*You should read the following discussion and analysis in conjunction with our historical financial statements, included in the Accountants' Report in Appendix I, together with the respective accompanying notes. Our historical financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**").*

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed "Risk Factors" and "Business," and elsewhere in this document. For further details, see "Forward-Looking Statements."

OVERVIEW

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.

In 2023, 2024 and 2025, our revenue amounted to RMB4,362.2 million, RMB5,532.7 million and RMB8,630.5 million, respectively. We had a loss for the year of RMB212.1 million in 2023 and RMB364.2 million in 2024, and a profit for the year of RMB97.6 million in 2025.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). Further details of the material accounting policy information are set out in Note 2 of the Accountants' Report in Appendix I to this document.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 33 of the Accountants' Report in Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, some of which are beyond our control, including the following:

General Factors

- development of macroeconomic conditions;
- technology development in relation to electrolytic copper foil;

- conditions of the downstream markets of the electrolytic copper foil industry and the resulting fluctuations in customer demand;
- industry development and competitive landscape in the electrolytic copper foil market; and
- relevant laws and regulations, government policies and initiatives.

Company-Specific Factors

Besides the general factors affecting the industry, our business and results of operations are also affected by specific factors, including the following major factors:

Prices of Raw Materials and Our Products

As we adopt a copper price plus processing fee pricing model, copper prices and processing fees are the two largest factors that affect our revenue, cost of sales and profitability. Under this model, the market price of copper serves as the base price, and final selling price is determined by adding processing fees that vary according to product specifications, width, product grade, collection terms and payment methods. Accordingly, changes in copper prices generally affect both our revenue and cost of sales.

During the Track Record Period, our raw materials cost, which was mainly attributable to copper, accounted for 83.5%, 86.0% and 87.5% of our total cost of sales in 2023, 2024 and 2025, respectively. According to Frost & Sullivan, annual average China copper prices increased from RMB68,401.8 per metric tonne in 2023 to RMB75,018.7 per metric tonne in 2024 and further to RMB81,141.4 per metric tonne in 2025. Copper price trend is highly correlated with the development of the new energy and high-end manufacturing industries. Under our pricing mechanism, benchmark copper prices can be effectively passed through to our customers, which allows us to mitigate the direct impact of copper price fluctuations on our gross profit. In addition, in response to heightened copper price volatility during the Track Record Period, we enhanced our internal management framework and adopted certain supplementary risk management measures, including hedging arrangements such as futures pricing and settlement, to manage our exposure to copper price fluctuations.

While fluctuations in copper prices can impact both our revenue and cost of sales, our profitability is primarily influenced by the processing fee, which reflects the technological sophistication, production efficiency, product quality and value-added attributes of our electrolytic copper foil products. Through continuous investment in advanced manufacturing processes, product development and quality control, we have demonstrated resilience in our gross profit margins. Our gross profit margin improved to 6.5% in 2025, primarily due to an improved product mix with a higher contribution from high value-added products, a recovery in downstream demand that supported the increase in pricing and processing fees, and cost dilution effects resulting from increased production scale. Looking ahead, we will continue to optimize our copper procurement strategy by strengthening relationships with key suppliers and enhancing supply chain management. At the same time, we will focus on enhancing our product mix and technological capabilities by further upgrading our production technology and expanding our portfolio of high-end and customized electrolytic copper foil products. These initiatives are expected to support a healthy processing fee level, further enhance our profitability and underpin sustainable growth.

Our Ability to Optimize Our Product Mix

During the Track Record Period, our revenue is primarily driven by our electrolytic copper foil business, namely the lithium-ion battery copper foil and the electronic circuit copper foil. Our portfolio of electrolytic copper foil products are offered in various thicknesses, which are designed to accommodate different performance and application requirements. In 2023, 2024 and 2025, the sales volume of our electrolytic copper foil products amounted to 49.5 thousands tonnes, 68.5 thousands tonnes and 99.0 thousands tonnes, respectively.

The gross profit margins of different product categories vary, and changes in our product mix have a direct impact on our overall gross profit margin and results of operations. In addition, each of these product categories comprises products with different specifications and characteristics, which results in varying gross profit margins within the same category. In particular, the gross profit margin of lithium-ion battery copper foil increased from 0.2% in 2024 to 6.7% in 2025, primarily attributable to an optimized product mix as we developed and sold a higher volume of high value-added and high-performance copper foil products, together with higher processing fees and improved economies of scale.

Looking forward, to further optimize our product matrix, we intend to continuously pursue multi-dimensional technological development, with a focus on expanding the contribution from higher value-added and higher-margin products. By optimizing our product mix to better align with advanced manufacturing processes and evolving application demands, we aim to enhance our overall profitability and support sustainable financial performance.

Our Production Capacity and Processes

We believe that our long-term growth is partly dependent on our ability to continuously expand production capacity to meet the increasing demand for our products. 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, the total designed production capacity of these three production bases has reached 152,000 tonnes per annum, and our production utilization rate increased from 53.0% in 2023 to 55.7% in 2024 and further to 66.1% in 2025. We are in the process of constructing the Suining Production Base. We plan to expand our production capacity in a prudent and efficient manner to sustain our industry leadership, enabling us to meet growing market demand for electrolytic copper foil products, drive revenue growth, realize economies of scale and maintain high operational efficiency.

Our capacity expansion is underpinned by our mature and well-established production processes, which enable us to deliver high-quality copper foil products on a large scale. We employ advanced and integrated production technologies that ensure robust product performance and effective cost control. In addition, our sophisticated equipment and standardized production lines enhance operational efficiency and support large-scale applications, particularly in the energy storage system market. In 2025, our overall copper foil yield rate reached 82.7%, with certain production lines exceeding 90%, surpassing the industry average, according to Frost & Sullivan. We will continue to enhance our process control capabilities through ongoing lean optimization and intelligent manufacturing upgrades, allowing us to consistently deliver high-quality products at large scale with high efficiency, high yield rates and competitive prices.

R&D Capabilities and Technology Innovation

We believe that research and development is critical to our long-term competitiveness and success. Our R&D projects principally focus on the development of technologies that enhance product performance, such as materials and process optimization and the development of high value-added products. Our revenue growth is influenced by our ability to continuously enhance our R&D capabilities, which drive ongoing advancements in our technology and manufacturing processes. These developments enable us to deliver products that meet the evolving needs of our customers.

Supported by our robust research and development strengths, we integrate insights from top talents and international expertise to advance our copper foil materials and process technologies. Our R&D and engineering team is headed by experienced industry professionals and PhD holders, and comprised a total of 295 members as of December 31, 2025. We have made and will continue to make investment in research and development to solidify our market presence. During the Track Record Period, our research and development expenses increased by 7.0% from RMB28.6 million in 2023 to RMB30.6 million in 2024, and further by 29.5% to RMB39.6 million in 2025, demonstrating our continuous commitment to innovation. As of December 31, 2025, we held 130 patents including 31 invention patents and 99 utility model patents and one registered trademark and six software copyrights in China. Going forward, we expect to continue to invest in R&D and recruit top technical talent, focusing on technological innovation strategies to enhance our products' quality and reliability.

Cost Control and Operational Efficiency

Our ability to maintain and enhance our profit margins primarily depends on our effectiveness in managing cost of sales and improving operational efficiency. During the Track Record Period, our cost of sales primarily consisted of (i) raw materials cost, (ii) manufacturing cost and (iii) labor cost. Apart from the raw materials cost, manufacturing cost represented the other major component of our cost of sales. Our manufacturing cost amounted to RMB488.3 million, RMB535.3 million and RMB706.7 million in 2023, 2024 and 2025, respectively, representing 11.3%, 9.6% and 8.8% of our cost of sales for the same periods. With the expansion of production volume and enhancement in production utilization rates, fixed manufacturing costs such as depreciation and amortization have been effectively diluted, resulting in lower unit production costs.

Besides, our business and results of operations are also significantly affected by our operating expenses, which comprise research and development expenses, administrative expenses and selling expenses. Our operating expenses as a percentage of revenue decreased from 4.4% in 2023 to 3.4% in 2024 and further to 2.3% in 2025, demonstrating our strong ability to effectively and efficiently control our operational expenses. We will continue to optimize cost and expense management as our business evolves.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. Material accounting policies that are significant for understanding our financial condition and results of operations are set forth in detail in Note 2 of the Accountants' Report in Appendix I to this document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Actual results could differ from those estimates. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other factors that we believe to be relevant under the circumstances. Our management has discussed the development, selection and disclosure of these estimates with our Board of Directors. Since our financial reporting process inherently relies on the use of estimates and assumptions, actual results may differ from these estimates under different assumptions or conditions. When reviewing our financial statements, you should consider (i) our selection of key accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe that the material accounting policy information and estimates such as revenue and other income, property, plant and equipment, inventories and other contract costs, credit losses and impairment of assets, loss allowance for trade and other receivables and income tax in Note 2 and Note 3 of the Accountants' Report in Appendix I to this document are critical and involve the most important estimates and judgments we used in preparing our financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Revenue	4,362,188	5,532,741	8,630,493
Cost of sales	(4,307,220)	(5,547,548)	(8,070,852)
Gross profit/(loss)	**54,968**	**(14,807)**	**559,641**
Other net income	55,309	72,334	74,929
Selling expenses	(8,368)	(11,102)	(14,080)
Administrative expenses	(153,750)	(147,092)	(140,743)
Research and development expenses	(28,592)	(30,599)	(39,632)
Impairment losses on financial assets	(15,032)	(13,189)	(25,404)
Other expenses	(43,709)	(75,838)	(90,540)
(Loss)/profit from operations	**(139,174)**	**(220,293)**	**324,171**
Finance costs	(121,941)	(197,074)	(187,926)
(Loss)/profit before taxation	**(261,115)**	**(417,367)**	**136,245**
Income tax	48,975	53,163	(38,602)
(Loss)/profit for the year	**(212,140)**	**(364,204)**	**97,643**

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily generated through the sales of different types of copper foil products, i.e., lithium-ion battery copper foil and electronic circuit copper foil. Our revenue amounted to RMB4,362.2 million, RMB5,532.7 million and RMB8,630.5 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of our revenue by product line in absolute amount and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
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 include scrap copper, copper plates and copper-containing sludge.

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) raw materials cost, (ii) manufacturing cost, which mainly comprised depreciation and amortization and utilities fees, and (iii) labor cost. Our cost of sales amounted to RMB4,307.2 million, RMB5,547.5 million and RMB8,070.9 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Raw materials cost	3,597,219	83.5	4,768,501	86.0	7,065,934	87.5
Manufacturing cost	488,266	11.3	535,261	9.6	706,717	8.8
Labor cost	167,492	3.9	196,040	3.5	227,293	2.8
Others[1]	54,243	1.3	47,746	0.9	70,908	0.9
Total	**4,307,220**	**100.0**	**5,547,548**	**100.0**	**8,070,852**	**100.0**

Note:

(1) Others mainly include freight expenses, provision for inventory impairment and taxes and surcharges.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

Our gross profit amounted to RMB55.0 million and RMB559.6 million in 2023 and 2025, respectively, and our gross loss amounted to RMB14.8 million in 2024. In 2023 and 2025, our gross profit margin was 1.3% and 6.5%, respectively, and our gross loss margin was 0.3% in 2024.

The following table sets forth a breakdown of our gross profit/(loss) and gross profit/(loss) margin by product line for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross Profit/ (Loss)	*Gross Profit/ (Loss) Margin (%)*	*Gross Profit/ (Loss)*	*Gross Profit/ (Loss) Margin (%)*	*Gross Profit/ (Loss)*	*Gross Profit/ (Loss) Margin (%)*
	(RMB in thousands, except for percentages)					
Lithium-ion battery copper foil	58,631	1.6	10,662	0.2	542,434	6.7
Electronic circuit copper foil	801	0.7	(23,988)	(9.8)	15,691	3.3
Others[1]	(4,464)	(0.9)	(1,481)	(2.9)	1,516	6.4
Total	**54,968**	**1.3**	**(14,807)**	**(0.3)**	**559,641**	**6.5**

Note:

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

Other Net Income

During the Track Record Period, our other net income primarily consisted of (i) government grants, (ii) interest income from bank deposits and (iii) net (losses)/gains on disposal of property, plant and equipment. Government grants mainly represent operating subsidies and amortization of government grants for capital expenditure including development and construction of property, plant and equipment. Our other net income amounted to RMB55.3 million, RMB72.3 million and RMB74.9 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of our other net income for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Government grants	41,174	55,461	40,113
Interest income from bank deposits	11,695	12,729	25,579
Net (losses)/gains on disposal of property, plant and equipment	(50)	19	6
Others[(1)]	2,490	4,125	9,231
Total	**55,309**	**72,334**	**74,929**

Note:

(1) Others mainly include sales of scrap materials.

Selling Expenses

During the Track Record Period, our selling expenses primarily consisted of (i) employee benefit expenses and (ii) traveling and business development expenses. Our selling expenses amounted to RMB8.4 million, RMB11.1 million and RMB14.1 million in 2023, 2024 and 2025, respectively, accounting for 0.2%, 0.2% and 0.2% of our revenue in the same years.

The following table sets forth a breakdown of our selling expenses by nature in absolute amount and as a percentage of our total selling expenses for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	5,926	70.8	8,572	77.2	9,948	70.7
Traveling and business development expenses	1,755	21.0	1,845	16.6	2,117	15.0
Sample fee	338	4.0	361	3.3	909	6.5
Share-based payment	7	0.1	83	0.7	118	0.8
Others[(1)]	342	4.1	241	2.2	988	7.0
Total	**8,368**	**100.0**	**11,102**	**100.0**	**14,080**	**100.0**

Note:

(1) Others mainly included professional service fees related to (i) overseas customer development and (ii) industry research and customer demand research.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefit expenses and (ii) depreciation and amortization. Our administrative expenses amounted to RMB153.8 million, RMB147.1 million and RMB140.7 million in 2023, 2024 and 2025, respectively, accounting for 3.5%, 2.7% and 1.6% of our revenue in the same years.

The following table sets forth a breakdown of our administrative expenses by nature in absolute amount and as a percentage of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	110,005	71.5	100,452	68.3	88,258	62.7
Depreciation and amortization	21,706	14.1	27,366	18.6	29,416	20.9
Professional service fees	5,606	3.7	3,023	2.1	6,558	4.6
Office expenses	6,870	4.5	5,205	3.5	4,453	3.2
Share-based payment	674	0.4	2,038	1.4	3,069	2.2
Others[1]	8,889	5.8	9,008	6.1	8,989	6.4
Total	**153,750**	**100.0**	**147,092**	**100.0**	**140,743**	**100.0**

Note:

(1) Others mainly include bank service charges, travel and business development expenses and vehicle usage expenses.

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) employee benefit expenses, (ii) utilities and materials fees and (iii) depreciation and amortization. Our research and development expenses amounted to RMB28.6 million, RMB30.6 million and RMB39.6 million in 2023, 2024 and 2025, respectively, accounting for 0.7%, 0.6% and 0.5% of our revenue in the same years.

The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the years indicated:

	Year ended December 31,					
	2023		**2024**		**2025**	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Employee benefit expenses	14,560	50.9	16,664	54.5	22,909	57.8
Utilities and materials fees	8,823	30.9	8,845	28.9	10,185	25.7
Depreciation and amortization	4,786	16.7	4,873	15.9	6,106	15.4
Share-based payment	27	0.1	111	0.4	308	0.8
Others[(1)]	396	1.4	106	0.3	124	0.3
Total	**28,592**	**100.0**	**30,599**	**100.0**	**39,632**	**100.0**

Note:

(1) Others mainly include costs related to testing and validation and external collaboration for research and development projects.

Impairment Losses on Financial Assets

During the Track Record Period, our impairment losses on financial assets primarily comprised impairment loss on trade and bills receivables. Our impairment losses on financial assets amounted to RMB15.0 million, RMB13.2 million and RMB25.4 million in 2023, 2024 and 2025, respectively.

Other Expenses

During the Track Record Period, our other expenses primarily comprised bill discounting fees. Our other expenses amounted to RMB43.7 million, RMB75.8 million and RMB90.5 million in 2023, 2024 and 2025, respectively.

Finance Costs

During the Track Record Period, our finance costs primarily comprised (i) interest on loans and borrowings and (ii) interest on other financial liabilities. Our finance costs amounted to RMB121.9 million, RMB197.1 million and RMB187.9 million in 2023, 2024 and 2025, respectively.

The following table sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Interest on loans and borrowings	161,565	211,663	200,747
Less: interest expense capitalized	(47,885)	(27,049)	(20,030)
Interest on other financial liabilities	8,261	12,460	4,614
Others	–	–	2,595
Total	**121,941**	**197,074**	**187,926**

Income Tax

According to the Corporate Income Tax Law of China, our subsidiaries in Chinese mainland are subject to a statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%. Our subsidiaries in Guangxi Province are entitled to a preferential income tax rate of 9% according to the Announcement on Continuation of CIT Policies for Large-scale Development in the Western Region (Announcement [2020] No.23 of the Ministry of Finance, State Taxation Administration and National Development and Reform Commission) and relevant local tax authorities' notices. Taxation of other subsidiaries is charged at the prevailing rates in the relevant countries or jurisdictions and are calculated on a stand-alone basis.

During the Track Record Period, we recorded income tax credit of RMB49.0 million in 2023, income tax credit of RMB53.2 million in 2024 and income tax expense of RMB38.6 million in 2025. We recorded income tax credit in 2023 and 2024, primarily due to the recognition of deferred tax assets arising from deductible temporary differences.

Our income tax expense consisted of current tax and deferred tax. The following table sets forth a breakdown of our income tax (credit)/expense for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Current tax:			
Provision for the year	12,739	7,119	28,491
Deferred tax:			
Origination and reversal of temporary differences	(61,714)	(60,282)	10,111
Total	**(48,975)**	**(53,163)**	**38,602**

During the Track Record Period and up to the Latest Practicable Date, we had paid all income tax expenses that were due and applicable to us and did not have any material disputes or unresolved tax issues with the relevant tax authorities.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

Revenue

Our revenue increased by 56.0% from RMB5,532.7 million in 2024 to RMB8,630.5 million in 2025, primarily due to increases in revenue from sales of lithium-ion battery copper foil and electronic circuit copper foil.

- Our revenue from sales of lithium-ion battery copper foil increased by 55.3% from RMB5,235.4 million in 2024 to RMB8,129.0 million in 2025, primarily due to (i) increased sales volume driven by strong downstream demand from the new energy vehicle and energy storage system markets and (ii) higher selling prices resulting from (a) rising copper prices and (b) a change in product mix as we developed and sold a higher volume of high value-added ultra-thin copper foil products.

- Our revenue from sales of electronic circuit copper foil increased by 94.3% from RMB245.9 million in 2024 to RMB477.6 million in 2025, primarily due to (i) increased sales volume driven by strong downstream demand growth, particularly from applications related to AI, data infrastructure and semiconductors and (ii) higher selling prices attributable to (a) a rising trend of copper prices and (b) a shift in product mix, reflecting our development and sales of a higher volume of higher value-added products.

- Our revenue from sales of others decreased by 53.7% from RMB51.4 million in 2024 to RMB23.8 million in 2025, primarily due to the enhanced internal utilization of scrap foil following the increased production utilization rate of the wire drawing factory at our Nanchang Production Base in 2025, which reduced the volume of scrap foil available for external sales.

Cost of Sales

Our cost of sales increased by 45.5% from RMB5,547.5 million in 2024 to RMB8,070.9 million in 2025, primarily due to (i) an increase in raw materials cost resulting from increased sales and rising copper prices and (ii) an increase in manufacturing cost resulting from increased sales.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

We had a gross loss of RMB14.8 million in 2024 and a gross profit of RMB559.6 million in 2025. We recorded a gross loss margin of 0.3% and a gross profit margin of 6.5% in 2024 and 2025, respectively, primarily due to increases in the gross profit margin of lithium-ion battery copper foil and electronic circuit copper foil.

- Our gross profit from lithium-ion battery copper foil increased significantly from RMB10.7 million in 2024 to RMB542.4 million in 2025. Our gross profit margin from lithium-ion battery copper foil increased from 0.2% in 2024 to 6.7% in 2025, primarily due to (i) an optimized product mix as we developed and sold a higher volume of high value-added and high-performance copper foil products, (ii) higher processing fees, supported by our strengthened bargaining power amid a recovery in downstream demand from the new energy market, and (iii) improved economies of scale resulting from increased production scale.

- Our gross loss from electronic circuit copper foil was RMB24.0 million in 2024, compared to gross profit of RMB15.7 million in 2025. Our gross profit margin from electronic circuit copper foil was 3.3% in 2025, compared to a gross loss margin of 9.8% in 2024, primarily due to (i) rising product prices resulting from a recovery in downstream demand from the electronic information industry and (ii) the increased production capacity utilization rate of the production lines for electronic circuit copper foil at our Nanchang Production Base and a decrease in unit manufacturing costs.

Other Net Income

Our other net income increased by 3.6% from RMB72.3 million in 2024 to RMB74.9 million in 2025, primarily due to an increase in interest income from bank deposits attributable to higher interest income on bill margin deposits resulting from increased use of bank acceptance bills, partially offset by a decrease in government grants.

Selling Expenses

Our selling expenses increased by 26.8% from RMB11.1 million in 2024 to RMB14.1 million in 2025, primarily due to (i) an increase in employee benefit expenses resulting from higher salary levels and (ii) an increase in traveling and business development expenses, resulting from increased sales and marketing activities driven by business growth.

Administrative Expenses

Our administrative expenses decreased by 4.3% from RMB147.1 million in 2024 to RMB140.7 million in 2025, primarily due to a decrease in employee benefit expenses resulting from ongoing staff streamlining and cost control measures.

Research and Development Expenses

Our research and development expenses increased by 29.5% from RMB30.6 million in 2024 to RMB39.6 million in 2025, primarily due to an increase in employee benefit expenses resulting from the recruitment of experienced R&D talent to strengthen our core R&D capabilities.

Impairment Losses on Financial Assets

Our impairment losses on financial assets increased significantly by 92.6% from RMB13.2 million in 2024 to RMB25.4 million in 2025, primarily due to an increase in impairment losses on trade receivables as increased sales led to higher receivable balances and corresponding impairment provisions in accordance with our expected credit loss rates.

Other Expenses

Our other expenses increased by 19.4% from RMB75.8 million in 2024 to RMB90.5 million in 2025, primarily due to an increase in bill discounting fees driven by continued business expansion.

Finance Costs

Our finance costs decreased by 4.6% from RMB197.1 million in 2024 to RMB187.9 million in 2025, primarily due to decreases in interest on other financial liabilities and interest on bank loans and other borrowings resulting from our repayment of certain financial liabilities arising from sales and leaseback arrangements and bank borrowings.

Income Tax

We recorded an income tax credit of RMB53.2 million in 2024 and income tax expense of RMB38.6 million in 2025, primarily due to an increase in taxable income, which was generally in line with the growth of our business.

(Loss)/Profit for the Year

As a result of the foregoing, we had net loss of RMB364.2 million in 2024 and net profit of RMB97.6 million in 2025.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 26.8% from RMB4,362.2 million in 2023 to RMB5,532.7 million in 2024, primarily due to increases in revenue from sales of lithium-ion battery copper foil and electronic circuit copper foil.

- Our revenue from sales of lithium-ion battery copper foil increased by 39.4% from RMB3,756.8 million in 2023 to RMB5,235.4 million in 2024, primarily due to (i) increased sales volume driven by higher sales volume resulting from robust downstream demand in the new energy vehicle and energy storage system industries and (ii) higher selling prices resulting from rising copper prices.
- Our revenue from sales of electronic circuit copper foil increased by 117.0% from RMB113.3 million in 2023 to RMB245.9 million in 2024, primarily due to (i) increased sales volume driven by the expansion of our production capacity and (ii) higher selling prices resulting from an increase in copper prices.
- Our revenue from sales of others decreased significantly from RMB492.0 million in 2023 to RMB51.4 million in 2024, primarily due to (i) the enhanced internal utilization of scrap foil following the ramp-up of the wire drawing factory at our Yulin and Nanchang production bases in 2024, which reduced the volume of scrap foil available for external sales and (ii) the improved product yield rate, which reduced the generation rate of scrap copper.

Cost of Sales

Our cost of sales increased by 28.8% from RMB4,307.2 million in 2023 to RMB5,547.5 million in 2024, primarily due to an increase in raw materials cost resulting from increased sales and rising copper prices.

Gross Profit/(Loss) and Gross Profit/(Loss) Margin

We had a gross profit of RMB55.0 million in 2023 compared to a gross loss of RMB14.8 million in 2024. We recorded a gross profit margin of 1.3% in 2023 compared to a gross loss margin of 0.3% in 2024, primarily due to decreases in the gross margin of lithium-ion battery copper foil and electronic circuit copper foil.

- Our gross profit from lithium-ion battery copper foil decreased by 81.8% from RMB58.6 million in 2023 to RMB10.7 million in 2024. Our gross profit margin from lithium-ion battery copper foil decreased from 1.6% in 2023 to 0.2% in 2024, primarily due to a decline in industry-wide processing fees resulting from intensified market competition and cyclical oversupply.
- We recorded a gross profit from electronic circuit copper foil of RMB0.8 million in 2023 as compared to a gross loss of RMB24.0 million in 2024. We recorded a gross profit margin of electronic circuit copper foil of 0.7% in 2023 as compared to a gross loss margin of 9.8% in 2024. The decline was primarily due to (i) an increase in depreciation and amortization following the commencement of operations of the electronic circuit copper foil production lines at the Nanchang Production Base in 2024, thereby leading to higher manufacturing costs and (ii) relatively low processing fees resulting from weakened downstream demand amid a downturn in the consumer electronics and PCB industries.

Other Net Income

Our other net income increased by 30.8% from RMB55.3 million in 2023 to RMB72.3 million in 2024, primarily due to an increase in government grants resulting from the receipt of subsidies for industrial development and project construction.

Selling Expenses

Our selling expenses increased by 32.7% from RMB8.4 million in 2023 to RMB11.1 million in 2024, primarily due to (i) an increase in employee benefit expenses resulting from the expansion of our sales team and higher salary levels and (ii) an increase in traveling and business development expenses resulting from increasing market development activities.

Administrative Expenses

Our administrative expenses decreased by 4.3% from RMB153.8 million in 2023 to RMB147.1 million in 2024, primarily due to a decrease in employee benefit expenses resulting from streamlining of non-essential management and administrative positions, partially offset by an increase in depreciation and amortization resulting from new equipment which was put into use in 2024.

Research and Development Expenses

Our research and development expenses increased by 7.0% from RMB28.6 million in 2023 to RMB30.6 million in 2024, primarily due to an increase in employee benefit expenses resulting from the expansion of our R&D team to support core technology development and ongoing R&D projects.

Impairment Losses on Financial Assets

Our impairment losses on financial assets decreased by 12.3% from RMB15.0 million in 2023 to RMB13.2 million in 2024, primarily due to a decrease in impairment losses on bills receivables, measured at FVOCI, resulting from the expansion of our business scale, which increased our funding needs and led to the discounting of a majority of our bills, thereby reducing the balance of bills receivables outstanding, partially offset by an increase in impairment losses on trade and bills receivables measured at amortized cost resulting from the expansion of our business scale.

Other Expenses

Our other expenses increased by 73.5% from RMB43.7 million in 2023 to RMB75.8 million in 2024, primarily due to an increase in bill discounting fees arising from business expansion.

Finance Costs

Our finance costs increased by 61.6% from RMB121.9 million in 2023 to RMB197.1 million in 2024, primarily due to an increase in interest on bank loans and other borrowings resulting from increased borrowings incurred for the construction of our production bases.

Income Tax

Our income tax credit increased by 8.6% from RMB49.0 million in 2023 to RMB53.2 million in 2024, primarily due to an increase in deferred tax assets arising from deductible temporary differences.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB212.1 million in 2023 to RMB364.2 million in 2024.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth selected information from our summary consolidated statement of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this document.

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Total current assets	4,396,897	6,337,916	10,454,003
Total non-current assets	5,593,866	5,642,044	5,599,680
Total assets	**9,990,763**	**11,979,960**	**16,053,683**
Total current liabilities	3,593,061	6,064,508	9,785,899
Total non-current liabilities	3,888,563	3,774,240	3,621,221
Total liabilities	**7,481,624**	**9,838,748**	**13,407,120**
Net assets	**2,509,139**	**2,141,212**	**2,646,563**

Non-Current Assets and Liabilities

The following table sets forth our non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	5,174,958	5,202,438	5,144,575
Right-of-use assets	266,143	260,490	255,698
Intangible assets	1,008	3,028	6,581
Investment property	941	910	3,233
Prepayments, other receivables and other assets	61,399	23,205	48,612
Deferred tax assets	89,417	151,973	140,981
Total non-current assets	**5,593,866**	**5,642,044**	**5,599,680**
Non-current liabilities			
Other payables and accruals	–	–	34,606
Loans and borrowings	3,430,111	3,196,797	2,980,200
Other financial liabilities	169,594	60,133	7,184
Deferred income	288,858	516,372	599,231
Deferred tax liabilities	–	938	–
Total non-current liabilities	**3,888,563**	**3,774,240**	**3,621,221**

Property, Plant and Equipment

Our property, plant and equipment consisted of plant and buildings, machinery and equipment, motor vehicles, office equipment and others and construction in progress. Our property, plant and equipment remained relatively stable at RMB5,175.0 million as of December 31, 2023, RMB5,202.4 million as of December 31, 2024 and RMB5,144.6 million as of December 31, 2025.

Right-of-use Assets

Our right-of-use assets primarily consisted of leasehold land. Our right-of-use assets decreased by 2.1% from RMB266.1 million as of December 31, 2023 to RMB260.5 million as of December 31, 2024, and further decreased by 1.8% to RMB255.7 million as of December 31, 2025, primarily due to amortization.

Intangible Assets

Our intangible assets primarily consisted of software. Our intangible assets increased by 200.4% from RMB1.0 million as of December 31, 2023 to RMB3.0 million as of December 31, 2024, and further increased by 117.3% to RMB6.6 million as of December 31, 2025, primarily due to the upgrade of our financial and production management system.

Current Assets and Liabilities

The following table sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			(Unaudited)
Current assets				
Inventories	1,007,695	983,909	1,982,041	2,379,699
Trade and bills receivables	1,980,485	2,354,998	4,616,548	4,009,274
Cash and cash equivalents	386,845	836,690	593,503	1,786,239
Restricted bank deposits	504,089	1,669,754	2,777,301	3,842,527
Prepayments, other receivables and other assets	517,783	492,565	484,610	613,722
Derivative financial instruments	–	–	–	14,039
Total current assets	**4,396,897**	**6,337,916**	**10,454,003**	**12,645,500**
Current liabilities				
Trade and bills payables	203,517	1,486,094	2,855,351	2,813,236
Other payables and accruals	1,321,598	993,726	610,960	636,099
Contract liabilities	8,074	4,881	7,164	12,872
Loans and borrowings	1,914,178	3,466,183	6,291,596	7,363,545
Other financial liabilities	132,117	109,461	15,093	–
Derivative financial instruments	1,237	2,406	3,359	–
Income tax payable	12,340	1,757	2,376	14,011
Total current liabilities	**3,593,061**	**6,064,508**	**9,785,899**	**10,839,763**
Net current assets	**803,836**	**273,408**	**668,104**	**1,805,737**

Our net current assets increased by 170.3% from RMB668.1 million as of December 31, 2025 to RMB1,805.7 million as of April 30, 2026, primarily due to (i) an increase in cash and cash equivalents resulting from Pre-**[REDACTED]** investments received and (ii) an increase in restricted bank deposits resulting from increased adoption of bank acceptance bills and letters of credit, which required margin deposits, partially offset by (i) an increase in loans and borrowings to supplement our working capital and (ii) a decrease in trade and bills receivables driven by shortened customer credit periods.

Our net current assets increased by 144.4% from RMB273.4 million as of December 31, 2024 to RMB668.1 million as of December 31, 2025, primarily due to (i) an increase in trade and bills receivables driven by increased sales of lithium-ion battery copper foil driven by production capacity expansion and strong demand from the energy storage system industry and (ii) an increase in restricted bank deposits driven by increased adoption of bank acceptance bills and letters of credit, which required margin deposits, partially offset by (i) an increase in trade and bills payables driven by increased procurement volumes driven by business expansion, an increase in copper prices and extended settlement terms for copper materials following negotiations of payment terms with certain key suppliers and (ii) an increase in loans and borrowings to supplement working capital.

Our net current assets decreased by 66.0% from RMB803.8 million as of December 31, 2023 to RMB273.4 million as of December 31, 2024, primarily due to (i) an increase in trade and bills payables driven by increased procurement volumes resulting from business expansion, an increase in copper prices and our optimized supply chain model, which extended settlement terms for copper materials and (ii) an increase in loans and borrowings to supplement working capital, partially offset by an increase in restricted bank deposits driven by increased adoption of bank acceptance bills and letters of credit, which required margin deposits.

Inventories

Our inventories primarily consisted of raw materials, work in progress, finished goods and goods in transit. For our policy of provision of inventories, see Note 2(k) and Note 3(b) to the Accountants' Report included in Appendix I to this document. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Raw materials	125,866	130,067	299,180
Work in progress	550,975	587,255	1,417,223
Finished goods	340,028	267,122	259,970
Goods in transit	3,377	2,911	5,768
Write-down of inventories	(12,551)	(3,446)	(100)
Total	**1,007,695**	**983,909**	**1,982,041**

Our inventories decreased by 2.4% from RMB1,007.7 million as of December 31, 2023 to RMB983.9 million as of December 31, 2024, primarily due to a decrease in finished goods resulting from enhanced inventory management, including more refined demand forecasting and production planning. Our inventories increased by 101.4% to RMB1,982.0 million as of December 31, 2025, primarily due to an increase in raw materials and work in progress resulting from the expansion of production capacity to meet strong customer demand.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within 6 months	996,673	972,230	1,969,497
More than 6 months but within 1 year	21,887	8,154	1,510
More than 1 year	1,686	6,971	11,134
Write-down of inventories	(12,551)	(3,446)	(100)
Total	**1,007,695**	**983,909**	**1,982,041**

The following table sets forth our inventories turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(days)		
Inventories turnover days[1]	66	65	66

Note:

(1) Inventories turnover days are calculated using the average of opening balance and ending balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 360 days.

Our inventories turnover days remained relatively stable at 66 days in 2023, 65 days in 2024 and 66 days in 2025.

As of April 30, 2026, RMB1,962.1 million, or 99.0% of inventories as of December 31, 2025, had been used, consumed or sold.

Trade and Bills Receivables

Our trade and bills receivables primarily represented the receivables due from our customers for the purchase of our products. For our policy of provision of trade and other receivables, see Note 2(j) to the Accountants' Report included in Appendix I to this document. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Trade receivables			
– Third parties	1,121,852	2,058,823	4,040,933
– Related party	–	16	–
Bills receivables, measured at amortized cost	170,234	236,761	544,083
Less: loss allowance	(17,254)	(27,989)	(52,645)
Net trade and bills receivables measured at amortized cost	1,274,832	2,267,611	4,532,371
Bills receivables, measured at FVOCI	705,653	87,387	84,177
Total	**1,980,485**	**2,354,998**	**4,616,548**

Our trade and bills receivables increased by 18.9% from RMB1,980.5 million as of December 31, 2023 to RMB2,355.0 million as of December 31, 2024, primarily due to increased sales of lithium-ion battery copper foil and electronic circuit copper foil driven by the recovery of the downstream industry and customer demand. Our trade and bills receivables further increased by 96.0% to RMB4,616.5 million as of December 31, 2025, primarily due to increased sales of lithium-ion battery copper foil driven by production capacity expansion and strong demand from the energy storage system industry.

The following table sets forth an aging analysis of our trade and bills receivables, based on the revenue recognition date, as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Within 1 year	1,993,263	2,376,336	4,660,497
More than 1 year	4,476	6,651	8,696
Less: loss allowance	(17,254)	(27,989)	(52,645)
Total	**1,980,485**	**2,354,998**	**4,616,548**

We generally grant customers credit periods ranging from 30 to 90 days from invoice date. The following table sets forth our trade and bills receivables turnover days for the years indicated:

	Year ended December 31,		
	2023	2024	2025
		(days)	
Trade and bills receivables turnover days[1]	123	141	145

Note:

(1) Trade and bills receivables turnover days are calculated using the average of opening balance and ending balance of trade and bills receivables for a year divided by revenue for the relevant year and multiplied by 360 days.

Our trade and bills receivables turnover days increased from 123 days in 2023 to 141 days in 2024, primarily due to longer credit periods granted to certain major customers to strengthen long-term business relationships. Our trade and bills receivables turnover days remained relatively stable at 141 days in 2024 and 145 days in 2025.

As of April 30, 2026, RMB4,500.9 million, or 96.4% of trade and bills receivables as of December 31, 2025, had been settled.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash at bank less restricted bank deposits. The following table sets forth a breakdown of our cash and cash equivalents as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Cash at bank	890,934	2,506,444	3,370,804
Less: restricted bank deposits[1]	(504,089)	(1,669,754)	(2,777,301)
Total	**386,845**	**836,690**	**593,503**

Note:

(1) Restricted bank deposits primarily represented cash maintained at banks as deposits for guarantees of payment relating to the issuance of bills payable, letters of credit to certain of our vendors and hedge transactions.

Our cash and cash equivalents increased by 116.3% from RMB386.8 million as of December 31, 2023 to RMB836.7 million as of December 31, 2024, primarily due to an increase in cash at bank, which resulted from the collection of matured trade receivables. Our cash and cash equivalents then decreased by 29.1% to RMB593.5 million as of December 31, 2025, mainly due to an increase in restricted bank deposits, which resulted from the expanded use of bank credit facilities, including bank acceptance bills and letters of credit, partially offset by an increase in cash at bank resulting from the collection of matured trade receivables.

Prepayments, Other Receivables and Other Assets

Our current portion of prepayments, other receivables and other assets primarily consisted of (i) VAT recoverable and (ii) prepayments to suppliers, mainly representing prepayments for the procurement of raw materials and production-related supplies, as well as prepayments for certain operating expenses. Our non-current portion of prepayments, other receivables and other assets primarily consisted of prepayments for property, plant and equipment, which mainly represented prepayments related to the acquisition of property, plant and equipment. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Current:			
Prepayments to suppliers			
– Third party	69,077	14,183	9,516
– Related party	–	49	–
VAT recoverable	425,161	445,614	449,488
Prepaid income tax	1,092	8,701	12,015
Other receivables			
– Third party	22,589	24,091	13,559
– Related party	–	140	140
Less: loss allowance	(136)	(213)	(108)
Sub-total	**517,783**	**492,565**	**484,610**
Non-current:			
Prepayments for property, plant and equipment	61,399	23,205	48,612
Sub-total	**61,399**	**23,205**	**48,612**
Total	**579,182**	**515,770**	**533,222**

Our prepayments, other receivables and other assets decreased by 10.9% from RMB579.2 million as of December 31, 2023 to RMB515.8 million as of December 31, 2024, primarily due to (i) a decrease in prepayments to suppliers as we reduced advance payments for raw materials by optimizing the supply chain model and (ii) a decrease in prepayments for property, plant and equipment due to (a) reclassification of the relevant prepayments to property, plant and equipment following the commencement of operations at the Nanchang Production Base and (b) decreased equipment procurement payments due to the temporary suspension of certain construction project. Our prepayments, other receivables and other assets further increased by 3.4% to RMB533.2 million as of December 31, 2025, primarily due to (i) an increase in VAT recoverable driven by increased capital expenditures and (ii) an increase in prepayments for property, plant and equipment due to the increased payments for the procurement of equipment required for a new construction project.

Trade and Bills Payables

Our trade and bills payables primarily consisted of amounts due to suppliers for raw materials, primarily copper. The following table sets forth a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Trade payables			
– Third Party	110,124	1,142,993	2,101,137
– Related Party	–	101	89
Bills payables	93,393	343,000	754,125
Total	**203,517**	**1,486,094**	**2,855,351**

Our trade and bills payables significantly increased by 630.2% from RMB203.5 million as of December 31, 2023 to RMB1,486.1 million as of December 31, 2024, and further increased by 92.1% from RMB1,486.1 million as of December 31, 2024 to RMB2,855.4 million as of December 31, 2025, primarily due to (i) our optimized supply chain model which extended the settlement terms for raw materials and (ii) increased raw material procurement driven by business expansion and rising copper prices.

The following table sets forth an aging analysis of our trade and bills payables based on the invoice date as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
		(RMB in thousands)	
Within 1 year	198,178	1,478,077	2,849,266
Over 1 year	5,339	8,017	6,085
Total	**203,517**	**1,486,094**	**2,855,351**

In 2023, the majority of our purchases from suppliers were settled on a prepayment basis, while, to a lesser extent, certain suppliers granted us credit terms, generally with credit periods of 60 to 90 days from invoice date. In 2024 and 2025, the credit terms granted by our suppliers were generally from 30 to 90 days from invoice date. The following table sets forth our trade and bills payables turnover days for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
		(days)	
Trade and bills payables turnover days[1]	36	55	97

Note:

(1) Trade and bills payables turnover days are calculated using the average of opening balance and ending balance of trade and bills payables for a year divided by cost of sales for the relevant year and multiplied by 360 days.

Our trade and bills payables turnover days increased from 36 days in 2023 to 55 days in 2024, and further increased to 97 days in 2025, primarily due to (i) our optimized supply chain model, which extended settlement terms for raw materials and (ii) increased raw material procurement driven by business expansion and rising copper prices.

As of April 30, 2026, RMB2,758.3 million, or 96.6% of trade and bills payables as of December 31, 2025, had been settled.

Other Payables and Accruals

Our current portion of other payables and accruals primarily consisted of (i) accrued payrolls, (ii) payables for property, plant and equipment, (iii) taxes other than income tax payables, (iv) payables from the endorsement of the bills, which mainly represented payables arising from bills that have been endorsed but are not yet due for payment and (v) other payables and accruals, which mainly consisted of deposits and guarantees payable in connection with construction projects. Our non-current portion of other payables and accruals primarily consisted of long-term payables, mainly representing payments for equipment procurement in respect of construction projects.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current:			
Accrued payrolls	63,755	46,856	63,308
Payables for property, plant and equipment	1,152,162	847,094	363,319
Taxes other than income tax payables	4,108	7,570	30,576
Payables from the endorsement of the bills	84,908	82,157	142,647
Other payables and accruals	16,665	10,049	11,110
Sub-total	**1,321,598**	**993,726**	**610,960**
Non-current:			
Long-term payables	–	–	34,606
Sub-total	**–**	**–**	**34,606**
Total	**1,321,598**	**993,726**	**645,566**

Our other payables and accruals decreased by 24.8% from RMB1,321.6 million as of December 31, 2023 to RMB993.7 million as of December 31, 2024, primarily due to (i) a decrease in payables for property, plant and equipment resulting from the gradual payment of outstanding payables upon completion of the construction of the Nanchang Production Base and (ii) a decrease in accrued payrolls due to a decreased number of employees. Our other payables and accruals decreased by 35.0% from RMB993.7 million as of December 31, 2024 to RMB645.6 million as of December 31, 2025, primarily due to the gradual payment of outstanding payables for property, plant and equipment upon completion of the construction of the Nanchang Production Base, partially offset by (i) an increase in payables from the endorsement of the bills resulting from the expansion of procurement scale, which resulted in a higher volume of bills payable being endorsed but not yet matured and (ii) an increase in long-term payables arising from payments for equipment procurement in respect of certain construction project.

Contract Liabilities

Our contract liabilities primarily consisted of prepayments received from customers. Our contract liabilities decreased by 39.5% from RMB8.1 million as of December 31, 2023 to RMB4.9 million as of December 31, 2024, primarily due to the fulfillment of contractual obligations in 2024 in respect of customer prepayments received in 2023. Our contract liabilities increased by 46.8% from RMB4.9 million as of December 31, 2024 to RMB7.2 million as of December 31, 2025, primarily due to an increase in customer prepayments received during the year in connection with new customer orders.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from operations, and from debt and equity financing. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As of December 31, 2023, 2024 and 2025, we had cash and cash equivalents of RMB386.8 million, RMB836.7 million and RMB593.5 million, respectively. Going forward, we believe that our liquidity requirements will be satisfied through a combination of operating cash flow, equity and debt financing, and the estimated net **[REDACTED]** to be received from the **[REDACTED]**. Our Directors are of the view that, taking into account the financial resources available to us, including bank balances and cash, our available banking facilities, cash flows from operating activities and net **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for at least 12 months from the date of this document.

Cash Flows

The following table sets forth the key items of our cash flows for the years indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	(RMB in thousands)		
Net cash used in operating activities	(1,118,002)	(653,853)	(3,821,654)
Net cash used in investing activities	(2,263,715)	(363,754)	(746,333)
Net cash generated from financing activities	3,358,707	1,467,452	4,324,800
Net (decrease)/increase in cash and cash equivalents	(23,010)	449,845	(243,187)
Cash and cash equivalents at the beginning of the year	409,855	386,845	836,690
Cash and cash equivalents at the end of the year	**386,845**	**836,690**	**593,503**

Net Cash Used in Operating Activities

In 2025, we had net cash outflow from operating activities of RMB3,821.7 million, which was primarily attributed to profit before taxation of RMB136.2 million and income tax paid of RMB31.2 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB299.0 million and (ii) finance costs of RMB187.9 million, and changes in working capital, primarily comprising an increase in trade and other payables of RMB1,593.8 million, partially offset by (i) an increase in trade and other receivables of RMB4,079.5 million and (ii) an increase in restricted bank deposits of RMB1,035.2 million.

In 2024, we had net cash outflow from operating activities of RMB653.9 million, which was primarily attributed to loss before taxation of RMB417.4 million and income tax paid of RMB25.3 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB229.9 million and (ii) finance costs of RMB197.1 million, and changes in working capital, primarily comprising increase in trade and other payables of RMB1,447.9 million, partially offset by (i) an increase in restricted bank deposits of RMB1,366.0 million and (ii) an increase in trade and other receivables of RMB1,017.7 million.

In 2023, we had net cash outflow from operating activities of RMB1,118.0 million, which was primarily attributed to loss before taxation of RMB261.1 million and income tax paid of RMB44.7 million, as adjusted by non-cash and non-operating items, primarily comprising (i) depreciation of property, plant and equipment of RMB157.8 million and (ii) finance costs of RMB121.9 million, and changes in working capital, primarily comprising an increase in trade and other payables of RMB371.7 million, partially offset by an increase in trade and other receivables of RMB1,499.9 million.

Net Cash Used in Investing Activities

In 2025, we had net cash outflow from investing activities of RMB746.3 million, which was primarily attributable to (i) payment for purchase of property, plant and equipment and intangible assets of RMB684.3 million and (ii) payment for purchase of derivative financial instruments of RMB544.4 million, partially offset by proceeds from derivative financial instruments of RMB482.3 million.

In 2024, we had net cash outflow from investing activities of RMB363.8 million, which was primarily attributable to (i) payment for purchase of property, plant and equipment and intangible assets of RMB446.5 million and (ii) payment for purchase of derivative financial instruments of RMB413.8 million, partially offset by proceeds from derivative financial instruments of RMB459.4 million.

In 2023, we had net cash outflow from investing activities of RMB2,263.7 million, which was primarily attributable to (i) payment for purchase of property, plant and equipment and intangible assets of RMB2,283.7 million and (ii) payment for purchase of derivative financial instruments of RMB187.5 million, partially offset by proceeds from derivative financial instruments of RMB201.6 million.

Net Cash Generated from Financing Activities

In 2025, we had net cash inflow from financing activities of RMB4,324.8 million, which was primarily attributable to proceeds from loans and borrowings of RMB7,343.5 million, partially offset by repayment of loans and borrowings of RMB3,070.4 million.

In 2024, we had net cash inflow from financing activities of RMB1,467.5 million, which was primarily attributable to proceeds from loans and borrowings of RMB3,460.6 million, partially offset by repayment of loans and borrowings of RMB1,630.5 million.

In 2023, we had net cash inflow from financing activities of RMB3,358.7 million, which was primarily attributable to proceeds from loans and borrowings of RMB4,342.4 million, partially offset by repayment of loans and borrowings of RMB1,125.6 million.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and April 30, 2026, our indebtedness included loans and borrowings and other financial liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2023	**2024**	**2025**	**2026**
	(RMB in thousands)			
				(Unaudited)
Current				
Loans and borrowings	1,914,178	3,466,183	6,291,596	7,363,545
Other financial liabilities	132,117	109,461	15,093	–
Non-Current				
Loans and borrowings	3,430,111	3,196,797	2,980,200	2,907,633
Other financial liabilities	169,594	60,133	7,184	–
Total	**5,646,000**	**6,832,574**	**9,294,073**	**10,271,178**

Loans and Borrowings

As of December 31, 2023, 2024, 2025 and April 30, 2026, our total loans and borrowings (including current and non-current portions) amounted to RMB5,344.3 million, RMB6,663.0 million, RMB9,271.8 million and RMB10,271.2 million, respectively. Our loans and borrowings are denominated in RMB. The interest rate on our fixed-rate bank loans ranged from 1.40% to 4.95% during the Track Record Period. As of the Latest Practicable Date, our unutilized banking facilities amounted to RMB1,921.6 million.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. Our Directors confirm that as of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to undertake additional debt or equity financing in the future, nor was there any breach of covenant (that was not waived) during the Track Record Period and up to the Latest Practicable Date.

Other Financial Liabilities

Our other financial liabilities mainly consisted of financial liabilities arising from sales and leaseback arrangements for the Yulin and Tongling production bases.

As of December 31, 2023, 2024, 2025 and April 30, 2026, our total other financial liabilities (including current and non-current portions) amounted to RMB301.7 million, RMB169.6 million, RMB22.3 million and nil, respectively, representing a continuous decrease over the period, primarily due to the repayment of financial liabilities arising from sales and leaseback arrangements for the Yulin and Tongling production bases.

Indebtedness Statement

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of April 30, 2026, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in our indebtedness since April 30, 2026.

Contingent Liabilities

As of December 31, 2023, 2024 and 2025 and up to the Latest Practicable Date, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the years indicated or as of the dates indicated:

	As of/For the year ended December 31,		
	2023	**2024**	**2025**
Profitability ratio			
Gross profit/(loss) margin (%)[1]	1.3	(0.3)	6.5
Net (loss)/profit margin (%)[2]	(4.9)	(6.6)	1.1
Liquidity ratio			
Current ratio[3]	1.2	1.0	1.1
Quick ratio[4]	0.9	0.9	0.9
Capital adequacy ratio			
Gearing ratio (%)[5]	225.0	319.1	351.2

Notes:

(1) Gross profit/(loss) margin is calculated based on gross profit/(loss) divided by revenue and multiplied by 100%.

(2) Net (loss)/profit margin is calculated based on (loss)/profit for the period divided by revenue and multiplied by 100%.

(3) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of the corresponding period.

(4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities as of the end of the corresponding period.

(5) Gearing ratio is calculated based on total indebtedness as of the end of each period divided by total equity as of the same date.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were mainly related to the acquisition of property, plant and equipment, intangible assets and other long-term assets. See Note 29 to the Accountants' Report in Appendix I to this document. As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB945.5 million, RMB732.4 million and RMB562.6 million, respectively.

CAPITAL EXPENDITURES

Our capital expenditures represented our payments for purchase of property, plant and equipment and intangible assets. In 2023, 2024 and 2025, our capital expenditures were RMB2,283.7 million, RMB446.5 million and RMB684.3 million, respectively.

We funded our capital expenditure requirements during the Track Record Period mainly from cash flow generated from operating activities, and equity and debt financing. We intend to fund our future capital expenditures with a combination of operating cashflow, equity and debt financing and net **[REDACTED]** received from the **[REDACTED]**.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 30 to the Accountants' Report in Appendix I to this document. Our non-trade balances of related party transactions consisted of (i) loans and borrowings from one of the Controlling Shareholders, which amounted to nil, nil and RMB622.0 million as of December 31, 2023, 2024 and 2025, respectively, and (ii) prepayments, other receivables and other assets, representing the outstanding amount receivable due to the transfer of fixed assets to a related party, which amounted to nil, RMB0.1 million and RMB0.1 million as of December 31, 2023, 2024 and 2025, respectively. See "Relationship with the Controlling Shareholders" and Note 22 to the Accountants' Report in Appendix I to this document for details of such loans. We expect to settle the non-trade balances of related party transactions prior to the **[REDACTED]**. Our Directors are of the view that each of the related party transactions set out in Note 30 to the Accountants' Report in Appendix I to this document was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of our business. Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below and in Note 28 to the Accountants' Report in Appendix I to this document.

DIVIDENDS AND DIVIDEND POLICY

No dividend has been paid or declared by the Company or the companies now comprising our Group during the Track Record Period. Although we currently do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plans for the use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions and other factors which our Directors consider relevant. Distribution of dividends will be decided by our Board at its discretion and will be subject to Shareholders' approval. In addition, our dividend policy will also be subject to our Articles of Association, the PRC Company Law and any other applicable PRC laws and regulations.

In any event, we will pay dividends out of our profit after tax only after we have made the following allocations:

(a) recovery of accumulated losses, if any;

(b) allocation to the statutory common reserve fund an amount of 10% of our profit after tax, as determined under the Accounting Standards for Business Enterprises issued by the MOF (the "**PRC GAAP**"), until such fund has reached more than 50% of our registered capital; and

(c) allocation, if any, to a discretionary common reserve fund in an amount approved by the shareholders at a shareholders' meeting.

Payment of dividends is subject to restrictions under PRC laws. Under PRC laws, dividends may only be paid out of distributable profits. Distributable profits refer to the balance of the Company's net profit after offsetting accumulated losses from prior years and making appropriations to the statutory common reserve fund and other reserves required to be withdrawn in accordance with the law.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** and other fees incurred in connection with the **[REDACTED]**. We estimate that our **[REDACTED]** will be approximately HK$**[REDACTED]** **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]** range) and no exercise of the **[REDACTED]**), representing **[REDACTED]**% of the gross **[REDACTED]** (based on the mid-point of our indicative **[REDACTED]** range for the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) of the **[REDACTED]**.

We expect to incur total **[REDACTED]** of approximately HK$**[REDACTED] [REDACTED]**, of which approximately HK$**[REDACTED] [REDACTED]** is expected to be recognized in the consolidated statements of profit or loss as administrative expenses and approximately HK$**[REDACTED] [REDACTED]** is expected to be recognized as a deduction in equity directly upon the **[REDACTED]**. By nature, our **[REDACTED]** are composed of (i) **[REDACTED]** of approximately HK$**[REDACTED] [REDACTED]**, and (ii) non-**[REDACTED]** related expenses of approximately HK$**[REDACTED] [REDACTED]**, which consist of fees and expenses of legal advisors and Reporting Accountants of approximately HK$**[REDACTED] [REDACTED]** and other fees and expenses of approximately HK$**[REDACTED] [REDACTED]**.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited **[REDACTED]** Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the years reported in Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.