations.

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RISKS RELATING TO THE LOCAL LAWS AND REGULATIONS OF THE JURISDICTION WHERE WE CONDUCT BUSINESS

Changes in the economic, political or social conditions or government policies in the countries and regions where we operate could affect our business, financial condition and results of operations.

Global economic, political and social conditions are evolving rapidly and are subject to uncertainties. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases and instability in the financial system impose new challenges and uncertainties on the global economy. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

We are required to obtain, maintain and renew various approvals, permits, licenses, registrations and certificates for our business operations, and there is uncertainty concerning potential delays or changes in standards associated with these processes.

We are required to maintain certain permits, licenses, registrations and certificates issued by the relevant government agencies in the jurisdiction in which we operate to conduct our business operations. The approval process may be lengthy, costly and subject to the discretion of the relevant authorities. If we fail to obtain, maintain or renew any of the necessary permits, licenses or certificates, or if any of them is revoked or suspended, we may be required to suspend or restrict certain operations, incur additional compliance costs, delay production or delivery schedules or limit our ability to commercialize our electrolytic copper foil products and generate expected revenue. Any of these events could materially and adversely affect our business, financial condition and results of operations.

We may be involved in legal or other proceedings arising out of our business operations from time to time and may face reputational risks and significant liabilities as a result.

We have been, and may continue to be, involved in litigation and other legal proceedings during the ordinary course of business operations such as product liability, labor disputes, contract disputes or intellectual property disputes, which may adversely affect our financial condition. In addition, we may have to pay legal costs associated with such disputes and proceedings, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies and may result in damage to our reputation, additional operating costs and diversion of resources and management’s attention from our business operations. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our business, financial condition and results of operations.

We are a PRC enterprise subject to PRC tax on our global income and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and Notice on the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向

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境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(Guo Shui Han [2008] No. 897) (國稅函[2008]897號), dated November 6, 2008, issued by the SAT, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. As of the Latest Practicable Date, there were no specific rules on how to levy tax on gains realized by non-resident enterprise holders of H Shares through the sale or transfer by other means of H Shares.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong, China. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Foreign exchange regulations may limit our ability to pay dividends and other obligations, and affect the value of your [REDACTED].

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the current foreign exchange control system in China, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by, or registered with, the SAFE or its local branch unless otherwise permitted by

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law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

You may experience difficulties in effecting service of process upon, or enforcing foreign judgments against, us or our Directors or senior management.

We are a company incorporated under the laws of the PRC and substantially all of our business, assets and operations are located in China. In addition, the majority of our Directors and executive officers reside in China and substantially all of the assets of such Directors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People’s Court, a party with an enforceable final court judgment rendered by any designated people’s court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types, may apply for recognition and enforcement of the judgment in the relevant people’s court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, and their liquidity and market price may be volatile.

There was no public market for our H Shares prior to the [REDACTED]. There can be no guarantee that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our H Shares is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the [REDACTED]) and us, which may not be indicative of the market price of our H Shares following the completion of the [REDACTED]. If an active public market for our H Shares does not develop following the completion of the [REDACTED], the market price and liquidity of our H Shares may be materially and adversely affected.

The market price and trading volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the [REDACTED].

The trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in

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Chinese mainland that have [REDACTED] their securities in Hong Kong may affect the volatility in the price of, and trading volumes for, our H Shares. A number of Chinese mainland-based companies have [REDACTED] their securities, and some are in the process of preparing for [REDACTED] their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines, after their [REDACTED]. The trading performances of the securities of these companies at the time of or after their [REDACTED] may affect the overall investor sentiment towards Chinese mainland-based companies [REDACTED] in Hong Kong, and consequently may impact the trading performance of our H Shares. Pursuant to the applicable PRC law, within the 12 months following the [REDACTED], all existing Shareholders (including the Pre-[REDACTED] Investors) could not dispose of any of the Shares held by them. Due to such lock-up requirement, the liquidity and trading volume of the H Shares in the short term following the [REDACTED] may be significantly affected. These factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance.

Future sales or perceived sales of our H Shares in the public market could have a material adverse effect on the market price of our H Shares and our ability to raise additional capital in the future, or may result in dilution of your shareholding.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the H Shares is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the H Shares in the [REDACTED] will experience an immediate dilution in our consolidated net tangible asset value. In order to expand our business, we may consider raising additional capital and issuing additional Shares in the future. Purchasers of the H Shares may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share option incentive scheme, which would further dilute our Shareholders' interests in our Company.

Our Controlling Shareholders have substantial influence over our Group and its interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all, or substantially all, of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED], and assuming the [REDACTED] is not exercised, our Controlling Shareholders will be interested in [REDACTED]% of the total issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, potentially depriving other shareholders of the opportunity to receive a premium for their Shares in the event of a sale. It could also potentially lower the price of our Shares. These circumstances may occur even if opposed by

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other shareholders. In addition, the interests of our Controlling Shareholders may differ from those of our other shareholders. It is possible that our Controlling Shareholders may use their significant influence to engage in transactions or make decisions that conflict with the best interests of our other shareholders.

We cannot assure you whether and when we will declare and pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depends on various factors, including our results of operations, cash flows, financial position, operating and capital expenditure requirements, distributable profits, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

Certain facts, forecast and other statistics in this document obtained from publicly available sources have not been independently verified and may not be reliable.

This document, particularly the sections headed “Industry Overview” and “Business,” contains information and statistics relating to the industry in which we operate. Such information and statistics were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of their respective directors and advisers or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document includes forward-looking statements regarding our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, management’s plans and objectives, certain [REDACTED] information and other matters. Words such as “aim,” “anticipate,” “believe,” “could,” “predict,” “potential,” “continue,” “expect,” “intend,” “may,” “might,” “plan,” “seek,” “will,” “would,” “should,” and similar expressions, as well as their negatives, are intended to identify these forward-looking statements. These statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital,

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liquidity and capital resources, are estimates reflecting the best judgment of our directors and management, and involve risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Therefore, these forward-looking statements should be considered in light of various important factors, including those described in this section. Such statements are not guarantees of future performance, and investors should not place undue reliance on them.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding ourselves and the [REDACTED].

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document.

Prior to the completion of the [REDACTED], there may be press and media coverage regarding our Group and the [REDACTED]. Our Directors would like to emphasize to prospective investors that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Company, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [REDACTED] make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. To the extent that any such information is inconsistent or conflicts with the information contained in this document, our Company, the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], the [REDACTED], any of our and their respective directors, supervisors, officers, representatives, employees, advisers or any other persons or parties involved in the [REDACTED] disclaim responsibility for it, and you should not rely on such information.