

BUSINESS

OVERVIEW

Who We Are

We are a leading technology enterprise specializing in the R&D, production and sales of high-performance electrolytic copper foil products. We ranked as the third-largest electrolytic copper foil producer in the world by shipment volume in 2025, with a market share of approximately 5.4%, according to Frost & Sullivan. We are dedicated to becoming a first-tier global player in the electrolytic copper foil industry. Our products include lithium-ion battery copper foil and electronic circuit copper foil, which have received wide customer recognition for their performance and value.

Electrolytic copper foil is a critical raw material for lithium-ion batteries and electronic circuit manufacturing, serving as an essential component across the new energy and electronic information industries. Based on end applications, electrolytic copper foil products can be broadly categorized into lithium-ion battery copper foil and electronic circuit copper foil. Our lithium-ion battery copper foil products mainly include double-sided shiny high-performance lithium-ion battery copper foil, which is primarily used as an anode current collector in lithium-ion batteries. The quality, surface characteristics and mechanical properties of lithium-ion battery copper foil directly affect the manufacturing process of battery anodes and the electrochemical performance of lithium-ion batteries. With the rapid advancement of lithium-ion battery technologies in recent years, copper foil products have evolved towards higher energy density, lower warpage, ultra-thin and lightweight profiles, higher tensile strength and higher elongation. These developments play a critical role in enhancing battery energy density, safety performance and battery life.

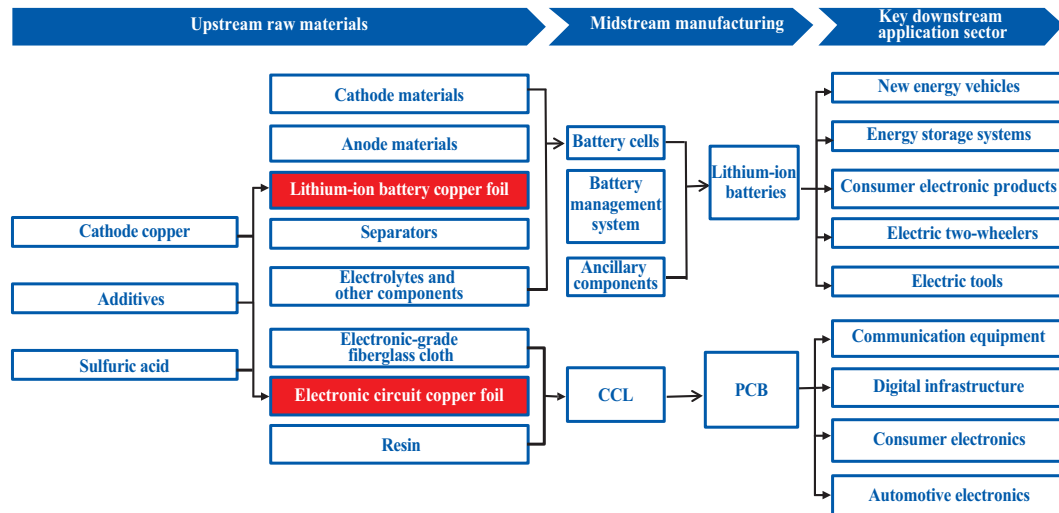
Electronic circuit copper foil is the core conductive material used in CCL and PCB, where it is etched to form precision circuitry. Electronic circuit copper foil performs two fundamental functions, namely (i) serving as the transmission channel for electronic signals and power and (ii) acting as the physical carrier for component mounting and interconnection. As a result, electronic circuit copper foil directly determines the signal integrity, reliability and integration density of electronic circuits. It is widely applied across consumer electronics, communication equipment, automotive electronics and digital infrastructure and is regarded as the foundational “nervous system” of the modern electronic information industry.

According to Frost & Sullivan, global shipment volume of electrolytic copper foil increased from 815.9 thousand tonnes in 2021 to 1,854.2 thousand tonnes in 2025, representing a CAGR of 22.8%, and is expected to further increase to 4,344.9 thousand tonnes by 2030, representing a CAGR of 16.9% from 2026 to 2030. We have proactively captured market opportunities from the rapid developments of the new energy lithium-ion battery industry and the semiconductor industry, and achieved rapid business expansion through responsive and targeted R&D.

BUSINESS

Our Product Portfolio

Our products have achieved advanced industry standards in terms of performance and reliability. The following chart sets forth our key products and the roles they play along the electrolytic copper foil value chain:



Note: Our product coverage is denoted in red.

Lithium-Ion Battery Copper Foil

Lithium-ion battery copper foil products serve as the anode current collector in lithium-ion batteries and constitute a critical component of the electrode structure. Within a lithium-ion battery, copper foil functions both as the physical carrier for anode active materials and as the medium for current collection and transmission. Its performance has a direct impact on internal resistance and cycling performance of lithium-ion batteries.

Lithium-ion battery copper foil represents the core segment of the electrolytic copper foil market. Demand for lithium-ion battery copper foil is primarily driven by the accelerated penetration of new energy vehicles, energy storage systems and broader electrified end-use applications. With the continued expansion of installed capacity for power batteries, sustained growth in energy storage systems deployment and the ongoing evolution of individual battery cells toward higher energy density, requirements for both the volume and performance of anode current collectors have increased accordingly. In 2023, 2024 and 2025, our revenue from sales of lithium-ion battery copper foil amounted to RMB3,756.8 million, RMB5,235.4 million and RMB8,129.0 million, respectively, representing 86.1%, 94.6% and 94.2% of our total revenue for the same years.

Electronic Circuit Copper Foil

Electronic circuit copper foil is one of the essential base materials for CCL and PCB. Our product offerings cover a broad range of specifications from standard copper foils to specialty copper foils, including products in the HTE, RTF and HVLP series. This product portfolio is designed to support diverse application scenarios and advanced manufacturing processes, including high-frequency and high-speed transmission, HDI, high-layer-count boards and flexible circuits.

Driven by increasing requirements for system reliability and structural complexity in applications such as artificial intelligence, data centers, automotive electronics and industrial control,

BUSINESS

demand for electronic circuit copper foil has exhibited steady growth. In 2023, 2024 and 2025, our revenue from sales of electronic circuit copper foil amounted to RMB113.3 million, RMB245.9 million and RMB477.6 million, respectively, representing 2.6%, 4.5% and 5.5% of our total revenue for the same years.

Our Technological Innovation

We focus on the electrolytic copper foil industry since our establishment, and have been recognized as a National High-Tech Enterprise. We have built a strong technological foundation through an experienced team of industry specialists, advanced production equipment and comprehensive testing and inspection facilities. We have developed and own a number of key technologies critical to the production of electrolytic copper foil products, which includes (i) the tensile strength control technology for lithium-ion battery copper foil, (ii) the elongation control technology for lithium-ion battery copper foil, (iii) the flexural resistance control technology for lithium-ion battery copper foil, and (iv) the ultra-thin thickness control technology for lithium-ion battery copper foil. We refer to this suite of technologies as our Three-Highs and One-Thin (三高一薄) Technology for lithium-ion battery copper foil. In addition, we have developed core technologies for electronic circuit copper foil, focusing on reducing signal loss in high-frequency and high-speed circuit boards and improving the consistency of surface morphology, including our fine-grain roughening technology.

We have also been recognized as a “National Intellectual Property Advantage Enterprise” and an “Anhui Provincial Technology Innovation Demonstration Enterprise.” As of December 31, 2025, we held 130 patents, including 31 invention patents and 99 utility model patents in China. Our R&D projects on the high-performance ultra-thin copper foil for new energy vehicle batteries was included in the Anhui Provincial Major Science and Technology Program and was awarded the Second Prize of Anhui Provincial Science and Technology Progress Award. In addition, our R&D projects on the development and industrialization of 4 μm high-tensile ultra-thin copper foil for power batteries was selected as a key provincial R&D project for the Guangxi Autonomous Region. We have established long-term collaborative relationships with a number of universities and research institutions, including Hefei University of Technology, Nanchang University, Guangxi University and Jiangxi Academy of Sciences. Through these collaborations, we conduct fundamental research on electrodeposition mechanisms and additive interactions, intrinsic structure-property relationships between microstructure and macroscopic performance and internal stress regulation, as well as forward-looking technology development in particle-stimulated nucleation, composite electrodeposition and gradient electrodeposition. Our products have received several provincial-level new product recognitions in Anhui Province and Jiangxi Province, have been awarded the “Anhui Industrial Premium Products” certification and have been included in the Patent-Intensive Products List issued by the China Patent Protection Association. We have also received multiple awards from leading customers, including supplier excellence awards, partnership recognition awards and quality performance awards.

Through years of continuous development, we have established industry-leading capabilities in terms of the scale of operations, process equipment sophistication, R&D innovation and product quality control. We have received various industry recognitions and honors, including the “China Lithium-ion Battery Copper Foil Technology Leadership Brand,” the “Top 100 Innovative Enterprises in Anhui Province” and the “Anhui Province ‘115’ Industrial Innovation Team.”

Our research center has been recognized as a provincial-level enterprise technology center and is led by experienced professionals with deep industry expertise. Our R&D personnel collaborate closely with the production engineers in our production bases. As of December 31, 2025, our R&D and engineering team comprised a total of 295 personnel, including six PhD holders. The R&D

BUSINESS

personnel holding a master’s degree or above accounted for a proportion of the team, and the principal director of our research center has over ten years of experience in the R&D of electrolytic copper foil products.

We have participated in and contributed to the formulation of a number of industry and group standards, including the Guidelines for the Technical Specification for Green Design Product Evaluation: Electrolytic Copper Foil (T/CNIA0106-2021), the Composite Current Collectors (Copper Foil) (T/CI467-2024), the Composite Current Collectors (Aluminum Foil) (T/CI466-2024), the Test Methods for Electrolytic Copper Foil for Lithium-Ion Batteries (T/JXTX0009-2024) and the Collagen Additives for Electronic Copper Foil (T/CEMIA048-2025).

Our Production Capabilities

Having considered factors such as proximity to key customers, available talent and resource allocation, we have expanded our production footprint to Nanchang city, Yulin city and Tongling city. As of December 31, 2025, our Nanchang Production Base, Yulin Production Base and Tongling Production Base had a designed production capacity of 100,000 tonnes, 40,000 tonnes and 12,000 tonnes per annum, respectively, amounting to a total designed production capacity of 152,000 tonnes per annum. Among these production bases, our Nanchang Production Base has developed into the largest single copper foil production site globally. Our production bases are strategically located in close proximity to customers along the industry value chain, which effectively reduce logistics costs and enhances supply security and delivery reliability.

With the support of Huayou Holdings Group, our strategic presence in regions such as Nanchang, Yulin and Tongling enables us to jointly build long-term industrial competitiveness. We work closely with local governments to develop an integrated industrial ecosystem. Through years of technological innovation and a professional management team, the quality of our lithium-ion battery copper foil products remains at an industry-leading level. With a comprehensive customer service framework and robust delivery capabilities, our products have received broad recognition from customers. We have obtained supplier qualifications and certifications from a number of well-known battery manufacturers and have established long-term and stable business relationships with them. We have also received multiple supply chain-related awards and recognitions from our major customers.

Building on our established production footprint and customer proximity advantages, we plan to carry out technical upgrades at our production bases to further expand the total designed production capacity. Upon completion of these expansion plans, we expect to further strengthen our market leadership position in terms of production capacity and sales volume.

OUR STRENGTHS

We attribute our market position to the competitive strengths set out below. These strengths support our position in the electrolytic copper foil industry, particularly in high-end applications for new energy and electronics, and have enabled us to achieve sustained growth and deepen our relationships with leading customers.

A Fast-Growing Copper Foil Manufacturer with an Established Industry-Leading Position

Since our establishment, we have been among the fastest-growing companies in the electrolytic copper foil industry, according to Frost & Sullivan. Benefiting from the accelerated energy transition and the rapid development of artificial intelligence industries, electrolytic copper foil has emerged as a critical raw material within both the new energy value chain and advanced electronic manufacturing systems. Our total sales volume has increased from approximately 1.3 thousands tonnes in 2017 to 99.0 thousands tonnes in 2025, representing a CAGR of over 60%, significantly surpassing the

BUSINESS

average industry growth rate of 16.4% during the same period, according to Frost & Sullivan. Building on our rapid development, we have successfully established a leading position within the industry.

In the new energy industry, lithium-ion battery copper foil serves as the anode current collector for lithium-ion batteries and constitutes a fundamental application material for the large-scale deployment and performance enhancement of power batteries and energy storage systems. In the artificial intelligence industry, electronic circuit copper foil serves as a high-end electronic interconnection material and is widely applied in key components such as high-performance CCL and PCB. It plays a foundational role in ensuring signal transmission stability, system reliability and overall performance. As a result, electrolytic copper foil occupies an indispensable position in both the new energy and artificial intelligence industries, with its strategic importance continuing to increase alongside industry development.

According to Frost & Sullivan, driven by sustained growth in demand from new energy vehicles, electrochemical energy storage systems and various electrified end applications, global lithium-ion battery shipments increased from 484.3 GWh in 2021 to 1,944.7 GWh in 2025, representing a CAGR of 41.6% from 2021 to 2025, and is expected to further increase to 6,054.8 GWh by 2030, representing a CAGR of 23.4% from 2026 to 2030. Correspondingly, global shipment volume of lithium-ion battery copper foil increased from 286.4 thousand tonnes in 2021 to 1,231.8 thousand tonnes in 2025, representing a CAGR of 44.0% from 2021 to 2025, and is expected to further increase to 3,398.8 thousand tonnes by 2030, representing a CAGR of 20.4% from 2026 to 2030. According to Frost & Sullivan, with rising demand for high-performance PCB and ongoing structural upgrades of electronic products, global shipment volume of electronic circuit copper foil increased from 529.6 thousand tonnes in 2021 to 622.3 thousand tonnes in 2025, representing a CAGR of 4.1% from 2021 to 2025, and is expected to reach 946.1 thousand tonnes by 2030, representing a CAGR of 7.7% from 2026 to 2030. To capture these opportunities, we are committed to strengthening our relationships with existing customers and proactively developing new customer partnerships, which enables us to better understand and respond to market needs. In addition, we continue to invest in production and capacity expansion to ensure that we are well-positioned to meet the growing demand from our customers and to reinforce our competitiveness in the industry.

Industry-Leading Yield Performance Driven by High Slitting Efficiency and Low Scrap Rates

In copper foil manufacturing, we have achieved significant improvements in finished goods yield through technological innovation and refined operational management. These improvements have significantly reduced production costs and enabled us to provide customers with more competitive products and services.

Our high yield performance is achieved by the scale and performance of our production equipment. As of December 31, 2025, we operated a total of 588 foil making machines, ranking among the leading players in the industry by number of production equipment, according to Frost & Sullivan. By integrating foil making machines with seven different width specifications and implementing a dynamic production scheduling model based on a “1+3 rolling plan.” In 2025, our overall copper foil yield rate amounted to 82.7%, with certain production lines exceeding 90%, surpassing the industry average level, according to Frost & Sullivan. We flexibly match foil making machine widths to diversified customer order requirements, thereby reducing edge scrap and material waste. In particular, we have procured foil making machines with the largest commercially available mass-production width globally of up to 1,840 mm, which are expected to improve our production efficiency.

BUSINESS

In addition, through continuous enhancement of operator skills, regular calibration of equipment precision, stabilization of production processes and standardized management of operating environments, we have effectively reduced scrap rates during production. As a result, the finished goods yield rate of our mass production products under our benchmark production lines reached 91.0% in 2025, surpassing the industry average, while further reducing per-unit production costs. We have also strengthened our cost competitiveness through the application of ultra-long roll length technology. In 2024, using this technology, we achieved a single-roll length of 81,440 meters for copper foil with a thickness of 4.5 μm and a width of 1,380 mm, breaking internationally reported records during the same period. This advancement further reduced production scrap rates and contributed to lower overall manufacturing costs.

In addition, we have established an effective customer resource management framework. Through long-term cooperation agreements with multiple strategic customers, we are able to dynamically monitor demand fluctuations and implement precise inventory management. We have developed robust systems to effectively manage and address the diverse requirements of different customers, enabling us to achieve a high customization rate and maintain a high yield rate. At the same time, our ability to respond rapidly to market changes enhances our operational flexibility and supports market share expansion. This operational agility has contributed to improved customer retention rates and supported the rapid expansion of our market presence.

Deep Technological Expertise and Sustained Innovation Driving Core Competitive Advantages

Lithium-Ion Battery Copper Foil

We continue to advance innovation in the lithium-ion battery copper foil segment. Our core products are characterized by high tensile strength, high elongation, high toughness and ultra-thin and lightweight profiles, which are achieved by our Three-Highs and One-Thin technology. Such product performance enables us to meet the stringent requirements of high-performance lithium-ion batteries.

Our lithium-ion battery copper foil products provide full coverage across a tensile strength range of approximately 220 MPa to 1,400 MPa, establishing a solid foundation for enhancing battery energy density. In terms of elongation performance, our products are designed to significantly improve battery cycling performance. We have achieved mass production capability for copper foils with thicknesses of 5–8 μm , delivering elongation-to-thickness ratios of approximately 2.5 at the 300 MPa to 400 MPa strength level and approximately 2.0 at the 400 MPa to 450 MPa strength level. With respect to toughness, our products demonstrate strong safety performance. For example, our 6 μm copper foil exhibits a bending resistance of no less than 50,000 cycles at a tensile strength range of 520 MPa to 580 MPa, which is significantly higher than the industry average level of approximately 30,000 cycles. This performance provides enhanced structural integrity for batteries operating under demanding conditions.

Ultra-thin copper foil is a critical pathway for improving battery energy density. We have achieved technological breakthroughs in the scalable mass production of copper foils below 6 μm . For example, our 4 μm copper foil products can be adopted in high energy density lithium-ion battery applications, including new energy vehicles, energy storage systems and advanced electronic applications, and we are among a limited number of industry participants with the capability to manufacture 3.5 μm copper foil and deliver 3 μm copper foil products, according to Frost & Sullivan.

In addition, we have proactively adopted frontier technologies. Our nickel-plated copper foil technology provides customized solutions, with substrate thickness adjustable within a range of 3–12 μm and precise control of nickel plating thickness between 0.1 μm and 1 μm through a customized electroplating power supply system. This technology effectively enhances corrosion resistance and

BUSINESS

high-temperature oxidation resistance of copper foil, enabling its application in demanding operating environments, which has also been used in joint development programs with leading solid-state battery companies. Furthermore, our surface protection layer technology extends product shelf life through optimization of chromium oxide layers and includes the development of chromium-free anti-oxidation solutions, significantly improving the ESG profile of our products.

Electronic Circuit Copper Foil

In the electronic circuit copper foil segment, we have established a comprehensive technology platform covering a wide range of application scenarios, with a comprehensive portfolio of copper foil products including the HTE, RTF and HVLP series.

In the HTE series, we have achieved coordinated optimization across multiple performance dimensions, including low surface roughness, high peel strength, superior thermal resistance and fine etching characteristics, enabling stable performance in demanding PCB manufacturing processes. Our RTF series products are designed with bending resistance as a core feature while maintaining corrosion resistance and high thermal stability, making them suitable for complex deformation scenarios in flexible PCB. In contrast, our rigid RTF copper foil products achieve ultra-low surface roughness, with Rz values of no more than 1.5 μm , effectively reducing signal transmission loss in high-frequency applications. Our HVLP series products, characterized by an isotropic etching process, sub-micron surface roughness and high electrical conductivity, have become mainstream base materials for digital infrastructure applications.

We have focused our technology development on high-frequency and high-speed application scenarios. Through proprietary additive technologies, we precisely control the copper foil crystal structure and, in combination with advanced roughening processes, achieve nano-scale surface flatness. We apply specialized alloy electrodeposition technologies to maintain magnetic element content at extremely low levels, effectively reducing electromagnetic interference. In addition, by optimizing interfacial bonding technologies, we enhance resin adhesion performance, while signal transmission simulation models are employed to guide product structural design and further ensure performance stability.

Building on these technological capabilities, we have established a portfolio of advanced electronic circuit copper foil products, positioning us to support domestic substitution of high-frequency and high-speed copper foil materials.

Customer Trust Built on Strong Product Quality and Stable Supply Capabilities

In the lithium-ion battery and electronic circuit value chains, stable and reliable product quality is a primary consideration for battery manufacturers and PCB manufacturers when selecting suppliers. We regard product quality as a core foundation of our business and have established a strong quality competitiveness through systematic management and rigorous process control.

We have implemented a comprehensive quality management system that complies with IATF 16949 Automotive Quality Management System and ISO 9001 Quality Management System. Our quality management framework covers the production lifecycle, including incoming raw material inspection, in-process monitoring, statistical process control for critical processes, finished goods inspection and shipment management. Across key performance indicators such as thickness uniformity, tensile strength, elongation, surface roughness (Rz), oxidation resistance and peel strength, our products consistently achieved or exceeded industry benchmark levels.

We have made continuous investments in advanced equipment to enhance our quality control capabilities. In our automated production processes, we have adopted advanced technologies

BUSINESS

including AI-based visual inspection, online X-ray thickness measurement, automated tension monitoring and advanced process control systems. These technologies enable real-time and precise monitoring and closed-loop adjustment of hundreds of critical process parameters, minimizing human intervention, ensuring process stability and controllability and supporting consistent product quality. For additive development and quality management, we conduct incoming material monitoring through electrochemical workstations. We have comprehensive policies and detailed procedures in place to ensure product quality.

Our laboratories are equipped with a comprehensive suite of advanced inspection and testing equipment, including scanning electron microscopes, electron backscatter diffraction systems, atomic force microscopes, universal material testing machines and electrochemical workstations. These facilities enable comprehensive physical, chemical and electrochemical performance analysis, as well as failure analysis, providing strong technical support for quality assurance.

We apply Six Sigma quality management methodologies to reduce process defects, minimize variability and continuously enhance product and service quality. As of December 31, 2025, five of our employees had obtained the Six Sigma Black Belt certification issued by the China Association for Quality, and 30 employees had obtained the Six Sigma Green Belt certification. We remain customer-centric and drive continuous improvement through data-driven quality management. See “—Quality Control.”

In-depth Collaboration with Leading Customers Driving Industry Development

Strong technological capabilities and product quality form the foundation of our competitiveness. However, recognition from top-tier customers and the establishment of long-term collaborative relationships are the direct drivers of our sustained revenue growth and provide resilience against industry cyclicity.

Building on years of rapid development and our leading position in the industry and key regions, we continue to advance our “dual-engine” strategy across lithium-ion battery copper foil and electronic circuit copper foil. We proactively expand our presence in both domestic and overseas markets, continuously increase investment in R&D, focus on frontier technology development and enhance our overall competitive strength. With the support of the high-quality shareholder background of leading enterprises within and beyond the industry, we have gained access to additional business resources and market opportunities, laying a solid foundation for our long-term development.

In the lithium-ion battery copper foil sector, we maintain stable supply relationships with three power battery manufacturers ranked among the global top five by market share in 2025, according to Frost & Sullivan. We are among a limited number of copper foil suppliers in the industry capable of consistently meeting the stringent quality standards and mass production requirements of multiple leading customers simultaneously, with our copper foil loading rate ranking among the leading levels in the industry. In the energy storage system sector, we have established stable supply relationships with manufacturers ranked among the global top five energy storage system manufacturers in 2025, according to Frost & Sullivan. In the consumer electronics segment, we cooperate with leading consumer electronic battery manufacturers and have developed in-depth and long-term partnerships. In the electronic circuit copper foil segment, we maintain long-term supply relationships with leading CCL manufacturers, with end applications spanning consumer electronics, communication equipment, automotive electronics and digital infrastructure.

Our relationships with core customers have evolved beyond traditional supplier roles into strategic partnerships characterized by in-depth collaboration and joint innovation. Through close

BUSINESS

co-development mechanisms with leading battery customers, we are able to gain early insights into customer requirements and technology trends, allocate R&D resources with precision toward the most commercially relevant directions and accelerate the industrialization of technological achievements. This creates a positive feedback loop across R&D, customers and end applications.

We have established regular technical exchange seminars and joint project teams with industry-leading customers to collaboratively research technical specifications for next-generation copper foil products. Such established relationships not only generate long-term, stable and predictable order demand, but also position us as a preferred partner for our customers, supporting higher participation rates and order volume. As a result, we have built strong customer-based entry barriers within the industry.

Industry Expertise Supported by an Experienced Management Team

Our core team comprises seasoned industry executives and highly qualified research professionals, forming a high-quality talent structure characterized by experienced leadership, close integration between research and production and a well-established talent pipeline. The core members of our management team have an average of over 20 years of experience in the copper foil industry, with a deep understanding of industry dynamics and market trends, as well as proven capabilities in managing and operating cross-regional production activities.

Our management team is led by Mr. Zhou Shengfu, our Chairman and President, who has over 30 years of corporate management experience and nearly 20 years of experience in the new energy industry. Mr. Zhou is responsible for our Company’s overall strategic planning, resource allocation and organizational management. His strategic vision and deep industry insights have laid a critical foundation for our sustained and high-quality development. Mr. Zhou holds an EMBA degree from Wuhan University and currently serves as the Chairman and President of our Company. In 2025, Mr. Zhou was recognized as a “National Model Worker” and an “Outstanding Individual of Non-Public Enterprises in Jiangxi Province.” The research project led by Mr. Zhou titled “Key Technologies and Industrialization of High-Performance Ultra-Thin Copper Foil for New Energy Vehicle Batteries” received the Second Prize of the Anhui Provincial Science and Technology Award in 2023. Mr. Zhou holds multiple patents, and has participated in the drafting and formulation of multiple industry standards, including Carbon Neutrality and Green Product Evaluation Specification for Electronic Components and Electronic Specialty Materials Manufacturing (T/CIET089-2023) and Test Method for Tensile Stress Relaxation of Copper and Copper Alloys (T/CASMES610-2025).

Mr. Zhou is supported by a core senior management team, each member of which possesses extensive industry experience and strong professional credentials. Mr. Yin Yong, holding the title of intermediate engineer, serves as Executive Vice President of the Company and is a member of the Standardization Technical Committee of the China Electronic Materials Industry Association. Mr. Yin has led and participated in multiple copper foil production projects and key equipment R&D initiatives, and has received various science and technology awards at the provincial and municipal levels. He is a core member of the Anhui Province “115” Industrial Innovation Team for ultra-thin high-performance electrolytic copper foil and has participated in major provincial science and technology programs. Mr. Yin holds nine invention patents and 21 utility model patents and has contributed to the formulation of several industry and group standards. Mr. Cao Shengyue, holding the title of senior engineer, serves as Vice President of our Company and General Manager of Jiangxi Huachuang New Materials Co., Ltd.. He is a technical expert committee member of the Electronic Copper Foil Materials Branch of the China Electronic Materials Industry Association, and has extensive experience in copper foil project construction and key process technology development. Mr.

BUSINESS

Cao has received multiple provincial and municipal science and technology awards, holds 12 invention patents and 11 utility model patents and has participated in the drafting of relevant industry standards.

Supported by this experienced and technically proficient leadership team, we have established a robust organizational system characterized by forward-looking strategy, integrated research and production and specialized talent development. Our core management team has deep insight into the copper foil industry value chain and global market landscape and demonstrates strong capabilities in coordinating multi-regional and multi-site operations. Through leadership in major project execution, core technology development and participation in the formulation of national and industry standards, our management team has accumulated substantial intellectual property and technical achievements.

OUR STRATEGIES

We aim to become a leading global supplier of high-performance copper foil materials for new energy and advanced electronics applications. Leveraging technological innovation, we closely track demand across lithium-ion batteries and electronic end-markets. We focus on the following strategies:

Expand Our Product Portfolio through Product Innovation

To build a future-oriented product portfolio of copper foils, we plan to broaden our product matrix through a multi-dimensional technological roadmap. The specific measures are set out below:

- *Enhance Energy Density.* We intend to focus on the development of ultra-thin technology and establish technical reserves for extremely ultra-thin thickness of the 1–3 μm range.
- *Develop High-toughness and High-strength Copper Foils.* We plan to develop high-toughness and high-strength copper foils tailored for silicon-carbon anodes to address interfacial failure risks associated with silicon-based material expansion.
- *Advance Innovation of Specialty Copper Foil.* We also intend to advance innovation of specialty copper foil, including metal-polymer-metal composite foils and alloyed copper foil materials, achieving lightweight profiles and improved safety performance.
- *Support Battery Performance Optimization.* We plan to prioritize initiatives aimed at reducing interfacial impedance, including low-resistance copper foils and surface graphene modification technologies to enhance electrical conductivity. We also plan to develop long-life anti-oxidation coating technologies to extend service life under demanding operating conditions. In addition, we intend to explore porous and blind-hole copper foil structural designs to enhance active material adhesion through three-dimensional microstructures, with the objective of improving battery cycling performance by over 15%. To align with trends for next-generation battery technology, we plan to develop dedicated current collector solutions for solid-state batteries, including iron-based foil materials and customized nickel-plated copper foils to address interface compatibility challenges with solid-state electrolytes. We will also advance chromium-free and environmentally friendly surface treatment technologies to meet international regulatory requirements such as EU REACH, supporting green and compliant product offerings for customers in overseas markets.

BUSINESS

- *Enhance Compatibility with the End Applications.* We will continue to optimize the physical properties and surface morphology of copper foils, thereby enhancing wrinkle resistance and strip-break resistance during electrode manufacturing. We also plan to deepen research on copper foil microstructures to address pain points in key battery manufacturing processes, including tab folding fractures and welding defects.
- *Enhance Brand Presence and Expand Sales Volume of Electronic Circuit Copper Foil Products.* In the initial stage, we plan to achieve mass production of flexible board RTF copper foil products and complete customer sampling and validation for RTF second and third generation products used in AI and 5G rigid board applications, laying the foundation for subsequent technology upgrades. As we expand end applications into mainstream markets, we plan to scale up mass production of second and third generation RTF products in AI and 5G applications, and initiate customer sampling and testing for HVLP first and second generation high-frequency, high-speed products to broaden our technology roadmap horizontally.
- *Develop HVLP Third and Fourth Generation Products.* As technological iteration accelerates, we plan to optimize HVLP third and fourth generation products benchmarked against internationally leading performance standards for AI and 6G high-frequency, high-speed applications. We intend to become qualified suppliers for mid-to-high-end users in Taiwan China, Japan and Korea. In the subsequent upgrade phase, we plan to achieve mass production of HVLP third and fourth generation products, and continue to serve high-end customers, thereby strengthening our global competitiveness in high-frequency, high-speed copper foil.
- *Establish a Comprehensive Production Assurance Framework.* To support execution and industrialization, we intend to establish a comprehensive production assurance framework. We plan to implement standardized management of processes, equipment and operating procedures and use a cross-functional tracking mechanism to accelerate the adoption of new technology. We will also apply PDCA-based continuous improvement to enhance consistency of product quality with a standard deviation of no more than 0.5%, providing a robust foundation for industrializing frontier technologies.

Strengthen Our R&D Advantages through Technological Leadership

We will continue to prioritize R&D to maintain our competitive position in the industry and to further expand the scope of our technological capabilities. Sales of lithium-ion battery copper foil accounted for the majority of our revenue during the Track Record Period. We will remain focused on enhancing performance and quality of lithium-ion battery copper foil, including tensile strength, elongation and toughness, as well as the ultra-thin thickness of copper foil products. In particular, we will continue to advance our Three-Highs and One-Thin technological development direction, which is designed to address customer demand for high-performance profiles and to support further market penetration. Looking ahead, we plan to maintain joint development programs with leading solid-state battery manufacturers, and to continue exploring the large-scale industrialization of composite copper foil.

We plan to further increase investment in the R&D of electronic circuit copper foil. The rapid developments of the semiconductor and artificial intelligence industries have demonstrated the growth potential of electronic circuit copper foil. Through increased allocation of R&D personnel and resources, we aim to achieve technological breakthroughs and expand our presence in the electronic circuit copper foil market. In response to long-term industry trends, we will initiate forward-looking research on carrier-assisted ultra-thin copper foil, and have constructed dedicated pilot production lines to address key technical challenges. From product commercialization of mature products to the

BUSINESS

systematic deployment of frontier technologies, we will continue to pursue a dual-track development approach combining application-driven R&D and fundamental research, reinforcing our technological leadership and industrial competitiveness in high-end electronic circuit copper foil.

We plan to enhance our overall development capabilities of high-end products, focusing on talent recruitment of PhD-level researchers. We expect the size of our R&D team to expand in the coming years so as to support our R&D efforts. We will also continue to invest in fundamental research to support product stability and innovation. Our ongoing research initiatives include microstructural analysis and copper foil crystal growth studies, which are critical to sustaining technological leadership.

We plan to further increase R&D investment in the development of new products, new processes and new equipment, so as to maintain our growth trajectory. Such investments will primarily be directed towards product development, performance enhancement and process and equipment optimization. We also intend to enhance collaborations with external institutions to broaden our R&D horizons. For example, we are collaborating with a leading comprehensive university located in Changsha on new research projects, and working with specialized industry partners on research on composite copper foil. These collaborations are expected to facilitate the introduction of new technologies and innovative perspectives and to further enhance our R&D capabilities. We will also continue to ensure the intellectual property protection of our R&D efforts. We have entered into confidentiality and non-competition agreements with our R&D personnel to mitigate risks of technology leakage and improper use.

Overall, our future R&D strategy is guided by the objective of advancing industry development and creating value to our customers. Centered on lithium-ion battery copper foil and electronic circuit copper foil, our R&D strategy focuses on enhancing product performance, expanding research domains, strengthening R&D capabilities and safeguarding intellectual property. Through these initiatives, we aim to further consolidate our technological leadership and support sustainable growth.

Build a World-Leading Manufacturing and Operations System through Operational Excellence

According to Frost & Sullivan, driven by the rapid increase in the use of new energy vehicles and the accelerated development of the energy storage systems, global shipments of lithium-ion battery copper foil are expected to increase significantly from 1,231.8 thousand tonnes in 2025 to 3,398.8 thousand tonnes in 2030. As requirements for localized production capacity become increasingly heightened, we expect capacity gaps in both domestic and overseas markets.

In response to the recovery and continued growth of downstream demand, we have formulated a capacity expansion plan that is ambitious yet grounded in operational feasibility. As of December 31, 2025, we operated three production bases in China, namely Tongling Production Base, Yulin Production Base and Nanchang Production Base. As of December 31, 2025, our total designed production capacity of electrolytic copper foil reached 152,000 tonnes per annum, and our total shipment volume in 2025 was at an industry-leading level, according to Frost & Sullivan.

We recognize the strategic importance of overseas markets and are proactively evaluating the establishment of overseas production bases in regions such as Southeast Asia and Europe. By locating production capacity closer to international customers, we aim to enhance service responsiveness and capture a greater share of global demand. Globalization represents a critical pathway for our development into a world-class copper foil enterprise, and we have established dedicated teams to advance related initiatives. Building on our market leadership position in China’s lithium-ion battery copper foil market, we intend to expand internationally. This includes accelerating expansion of production capacity, optimizing cost structures and strengthening collaboration with battery

BUSINESS

manufacturers, so as to support the adoption of our products in mainstream applications. In addition, we plan to replicate and apply our proven domestic management practices in our overseas operations, including the implementation of Six Sigma quality management methodologies, the establishment of benchmark production systems and the application of standardized cost accounting frameworks.

Through the coordinated development of our domestic manufacturing base and international expansion strategy, we aim to establish a standardized and intelligent manufacturing platform. We believe this approach will support our transition toward a world-class copper foil enterprise and enhance our competitiveness on the global stage.

Pursue Sustainable Development and Contribute to Global ESG Advancement

We uphold a business philosophy of “practicing green chemistry and enabling a low-carbon and sustainable way of life.” We are committed to maintaining sustainability across our business operations and contributing to global ESG initiatives. We comply with applicable environmental laws and regulations, and integrate sustainability considerations throughout our R&D, production processes and operational layout. During the product design and development stage, we endeavour to reduce the use and release of hazardous substances, improve resource efficiency and promote recycling and circular utilization. Through lower energy consumption, reduced waste generation and minimized by-product output, we seek to achieve steady business growth, supporting the long-term balance between economic development and environmental protection.

With a global focus on sustainable development, we recognize sustainability as an inevitable direction for industry development and a core pillar for addressing the challenges associated with energy transition and climate change. Within our existing operating and management framework, we will continue to enhance our ESG planning and governance structure. Through the formulation and implementation of ESG policies covering climate change, pollution prevention, biodiversity protection and responsible supply chain management, we aim to further improve the effectiveness and consistency of our sustainability management practices. Looking ahead, we will continue to advance ESG initiatives in line with our short, medium and long-term objectives, supporting sustainable value creation over the long term.

OUR BUSINESS MODEL

We are a leading technology enterprise specializing in the R&D, production and sales of high-performance electrolytic copper foil, dedicated to becoming a first-tier global player in the electrolytic copper foil industry. Our product portfolio consists of two core categories: (i) high-performance lithium-ion battery copper foil, primarily double-sided shiny copper foil, which serves as the essential anode current collector in lithium-ion batteries; and (ii) electronic circuit copper foil, a key conductive material used in the production of CCL and PCB.

We primarily serve customers across the downstream lithium-ion battery and electronic circuit markets. We adopt an integrated, customer-demand-driven business model that connects R&D, production, sales and commercialization of high-performance electrolytic copper foil. We work closely with customers, often from the early stages of their product development cycles, to align product definition, performance targets and testing methodologies with their requirements and process conditions. Our collaboration typically includes joint technical discussions, sample development and iterative optimization, validation and qualification, and volume production planning to support stable and consistent supply. Leveraging continuous process improvement, quality management systems and rapid R&D capabilities, we offer products with a broad range of specifications while maintaining reliable quality consistency.

BUSINESS

We generate revenue primarily from the sale of our electrolytic copper foil products. Through continuous technological innovation and deep customer collaboration, we have established long-term relationships with customers, which strengthens our market position and supports sustainable growth. The following table sets forth a breakdown of our revenue by product line in absolute amounts and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Lithium-ion battery						
copper foil	3,756,837	86.1	5,235,445	94.6	8,129,048	94.2
Electronic circuit						
copper foil	113,307	2.6	245,865	4.5	477,648	5.5
Others ⁽¹⁾	492,044	11.3	51,431	0.9	23,797	0.3
Total	4,362,188	100.0	5,532,741	100.0	8,630,493	100.0

Note:

⁽¹⁾ Others mainly included scrap copper, copper plates and copper-containing sludge.

OUR PRODUCTS

Lithium-Ion Battery Copper Foil

We specialize in R&D, production and sales of high-performance lithium-ion battery copper foil products, which serve as the essential anode current collector in lithium-ion batteries. Our lithium-ion battery copper foil products are characterized by high tensile strength, high elongation, high toughness and ultra-thin and lightweight profiles, which are strategically tailored to the specific requirements of next-generation high-performance lithium-ion batteries. We offer a comprehensive range of lithium-ion battery copper foils with tensile strengths from 220 MPa to 1,400 MPa and have achieved breakthroughs in the mass production of ultra-thin foils of below 6 μm. According to Frost & Sullivan we are among the few companies in the industry capable of producing and supplying 3 μm to 3.5 μm lithium-ion battery copper foil.

Our lithium-ion battery copper foil products deliver outstanding mechanical properties that directly enhance battery performance and safety. For example, our 6 μm foil at 520 MPa to 580 MPa tensile strength can withstand over 50,000 bending cycles, far exceeding the industry average, according to Frost & Sullivan. Our lithium-ion battery copper foil products also feature excellent elongation properties, with 5 μm to 8 μm foils achieving an elongation-to-thickness ratio of 2.5 at 300 MPa to 400 MPa and 2.0 at 400 MPa to 450 MPa, supporting lithium-ion batteries to achieve longer cycle life and improved durability. In addition, our lithium-ion battery copper foil products exhibit superior surface quality and defect control, ensuring stable electrode coating and high yield rates in mass production. We have also developed advanced surface protection technologies, such as optimized chromium oxide and chromium-free coatings, to extend shelf life and enhance ESG performance.

Our copper foils can be widely used in new energy vehicles, energy storage systems and consumer electronics and are trusted by leading battery manufacturers for their reliability and

BUSINESS

performance in demanding applications. In 2023, 2024 and 2025, our sales volume of lithium-ion battery copper foil amounted to 47.9 thousand tonnes, 65.3 thousand tonnes and 93.4 thousand tonnes, respectively, representing a sales-production ratio of 91.7%, 96.8% and 98.5% in the same years.

To address diversified market demands, we have established a comprehensive and clearly tiered product matrix, covering a broad range of thicknesses and performance specifications from 3 μm to 20 μm . Our lithium-ion battery copper foil portfolio is categorized into five main series: (i) general strength copper foil; (ii) medium strength copper foil; (iii) high strength copper foil; (iv) ultra-high strength copper foil; and (v) specialty copper foil. Each series is designed to meet specific requirements for mechanical and electrochemical performance across various application scenarios, including new energy vehicles, energy storage systems, consumer electronics and next-generation battery technologies. By enhancing tensile strength, reducing thickness and achieving high toughness, we have overcome key performance bottlenecks in copper foil products. In addition, our specialty copper foils, such as nickel-plated, alloy, composite and porous copper foils, are positioned to deliver disruptive solutions for emerging applications such as solid-state batteries. The following table sets forth certain details of our lithium-ion battery copper foil products by product series as of December 31, 2025:

Product Series	Key Features & Specifications	Application Scenarios
General strength copper foil	- Thickness: 3–20 μm - Tensile strength: 300–400 MPa - Mature production process - Stable and reliable quality - Excellent cost efficiency	- Energy storage systems - Power batteries
Medium strength copper foil	- Thickness: 3.5–10 μm - Tensile strength: 400–500 MPa - Upgraded strength with excellent toughness and elongation - Enhanced fracture resistance	- Energy storage systems - Power batteries - Applications requiring higher mechanical performance
High strength copper foil	- Thickness: 3–10 μm - Tensile strength: 500–600 MPa - Breakthrough in both strength and processability - Over 30% higher fracture resistance compared to general strength series	- Energy storage systems - Power batteries - Premium consumer electronics
Ultra-high strength copper foil	- Thickness: 3.5–6 μm - Tensile strength: 600–700 MPa - Exceptionally high tensile strength - Enhanced battery energy density	- Medium- and high-silicon series batteries - Drones, bionic robots and vessels - Premium consumer electronics

BUSINESS

Product Series	Key Features & Specifications	Application Scenarios
Specialty copper foil	• Thickness: 3–20 μm (customizable) • Tensile strength: 220–1,400 MPa • Nickel-plated, composite and porous foils • Customizable functional characteristics • Enhanced corrosion resistance and high-temperature performance	• Solid-state batteries • Specialized battery chemistry • Extreme or high-temperature environments

Electronic Circuit Copper Foil

We also engage in R&D, production and sales of high-grade electronic circuit copper foil products, which are a critical material used in the production of CCL and PCB. Our electronic circuit copper foil products are distinguished by their fine surface profiles, excellent mechanical properties and high customizability, meeting the stringent requirements of high-frequency, high-speed and high-reliability electronic applications. Our comprehensive electronic circuit copper foil products portfolio covers fine-grain HTE, flexible and rigid RTF and HVLP series, enabling us to address a wide range of circuit density, thermal resistance and signal integrity demands.

Our electronic circuit copper foil products are engineered with proprietary surface treatment and additive technologies, allowing precise control of crystal structure and surface morphology. These innovations enable us to deliver copper foils with ultra-low surface roughness, high peel strength and excellent electrical performance. Our products can typically be used in advanced application scenarios such as 5G/6G communications, automotive electronics, data centers, AI servers and high-performance computing. For example, our fine-grain HTE copper foil achieves low surface roughness and high peel strength, while our HVLP series features equiaxed grain structure and sub-micron roughness, significantly reducing signal loss in high-frequency transmission.

Our portfolio of electronic circuit copper foil products is categorized into five main series: (i) fine-grain HTE copper foil; (ii) thick copper foil; (iii) flexible RTF, (iv) rigid RTF; and (v) HVLP copper foil. These products are trusted by leading CCL and PCB manufacturers for their reliability and performance in demanding applications. In 2023, 2024 and 2025, our sales volume of electronic circuit copper foil amounted to 1.6 thousand tonnes, 3.2 thousand tonnes and 5.6 thousand tonnes, respectively, representing a sales-production ratio of 82.9%, 95.6% and 98.4% in the same years.

BUSINESS

The following table sets forth certain details of our electronic circuit copper foil products by product series as of December 31, 2025:

Product Series	Key Features & Specifications	Application Scenarios
Fine-grain HTE copper foil	- Typical thicknesses: 9, 12, 15, 18, 35 μm - Elongation $\geq 3\text{--}12\%$ (depending on thickness) at room temperature - Stable mechanical properties and high reliability - Fine-grained roughening technology (細晶粒粗化技術) for low surface roughness ($R_a \leq 0.43 \mu\text{m}$, $R_z \leq 5.0 \mu\text{m}$) - High peel strength (FR-4(Tg-140) peel strength $\geq 1.0\text{--}1.8 \text{ N/mm}$) - Excellent thermal resistance (no oxidation discoloration at 200°C for 60 minutes) - Superior etching performance	- Hi-Tg, HF, HDI, carrier boards - Aluminum substrates
Thick copper foil	- Stable mechanical performance (FR-4(Tg-140) peel strength $\geq 2.5\text{--}3.5 \text{ N/mm}$) - Uniform copper nodules - Superior etching performance - Excellent heat resistance (no oxidation or discoloration at 200°C for 60 minutes) - Typical thicknesses: 70, 105, 140 μm - Elongation $\geq 20\text{--}25\%$ at room temperature - High durability for demanding applications	- Automotive circuit boards - Power supply boards - Heat dissipation boards

BUSINESS

Product Series	Key Features & Specifications	Application Scenarios
Flexible RTF products	- Low surface roughness (Rz $\leq 2.5 \mu\text{m}$) - High peel strength (FR-4(Tg-140) peel strength $\geq 0.7\text{--}0.8 \text{ N/mm}$) - Typical thickness: $12 \mu\text{m}$ - Elongation $\geq 16\%$ at 180°C - Stable performance under repeated bending - Block-shaped crystals for excellent flexibility - Outstanding corrosion and heat resistance (no oxidation discoloration at 200°C for 60 minutes) - Designed for flexible PCB applications	- Flexible printed circuits - Mobile phones - Computers - Digital devices - Smart wearables
Rigid RTF products	- High peel strength (FR-4(Tg-140) peel strength $\geq 0.9\text{--}1.3 \text{ N/mm}$) - Typical thicknesses: $12, 18, 35 \mu\text{m}$ - Elongation $\geq 4\text{--}12\%$ at room temperature - Suitable for high-frequency and high-speed circuit applications - Low surface roughness for reduced signal loss - Excellent thermal stability and dimensional stability - Strong adhesion and chemical durability	- High-frequency/high-speed circuit boards - HDI - Substrates 5G/6G communications - Data centers - AI servers

BUSINESS

Product Series	Key Features & Specifications	Application Scenarios
Hyper Very Low Profile (HVLP) copper foil	Excellent heat resistance (no oxidation or discoloration at 200°C for 60 minutes) • Typical thicknesses: 12, 18, 35µm • Elongation ≥4–7% at room temperature • High peel strength (FR-4(Tg-140) peel strength ≥0.6–1.1 N/mm) • Stable signal integrity for advanced electronic applications • Equiaxed crystal structure for isotropic etching • Ultra-low surface roughness (Ra ≤0.30 µm; treated-side Rz as low as ≤1.0–2.0 µm) • Enhanced high-frequency and high-speed electrical performance	• High-frequency/high-speed circuit boards • HDI • Substrates • 5G/6G communications • Data centers • AI servers

RESEARCH AND DEVELOPMENT

We are committed to technological innovation, which drives us to advancing our capabilities and delivering value to our customers as well as driving sales and profitability. Our R&D team brings together PhD and master’s degree holders from leading domestic and international institutions, with expertise spanning electrochemistry, materials science, mechanical engineering and synthetic chemistry. This multidisciplinary talent pool enables us to establish a comprehensive technical chain from fundamental research to process industrialization. Through a dual-engine organizational model combining dedicated technology teams and equipment development teams, we achieve efficient coordination between product development and equipment innovation, providing strong organizational support for continuous technological iteration, capacity expansion and market development. As of December 31, 2025, our R&D and engineering team comprised a total of 295 personnel.

Our R&D efforts are dedicated to copper foil production and technological innovation. The principal focus of our R&D projects is developing technologies that enhance product performance, such as materials and process optimization, and high value-added products. We have established industry-leading production capabilities, including continuous production of copper foil of up to 40,000 meters and production of ultra-thin copper foil at 3.5 µm and 4.5 µm. We were recognized as an Anhui Province Technological Innovation Demonstration Enterprise (安徽省技術創新示範企業) in 2020, and are currently undertaking major provincial-level science and technology projects. In 2023, 2024 and 2025, our research and development expenses amounted to RMB28.6 million, RMB30.6 million and RMB39.6 million, respectively.

Our R&D Process

We have adopted the IPD framework for technological innovation and established a customer-oriented R&D management framework that covers the product lifecycle. Our R&D efforts are driven by application scenarios, systematically translating emerging industry trends and specific customer requirements into commercialized, high-performance products. Through the coordinated

BUSINESS

operation of product managers, R&D managers and delivery managers, the framework ensures efficient alignment between market planning, technological innovation and mass-production ramp-up.

The development process strictly follows a structured, safety-oriented and stage-gated model from laboratory trials through to pilot production and then mass production, with clearly defined technical and quality reviews at each stage. We continually monitor industry trends and customer needs, translating these insights into precise product specifications such as thickness, tensile strength, elongation, surface roughness and electrical properties. Product performance is validated internally in parallel with customer testing and feedback from both channels is incorporated in real time to drive iterative optimization. This structured and collaborative management mechanism significantly enhances R&D efficiency and the success rate of technology commercialization, providing a solid foundation for continuous innovation and reliable delivery of high-performance electrolytic copper foil.

The following diagram sets forth the key R&D processes of our products:



- *Project Initiation.* We conduct market and industry research, identify development directions based on internal capabilities and perform cross-department feasibility assessments. We establish clear objectives, metrics and a responsible person at this early stage to lay a solid foundation for R&D.
- *Development Planning.* We formulate phased development plans according to project goals, define responsibilities, establish communication mechanisms and anticipate risks to ensure that the project is executed smoothly and in an orderly manner.
- *Design Review.* We organize internal and external experts to gather broad insights and evaluate the proposed design solutions from multiple dimensions. This process allows us to refine and optimize the design to enhance R&D quality and efficiency.
- *Design Verification.* In the design verification stage, we prepare samples and test key performance indicators, cooperate with customers in production, test qualified samples to confirm feasibility and make timely adjustments when issues arise to ensure that the design meets application requirements.
- *Document Release.* As part of document release, we compile and archive all verification documents, issue them according to standard procedures and maintain comprehensive records for traceability. We also ensure that receiving teams clearly understand the requirements to support stable production.
- *Pilot Production.* We conduct small-batch pilot production according to customers' specifications, collect data for evaluation, identify issues and optimize processes to prepare for mass production and minimize associated risks.
- *Design Confirmation.* We deliver products for customer feedback and combine these insights with internal assessments to determine readiness for mass production. If the standards are met, we proceed to mass production; if not, we refine the design as appropriate. Each phase is managed by dedicated teams and subject to internal controls designed to support product quality and reliability.

BUSINESS

- *Mass Production.* Once design confirmation is completed and all preliminary validations are passed, we initiate formal mass production. We adhere strictly to the confirmed process flows, quality standards and operational protocols, implementing comprehensive quality control and production traceability throughout the production process. Continuous monitoring of production efficiency, yield and cost indicators ensures stable product delivery, consistent quality and supply chain reliability, achieving the transition of products from R&D to commercialization.

R&D Laboratory Center

Our R&D laboratory center serves as a provincially recognized enterprise innovation and technology center and is a key driver of innovation in the industry in which we operate. Located in Nanchang, China, the center occupies a GFA of approximately 1,200 sq.m., equipped with state-of-the-art laboratories and advanced testing instruments. The center has received multiple awards for technological excellence and industry contribution. Led by an R&D team of experienced professionals, including six PhD holders and a proportion of researchers with postgraduate qualifications, the center is recognized for its strong technical expertise and industry leadership. The R&D laboratory center closely tracks technological advances in related sectors, focusing on the development of cutting-edge products with broad applications.

We have established an advanced and comprehensive R&D laboratory platform equipped with high-end equipment, analytical systems and copper foil sample preparation facilities, enabling process-related capabilities spanning organic and inorganic materials synthesis, microstructural characterization and physicochemical performance testing. The platform includes multiple field-emission scanning electron microscopes equipped with electron backscatter diffraction, providing advanced capabilities for crystalline structure characterization and analysis of copper foil. Our laboratory platform supports the R&D process from fundamental research to pilot-scale verification, ensuring robust technical support for materials innovation and process optimization. The core systems of our R&D laboratory center primarily include:

- *Fundamental R&D System:* The R&D laboratory center focuses on fundamental materials innovation in electrolytic copper foil, covering research areas such as copper foil crystal structure regulation, surface treatment technologies and the development of alloy and composite current collector materials. This system supports pre-research and early-stage development of next-generation electrolytic copper foil technologies.
- *Materials Characterization and Analysis System:* Equipped with advanced analytical instruments including field-emission scanning electron microscopes, the system provides comprehensive testing capabilities for copper foil microstructural characterization, mechanical property evaluation and electrochemical performance analysis, delivering precise data support for R&D activities.
- *Experimental and Pilot-Scale System:* The center operates a small-scale base-foil experimental production line, two independent pilot-scale lines and supporting post-treatment systems. This system covers the pilot validation process from laboratory formulations to small-batch production trials, effectively reducing risks associated with industrial mass production.
- *Industry–Academia–Research Collaborative Innovation System:* Joint R&D efforts have been established with multiple domestic universities and leading customers. Through customized co-development based on customer application needs, this system accelerates the industrialization and market adoption of R&D.

BUSINESS

- *Intellectual Property Management System:* A comprehensive framework for intellectual property application, maintenance and enforcement has been established, enabling systematic patent deployment for R&D and protecting our core technological rights and interests.
- *Industrialization Conversion System:* Leveraging our existing mass-production bases for lithium-ion battery copper foil and electronic circuit copper foil, this system rapidly connects R&D with mass production lines, enabling efficient transformation from technology development to commercial application.

In addition, we have established long-term strategic collaborations with major lithium-ion battery to jointly advance R&D and industrialization projects. These efforts have resulted in the successful development and commercialization of ultra-high-strength, ultra-thin and lightweight copper foil, porous copper foil, multi-metal composite current collectors and high-frequency, high-speed electronic circuit copper foil, supporting the advancement of next-generation batteries and electronic applications.

Our Key Technologies and R&D Achievements

Through years of dedicated research and development, we have consistently achieved significant breakthroughs in core technologies, enabling us to meet the increasingly stringent requirements of downstream applications such as new energy vehicles, energy storage systems and advanced electronic applications. By closely aligning our technological advancements with evolving market trends and customer needs, we have proven capabilities in delivering high-performance, reliable and cost-effective copper foil products. Our commitment to independent technological innovation has strengthened our competitive position in the industry, which has enabled us to play a leading role in setting technical benchmarks and supporting the sustainable development of the sector.

As of December 31, 2025, we possessed a comprehensive suite of key technologies in the production of electrolytic copper foil. Our core technology development of lithium-ion battery copper foil is collectively known as our Three-Highs and One-Thin Technology, which refer to (i) the tensile strength control technology for lithium-ion battery copper foil, (ii) the elongation control technology for lithium-ion battery copper foil, (iii) the flexural resistance control technology for lithium-ion battery copper foil, and (iv) the ultra-thin copper foil thickness control technology. These technological achievements enable us to introduce a steady stream of original and innovative products which challenge existing foreign monopolies and enable us to compete effectively in the market.

Tensile Strength Control Technology for Lithium-Ion Battery Copper Foil

Through our independently developed proprietary annealing treatment process, we are able to manufacture copper foil products with specific tensile strength specifications. Our lithium-ion battery copper foil products achieve tensile strengths ranging from 220 MPa to 1,400 MPa, with foil thickness covering 3 μm to 20 μm . By optimizing production processes and improving the precision of physical property control for copper foil, we ensure the stable production of high-strength copper foil products.

Elongation Control Technology for Lithium-Ion Battery Copper Foil

Through the independent development of our additive system and precise control of component ratios, we achieve accurate regulation of the electrolytic copper foil electrodeposition process. By analyzing the correlation between the microcrystalline structure of copper foil and its elongation, we have established control technologies for elongation across various copper foil specifications. For copper foil with thicknesses ranging from 5 μm to 20 μm , elongation rates can reach 11% to 31%. In

BUSINESS

particular, our ultra-high-strength copper foil product with a thickness of 6 μm maintains an elongation rate of 8% even at a tensile strength of 800 MPa, surpassing the industry average level according to Frost & Sullivan. The series of high-elongation lithium-ion battery copper foil products developed based on this technology feature stable production processes, excellent consistency in physical properties and outstanding uniformity.

Flexural Resistance Control Technology for Lithium-Ion Battery Copper Foil

Through research into the relationship between additive systems, copper foil crystal structure and flexural resistance, combined with systematic calibration of core process parameters, we have independently developed a comprehensive flexural resistance control technology for lithium-ion battery copper foil. This technology encompasses additive formulation, crystal structure regulation and complete physical property testing. As a result, our lithium-ion battery copper foil products possess industry-leading flexural resistance. For example, our 6 μm lithium-ion battery copper foil with tensile strength exceeding 650 MPa demonstrates a tensile strength attenuation rate of less than 25% after being bent under a 2 kg weight. The high flexural resistance lithium-ion battery copper foil products we have developed have been widely recognized by customers.

Ultra-Thin Copper Foil Thickness Control Technology

We adopt cathode roller surface treatment, advanced additive formulation control, post-annealing processes, online tension-control processes, online multi-parameter monitoring and high-precision equipment upgrades to precisely control thickness and mechanical properties. Through these optimized production processes, we have greatly reduced the risk of breakage and wrinkling during the production of ultra-thin copper foil, significantly improving the uniformity and stability of copper foil with thicknesses of 4 μm and below.

Building on our established R&D capabilities and manufacturing know-how in lithium-ion battery copper foil, we have also strategically expanded our R&D focus to electronic circuit copper foil, which we view as an important growth driver and a key area for long-term technology accumulation. Our electronic circuit copper foil R&D mainly focuses on reducing signal loss in high-frequency and high-speed circuit boards and improving the consistency of surface morphology, thereby enabling us to deliver products that meet the demanding requirements of advanced electronic applications, including next-generation communication and computing devices.

Fine-Grain Roughening Technology

Through specialized additives and precise electrodeposition control, we have developed fine-grain roughening technology that accelerates crystallization nucleation and prevents excessive grain growth. This produces an ideal surface with numerous ultra-fine grains, enabling nanoscale control over copper deposits and resulting in a dense, uniform, fine-grained nodular structure on copper foil. Compared to conventional methods, our technology creates smaller, more evenly distributed nodules with higher surface consistency. Nodular particles grow synchronously upward and laterally, forming a compact structure that fills inter-particle gaps and strengthens the base layer. In addition, our additives diffuse efficiently into microscopic recesses, allowing copper ions to reduce smoothly in valleys and avoiding loose dendritic formations at elevated points. We apply this technology to our RTF and HVLP copper foil products to achieve lower warpage and more stable surface roughness, which helps reduce conductor loss and improve signal integrity in high-frequency and high-speed PCB applications.

In addition to technological innovation, we proactively participate in the formulation and revision of key industry standards. We have contributed to the development of standards such as the Guidelines for Carbon Footprint Accounting in Lithium-ion Battery Enterprise Supply Chains

BUSINESS

(DB34/T5313-2025), Technical Specification for Green Design Product Evaluation: Electrolytic Copper Foil (T/CNIA0106-2021) and Test Methods for Electrolytic Copper Foil for Lithium-ion Batteries (T/JXTX0009-2024), among others. Our involvement in standard-setting demonstrates our industry leadership and commitment to technological advancement.

R&D Collaborations

Technological innovation and talent development are central to our long-term growth strategy in electrolytic copper foil production. To accelerate our technology pipeline and strengthen our talent pool, we have established strategic partnerships with leading academic and research institutions in materials science and electrochemistry, including Hefei University of Technology, the Institute of Materials and Intelligent Production at Jiangxi Academy of Sciences, Nanchang University and Guangxi University. These collaborations have delivered tangible results in both joint research and talent cultivation.

In particular, we have established a long-term industry-academia-research collaboration with a leading comprehensive university located in Changsha, a top-tier institution in materials science in China. The collaboration focuses on the joint development of lithium-ion battery copper foil technologies, with the university providing research expertise and us serving as the primary platform for industrialization. Activities include commissioned R&D projects, technical exchanges, and the active participation of faculty and postgraduate students in our research initiatives. This partnership has produced significant outcomes in high-performance ultra-thin electrolytic copper foil and related process technologies, several of which have been successfully applied to our product development and manufacturing processes. Specifically, the project “Industrialization of Key Technologies for High Performance Ultra Thin Copper Foil for New Energy Vehicle Battery Applications” has been recognized as a provincial-level scientific and technological achievement.

In addition, we have established long-term strategic partnerships with leading lithium-ion battery customers to jointly promote R&D and industrialization projects. These collaborations encompass the development of next-generation products, including ultra-high-strength and ultra-thin copper foil, ultra-high-strength high-toughness copper foil, ultra-high-strength flexural-resistant copper foil, porous copper foil, nickel-plated copper foil and alloy copper foil. The salient terms of the collaboration agreements between us and our partners are set out below:

- *Duration.* The duration of the collaboration is determined by the complexity and research cycle of each project, ensuring a reasonable length of cooperation.
- *Scope of Service.* Each collaboration is structured around specific, well-defined R&D projects with clear technical objectives and deliverables.
- *Intellectual Property.* Subject to any specific arrangements in the relevant statement of work, IP arising from the collaboration will be owned by us, the cooperating party, or jointly, depending on each party’s contribution. IP developed solely by us will be owned solely by us, and IP developed solely by the R&D partner will be owned solely by it. Any jointly owned IP will be filed/registered by the R&D partner with our prior written consent, with costs shared as agreed; any transfer of an interest in jointly owned IP is subject to the other party’s right of first refusal.
- *Deliverables.* Upon completion, the partner must deliver substantive results, including technical reports, patents, papers, etc. in accordance with pre-set technical performance criteria.

BUSINESS

- *Confidentiality.* Both parties agree to strictly maintain confidentiality regarding all aspects of the collaborative project. In the event of a breach, relevant legal responsibilities will be enforced.

In terms of talent development, we have established a comprehensive system to foster industry–academia integration. We provide university students with internship and practical platforms, enabling them to understand actual production and market demands while enhancing their practical and innovative capabilities. Joint graduate training programs will be developed and implemented to identify and nurture high-potential talent through participation in research projects. We regularly invite external experts to deliver training lectures on the latest technological advances, thereby broadening their perspectives and deepening their technical expertise.

OUR PRODUCTION

We primarily adopt a customer-centric and market-oriented production model, formulating production plans based on demand forecasting, confirmed orders and capacity utilization. This enables us to respond rapidly to changing market demand and diverse application requirements while ensuring efficient resource allocation. Our production process is designed to maintain high quality standards while remaining flexible to meet our customers’ requirements.

We have established a comprehensive production management platform that integrates intelligent automation, real-time data monitoring and digital traceability across the production process. This platform enables us to coordinate production scheduling, material procurement and quality control in a unified manner, ensuring high product quality, efficient resource utilization and robust supply chain management. We have obtained a number of internationally recognized certifications, including IATF 16949: Automotive Quality Management System, ISO 9001: Quality Management Systems, ISO 14001: Environmental Management Systems, ISO 14064: Greenhouse Gases, ISO 14067: Carbon Footprint of Products, ISO 45001: Occupational Health and Safety Management Systems, and ISO 50001: Energy Management Systems, reflecting our commitment to quality, environmental responsibility and occupational health and safety. Through continuous investment in advanced equipment, process optimization and quality certifications, we maintain industry-leading product yield and high customer satisfaction. Our ongoing upgrades and preventive maintenance further enhance production efficiency and reliability, supporting our ability to respond quickly to dynamic market needs.

Production Process

Our production process focuses on process control, quality enhancement, equipment monitoring, data analysis and continuous improvement. We have developed an integrated, multi-stage production system with proprietary technologies in additive formulation, high-precision equipment and intelligent manufacturing platforms. Through high-precision production, standardized management, benchmarking practices and performance analytics, we have established a finely tuned and highly disciplined production system. In 2025, our overall copper foil yield rate amounted to 82.7%, with certain production lines exceeding 90%, surpassing the industry average level, according to Frost & Sullivan.

BUSINESS

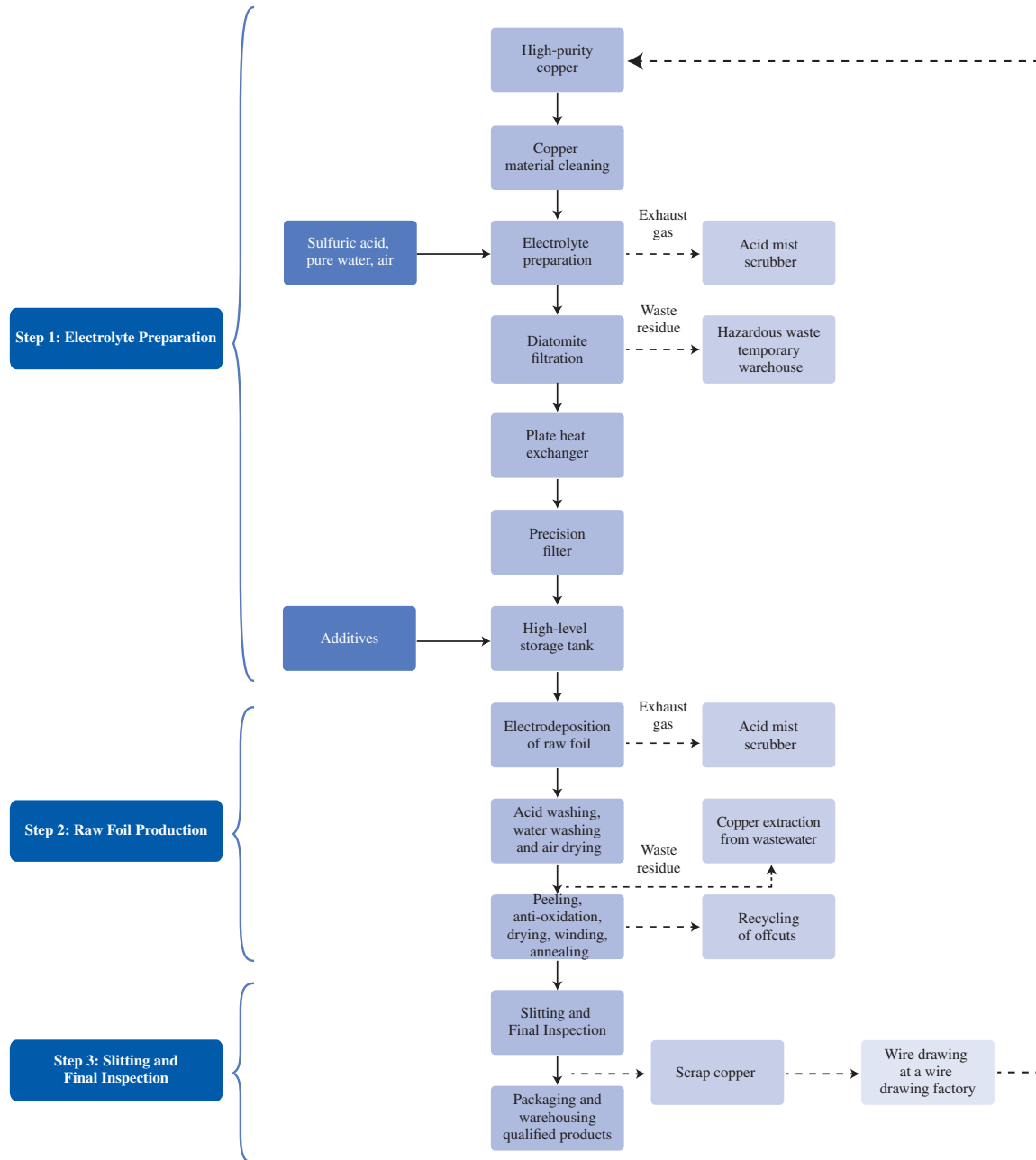
The production process for our electrolytic copper foil products is broadly similar for both lithium-ion battery and electronic circuit applications, with key differences in the post-processing (surface treatment) stage to meet specific end requirements. The principal steps of the production process applicable to our major products include electrolyte preparation, raw foil production, surface treatment, slitting and final inspection.

- ***Electrolyte Preparation.*** High-purity copper, deionized water and sulfuric acid are heated and mixed to form a copper-sulfate electrolyte. The mixed solution then passes through a collection and filtration system before entering the high-level storage tank, ensuring purity and stable composition for the subsequent electro-deposition process. Proprietary additives are introduced to tailor the electrolyte for specific product requirements.
- ***Raw Foil Production.*** The filtered electrolyte is fed into the electro-deposition unit. Inside this integrated deposition machine, copper ions are electrodeposited onto the rotating cathode roller, forming continuous raw copper foil. During this stage, additives are carefully introduced to adjust mechanical strength, ductility, roughness and other key performance parameters of the foil. Precise control of drum speed, current and tension enables us to achieve target foil thickness and uniformity.
- ***Surface Treatment (only for electronic circuit copper foil products).*** For electronic circuit copper foil products, we employ copper sulfate electroplating technology to deposit dendritic copper particles on the foil surface, enhancing adhesion with resin. An anchoring layer is plated over the dendritic particles to prevent breakage, followed by heat resistance, passivation and coupling treatments to improve thermal stability, chemical resistance and storage durability. Anti-oxidation processing is also applied to boost heat resistance and prevent surface deterioration during subsequent production and storage. For lithium-ion battery copper foil, only in-line anti-oxidation treatment is generally applied without complex surface processing.
- ***Slitting and Final Inspection.*** After surface treatment, the processed copper foil enters the slitting line, where it is cut into the required widths according to customer specifications. Each batch then undergoes quality inspection to verify thickness uniformity, mechanical properties, surface profile and overall product consistency. Qualified products are subsequently rewound and packed as finished goods.

In addition, we collect edge offcuts and certain scrapped copper foil generated during the slitting and final inspection process and compact them into briquettes. We then send these briquettes to a wire-drawing factory, where they are charged into an upward continuous casting furnace for remelting together with electrolytic copper at an appropriate blending ratio, to produce copper rod which is subsequently drawn into copper wire. This process allows us to improve raw material utilization during production.

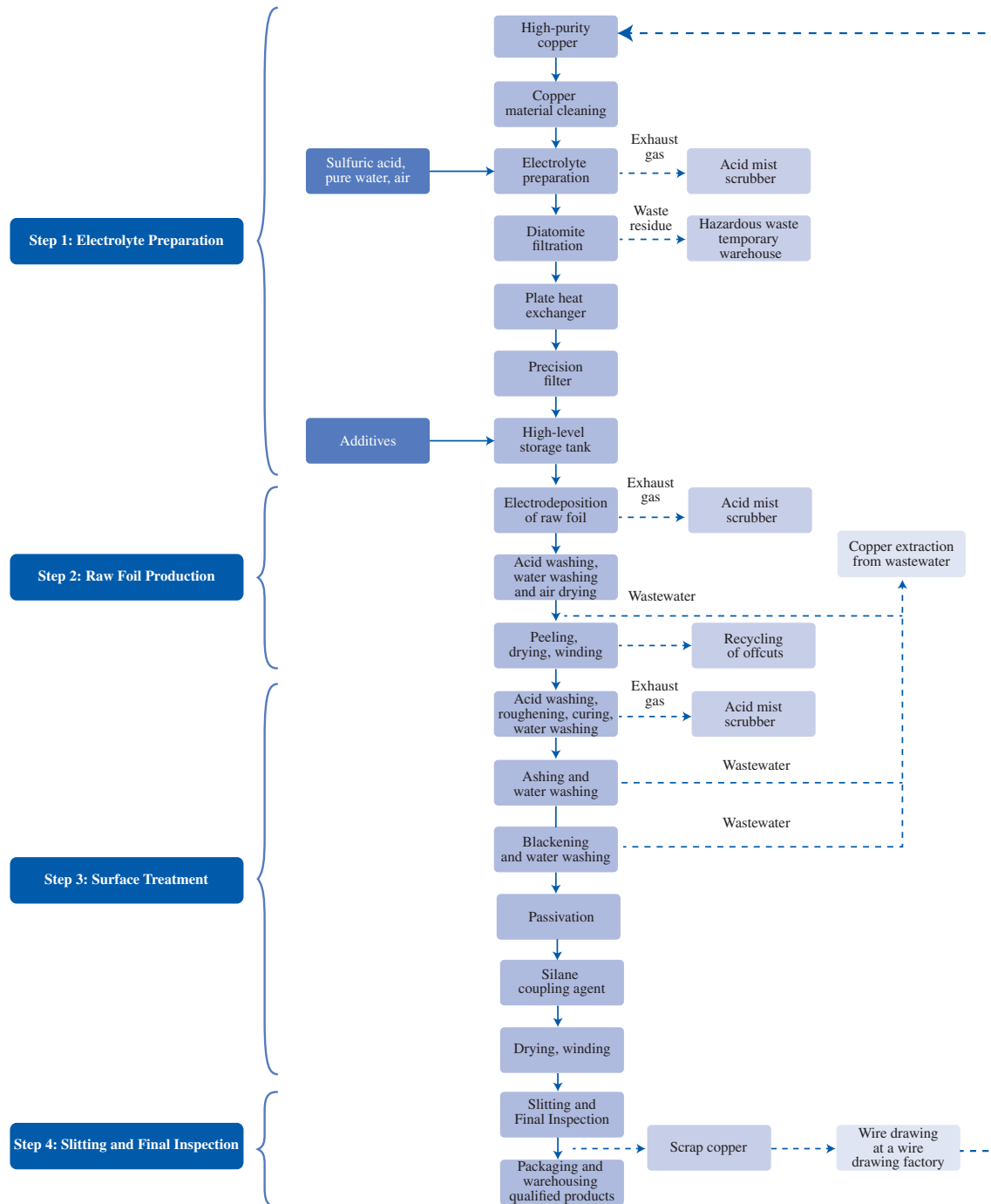
BUSINESS

The following diagram outlines the key steps in our production process for our lithium-ion battery copper foil products:



BUSINESS

The following diagram outlines the key steps in our production process for our electronic circuit copper foil products:



BUSINESS

Our production capabilities are underpinned by a comprehensive suite of advanced equipment and digitalized management systems. As of December 31, 2025, we operated 588 foil making machines and seven types of cathode rollers, enabling flexible mass production to meet diverse customer needs. In addition to core production equipment, we have invested in automated slitting lines, high-precision surface treatment units and intelligent warehousing and logistics facilities.

We attach great importance to quality control of production processes and have established a series of procedures or systems to inspect and control product quality in various aspects such as incoming raw materials, semi-finished products, assembly process, warehouse entry and delivery of finished products. Such internal policies include: (i) product quality advanced planning control procedures, (ii) raw and auxiliary materials inspection specifications, (iii) physical property inspection operating procedures, (iv) finished products inspection specifications, and (v) finished products inbound and outbound inspection specifications. See “— Quality Control.”

As part of our digitalization efforts, we have implemented a comprehensive suite of production-related systems, which mainly include the ERP system, the Manufacturing Operations Management system (“**MOM system**”) and other supporting modules.

- **ERP System.** The ERP system is primarily used by our operations and finance teams. It ensures seamless integration of procurement, production and financial activities, providing real-time data analysis to support strategic decision-making and optimize resource allocation.
- **MOM System.** The MOM system comprises modules such as the Manufacturing Execution System (MES), Supervisory Control and Data Acquisition (SCADA), Quality Information Management System (QIMS) and Distributed Control System (DCS). These modules enable real-time monitoring and coordination of production planning, material procurement, inventory management and quality control. By integrating these functions, the MOM system ensures efficient and traceable operations throughout the production lifecycle, enhances operational transparency and supports continuous improvement in manufacturing processes. Furthermore, the MOM system facilitates rapid identification and resolution of production issues, allowing us to maintain high quality standards and respond promptly to changes in market and customer demand.

Our digitalized production-related systems also supports data-driven decision-making, enabling us to analyze real-time production data, identify trends and optimize operational processes. With advanced analytics and integrated information flows, we can quickly adjust production schedules, manage inventory levels and allocate resources in response to fluctuations in market and customer demand.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any major interruptions in the production due to facility, equipment or system failures, nor did we incur any major accidents.

Production Bases

In response to the growth of downstream demand, we plan to continue implementing our capacity expansion plan. As of December 31, 2025, we operated three production bases in China, namely Tongling Production Base, Yulin Production Base and Nanchang Production Base. We own these production sites and possess all requisite permits and certificates in accordance with local regulations. As of December 31, 2025, the aggregate GFA of our production bases amounted to approximately 506,730.1 sq.m. These production bases are equipped with 72 production lines, supporting a total designed production capacity of 152,000 tonnes per annum as of December 31, 2025. Our production bases possess integrated production capabilities for a range of product specifications, ensuring stable supply, enhanced production efficiency and rigorous quality control.

BUSINESS

The following table sets forth certain key information of our production bases as of December 31, 2025:

<u>Production Base</u>	<u>Commencement Date</u>	<u>Main Products</u>	<u>Production Lines</u>	<u>Gross Floor Area</u> (sq.m.)
Tongling Production Base	July, 2017	Electrolytic copper foil	6	27,139.4
Yulin Production Base	March, 2022	Electrolytic copper foil	18	152,836.9
Nanchang Production Base	April, 2023	Electrolytic copper foil	48	326,753.8

The following table sets forth the designed production capacity, actual production volume and utilization rate of our production bases for the years indicated:

	Year ended December 31,								
	2023			2024			2025		
	Designed production capacity ⁽¹⁾	Actual production volume ⁽²⁾	Utilization rate ⁽³⁾	Designed production capacity ⁽¹⁾	Actual production volume ⁽²⁾	Utilization rate ⁽³⁾	Designed production capacity ⁽¹⁾	Actual production volume ⁽²⁾	Utilization rate ⁽³⁾
(production volume in thousand tonnes; utilization rate in percent)									
Tongling Production Base	12	9.6	80.0	12	1.0	8.3	12	-	-
Yulin Production Base	40	32.3	80.8	40	36.9	92.3	40	40.6	101.5
Nanchang Production Base	50	12.3	24.4	75	32.9	43.9	100	59.9	59.9
Phase I, Stage 1	25	5.8	22.8	25	15.5	62.0	25	21.8	87.2
Phase I, Stage 2	25	6.5	26.0	25	16.0	64.0	25	23.3	93.2
Phase II, Stage 1	-	-	-	25	1.4	5.6	25	11.6	46.4
Phase II, Stage 2	-	-	-	-	-	-	25	3.2	12.8
Total	102	54.2	53.0	127	70.8	55.7	152	100.5	66.1

Notes:

- (1) The designed production capacity refers to the output of electrolytic copper foil that a production base can achieve. It is calculated based on the assumption that all production lines operate at full capacity, with our production facilities operating 24 hours per day for 330 days per annum (the equipment must remain in continuous operation), taking into consideration interruptions due to maintenance, breakdowns or other delays.
- (2) The actual production refers to the total volume of products produced during that year.
- (3) The utilization rate equals the actual production volume divided by the designed production capacity for the same year and multiplied by 100%.

BUSINESS

The utilization rates across our production bases reflect differences in operating stage and investment cycle. The Tongling Production Base achieved a utilization rate of 80.0% in 2023, reflecting our stable operations. Its utilization declined significantly in 2024 as we began planned, phased production line upgrades, during which certain lines were taken offline. There was no production in 2025, primarily because the Tongling Production Base was suspended to complete a comprehensive upgrade and refurbishment program. We expect these upgrades to enhance production efficiency, product quality and operational stability upon completion.

The Yulin Production Base consistently delivered strong performance, with utilization rates of 80.8% in 2023 and 92.3% in 2024, reflecting both steady customer demand and effective production management. In 2025, the utilization rate at Yulin Production Base exceeded 100%, as the base operated at full capacity to meet increased orders and maximize output, demonstrating the flexibility and resilience of our production planning.

The Nanchang Production Base, by contrast, recorded lower utilization rates during the Track Record Period, primarily due to the phased commissioning of new capacity. Each phase and stage of the Nanchang Production Base underwent a ramp-up period following initial start-up, during which production volumes were gradually increased as equipment was calibrated, processes were refined and staff were systematically trained. This resulted in relatively low utilization rates in the early years of operation, with Phase I Stage 1 and Stage 2 recording 22.8% and 26.0%, respectively in 2023. As the ramp-up progressed and operational stability improved, utilization rates rose steadily, reaching 87.2% and 93.2% for the two stages of Phase I by 2025. The newly commissioned stages of Phase II also exhibited low utilization rates in their first year of operation, in line with expectations for new production lines undergoing initial ramp-up.

The following table sets forth the production volume, sales volume and sales-production ratio by product category for the years indicated:

	Year ended December 31,								
	2023			2024			2025		
	Production volume	Sales volume	Sales-production ratio ⁽¹⁾	Production volume	Sales volume	Sales-production ratio ⁽¹⁾	Production volume	Sales volume	Sales-production ratio ⁽¹⁾
	<i>thousand tonnes</i>	<i>thousand tonnes</i>	<i>%</i>	<i>thousand tonnes</i>	<i>thousand tonnes</i>	<i>%</i>	<i>thousand tonnes</i>	<i>thousand tonnes</i>	<i>%</i>
Lithium-ion battery									
copper foil	52.3	47.9	91.7	67.4	65.3	96.8	94.8	93.4	98.5
Electronic circuit copper									
foil	1.9	1.6	82.9	3.4	3.2	95.6	5.7	5.6	98.4
Total	54.2	49.5	91.4	70.8	68.5	96.8	100.5	99.0	98.5

Note:

- (1) The sales-production ratio is calculated as the sales volume divided by the production volume and multiplied by 100%.

BUSINESS

Production Expansion

To support our growth strategy and meet anticipated customer demand, we are planning to expand our production capacity through a number of initiatives, including the construction of new production bases. As of the Latest Practicable Date, we were in the process of constructing the Suining Production Base, which is expected to commence production in the second half of 2026. Key facilities of our Suining Production Base that are under construction include copper dissolution, foil making, slitting, packaging, water treatment, warehousing, wire drawing, staff dormitories, inspection laboratories and equipment maintenance workshops. The Suining Production Base is expected to have a GFA of approximately 90,000.0 sq.m. and will be equipped with advanced production lines upon completion. The Suining Production Base will specialize in the production of electrolytic copper foil, with a designed annual production capacity of 25,000 tonnes per annum. The Suining Production Base is expected to enhance our capacity to meet increasing customer demand and strengthen our market position.

SALES AND MARKETING

Leveraging our competitive product portfolio and extensive industry experience, we have established a robust customer base primarily comprising (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 sectors. Our customers are primarily located in China. We take a customer-centric marketing approach, focusing on building and expanding long-term relationships with our customers. We proactively collect feedback through direct communication, satisfaction surveys and regular follow-ups, using these insights to drive continuous improvement in our products and services. We use both offline and online marketing channels, including our official website, industry exhibitions, technical seminars and industry media, to showcase our latest products and technological advancements. These targeted marketing strategies enhance our brand awareness, strengthen our market presence and attract potential customers.

Sales Team

We have a strong and dedicated sales team, and key sales personnel, with an average of more than 10 years’ experience, maintain close relationships and communication with our customers through regular visits. To further enhance our sales and marketing capabilities, we conduct training on the latest market developments and sales techniques. This initiative provides our sales team with a comprehensive understanding of the market, improving market coverage and fostering a more cohesive team culture.

In addition, our R&D and sales teams jointly engage in regular quarterly discussions with these customers to explore anticipated changes in their future products and the corresponding adjustments required for our equipment. In this way, we ensure compatibility between our equipment and the customers’ standards, maintaining our future competitiveness.

Sales Network

We have established an extensive sales network that allows us to bring our products to a broad customer base in China, bolstering our brand reputation and reinforcing our competitive edge in the market. During the Track Record Period, we entered into sales agreements with our direct sales customers and distributors, who in turn sell our products to other companies.

BUSINESS

Direct Sales

During the Track Record Period, our direct sales customers mainly included (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 sectors. In 2023, 2024 and 2025, our revenue from direct sales amounted to RMB4,324.4 million, RMB5,462.9 million and RMB8,609.6 million, respectively, accounting for 99.1%, 98.7% and 99.8% of our revenue for the same years.

The following sets forth the salient terms of our agreements with direct sales customers:

- *Product specifications.* Our direct customers typically set forth product specifications for products ordered, such as product name, model, quantity and standard.
- *Payment and credit term.* We typically require prepayment, and we may grant credit terms to direct customers that have passed relevant credit assessments, requiring them to pay us in installments.
- *Return arrangements.* We typically do not allow customers to return or replace products unless there are product quality issues.
- *Warranty.* We typically offer direct customers product warranties of 90 to 180 days.
- *Termination.* The agreement can be terminated upon written notice of one party, in the event of fraud, bankruptcy or material breach of the agreement of the other party.

Distributorship

Leveraging our long operating history in the copper foil industry and our established brand, we also cooperate with distributors, who are generally trading companies in the industry, to increase the accessibility of our products, particularly for small and micro enterprises. During the Track Record Period, our distributors were located in Chinese mainland. In 2023, 2024 and 2025, we had 12, 10 and 10 distributors, respectively. In 2023, 2024 and 2025, revenue from sales to distributors amounted to RMB37.8 million, RMB69.8 million and RMB20.9 million, respectively, accounting for 0.9%, 1.3% and 0.2% of our revenue for the same years.

During the Track Record Period, six distributors in aggregate suspended their business relationships with us, primarily because they placed orders solely to satisfy the procurement needs of specific end users. Once those orders were fulfilled and payments were settled, there was no further business cooperation or ongoing relationship between us and these distributors. Sales attributable to each of these suspended distributors in 2023 and 2024 accounted for less than 0.01% of our total revenue for that year. During the Track Record Period and up to the Latest Practicable Date, we had no unresolved disputes or lawsuits with these suspended distributors.

During the Track Record Period, all our distributors were Independent Third Parties, and our distributors, or their respective associates, do not have any past or present family, business, or financial relationships with us or our subsidiaries, our shareholders, directors or senior management, or any of their respective associates.

BUSINESS

We maintain a standard buyer-seller relationship with our distributors, treating them as customers who resell our products to end users. We typically do not impose minimum purchase requirements. We also do not have arrangements with our distributors regarding resale of our products. The salient terms of our agreements with our distributors are as follows:

- *Product specifications.* Our distributors typically set forth product specifications for products ordered, such as product name, model, quantity and standard.
- *Payment and credit term.* We typically require prepayment, and do not grant credit terms to our distributors.
- *Purchase requirements.* We typically do not set minimum purchase requirements for our distributors.
- *Warranty.* We typically offer distributors product warranties of 90 to 180 days.
- *Termination.* The agreement can be terminated upon written notice of one party, in the event of fraud, bankruptcy or material breach of the agreement of the other party.

Pricing

Our product pricing policy generally follows a copper price plus processing fee model. The market price of copper serves as the base price, and an overall quotation is determined after setting processing fees according to different product types. We may refer to the daily and/or monthly average copper price from Changjiang Nonferrous Metals Network or Shanghai Metals Market as the base price. Processing fees are then quoted based on product specifications, width, product grade, collection terms and payment methods.

After-Sales and Warranty

We consider timely and high-quality after-sales support to be a critical competitive advantage, as it directly shapes customer satisfaction and reinforces long-term business relationships. Our service model provides comprehensive quality assurance through established systems and procedures for the return or replacement of products that do not meet technical standards. These procedures allow us to resolve issues efficiently, whether through on-site assistance or analysis at our production facilities. Beyond responsive issue resolution, our customer service team proactively conducts regular satisfaction evaluations. We systematically gather and evaluate customer feedback on our products and services, using such feedback as a direct input for our continuous improvement initiatives. This approach allows us to enhance our offerings and solidify trusted, mutually beneficial relationships with our customers.

Typically, we provide a warranty period of three to six months. Our product return and exchange services are designed to address customers’ specific needs and concerns. We have developed a standardized service process: once a customer reports a potential quality issue, we provide an initial response within two hours to acknowledge receipt of the customer’s feedback and to confirm our preliminary understanding of the issue. Within one day, we take prompt measures and deliver a second response to mitigate any production or application risks. Within two days, we aim to complete a root cause analysis and issue a third response that includes a structured analysis along with an outline of corrective actions. Within five days, we carry out the corrective actions, verify their effectiveness and deliver a fourth response that includes validation results and a summary to the customer.

BUSINESS

When a customer raises a quality issue, our on-site technical team promptly verifies the issue. Following internal analysis and review that confirms product deficiency, our quality control department instructs the customer service team to initiate a return request and complete the return and exchange procedure. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product returns or quality incidents from customers. We believe this system helps cultivate stable, trustworthy customer relationships and supports our sustainable long-term development.

Major Customers

Revenue from our five largest customers in each year during the Track Record Period 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. Revenue from our largest customer in each year during the Track Record Period amounted to RMB1,292.9 million, RMB2,215.5 million and RMB3,023.6 million, respectively, accounting for 29.6%, 40.0% and 35.0% of our total revenue for the same years.

The following table sets forth the details of our five largest customers for the years indicated:

No.	Customers	Major products sold	Revenue attributable to the customer (RMB'000)	% of our total revenue	Year of commencement of business relationship with us	Credit terms
<i>For year ended December 31, 2023</i>						
1.	Customer A ⁽¹⁾	Lithium-ion battery copper foil products	1,292,930	29.6	2018	60 to 90 days from invoice date
2.	Customer B ⁽²⁾	Lithium-ion battery copper foil products	1,113,875	25.5	2019	30 to 60 days from invoice date
3.	Customer C ⁽³⁾	Lithium-ion battery copper foil products	594,437	13.6	2019	60 days from invoice date
4.	Customer D ⁽⁴⁾	Scrap copper	405,449	9.3	2022	Prepayment
5.	Customer E ⁽⁵⁾	Lithium-ion battery copper foil products	301,650	6.9	2017	60 days from invoice date
Total			3,708,341	85.0		

BUSINESS

No.	Customers	Major products sold	Revenue attributable to the customer <i>(RMB'000)</i>	% of our total revenue	Year of commencement of business relationship with us	Credit terms
<i>For the year ended December 31, 2024</i>						
1.	Customer A	Lithium-ion battery copper foil products	2,215,522	40.0	2018	60 to 90 days from invoice date
2.	Customer B	Lithium-ion battery copper foil products	1,764,222	31.9	2019	30 to 60 days from invoice date
3.	Customer E	Lithium-ion battery copper foil products	399,966	7.2	2017	60 days from invoice date
4.	Customer C	Lithium-ion battery copper foil products	179,132	3.2	2019	60 days from invoice date
5.	Customer F ⁽⁶⁾	Lithium-ion battery copper foil products	99,279	1.8	2020	90 days from invoice date
Total			4,658,121	84.2		

For the year ended December 31, 2025

1.	Customer A	Lithium-ion battery copper foil products	3,023,553	35.0	2018	60 to 90 days from invoice date
2.	Customer B	Lithium-ion battery copper foil products	2,522,769	29.2	2019	30 to 60 days from invoice date
3.	Customer E	Lithium-ion battery copper foil products	854,570	9.9	2017	60 days from invoice date
4.	Customer G ⁽⁷⁾	Lithium-ion battery copper foil products	359,179	4.2	2022	90 days from invoice date
5.	Customer H ⁽⁸⁾	Lithium-ion battery copper foil products	266,920	3.1	2025	90 days from invoice date
Total			7,026,991	81.4		

BUSINESS

Notes:

- (1) Established in China in 2011 and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, it engages in the research and development, production and sales of lithium-ion batteries, power batteries and energy storage systems.
- (2) Established in China in 2001 and listed on the Shenzhen Stock Exchange, it engages in battery manufacturing and sales, high-performance non-ferrous metal materials sales, and electronic components manufacturing.
- (3) Established in China in 1994 and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, it is a high-tech company with businesses spanning electronics, automobiles, new energy and rail transit.
- (4) Established in China in 1996 and listed on the Shenzhen Stock Exchange, it is an international comprehensive enterprise group with businesses spanning non-ferrous materials intelligent manufacturing, education and the health industry.
- (5) Established in China in 2006 and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, it is a new energy battery manufacturer producing battery materials, cells, packs and battery management systems for vehicles and energy storage systems.
- (6) Established in China in 1980 and listed on the Shenzhen Stock Exchange, it operates in two major industrial clusters covering magnetic materials and devices, as well as photovoltaic products and lithium-ion batteries.
- (7) Established in China in 2014 and listed on the Shenzhen Stock Exchange, it engages in the research, development, production and sales of lithium-ion batteries and related systems for new energy vehicles. As of the Latest Practicable Date, one of our Controlling Shareholders, Huayou Holdings, held less than 0.1% of the issued share capital of Customer G.
- (8) Established in China in 2021, it engages in the research, development, production and sales of energy storage systems, power batteries and energy management systems.

As of the Latest Practicable Date, save as Customer G, none of our Directors, their close associates or any of our Shareholders (who owned or, to the knowledge of Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest customers for each year during the Track Record Period is an Independent Third Party.

Customer Concentration

During the Track Record Period, a majority of our revenue was generated from a small number of major customers. According to Frost & Sullivan, such customer concentration is common in the electrolytic copper foil industry, where a limited number of leading manufacturers and technology companies account for a significant share of industry demand due to the scale of their business operations, established market positions and stringent supplier qualification requirements. Our principal customers are prominent participants in the industry, and their ongoing demand and long-term procurement arrangements have been instrumental in supporting our business growth and revenue stability. We believe that our customer profile and concentration levels during the Track Record Period were consistent with prevailing industry practices.

Our relationships with these customers are the result of sustained collaboration, technological alignment and reliable delivery performance. Many of our major customers rely on our advanced process technologies, R&D capabilities and stable manufacturing capacity to achieve their product development and commercialization objectives. Our Directors are of the view that it is unlikely that our business relationships with our major customers will materially deteriorate or be terminated, taking into account our long-standing cooperation with such customers, our track record of meeting their requirements in terms of product quality and delivery, and the absence of material disputes with them during the Track Record Period. We recognize that a high degree of customer concentration may expose us to risks such as reduced orders, pricing pressure or the potential loss of major customers due to changes in their business strategies or market conditions. To mitigate these risks, we are actively pursuing diversification of both our customer base and our product portfolio.

BUSINESS

Our efforts include engaging new customers in high-growth sectors such as new energy vehicles, energy storage systems and consumer electronics, as well as expanding our technology platforms and extending our product applications into emerging areas. In addition, we have strengthened our business development and customer onboarding efforts by (i) enhancing our technical support and collaborative R&D engagement with prospective customers, (ii) expanding our sales coverage and customer service capabilities, and (iii) leveraging our expanded production capacity and broader product offering to pursue additional customers and increase sales to existing customers. We are also enhancing our operational flexibility and project management capabilities to better respond to market changes and ensure business continuity. See “Risk Factors — 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.”

Collaboration With Our Strategic Customers

We enter into strategic cooperation agreements to dynamically track customer needs and significantly reduce inventory costs; develop and produce products and services that meet customer requirements in a timely manner, gaining a competitive edge through enhanced responsiveness and flexibility and securing greater market share; and ensure timely product supply, greatly improving customer satisfaction and loyalty.

We primarily serve leading power lithium-ion battery and energy storage lithium-ion battery manufacturers and major CCL and PCB manufacturers, by providing copper foil products. Our engagement with key customers typically begins at the product development stage, allowing us to align closely with their technical requirements and project timelines. We maintain stable partnerships with many core customers, formalized through framework agreements that cover service terms, pricing mechanisms, and renewal or termination conditions. For major projects, our sales and technical teams work jointly with customers on solution design, prototyping and validation, ensuring that our products meet stringent performance and compliance standards. We also provide dedicated project managers and cross-functional support teams for strategic customers, offering tailored services such as rapid response, on-site technical support and collaborative product development. Our approach enables us to achieve high customer retention rates and to respond flexibly to evolving customer needs throughout the product lifecycle, from initial design through to after-sales service.

SUPPLY CHAIN MANAGEMENT

Procurement

We typically procure high-purity cathode copper, sulfuric acid, and chemical additives in China. These materials are essential for our copper foil manufacturing processes and are sourced from a network of qualified suppliers. Leveraging our ERP system, we conduct approvals for demand planning, supplier quotation reviews, contract approval workflows, payment application approvals, as well as operational execution functions such as the entry of purchase orders, receipt of goods, inventory intake and the registration of payments. Our procurement plans are formulated based on production forecasts, inventory safety levels, supplier lead times and market trends. For major raw materials such as cathode copper, we typically enter into annual purchase framework agreements with key suppliers to ensure cost efficiency and supply stability and enter into additional documents such as quality assurance agreements, integrity and anti-corruption undertakings and social responsibility commitment letters to support product quality and compliance.

BUSINESS

To mitigate the impact of raw material price fluctuations, we employ a combination of spot pricing mechanisms and futures contracts. For copper procurement, we align our copper pricing and hedging with customer pricing terms by using spot price-locking and futures hedging, as appropriate. As a result, price fluctuations did not have a significant impact on our operations during the Track Record Period.

Supplier Selection and Management

We have established stringent management mechanisms for the selection and retention of suppliers. In accordance with our supplier management policy, we conduct due diligence and select suppliers based on the availability, price, quality, delivery time and supplier reputation. We assess supplier qualifications through factory audits and sample testing and we regularly evaluate and reassess those suppliers included in our qualified supplier list to ensure ongoing compliance with our standards.

Our procurement methods include invitation-to-tender, negotiated tendering, commercial request-for-quotation and price comparison, and one-to-one negotiations. For standardized materials, procurement is primarily based on quality, price and delivery time. For proprietary additives and equipment, we select suppliers based on technical expertise and the ability to meet our specific requirements. We maintain close communication with suppliers and conduct periodic reviews to monitor raw material prices, stock levels and market trends.

We require all suppliers to comply with our internal supply management policies, including signing an integrity and anti-corruption agreement. We had not experienced any material supply shortages, delivery delays or price volatility that materially affected our operations during the Track Record Period and up to the Latest Practicable Date.

The salient terms of the supply agreements between us and our suppliers are set out below:

- *Term.* Typically one year.
- *Product specifications.* Each purchase order specifies the product name, specification, price, quantity, delivery timeline and location.
- *Pricing.* Prices are determined based on market conditions and are stated in the purchase orders.
- *Payment and credit term.* Payment and credit terms are typically included in each order, with standard credit periods ranging from 30 to 90 days from invoice date. We may also make prepayments from time to time.
- *Quality assurance.* For raw materials, the quality specifications are included as part of the agreement, and we must raise any quality or quantity discrepancies. Equipment are generally covered by a one-year warranty. If any quality issue occurs during the warranty period, the supplier would typically replace, repair or compensate us within three days of us notifying them of the issue.
- *Logistics arrangements.* The suppliers are responsible for the delivery of procured items to designated locations.
- *Termination.* Agreements may terminate for force majeure, material breach, insolvency or production cessation, with rights and obligations settled per contract.

BUSINESS

Major Suppliers

Our suppliers primarily consist of domestic manufacturers and distributors of copper and chemical reagents in China. Purchases from our five largest suppliers in each year during the Track Record Period 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 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 purchases for the same years.

The following table sets forth the details of our five largest suppliers for the years indicated:

No.	Suppliers	Major products purchased	Purchase amount (RMB'000)	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
<i>For the year ended December 31, 2023</i>						
1	Supplier A ⁽¹⁾	Electrolytic copper plate	1,557,063	28.3	2023	Prepayment
2	Supplier B ⁽²⁾	Electrolytic copper plate	889,023	16.1	2023	Prepayment
3	Supplier C ⁽³⁾	Electrolytic copper plate	747,295	13.6	2023	Prepayment
4	Supplier D ⁽⁴⁾	Copper rod, copper wire	340,974	6.2	2023	Prepayment
5	Supplier E ⁽⁵⁾	Copper rod, copper wire	283,202	5.1	2023	Prepayment
	Total		3,817,557	69.3		
<i>For the year ended December 31, 2024</i>						
1.	Supplier F ⁽⁶⁾	Electrolytic copper plate	1,434,557	25.1	2024	60 to 90 days from invoice date
2.	Supplier G ⁽⁷⁾	Electrolytic copper plate	692,093	12.1	2024	Prepayment
3.	Supplier H ⁽⁸⁾	Electrolytic copper plate	568,265	10.0	2024	30 days from invoice date
4.	Supplier I ⁽⁹⁾	Electrolytic copper plate	520,753	9.1	2024	Prepayment
5.	Supplier J ⁽¹⁰⁾	Copper rod, copper wire	385,208	6.7	2024	30 days from invoice date
	Total		3,600,876	63.1		

BUSINESS

No.	Suppliers	Major products purchased	Purchase amount (RMB'000)	% of our total purchase amount	Year of commencement of business relationship with us	Credit terms
<i>For the year ended December 31, 2025</i>						
1.	Supplier K ⁽¹¹⁾	Electrolytic copper plate	2,439,360	24.2	2025	90 days from invoice date
2.	Supplier F	Electrolytic copper plate	2,323,306	23.0	2024	60 to 90 days from invoice date
3.	Supplier H	Electrolytic copper plate	1,625,611	16.1	2024	30 days from invoice date
4.	Supplier L ⁽¹²⁾	Electrolytic copper plate	913,459	9.1	2025	60 days from invoice date
5.	Supplier M ⁽¹³⁾	Electrolytic copper plate	424,515	4.2	2025	Prepayment
Total			7,726,251	76.6		

Notes:

- (1) Established in China in 2010, it specializes in non-ferrous metal smelting and related resource recovery and utilization.
- (2) Established in China in 2016, it engages in trading and distribution of metal materials, building materials, coal and other commodities, as well as related supply services.
- (3) Established in China in 1996 and listed on the Shenzhen Stock Exchange, it is an international comprehensive enterprise group with businesses spanning non-ferrous materials intelligent manufacturing, education and the health industry.
- (4) Established in China in 2021, it specializes in the production and sales of copper rods and copper wires, as well as non-ferrous metal processing, metal materials trading and related technical services.
- (5) Established in China in 2018, it engages in the processing and trading of copper pipes, copper rods, and other copper materials, with products widely used in sectors such as new energy vehicles.
- (6) Established in China in 2011 and listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, it engages in the research and development, production and sales of lithium-ion batteries, power batteries and energy storage systems.
- (7) Established in China in 2023, it provides supply chain management services and engages in trading of metal materials, metal products and related commodities.
- (8) Established in China in 2001 and listed on the Shenzhen Stock Exchange, it engages in battery manufacturing and sales, high-performance non-ferrous metal materials sales, and electronic components manufacturing.
- (9) Established in China in 2013, it engages in non-ferrous metal smelting and comprehensive recycling, producing and selling cathode copper and related products.
- (10) Established in China in 2024, it engages in new material technology development, non-ferrous metal processing and related supply chain services, including cable and metal products businesses.
- (11) Established in China in 2020, it provides supply chain management services and engages in trading of metals, chemicals and other industrial commodities.

BUSINESS

- (12) Established in China in 2020, it operates as an enterprise management and investment platform and also engages in commodities trading and related import and export services.
- (13) Established in China in 2015, it serves as an urban development and investment platform and is also engaged in commercial activities such as property leasing and management, supply chain trading and real estate development.

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who owned or, to the knowledge of Directors, had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers for each year during the Track Record Period is an Independent Third Party.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, several of our five largest customers were also our suppliers. Specifically:

Customer A, one of our five largest customers in 2023, 2024 and 2025, was also one of our five largest suppliers in 2024 and 2025 (i.e. Supplier F). Sales to Customer A contributed to 29.6%, 40.0% and 35.0% of our revenue in 2023, 2024, and 2025 respectively, and purchase amount from Customer A accounted for nil, 25.1% and 23.0% of our total purchase amount in the same years, respectively. Customer A mainly engages in the research and development, production and sales of lithium-ion batteries, power batteries and energy storage systems.

Customer B, one of our five largest customers in 2023, 2024 and 2025, was also one of our five largest suppliers in 2024 and 2025 (i.e. Supplier H). Sales to Customer B contributed to 25.5%, 31.9% and 29.2% of our revenue in 2023, 2024, and 2025 respectively, and purchase amount from Customer B accounted for nil, 10.0% and 16.1% of our total purchase amount in the same years, respectively. Customer B engages in battery manufacturing and sales, high-performance non-ferrous metal materials sales, and electronic components manufacturing.

Customer G, one of our five largest customers in 2025, was also our supplier in the same year. Sales to Customer G contributed to 4.2% of our total revenue in 2025, and purchase amount from Customer G accounted for 1.3% of our total purchase amount in the same year. Customer G engages in the research, development, production and sales of lithium-ion batteries and related systems for new energy vehicles.

As copper is a high-value raw material, Customer A, Customer B and Customer G were battery manufacturers that also procure such materials at large volume and competitive prices. As such, from time to time they supplied the copper raw materials to us, and we manufactured copper foil using such materials. We separately sell the finished copper foil products to Customer A, Customer B and Customer G. According to Frost & Sullivan, it is common for battery manufacturers to sell copper raw materials according to their production plan and inventory level. The arrangements with Customer A, Customer B and Customer G were not a bundled or back-to-back trading arrangement, but allowed us to achieve cost efficiency, stable supply and consistent product quality.

BUSINESS

Customer D, one of our five largest customers in 2023, was also one of our five largest suppliers in 2023 (i.e. Supplier C). Sales to Customer D comprised scrap copper generated during our production process, which contributed to 9.3% of our revenue in 2023 and we sold such scrap copper to Customer D as part of our normal scrap management and disposal to monetize production by-products and support efficient materials handling. This supplier-customer also supplied cathode copper, which is the primary raw material used in our production, and the procurement amount from Customer D accounted for 13.6% of our total purchase amount in the same year. Customer D is an international comprehensive enterprise group with businesses spanning non-ferrous materials, intelligent manufacturing, education and healthcare industries. According to Frost & Sullivan, it is not uncommon for companies engaged in non-ferrous materials business to purchase scrap metals. The arrangement with Customer D was not a bundled or back-to-back trading arrangement.

Our Directors are of the view that the transactions with the overlapping supplier-customers were conducted at arm’s length, mutually independent and on normal commercial terms. Negotiations of the terms of our sales to and purchases from these overlapping supplier-customers were conducted on an individual basis, and the sales and purchases were neither interconnected nor inter-conditional with each other. For each of the overlapping supplier-customers, the key terms of our sales and supply arrangements were substantially similar to those of our other customers or suppliers.

WAREHOUSING, LOGISTICS AND INVENTORY MANAGEMENT

We have established a well-coordinated supply chain system that enables efficient integration and resource allocation across procurement, production planning, manufacturing, and logistics. The ERP system offers end-to-end transparency and control over inventories. By applying structured logistics management and data-driven planning, we improve operational efficiency, optimize inventory turnover, and uphold strong customer service standards. In particular:

- **Warehousing.** We operate integrated warehousing facilities that support both raw material intake and finished goods distribution. Our logistics systems are connected with production planning systems to ensure timely material supply to production lines and efficient dispatch of finished products. We utilize automated handling equipment where appropriate to enhance operational efficiency.
- **Logistics.** We maintain systematic shipping management procedures to ensure product integrity during transit. Copper foil rolls are carefully packaged using standardized protective materials to prevent damage during transportation. We coordinate logistics with certified third-party carriers to ensure reliable delivery to customer facilities, with transportation costs and risk typically borne by our company as part of our standard delivery terms.
- **Inventory Management.** Our inventories include raw materials, work in progress, finished goods and goods in transit. We focus on optimizing our inventory management and proactively monitor our inventory levels based on the amount required for production, as supplemented by safety stock. We adopt a lean inventory management approach with raw material inventory, which mainly comprises cathode copper, managed through a mix of long-term contracts and spot purchases based on production forecasts and market trends. Our inventory planning is reviewed monthly, taking into account customer orders and supply chain risks. Work-in-progress inventory is minimized through synchronized production scheduling and supply of raw materials. Finished goods inventory is managed in close alignment with customer delivery schedules and we monitor inventory turnover rates to ensure they remain within industry benchmarks.

BUSINESS

QUALITY CONTROL

We have comprehensive policies and detailed procedures in place to ensure product quality. We have deployed multiple quality management systems and received various certifications including IATF 16949: Automotive Quality Management System, ISO 9001: Quality Management Systems, ISO 14001: Environmental Management Systems, ISO 45001: Occupational Health and Safety Management Systems, ISO 50001: Energy Management Systems, and UL 2809: Environmental Claim Validation Procedure for Recycled Content. In addition, we embed Six Sigma quality management methodologies into our day-to-day operations to reduce process defects, minimize variability and drive continuous, data-driven improvement. As of December 31, 2025, nine of our employees had obtained the Six Sigma Black Belt certification and 30 employees had obtained the Six Sigma Green Belt certification. We have established a dedicated quality control department, which is led by our management team, to closely monitor our production process. Our quality control team's expertise and commitment have been widely recognized by our customers and our stable and reliable supply has become a cornerstone of our customer partnerships. We have strengthened standardized production and quality management training, engaging all staff in quality assurance initiatives to minimize the risk of quality control issues. We have developed a lifecycle quality control system covering product R&D, supply chain, production process and customer service, ensuring that all products that are produced and assembled adhere to consistent standards and quality.

Our quality control measures include the following:

- ***Product R&D Quality Control.*** We use an integrated product development model, leverage the research outcomes driven by the technical needs of various niche scenarios and adopt advanced product quality plans to prevent design defects and quality issues during the R&D phase. We have designated personnel responsible for supervising and inspecting the integrity of the R&D process and the quality of deliverables at each project stage.
- ***Supply Chain Quality Control.*** We carefully select qualified suppliers based on the quality and technical standards of raw materials and collaborate with suppliers to jointly develop testing methods for additive incoming materials. We selectively procure raw materials from qualified suppliers and conduct rigorous inspections to ensure that the quality of raw materials is suitable for production.
- ***Production Process Quality Control.*** We adhere strictly to process standards in production to minimize deviations from agreed product specifications and we act promptly to address any related issues that arise during production. We also supervise and inspect each production process.
- ***Customer Service.*** We have established a sales and customer service network, providing technical support and after-sales service throughout the product lifecycle. We have also established a customer complaint handling procedure to promptly address customer complaints and proactively solicit customer feedback.

During the Track Record Period and up to the Latest Practicable Date: (i) we had not been subject to any material administrative or other penalties imposed by competent authorities in relation to product quality; (ii) we had not conducted any material product recalls; and (iii) we had not experienced any material disputes with customers concerning product quality.

BUSINESS

INTELLECTUAL PROPERTY

We rely on our proprietary technologies and production know-how to maintain our competitive position in the market in which we operate, and we generate intellectual property through our ongoing research and development activities. Our general policy is to apply for patents on an ongoing basis in China, for patentable developments that are considered to have commercial significance. Our patent portfolio covers proprietary technologies used in our products, as well as various aspects of product design and production processes. As of December 31, 2025, we held 130 patents, including 31 invention patents and 99 utility model patents, one registered trademark and six software copyrights in China. See “Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights” in Appendix VI to this document.

We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patent, trademark, trade secret and other intellectual property laws in China. We have established a range of internal control policies and measures to safeguard our intellectual property rights and trade secrets. We proactively pursue patent applications for our technological innovations and utilize our patent rights to protect our legitimate interests. We also take reasonable steps to detect possible infringement of our intellectual property rights. Upon identifying potential infringements by competitors, we conduct thorough analyses and comparisons of the competing products. For products confirmed to infringe on our patents, we typically take prompt legal action to protect our rights, including preserving evidence and pursuing appropriate legal remedies where necessary. This proactive approach underscores our commitment to protecting our intellectual property and maintaining our competitive edge in the market.

To the best of our knowledge, our intellectual property rights have not been subject to any material intellectual property claims by third parties during the Track Record Period and as of the Latest Practicable Date.

COMPETITION

The electrolytic copper foil industry in China is characterized by intense competition and a relatively fragmented market landscape. 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 other established copper foil manufacturers as well as a number of regional and specialized manufacturers. As the industry continues to evolve, we anticipate further consolidation, with leading players strengthening their market positions through technological advancement and capacity expansion.

We believe that the principal competitive factors in our markets include research and development capability, technological innovation, product quality and performance, mass production capacity, customer service and support and corporate reputation. In particular, the ability to deliver high-performance copper foil products that meet the increasingly stringent requirements of downstream applications, such as new energy vehicles, energy storage systems and advanced electronics, has become a key differentiator among market participants. To maintain and enhance our competitive position, we have remained committed to continuous improvement in product quality and technological innovation. We work closely with our major customers to understand their evolving needs and to develop tailored products that address their specific technical requirements. This collaborative approach not only strengthens our research and development capabilities, but also enables us to accelerate the innovation cycle and respond rapidly to market changes.

BUSINESS

Leveraging our advanced manufacturing expertise and robust quality control systems, we continue to introduce innovations in copper foil production processes and deliver differentiated high-safety products. Our focus on operational excellence, customer-centric service and long-term partnerships has enabled us to build a strong reputation in the industry and to capture opportunities in both domestic and international markets. We believe these strengths will continue to support our sustainable growth and reinforce our leadership in the electrolytic copper foil industry.

DATA SECURITY AND PRIVACY

We are committed to ensuring data privacy and information security. We do not collect personal information through public channels such as operational websites or apps and the data we collect is limited. During our ordinary course of business, the personal data we collect mainly pertains to information on our employees.

We have implemented robust protective measures for the privacy of the data we collect. These measures include establishing internal control systems such as a data security management system, which clearly stipulates our management of data confidentiality, data approval authority, data backup and recovery and encryption strategy change management; strictly minimizing the access and circulation rights of private information and requiring stringent system authorization for the use of such information; adopting technical measures such as encryption to protect information for outgoing messages; and establishing an information security management system to ensure information security. In particular, we strictly limit the access to and management of our employees’ personal information database to our dedicated personnel to further safeguard our information security from unauthorized internal access.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of operating or transaction data, nor have we been subject to any complaint, investigation or legal proceedings in relation to data privacy. Our Directors are of the view that, during the Track Record Period and up to the Latest Practicable Date, we complied with the applicable PRC laws and regulations concerning cybersecurity and data protection in all material respects.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

ESG Governance

We incorporate ESG management into our corporate governance and management system. In our ESG strategic planning, we consider financial materiality and impact materiality and identify key ESG issues based on the double materiality principle, based on which we determine ESG management priorities. In terms of governance structure, we have established an ESG management system consisting of the Board of Directors, the ESG sustainable development committee and the ESG sustainable development execution team. The Board of Directors reviews ESG strategies and major ESG matters and oversees their implementation. We have established the ESG sustainable development committee under the Board of Directors to formulate ESG policies and strategic plans, identify key stakeholders and material ESG issues, and coordinate ESG management. The ESG sustainable development execution team implements ESG initiatives, organizes ESG data collection and consolidation, prepares the annual Sustainability Report and reports work progress to the ESG sustainable development committee.

BUSINESS

Addressing Climate Change

We recognize the potential impact of climate change on our sustainable development, and our need to respond to the national “dual carbon” strategy and global climate governance initiatives. Accordingly, we have incorporated climate change-related issues into our ESG management framework and operational practices. We seek to reduce environmental impact through measures such as energy conservation, green production and improved resource efficiency. In terms of management mechanisms, climate change-related issues are incorporated into our ESG management system under the existing ESG governance structure. The ESG sustainable development committee focuses on climate change-related management directions and identifies relevant risks and opportunities in light of ESG development trends, while the ESG sustainable development execution team coordinates environmental management and energy management work in accordance with its division of responsibilities.

In terms of risk and opportunity management, we take into account our own business characteristics and regularly identify and assess the potential impact that climate change may have on our operating activities, and formulate corresponding management and response measures based on different risk characteristics and impact cycles. The relevant situations are summarized as follows:

Risk Type	Risk Event	Risk Level	Time Horizon	Potential Impact	Response Measures
Physical Risk	Extreme weather events	Low	Short–medium term	May disrupt production, damage fixed assets and cause labor shortages, adversely affecting operations	Monitor extreme weather warnings and conduct regular inspections of equipment, buildings and electrical systems
Transition Risk	Policies and Laws	Medium	Medium–long term	Stricter carbon-related policies and regulations may increase compliance requirements and management pressure on energy structure and operations	Strengthen carbon management, optimize energy structure and accelerate green and low-carbon transition
	Market	Medium	Medium–long term	May affect upstream supply chain stability and increase raw material prices, raising production costs	Track raw material market trends and policy changes, strengthen supplier management and regularly assess raw material supply risks

BUSINESS

In terms of the potential opportunities brought by climate change, we have also identified major opportunities as follows:

Opportunity	Opportunity Overview	Potential Impact	Response Measures
Energy	Policy and customer requirements support the use of renewable energy and the transition to green and low-carbon operations	Growing demand for new energy and electrification may expand application scenarios and create new growth opportunities for our medium- to long-term business development	Increase the use of renewable energy in production and operations to reduce energy costs and meet downstream green requirements; develop self-built photovoltaic projects and energy-saving technologies
Efficient Resources	Efficient resource management helps reduce waste and operating costs while improving production efficiency and supply capability	Improved conditions for renewable energy use may reduce energy costs in operations and enhance the overall sustainability of operations	Strengthen the management and utilization of recyclable materials, water resources and waste, increase reuse rates and implement relevant internal management measures

In terms of greenhouse gas emission management, in order to implement our strategy for addressing climate change, we have systematically established a greenhouse gas inventory and management system in accordance with the Guidelines for Accounting Methods and Reporting of Enterprise Greenhouse Gas Emissions — Power Generation Facilities (2021 Revision) issued by the Ministry of Ecology and Environment of the PRC, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC), and the standards set out in the GHG Protocol jointly published by WRI and WBCSD. Our greenhouse gas accounting scope covers Scope 1, Scope 2 and Scope 3, including production and manufacturing, raw material procurement, warehousing and logistics, and daily office operations, ensuring the completeness, accuracy and traceability of emission data. In addition, we regularly update the carbon emission accounting boundaries and activity data, establish a greenhouse gas emission data management ledger and form a closed-loop mechanism of “– Data Collection – Accounting and Analysis – Target Management – Performance Evaluation.”

In 2025, our total greenhouse gas emissions amounted to 944,270.5 tonnes of carbon dioxide equivalent, of which Scope 1 direct emissions were 3,463.0 tonnes, Scope 2 indirect emissions were 346,181.6 tonnes, and Scope 3 other indirect emissions from the value chain were 594,625.9 tonnes. Our greenhouse gas emission intensity was 109.4 tonnes of carbon dioxide equivalent per million revenue. Based on this, we have set 2025 as the base year and established phased emission reduction targets, with total greenhouse gas emission intensity to decrease by 1% by 2027 compared with the base year, and with a cumulative reduction of 3% by 2030.

BUSINESS

	Year ended December 31,		
	2023	2024	2025
Total greenhouse gas emissions (tonnes of carbon dioxide equivalent)	290,323.6	386,123.8	944,270.5
Scope 1 – Direct greenhouse gas emissions (tonnes of carbon dioxide equivalent)	705.2	1,134.6	3,463.0
Scope 2 – Indirect greenhouse gas emissions (tonnes of carbon dioxide equivalent)	93,193.3	147,881.8	346,181.6
Scope 3 – Other indirect greenhouse gas emissions in the value chain (tonnes of carbon dioxide equivalent)	196,425.1	237,107.4	594,625.9
Total greenhouse gas emission intensity (tonnes of carbon dioxide equivalent/per million revenue)	66.6	69.8	109.4

Emissions Management

We comply strictly with national and local laws and regulations on pollution prevention and control and have established and implemented an emission management system to reduce the environmental impact of our production and operations. In accordance with internal policies, including the Management Measures for Air Pollution Prevention and Control, the Management Measures for Water Pollution Prevention and Control and the Management Measures for Solid Waste Pollution Prevention and Control, we implement unified and standardized management of exhaust gas, wastewater and solid waste generated during production and operations. We strengthen control over the process of emission generation, collection, temporary storage, transfer and disposal through on-site management and operational procedures to ensure compliant and orderly disposal. General solid waste and hazardous waste generated during production are managed by category in accordance with relevant regulations and entrusted to qualified third-party institutions for recycling or disposal. In the future, we will continue to strengthen waste management and pollutant discharge control to ensure compliance with applicable laws, regulations and standards.

Resource Management

We implement standardized management of energy and resources and incorporate energy conservation, consumption reduction and efficient resource utilization into our daily operations. We have established energy management policies and management structures to supervise the use of major energy sources.

In particular, we have formulated management policies for key energy sources including electricity, steam and natural gas, with clear responsibilities and usage requirements. For electricity management, we require reasonable scheduling of equipment to avoid idle operation and unnecessary electricity consumption, and set usage requirements for non-production electricity such as lighting and air conditioning. For steam management, we conduct routine inspections of steam equipment and pipelines to prevent leakage and reduce steam loss while ensuring safe use. For natural gas management, we have designated personnel who conduct routine inspections and follow standardized operating procedures to ensure safe and stable use. In addition, for water resource management, we

BUSINESS

have established management requirements for water use in production and office operations, require departments to conduct routine inspections and address abnormal water usage, and regulate water use during equipment operation and maintenance to improve efficiency. Taking 2025 as the base year, we plan to achieve a 1% reduction in comprehensive energy consumption intensity and a 1% reduction in per capita water consumption by 2027.

The table below sets forth certain details of our water and energy consumption during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Total water consumption (cubic meters)	594,890.0	629,360.0	1,027,110.0
Total energy consumption (standard coal equivalent)	17,425.9	35,757.0	64,493.7
Energy consumption intensity (standard coal equivalent/per million revenue)	4.0	6.5	7.5

Product and Service Safety and Quality

We implement a product lifecycle quality management system covering research and development, procurement, production, delivery and after-sales service in accordance with international standards, including IATF 16949 Automotive Quality Management System and ISO 9001 Quality Management Systems. We ensure the effectiveness of our quality management system through regular internal audits and continuous improvement. For details of our product quality management and quality control system, see “— Quality Control.” During the Track Record Period, we had not conducted any material product recalls, and no material customer complaints related to quality issues were recorded.

Employee Development

We comply strictly with the Labor Law of the People’s Republic of China and the Labor Contract Law of the People’s Republic of China, as well as other national and local laws and regulations on labor employment, and regulate employment management in accordance with applicable laws and regulations. For details of our employee recruitment, employee rights protection and employee training and development, see “— Employees.” We conduct personnel age verification in accordance with the Measures for the Administration of Child Labor and Underage Workers and prohibit the use of child labor. In 2025, our employees received an average of 232 hours of training per employee.

Occupational Health and Safety

We comply strictly with the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, the Work Safety Law of the People’s Republic of China and the Management Provisions on Occupational Health in the Workplace, as well as other relevant national and local laws and regulations. We have established an occupational health and safety management mechanism covering the production and operational process and we implement risk prevention, process control and safety management through institutional management, education and training, and on-site supervision. In 2025, we conducted 127 safety training sessions with 11,354 employee attendances. During the Track Record Period, no material work safety accidents occurred.

BUSINESS

Sustainable Supply Chain

We implement sustainable procurement and responsible supply chain management in accordance with our Sustainable Procurement Policy. We integrate requirements relating to environmental protection, labor and human rights, occupational health and safety, and business ethics into our procurement management and supplier cooperation processes, and have established a supplier management system covering supplier admission, due diligence, risk assessment, evaluation and ongoing monitoring. In our procurement activities, we promote green procurement and take into account the performance of products and services in terms of resource utilization and environmental impact. We require suppliers to comply with basic labor principles, including the prohibition of child labor and forced labor, anti-discrimination, reasonable working hours and remuneration, as well as applicable laws and regulations and our standards on product quality, environmental protection, occupational health and safety, business ethics and social responsibility. We also uphold the principles of fairness, impartiality and transparency in procurement, and expressly prohibit any form of improper transaction or commercial bribery. Through ongoing communication and supervision, we encourage suppliers to enhance their compliance operation and social responsibility management capabilities, and jointly build a safe, stable and sustainable supply chain system. In terms of raw material management, as a company in the new energy materials industry, we focus on the sustainability of raw material sources and resource recycling by increasing the procurement of recycled copper, recycling production scrap and reprocessing waste copper foil generated during production, thereby supporting raw material recycling and closed-loop management. For details of our supplier admission, evaluation and ongoing management mechanisms, see “Business — Supply Chain Management.”

Community Contribution

We participate in social welfare activities in compliance with applicable laws and regulations. With reference to the United Nations Sustainable Development Goals and national development strategies, we carry out public welfare projects in areas including poverty relief, education support, public health, environmental protection and social public services, and advance related activities in line with our business layout and community needs. In terms of public welfare management, we have formulated and implemented the Management Measures for Public Welfare Activities, which regulate the principles, division of responsibilities, approval authority and execution procedures of such activities. We have also established a public welfare management ledger to record and track the initiation, expenditure, execution and results of public welfare projects.

Integrity and Compliance

We implement internal policies and management mechanisms to prevent risks including commercial bribery, corruption, unfair competition and conflicts of interest, and strengthen integrity management through employee codes of conduct, compliance training and whistleblowing mechanisms. During the Track Record Period, no incidents related to bribery, corruption, fraud or money laundering had been recorded.

BUSINESS

EMPLOYEES

As of December 31, 2025, we had 3,136 full-time employees, all of whom are based in the PRC. The following table sets forth the number of our employees by function as of December 31, 2025:

Function	Number of Employees	Percent (%)
Production	2,428	77.4
General and administration	379	12.1
R&D and engineering	295	9.4
Sales	34	1.1
Total	3,136	100.0

We adopt various recruitment methods, including internal recruitment, online platforms, employee referrals, campus hiring, third-party agencies, government channels and other external sources. In addition to salaries and benefits, we generally provide performance-based bonuses for our full-time employees and commission for our sales staff.

We enter into standard labor contracts with our full-time employees with confidentiality, intellectual property and non-compete provisions, with the exception that we do not enter into non-compete provisions with our production employees. As set out in these agreements, employees are required to maintain confidentiality of our trade secrets, proprietary information and other confidential data during and after their employment. All intellectual property created by employees in the course of their employment, including patents, trademarks, copyrights and trade secrets, belongs to us. The employment contracts also include a standard non-compete covenant that prohibits employees from competing with us, directly or indirectly, during their employment and for a period not more than two years after termination of their employment.

We have established a comprehensive system for employee training and talent development, including general training covering corporate culture, employee rights and responsibilities, occupational health and safety, data security and other logistical aspects, as well as specific training that improves employees’ knowledge and expertise in certain important areas related to our business. We are committed to making continued efforts to provide an engaging working environment for our employees. Furthermore, we have a performance appraisal system in place which assesses the performance of management personnel based on overall business objectives. We have established labor unions for our employees. We maintain a good working relationship with our employees and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Under the applicable regulations in China, we are required to participate in various government-sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and to contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of employees up to a maximum amount specified by the local government from time to time at locations where our employees are based.

BUSINESS

PROPERTIES

We own properties in China for the use of production, warehousing and office premises. As of the Latest Practicable Date, all of our production plants were located in China. Our headquarters are located in Tongling, China.

As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of December 31, 2025, we owned 16 properties in China with an aggregate GFA of approximately 506,730.1 sq.m., which were primarily used for office premises, production and warehousing purposes.

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 are not used as primary business or operational premises. Based on the written confirmation issued by local competent authorities in Yulin, these structures were constructed on land lawfully owned by us with valid title certificates and do not encroach on any third-party or public land. The authority further confirmed that such structures do not hinder urban traffic or public safety, do not adversely affect the cityscape or the normal use of surrounding buildings, and do not affect the implementation of the relevant construction planning. Subject to the fulfillment of relevant safety management responsibilities, such structures can continue to be used. As of the date of such confirmation, the authority had not received any plan or arrangement for the repossession, relocation, dismantling or demolition of such structures, and had not imposed any administrative penalties in relation thereto. In addition, based on a written confirmation issued by local competent authorities in Tongling, the structures have been approved under the applicable planning requirements and are in compliance 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. The authority further confirmed that it would not impose administrative penalties on us in connection with the use of such structures. As advised by our PRC Legal Advisor, the use of these structures without property ownership certificates will not have any material adverse effect on our business operations.

As such, our Directors believe that the defects of such temporary structures would not materially and adversely affect our business, financial condition and results of operations, considering: (i) our plant and the underlying land are free from ownership disputes; (ii) the structures are used for auxiliary purposes and account for a small proportion of our total GFA; (iii) we have not been subject to any administrative penalties or adverse credit records in relation to such structures during the Track Record Period; (iv) if required to demolish these auxiliary structures, our normal production and operations would not be materially affected; and (v) we have obtained an indemnity letter from our Controlling Shareholders to indemnify our Group against any claims, fines and other liabilities arising from such non-compliances. We will continue to strengthen our internal control measures to prevent future occurrences of such incidents.

BUSINESS

INSURANCE

We believe that our insurance coverage is adequate for our business and in line with general market practice. As of the Latest Practicable Date, our employees are covered by social insurance and we maintained insurance for certain fixed assets, which is sufficient for our daily operations in the jurisdictions in which we operate. During the Track Record Period, we did not make any material insurance claims in relation to our business. However, there can be no guarantee that we will not incur losses or suffer claims beyond the limits or outside the relevant coverage of our insurance policies. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be inadequate to protect us from potential losses.”

RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. We have put in place a set of internal control and risk management policies and procedures to address potential operational, financial, legal and market risks identified in relation to our operations. We also periodically review these procedures to ensure their effectiveness. Our policies and procedures relate to managing our procurement and production as well as monitoring our sales performance and product quality.

To monitor the ongoing implementation of our risk management policies and corporate governance measures, we have adopted, or will continue to adopt, the following measures:

- establish an Audit Committee to review and supervise our financial reporting process and internal control system;
- adopt policies to ensure compliance with the Listing Rules, including aspects related to risk management, connected transactions and information disclosure;
- organize training sessions for our Directors and senior management on the relevant requirements of the Listing Rules and the duties of Directors of companies [REDACTED] in Hong Kong;
- provide periodic training to our senior management and employees on professional conduct requirements and ethical standards, enhancing their compliance with applicable laws and regulations and incorporating related measures into employee discipline guidelines;
- enhance our reporting and record system for production bases, including centralizing quality control and safety management systems and conducting regular inspections;
- establish emergency procedures for major quality-related issues;
- provide enhanced training programs on quality assurance and product safety procedures and
- distribute employee handbooks to improve employees’ awareness of legal and regulatory compliance.

In addition, since copper is a key raw material used in our production, we may from time to time enter into hedging transactions, including copper futures transactions to manage our exposure to fluctuations in copper prices. We have established internal controls and procedures to govern such hedging activities, including approval and authorization requirements, limits on the size and duration of hedging positions and the level of risk exposure, segregation of duties, ongoing monitoring and reporting, and periodic review.

BUSINESS

LICENSES, APPROVALS AND PERMITS

We are required to obtain various licenses, permits, approvals and certificates for our business. As advised by our PRC Legal Advisor, we had obtained all the requisite licenses, permits, approvals and certificates from applicable authorities that are material to our operations, and such licenses, permits, approvals and certificates are valid and subsisting as of the Latest Practicable Date.

The following table sets out a list of material licenses, permits and approvals held by us as of the Latest Practicable Date:

Licenses, approvals and permits	Number of licensees	Issuing Authorities	Expiry Dates
Customs Registration for Consignee and Consignor of Import and Export Goods	2	Qingshanhu Customs and Tongling Customs	December 31, 2099
Pollutant Discharge Permit	4	Municipal Bureaus of Ecology and Environment in Nanchang, Tongling and Yulin	From August 14, 2027 to June 3, 2031
High and New Technology Enterprise Certificate	1	Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance and Jiangxi Provincial Taxation Administration	October 28, 2028

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

Occasionally, we may be subject to legal proceedings, investigations and claims arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we were not and had not been a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we were not and had not been involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

AWARDS AND RECOGNITIONS

We have received a number of awards and recognitions. The following table sets forth the major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

BUSINESS

Year	Name of Award or Recognition	Awarding Authority
2025	Gazelle Enterprise of Jiangxi Province (江西省瞪羚企業)	Jiangxi Provincial Department of Science and Technology (江西省科技廳)
2025	Province-level Enterprise Technology Center (省級企業技術中心)	Jiangxi Provincial Department of Industry and Information Technology (江西省工業和信息化廳)
2025	National High-Tech Enterprise (國家高新技術企業)	Jiangxi Provincial Department of Science and Technology / Department of Finance / Tax Service (江西省科技廳/財政廳/稅務局)
2025	Patent-Intensive Product List (專利密集型產品名單)	China Patent Protection Association (中國專利保護協會)
2025	Digital and Intelligent Factory (數智工廠)	Jiangxi Provincial Department of Industry and Information Technology (江西省工業和信息化廳)
2024	Intelligent Factory Demonstration Enterprise (智能工廠示範企業)	Guangxi Zhuang Autonomous Region Department of Industry and Information Technology (廣西壯族自治區工業和信息化廳)
2024	Green Factory (綠色工廠)	Jiangxi Provincial Department of Industry and Information Technology (江西省工業和信息化廳)
2024	Key R&D Program Project of Guangxi 2024 (2024年廣西重點研發計劃項目)	Guangxi Zhuang Autonomous Region Department of Science and Technology (廣西壯族自治區科學技術廳)
2023	Second Prize of Anhui Provincial Science and Technology Progress Award (安徽省科技進步二等獎)	People’s Government of Anhui Province (安徽省人民政府)
2023	Postdoctoral Research Work Station (博士後科研工作站)	Anhui Provincial Department of Human Resources and Social Security (安徽省人力資源和社會保障廳)
2023	National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration (國家知識產權局)