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Application Proof of

Anhui Huachuang New Materials Co., Ltd.

安徽華創新材料股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

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Anhui Huachuang New Materials Co., Ltd. 安徽華創新材料股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Number of [REDACTED] under the : [REDACTED] H Shares (subject to the
[REDACTED] [REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED])
Number of [REDACTED] : [REDACTED] H Shares (subject to
[REDACTED] and the [REDACTED])
Maximum [REDACTED] : HK\$[REDACTED] per H Share, plus
brokerage of 1.0%, SFC transaction levy of
0.0027%, Hong Kong Stock Exchange trading
fee of 0.00565% and AFRC transaction levy
of 0.00015% (payable in full on
[REDACTED] in Hong Kong dollars and
subject to refund)
Nominal value : RMB1.00 per H Share
[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED]



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EXPECTED TIMETABLE

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EXPECTED TIMETABLE

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED].

There are risks associated with any [REDACTED]. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to invest in the [REDACTED].

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.

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.

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)

SUMMARY

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.

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	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<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 STRENGTHS

We believe the following strengths have driven our success and enabled us to seize market opportunities and achieve sustainable growth:

- A Fast-Growing Copper Foil Manufacturer with an Established Industry-Leading Position.
- Industry-Leading Yield Performance Driven by High Slitting Efficiency and Low Scrap Rates.
- Deep Technological Expertise and Sustained Innovation Driving Core Competitive Advantages.
- Customer Trust Built on Strong Product Quality and Stable Supply Capabilities.

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- In-depth Collaboration with Leading Customers Driving Industry Development.
- Industry Expertise Supported by an Experienced Management Team.

See “Business — Our Strengths.”

OUR STRATEGIES

We drive the development of our business through the following strategies:

- Expand Our Product Portfolio through Product Innovation.
- Strengthen Our R&D Advantages through Technological Leadership.
- Build a World-Leading Manufacturing and Operations System through Operational Excellence.
- Pursue Sustainable Development and Contribute to Global ESG Advancement.

See “Business — Our Strategies.”

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. 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

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. 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.

SUMMARY

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.

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.

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.

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.

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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.

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.

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 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. 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. 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.

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Major Customers

Our customers primarily consist of (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. 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. 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.

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.

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.

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. 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.

SUMMARY

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. See “Business — Competition.”

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Description of Major Components of Our Results of Operations

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
	<i>(RMB in thousands)</i>		
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

See “Financial Information — Description of Major Components of Our Results of Operations.”

SUMMARY

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the date indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
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 current assets	803,836	273,408	668,104
Net assets	2,509,139	2,141,212	2,646,563
Capital and reserves			
Share capital	1,150,000	1,150,000	1,247,113
Reserves	1,359,139	991,212	1,399,450
Total equity	2,509,139	2,141,212	2,646,563

Net Current Assets

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.

SUMMARY

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.

Net Assets

Our net assets increased by 23.6% from RMB2,141.2 million as of December 31, 2024 to RMB2,646.6 million as of December 31, 2025, primarily due to (i) capital contributions from shareholders of RMB405.0 million, (ii) profit for the year of RMB97.6 million and (iii) equity-settled share-based payment expenses of RMB3.7 million, partially offset by other comprehensive loss of RMB0.9 million.

Our net assets decreased by 14.7% from RMB2,509.1 million as of December 31, 2024 to RMB2,141.2 million as of December 31, 2024, primarily due to (i) loss for the year of RMB364.2 million and (ii) other comprehensive loss of RMB6.0 million, partially offset by equity-settled share-based payment expenses of RMB2.3 million.

See “Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position.”

Summary of the Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
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

See “Financial Information — Liquidity and Capital Resources — Cash Flow.”

SUMMARY

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 (%)	1.3	(0.3)	6.5
Net (loss)/profit margin (%)	(4.9)	(6.6)	1.1
Liquidity ratio			
Current ratio	1.2	1.0	1.1
Quick ratio	0.9	0.9	0.9
Capital adequacy ratio			
Gearing ratio (%)	225.0	319.1	351.2

See “Financial Information — Key Financial Ratios.”

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in our Shares. Some of the major risks we face include: (i) factors that adversely affect the industries in which our customers operate may reduce the downstream demand for our products, and our business, financial condition and results of operations may be materially and adversely affected; (ii) the industries in which we operate are highly competitive. If we fail to compete effectively and successfully, our business, financial condition and results of operations may be materially and adversely affected; (iii) if we fail to keep up with technological evolution in downstream markets or adapt our technology to emerging industry standards, or if our investments in new technologies prove unsuccessful or ineffective, our business, competitiveness and profitability may be materially and adversely affected; (iv) 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; and (v) our sales depend on our ability to continuously meet stringent customer qualifications and performance requirements, and failure to do so may result in the loss of existing customers or inability to acquire new customers. See “Risk Factors.”

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Huayou Holdings held 58.17% of the shares of the Company. Huayou Holdings is held by Mr. Chen, TMA International and Ms. Qiu as to 60.00%, 33.33% and 6.67%, respectively. Ms. Qiu is Mr. Chen’s spouse. TMA International is controlled by TMA HK, which is in turn wholly owned by Tongxiang Huajin. Tongxiang Huajin is wholly owned by Mr. Chen. Tongling Chuang’anhui, for which Huayou Holdings acts as the general partner and holds 44.59% interest therein, held 3.54% of the shares of the Company. Accordingly, as of the Latest Practicable Date Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang’anhui, were interested in approximately 61.72% of the total issued share capital of the Company.

SUMMARY

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang’anhui will be interested in approximately [REDACTED]% of the total issued share capital of our Company. Therefore, Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang’anhui will constitute a group of Controlling Shareholders of our Company under the Listing Rules. See “Relationship with the Controlling Shareholders.”

PRE-[REDACTED] INVESTORS

We have engaged in Pre-[REDACTED] Investments with our Pre-[REDACTED] Investors. For further details of the identities and background of the Pre-[REDACTED] Investors and the principal terms of the Pre-[REDACTED] Investments, see “History, Development and Corporate Structure.”

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the [REDACTED] range), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] [REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] in the following two to three years for the purposes and in the amounts set forth below:

- Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to strengthen our production capabilities for electrolytic copper foil.
- Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to implement R&D initiatives for our new product developments, upgrade existing technologies and advance product iterations to enhance our overall competitiveness.
- Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to repay bank loans with annual interest rates ranging from 2.0% to 5.0% which will mature in 2027.
- Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used for working capital and general corporate purposes.

See “Future Plans and Use of [REDACTED].”

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the [REDACTED] of, and permission to deal in, the H Shares in [REDACTED] and to be [REDACTED] pursuant to the [REDACTED] (including any Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]); and the H Shares to be converted from the Domestic [REDACTED] Shares. Our [REDACTED] is made on the basis that, among other things, we satisfy the market capitalization/revenue test under Rule 8.05(3) of the Listing Rules with reference to: (i) our revenue for the year ended December 31, 2025, which exceeded HK\$500 million; and (ii) our expected market capitalization at the time of [REDACTED], which, based on the low-end of the indicative [REDACTED] range, exceeds HK\$4 billion.

SUMMARY

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] has been completed and [REDACTED] H Shares are newly [REDACTED] in the [REDACTED], (ii) [REDACTED] Shares are [REDACTED] and outstanding following the [REDACTED] and Conversion of Domestic [REDACTED] Shares into H Shares, (iii) [REDACTED] Domestic [REDACTED] Shares will be converted into H shares upon the completion of the [REDACTED], and (iv) the [REDACTED] for the [REDACTED] is not exercised:

	Based on an [REDACTED] of HK\$[REDACTED] per H Share	Based on an [REDACTED] of HK\$[REDACTED] per H Share
Market capitalization for our H Shares ⁽¹⁾	HK\$[REDACTED] [REDACTED]	HK\$[REDACTED] [REDACTED]
Market capitalization of our Shares ⁽²⁾	HK\$[REDACTED] [REDACTED]	HK\$[REDACTED] [REDACTED]
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share ⁽³⁾⁽⁴⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of market capitalization is based on the assumption that [REDACTED] H Shares will be in [REDACTED] immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and including [REDACTED] Domestic [REDACTED] Shares that will be converted into H Shares upon the completion of the [REDACTED]).
- (2) The calculation of market capitalization of our Shares is based on [REDACTED] Shares expected to be in [REDACTED] immediately after completion of the [REDACTED].
- (3) The unaudited [REDACTED] adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at after adjustments as described above and on the basis that [REDACTED] Shares (which is calculated based on [REDACTED] Shares as at December 31, 2025 and adjusted for [REDACTED] H Shares newly [REDACTED] upon the [REDACTED]), without taking into account of any shares which may be [REDACTED] upon the exercise of the [REDACTED]. For illustrative purpose, the estimated net [REDACTED] from the [REDACTED] is converted from Hong Kong dollar into Renminbi and the unaudited [REDACTED] adjusted net tangible assets attributable to equity shareholders of the Company per Share is converted from Renminbi to Hong Kong dollar at the exchange rate of HK\$1.00 to RMB0.87005, the exchange rate set by the People’s Bank of China prevailing on the Latest Practicable Date. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at the rate or at any other rates.
- (4) No other adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025.

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

SUMMARY

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.

[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].

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since December 31, 2025, we have undertaken two rounds of Pre-[REDACTED] Investments. For details of the Pre-[REDACTED] Investments, see “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

We have maintained robust growth in our business operations and financial results since December 31, 2025. Our total sales volume increased by 116.1% from 23.6 thousand tonnes in the four months ended April 30, 2025 to 51.0 thousand tonnes in the four months ended April 30, 2026. In particular, our sales volume of lithium-ion battery copper foil increased by 109.7% from 22.7 thousand tonnes in the four months ended April 30, 2025 to 47.6 thousand tonnes in the four months ended April 30, 2026, and our sales volume of electronic circuit copper foil increased by 277.8% from 0.9 thousand tonnes in the four months ended April 30, 2025 to 3.4 thousand tonnes in the four months ended April 30, 2026.

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.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are explained in “Glossary of Technical Terms”.

“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company adopted on [●], which will become effective on the [REDACTED] and as amended from time to time, a summary of which is set out in “Summary of Articles of Association” in Appendix V to this document
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	the board of Directors of our Company
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal business to the public
[REDACTED] ”	[REDACTED]
[REDACTED]	[REDACTED]
“China”, “Chinese mainland” or “PRC”	the People’s Republic of China, and for the purpose of this document and for geographical reference only and except where the context requires, references in this document to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Anhui Huachuang New Materials Co., Ltd. (安徽華創新材料股份有限公司), a joint stock company with limited liability established under the laws of the PRC on October 18, 2016 and converted into a joint stock limited company on November 18, 2022
“Company Law” or “PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Compliance Adviser”	Somerley Capital Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it in the Listing Rules and unless the context requires otherwise, refers to the group of controlling shareholders of our Company, namely Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang’anhui
“Conversion of Domestic [REDACTED] Shares into H Shares”	the conversion of [REDACTED] Domestic [REDACTED] Shares into H Shares upon the completion of the [REDACTED]
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Domestic [REDACTED] Share(s)”	share(s) in the share capital of our Company with a nominal value of RMB[1.00] each, which is/are subscribed for or credited as paid in Renminbi and not [REDACTED] on any stock exchange
“EIT Law”	Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“ESG”	Environmental, Social and Corporate Governance

DEFINITIONS

[REDACTED]

[REDACTED]

“Extreme Conditions”

the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period

[REDACTED]

[REDACTED]

“Frost & Sullivan” or “Industry Consultant”

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant

“Frost & Sullivan Report”

the industry report commissioned by us independently prepared by Frost & Sullivan, summary of which is set forth in the section headed “Industry Overview” in this document

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Group”, “our Group”, “we”, “our” or “us”

our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

“Guide for New Listing Applicants”

the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

“HK” or “Hong Kong”

the Hong Kong Special Administrative Region of the People’s Republic of China

“HK\$” or “Hong Kong dollars” or
“HK dollars” or “cents”

Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

“Hong Kong Stock Exchange” or
“Stock Exchange”

The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

“Hong Kong Takeovers Code” or
“Takeovers Code”

Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Huayou Holdings”

Huayou Holdings Group Co., Ltd. (華友控股集團有限公司), one of the controlling shareholders of our Company, established in Zhejiang Province, PRC in December 2006, held by Mr. Chen, TMA International and Ms. Qiu as to 60.00%, 33.33% and 6.67%, respectively

“Huayou Holdings Group”

Huayou Holdings and its subsidiaries other than the Group

“IFRS”

IFRS Accounting Standards, issued by the International Accounting Standards Board

“Independent Third Party(ies)”

any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules

[REDACTED]

[REDACTED]

DEFINITIONS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Latest Practicable Date”

June 5, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

“Main Board”

the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

“MOFCOM”

Ministry of Commerce of the PRC (中華人民共和國商務部)

“Mr. Chen”

Mr. Chen Xuehua (陳雪華), one of the Controlling Shareholders

“Ms. Qiu”

Ms. Qiu Jinhua (邱錦華), Mr. Chen’s spouse and one of the Controlling Shareholders

DEFINITIONS

“NDRC” National Development and Reform Commission of the PRC
(中華人民共和國國家發展和改革委員會)

“Nomination Committee” the nomination committee of our Board

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

“PBOC” the People’s Bank of China (中國人民銀行), the central bank
of the PRC

“PRC Legal Advisor” Grandall Law Firm (Hangzhou) (國浩律師(杭州)事務所), the
legal advisor to our Company as the laws of the PRC

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

DEFINITIONS

“document” or “Document”	this document being issued in connection with the [REDACTED]
“province”	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of Chinese mainland
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局), the PRC governmental agency responsible for matters relating to foreign exchange administration, including local branches, when applicable
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of RMB[1.00] each
“Shareholder(s)”	holder(s) of Share(s)
“Sole Sponsor”, [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED]	the sole sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], and [REDACTED] as named in the section headed “Directors and Parties Involved in the [REDACTED]” in this document
[REDACTED]	[REDACTED]
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“TMA HK”	TMA Hongkong Consulting Company (華金(香港)諮詢有限公司), one of the Controlling Shareholders, established in Hong Kong in October 2020 and wholly owned by Tongxiang Huajin

DEFINITIONS

“TMA International”	TMA International Pte Ltd., one of the Controlling Shareholders, established in Singapore in August 2019 and controlled by TMA HK
“Tongling Chuang’anhui”	Tongling Chuang’anhui Enterprise Management Partnership Enterprise (Limited Partnership) (銅陵市創安匯企業管理合夥企業(有限合夥)), one of the Controlling Shareholders, established in Anhui Province, PRC in December 2021, whose general partner is Huayou Holdings
“Tongxiang Huajin”	Tongxiang Huajin Engineering Management Service Co., Ltd. (桐鄉華金工程管理服務有限公司), one of the Controlling Shareholders, established in Zhengjiang Province, PRC in September 2020 and wholly owned by Mr. Chen
“Track Record Period”	the three years ended December 31, 2023, 2024 and 2025
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
“US\$”, “USD” or “U.S. dollars”	United States dollars, the lawful currency for the time being of the United States
“VAT”	value-added tax
“%”	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes. If there is any inconsistency, the Chinese names shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

“5G”	a mobile communications standard intended to replace 4G, allowing wireless internet access at a much higher speed
“6G”	the next evolution of cellular technology after 5G, promising significantly faster speeds, lower latency (down to microseconds), higher capacity, and enhanced intelligence by integrating technologies like AI, sensing, and quantum computing
“AI”	artificial intelligence
“anode current collector(s)”	a highly conductive metal foil that serves as a structural support and electrical pathway for the anode’s active material, connecting it to the battery’s external circuit to facilitate electron flow during charging and discharging
“automotive electronics”	electronic systems used in vehicles, including engine management, ignition, radio, carputers, telematics, in-car entertainment systems, and others
“battery energy density”	the amount of energy a battery stores relative to its weight or size, indicating how much energy fits into a compact, light package
“CAGR”	compound annual growth rate
“cathode copper”	a high-purity refined copper
“cathode roller(s)”	a crucial component, typically a large, precision-engineered cylinder (often titanium-copper-steel composite) used in producing lithium-ion battery electrodes and electrolytic copper foil, acting as the cathode surface where metal ions plate to form a uniform foil layer
“CCL”	copper clad laminate. A fundamental printed circuit board substrate in printed circuit board manufacturing, is the most widely used and is used to fabricate the boards
“electronic circuit copper foil”	a thin, flexible sheet of pure copper used as the conductive layer in PCB and other electronic components, forming the pathways that carry electrical signals, connect components, and dissipate heat, owing to copper’s excellent conductivity and malleability

GLOSSARY OF TECHNICAL TERMS

“electrolytic copper foil”	a metal foil material produced by electrolyzing a copper sulfate solution to deposit copper ions on the cathode
“energy storage system(s)”	the capture of energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production
“ERP”	enterprise resource planning
“eVTOL”	electric vertical take-off and landing aircraft
“FR-4(Tg-140)”	a standard grade of flame-retardant epoxy glass fabric laminate (FR-4) with a glass transition temperature (Tg) of approximately 140°C
“GFA”	gross floor area
“GWh”	gigawatt-hour. A large unit of electrical energy, representing one billion watt-hours or one million kilowatt-hours
“HDI”	high-density interconnection. The cutting-edge technology for the production of PCB
“HF”	halogen free
“high-performance computing”	a technology that uses clusters of powerful processors that work in parallel to process massive, multidimensional data sets and solve complex problems at extremely high speeds
“high-speed communication”	rapid data transmission using technologies like fiber optics, 5G, 6G and advanced wireless/wired protocols, enabling real-time multimedia and remote operations by overcoming latency and bandwidth limitations for demanding applications like telesurgery and digital twins
“Hi-Tg”	high glass transition temperature
“HTE”	high-temperature elongation
“HVLP”	hyper-very-low-profile foil. A highly specialized, exceptionally smooth copper foil, often just a few micrometers thick, designed for high-frequency high speed electronics (like 5G/6G/AI) to minimize signal loss, featuring surface roughness typically below 2.5 µm by controlling crystal structure, crucial for high-speed data transmission where traditional rough foils increase resistance due to the skin effect

GLOSSARY OF TECHNICAL TERMS

“IPD”	Integrated Product Development, a structured product development and quality control system that integrates cross-functional teams, standardized stage-gate processes and lifecycle management to improve efficiency, reduce risks and ensure product quality from concept to commercialization
“lithium-ion battery”	an efficient and rechargeable energy storage device, serve as a core foundation supporting the energy transition in electric transportation, new power systems, and other fields
“lithium-ion battery copper foil”	a critical functional component of the lithium-ion battery that serves as the anode current collector
“low warpage”	the condition where a material or component exhibits minimal deformation or deviation from its intended geometry or flatness during or after the manufacturing process, reflecting effective control of internal stresses and thermal effects
“MPa”	megapascal. A unit of pressure or stress in the International System of Units
“mm”	millimeters
“MOM”	manufacturing operations management
“new energy materials”	advanced substances engineered for efficient energy capture, conversion, storage, and usage in renewable energy technologies, replacing fossil fuels
“PCB”	printed circuit board. A core material in the electronics industry, supports the development of electronic products toward higher performance, miniaturization, and intelligence
“peel strength”	the force per unit width needed to separate two bonded materials at a specific angle and speed, measuring the adhesive’s bond strength
“porous copper foil”	a high-surface-area copper material with a 3-dimension porous structure
“Ra”	arithmetic average roughness, indicating the overall average roughness of a surface.
“RTF”	reverse treated electrolytic copper foil. A copper foil that has been roughened to varying degrees on both sides
“Rz”	ten-point mean roughness, indicating the extreme peak-to-valley height on a surface and is more sensitive to occasional scratches, pits, or defects.

GLOSSARY OF TECHNICAL TERMS

“R&D”	research and development
“Six Sigma”	a data-driven business methodology aimed at reducing process variation and eliminating defects. It strives for near-perfect quality by ensuring that processes produce no more than 3.4 defects per million opportunities. The framework relies on statistical tools and a structured problem-solving hierarchy to improve efficiency and customer satisfaction.
“solid-state batteries”	an electrical battery that uses a solid electrolyte to conduct ions between the electrodes, instead of the liquid or gel polymer electrolytes found in conventional batteries
“sq.m.”	square meter
“tensile strength”	the maximum stress a material can endure while being stretched or pulled before it breaks or permanently deforms
“μm” or “micron”	micrometer

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements relating to our Company, our subsidiaries and consolidated affiliated entities that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to successfully implement our business plans, strategies, objectives and goals;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- changes in our customers’ demands and expectations;
- changes in the competitive landscape of the industries where we operate;
- our ability to protect our reputation and brand image, as well as trademarks, technologies, knowhow, patents and other intellectual property rights;
- changes in local economic and political conditions and changes in compliance with international laws and regulations in the countries and regions where we operate; and
- developments in technology and our ability to successfully keep up with technological advancement.

RISK FACTORS

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE [REDACTED]

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

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

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

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

RISK FACTORS

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

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

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

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

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

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

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

RISK FACTORS

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

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

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

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

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

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

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

RISK FACTORS

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

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

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation of the [REDACTED], we have sought the following waivers from strict compliance with certain provisions of the Listing Rules.

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant’s arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

Given that (i) our core business operations are principally located, managed and conducted in the PRC under the supervision of executive Directors and senior management; and (ii) our executive Directors and senior management principally reside in the PRC, our Company considers that it would be more practical for the executive Directors and senior management of our Company to remain ordinarily resident in the PRC where our Group has substantial operations. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 of the Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Stock Exchange as well as compliance with the Listing Rules by way of the following arrangements:

- (a) We have appointed Mr. Zhou Shengfu (周盛夫) (“**Mr. Zhou**”) and Mr. Matthew Mo Kan Tsui (崔慕勤) (“**Mr. Tsui**”) as the authorized representatives (the “**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange. Mr. Zhou ordinarily resides in Chinese mainland, and possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong, and Mr. Tsui ordinarily resides in Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time;
- (b) To facilitate communication with the Stock Exchange, we have provided the Authorized Representatives and the Stock Exchange with the contact details of our Directors (i.e. mobile phone number, office phone number, email address and fax number (as applicable)). In the event that any Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives, so that the Authorized Representatives would be able to contact all our Directors (including the proposed independent non-executive Directors) promptly at all times if and when the Hong Kong Stock Exchange wishes to contact our Directors. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period after requested by the Stock Exchange; and

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) we have appointed Somerley Capital Limited as our Compliance Adviser in compliance with Rules 3A.19 of the Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange during the period from the [REDACTED] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately after the [REDACTED]. The Compliance Adviser will be available to answer enquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our Company must appoint an individual, who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles they played;
- (b) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (d) professional qualifications in other jurisdictions.

We have appointed Dr. Liu Yicheng (劉意成) (“**Dr. Liu**”) as one of the joint company secretaries of our Company. Dr. Liu currently serves as the Board Secretary and has substantial experience in handling corporate, investor relationship management and administrative matters but personally does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, our Company has appointed Mr. Tsui, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as one of our joint company secretaries and to provide assistance to Dr. Liu for an initial period of three years from the [REDACTED] to enable Dr. Liu to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. See “Directors and Senior Management” in this document for further biographical details of Dr. Liu and Mr. Tsui. The

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

following arrangements have been, or will be, put in place to assist Dr. Liu in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Listing Rules:

- (a) Dr. Liu will attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules which will be organized by our Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Stock Exchange for [REDACTED] from time to time;
- (b) Both Dr. Liu and Mr. Tsui have confirmed that each of them will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong [REDACTED] during each financial year as required under Rule 3.29 of the Listing Rules;
- (c) Mr. Tsui will assist Dr. Liu to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company;
- (d) Mr. Tsui will communicate regularly with Dr. Liu on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Mr. Tsui will work closely with, and provide assistance to, Dr. Liu in the discharge of his duties as a company secretary, including organizing our Company's Board meetings and Shareholders' general meetings;
- (e) Prior to the expiry of Dr. Liu's initial term of appointment as the company secretary of our Company, we will evaluate his experience in order to determine if he has acquired the qualifications required under Rules 3.28 of the Listing Rules, and whether on-going assistance should be arranged so that Dr. Liu's appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules; and
- (f) Our Company has appointed Somerley Capital Limited as its Compliance Adviser pursuant to Rules 3A.19 of the Listing Rules which will act as the additional communication channel with the Stock Exchange (for a period commencing on the [REDACTED] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the [REDACTED], or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to the Company (including Dr. Liu) as to the compliance with the Listing Rules and all other applicable laws and regulations.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when (i) Dr. Liu ceases to be assisted by a person with qualifications under Rules 3.28 and 8.17 of the Listing Rules, or (ii) if there are material breaches of the Listing Rules by us. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Dr. Liu, having had the benefit of Mr. Tsui's assistance for three years, will have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Zhou Shengfu (周盛夫)	Room 1015, Dormitory Building 1, No. 668 Gangxing Road, Linkong Economic Zone, Nanchang City, Jiangxi Province, PRC	Chinese
Mr. Yin Yong (殷勇)	Room 1402, Block 18, International Huacheng, Xueyuan Residential Community, Tongguan District, Tongling, Anhui Province, PRC	Chinese
<i>Non-Executive Directors</i>		
Mr. Chen Xue (陳學)	Room 902, Building 1, Wanghuwan, Wutong Street, Tongxiang City, Zhejiang Province, PRC	Chinese
Ms. Fang Xianglei (方香雷)	Unit 201, Building 20, Zhonghai Jincheng, Economic Development Zone, Nanchang City, Jiangxi Province, PRC	Chinese
<i>Independent Non-Executive Directors</i>		
Mr. Zhou Weihua (周魏華)	Unit 501, Unit 2, Building 4, Southern District Faculty Dormitory, No. 202 Beijing West Road, Nanchang City, Jiangxi Province, PRC	Chinese
Mr. Liu Wencheng (劉文成)	Room 502, Unit 1, Building 4, Lengjiazhuang Community, Wenquan Road, Zhaoyuan City, Yantai City, Shandong Province, PRC	Chinese
Ms. Kwok Yuk Chun (郭玉珍)	8 Floor, 425M Queen’s Road West, Western District, Hong Kong	Chinese (Hong Kong)

For further details, see “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

CITIC Securities (Hong Kong) Limited

18/F, One Pacific Place,
88 Queensway,
Hong Kong

[REDACTED]

[REDACTED]

Legal Advisors to the Company

As to Hong Kong and U.S. laws:

Clifford Chance

27/F, Jardine House,
One Connaught Place Central,
Hong Kong

As to PRC law:

Grandall Law Firm (Hangzhou)

Grandall Building
No.2 & No.15, Block B,
Baita Park,
Old Fuxing Road,
Hangzhou, Zhejiang,
PRC

Legal Advisors to the Sole Sponsor and the [REDACTED]

As to Hong Kong and U.S. laws:

Baker & McKenzie

14/F, One Taikoo Place,
979 King’s Road,
Quarry Bay,
Hong Kong

As to PRC law:

Jingtian & Gongcheng

45/F, K.Wah Centre,
1010 Huaihai Road (M),
Xuhui District,
Shanghai,
PRC

Auditor and Reporting Accountants

KPMG

Certified Public Accountants

*Public Interest Entity Auditor registered in
accordance with the Accounting and Financial
Reporting Council Ordinance*

8/F, Prince’s Building,
10 Chater Road, Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Room 2504, Wheelock Square,
1717 West Nanjing Road,
Jing'an District,
Shanghai,
PRC

[REDACTED]

[REDACTED]

CORPORATE INFORMATION

Registered Office	No. 3699, West Section of Cuihu 4th Road, Economic and Technological Development Zone, Tongling City, Anhui Province, PRC
Headquarters and Principal Place of Business in the PRC	No. 3699, West Section of Cuihu 4th Road, Economic and Technological Development Zone, Tongling City, Anhui Province, PRC
Place of Business in Hong Kong	Unit D, 15/F, Infotech Centre, 21 Hung To Road, Kwun Tong, Hong Kong
Company’s Website	https://www.huachuangnm.com <i>(A copy of this document is available on the Company’s website. Except for the information contained in this document, none of the other information contained on the Company’s website forms part of this document)</i>
Joint Company Secretaries	Dr. Liu Yicheng (劉意成) Mr. Matthew Mo Kan Tsui (崔慕勤) <i>(a member of CPA Australia, the Hong Kong Institute of Certified Public Accountants, and the Chartered Institute of Management Accountants)</i>
Authorized Representatives	Mr. Zhou Shengfu (周盛夫) Mr. Matthew Mo Kan Tsui (崔慕勤)
Audit Committee	Ms. Kwok Yuk Chun (郭玉珍) (<i>Chairman</i>) Mr. Chen Xue (陳學) Mr. Liu Wencheng (劉文成)
Nomination Committee	Mr. Zhou Shengfu (周盛夫) (<i>Chairman</i>) Mr. Zhou Weihua (周魏華) Ms. Kwok Yuk Chun (郭玉珍)
Remuneration Committee	Mr. Zhou Weihua (周魏華) (<i>Chairman</i>) Ms. Fang Xianglei (方香雷) Mr. Liu Wencheng (劉文成)
Compliance Advisor	Somerley Capital Limited 20/F, China Building, 29 Queen’s Road, Central, Hong Kong

CORPORATE INFORMATION

[REDACTED]

[REDACTED]

Principal Banks

Agricultural Bank of China
(Jiangxi Ganjiang New Area Branch)

No. 135 Guiyuan Avenue,
Nanchang Economic and
Technological Development Zone,
Nanchang,
Jiangxi Province,
PRC

China Everbright Bank
(Nanchang Shunwai Road Branch)

No. 392 Shunwai Road,
Nanchang,
Jiangxi Province,
PRC

Bank of Beijing (Nanchang Xinjian Branch)

No. 168 Shurun Road,
Xinjian District,
Nanchang,
Jiangxi Province,
PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the F&S Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged F&S to prepare the F&S Report in connection with the [REDACTED]. The information from official government sources has not been independently verified by any of the Sole Sponsor, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED] (other than F&S), and no representation is given as to its accuracy. For discussion of risks related to the Group’s industry, see “Risk Factors — Risks Relating to Our Business and Industry” in this document.

OVERVIEW OF THE ELECTROLYTIC COPPER FOIL MARKET AMID DUAL MACRO TRENDS, WITH DOWNSTREAM DEMAND ANALYSIS

Analysis of the Global and China Energy Transition Landscape

Against the backdrop of intensifying global climate change risks and rising geopolitical uncertainties, the energy system is facing dual challenges of decarbonization pressure and security constraints. Extreme weather events and greenhouse gas emission restrictions are driving countries to transition toward low-carbon and clean energy systems, while fluctuations in international energy prices and supply chain instability are prompting major economies to reduce their structural reliance on fossil fuels. In this context, building a secure and sustainable energy system centered on new energy has become a common direction for global energy development. From a policy perspective, major global economies continue to advance the energy transition by improving institutional frameworks and setting clear medium- to long-term targets. Under its “carbon peaking and carbon neutrality” goals, China is promoting adjustments to its energy structure, proposing the establishment of a new power system with new energy as the mainstay, and introducing supporting policies for new energy grid integration and new-type energy storage systems. From an industry perspective, the energy transition is gradually shifting toward a stage characterized by industrialization and large-scale application. Installed capacity of wind and solar power continues to grow, while new energy vehicles, energy storage systems and distributed energy are being rapidly adopted, driving the electrification of energy consumption.

Analysis of Key Downstream Demand in the Global and China’s New Energy Industry

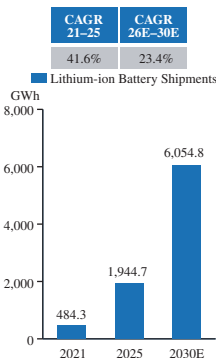
Against the backdrop of the continued advancement of the energy transition, the new energy industry is entering a phase of accelerated growth, driving increasing demand across key downstream application sectors, including new energy vehicles, consumer electronics and energy storage systems. In the automotive sector, driven by the trends of electrification, intelligence and connectivity, new energy vehicle shipments continue to expand, supporting growing demand for power batteries and related systems. In the consumer electronics sector, as terminal devices continue to upgrade and application scenarios become more diversified, shipments are increasing steadily, driving demand for high energy density, miniaturized and high-efficiency batteries. In addition, in the energy storage system sector, with the large-scale deployment of renewable energy and the growing need for grid stability, energy storage system installations are expanding rapidly, further driving demand for battery systems. As a core carrier across these applications, lithium-ion batteries enable energy storage systems, power supply and system operation, and are indispensable to the functionality of new energy systems. As demand from these application sectors continues to grow, demand for lithium-ion batteries is expected to increase in tandem. Global lithium-ion battery shipments increased from

INDUSTRY OVERVIEW

484.3 GWh in 2021 to 1,944.7 GWh in 2025, and are projected to further expand to 6,054.8 GWh by 2030, representing a CAGR of approximately 23.4% from 2026 to 2030. As a key material for lithium-ion batteries, electrolytic copper foil is expected to experience sustained demand growth alongside the expansion of lithium-ion battery applications.

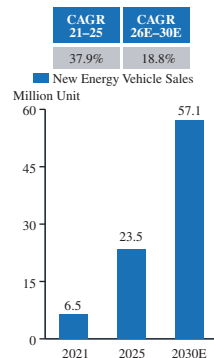
Global Lithium-ion Battery Shipments

2021&2025&2030E



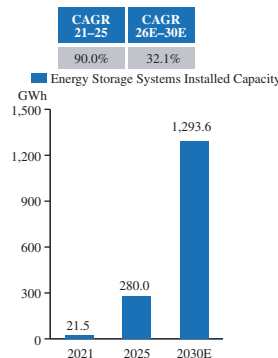
Global New Energy Vehicle Sales

2021&2025&2030E



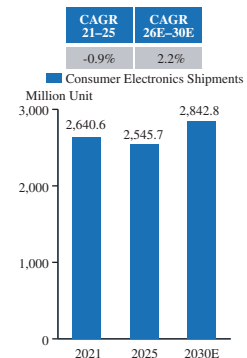
Global Energy Storage Systems Installed Capacity

2021&2025&2030E



Global Consumer Electronics Shipments

2021&2025&2030E



Source: Frost & Sullivan, International Energy Agency, Ministry of Industry and Information Technology

Analysis of the Global and China’s Development of Artificial Intelligence

As a key driver of a new round of information technology transformation, the development of artificial intelligence is closely tied to its computing power foundation and hardware carriers. In the early stages, artificial intelligence relied on algorithm optimization and improvements in computing capability, with model training and inference conducted through centralized computing. With the maturation of deep learning and the large-scale deployment of perception-based applications, demand for computing power increased significantly, accelerating the development of data centers and high-performance computing infrastructure. In recent years, with the evolution of large models, parameter scales and algorithm complexity have continued to increase, making computing power infrastructure a core foundation for artificial intelligence development.

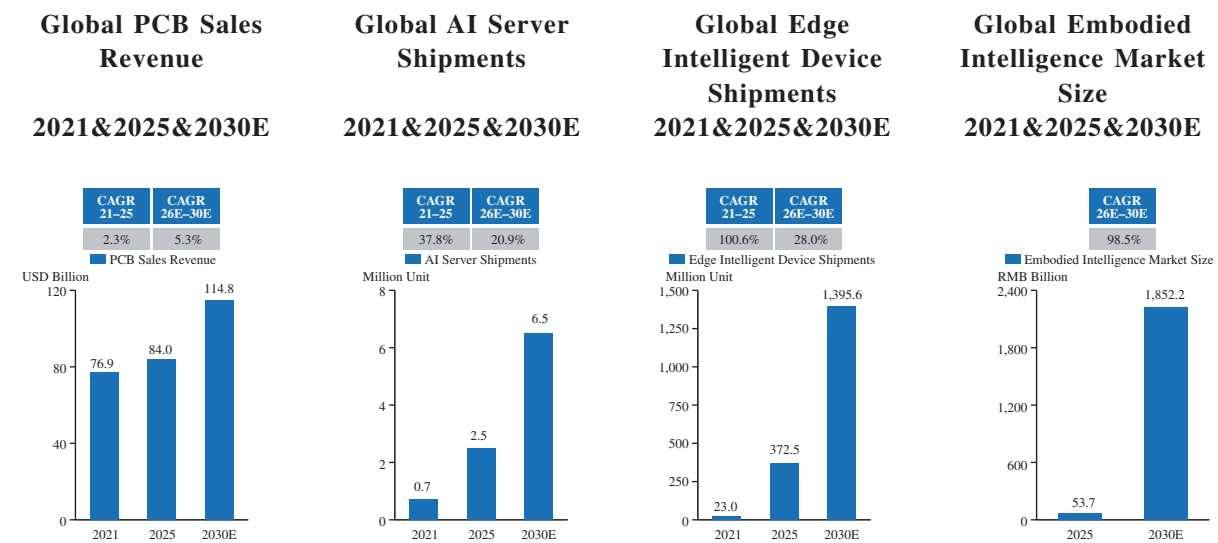
Against this backdrop, computing power carriers have evolved from a single cloud-based model to a coordinated architecture across cloud, edge and terminal. Model training and complex inference remain concentrated in data centers and AI servers, while advances in model compression, inference acceleration and energy efficiency optimization are enabling artificial intelligence capabilities to extend to the terminal side, driving growth in both the scale and functionality of intelligent devices. Overall, cloud-based infrastructure and terminal-side devices together constitute the core hardware carriers of artificial intelligence. While supporting the expansion of servers and data centers, they also increase system complexity and drive growing demand for related electronic manufacturing and fundamental materials.

Analysis of Key Downstream Demand in the Global and China’s Artificial Intelligence Industry

Against the backdrop of the rapid advancement and large-scale deployment of artificial intelligence technologies, the AI industry is entering a phase of accelerated growth, driving increasing demand across key downstream application sectors, including AI servers, edge-side intelligent devices and embodied intelligence. In the computing infrastructure segment, driven by the

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scaling of large models and rising computing power demand, AI server deployments continue to expand, supporting demand for high-performance computing hardware. In the edge-side application segment, as artificial intelligence extends to terminal devices and application scenarios diversify, shipments of edge intelligent devices are increasing, driving demand for local computing and data processing capabilities. In addition, in the embodied intelligence segment, with the integration of artificial intelligence and the physical world accelerating, embodied intelligence is developing rapidly, further driving demand for intelligent hardware systems. As a core component embedded across these applications, PCB serves as the fundamental carrier for electronic components, enabling signal transmission, power distribution and system integration, and is indispensable to AI-related hardware. As demand for such applications continues to expand, demand for PCB is expected to grow in tandem. The global PCB market size increased from USD 76.9 billion in 2021 to USD 84.0 billion in 2025, and is projected to further expand to USD 114.8 billion by 2030, representing a CAGR of approximately 5.3% from 2026 to 2030. As a core raw material of PCB, electrolytic copper foil is expected to experience sustained demand growth alongside the expansion of PCB applications.



Source: Frost & Sullivan, Global Electronics Association, International Energy Agency

Analysis of the Synergistic Growth Trend between Energy Transition and the Artificial Intelligence Industry

From the perspective of industrial development logic, the energy transition and the artificial intelligence industry are forming a synergistic growth pattern characterized by mutual reinforcement. The rapid evolution of artificial intelligence continues to amplify energy demand through multiple channels. As model scales expand and application complexity increases, demand for computing power rises significantly, driving the expansion of data centers and AI servers and increasing high-density, continuous electricity consumption. At the same time, the extension of artificial intelligence capabilities from cloud to terminal devices is driving upgrades in sensing, computing and interaction, further increasing overall power demand.

Against this backdrop, the coordinated development of computing infrastructure and intelligent devices has transformed energy demand from a centralized load into a multi-layer structure spanning data centers, edge nodes and terminals. This places higher requirements on power system stability, continuity and regulation capability, thereby accelerating the development of new energy generation, energy storage systems and related infrastructure. At the same time, the energy transition is providing

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increasing support for the large-scale development of artificial intelligence. As new energy capacity expands and energy storage systems and system dispatch capabilities improve, supply stability, scalability and long-term cost control are enhanced. This helps alleviate energy constraints associated with high computing loads and better matches the demand of data centers and intelligent devices for stable and efficient power supply, supporting the continued expansion of computing infrastructure and terminal devices.

Analysis of the Key Value of Electrolytic Copper Foil in This Context

Against the backdrop of the synergistic growth between the energy transition and the artificial intelligence industry, electrolytic copper foil, as a key fundamental material, plays an indispensable role in both the new energy industry chain and the electronic manufacturing system. In the new energy sector, it serves as the anode current collector of lithium-ion batteries, underpinning the large-scale application and performance improvement of power batteries and energy storage systems. In the electronic manufacturing system related to artificial intelligence, it acts as a high-end interconnection material and is widely used in high-performance PCBs, supporting signal transmission stability, system reliability and overall performance.

As applications in new energy and artificial intelligence evolve toward larger scale, higher performance and greater integration, demand expansion and technological upgrades jointly drive increases in both the usage scale and performance requirements of electrolytic copper foil. On the one hand, growing shipments of new energy vehicles, energy storage systems and artificial intelligence-related equipment increase the number of lithium-ion batteries and electronic systems, thereby expanding overall copper foil consumption. On the other hand, rising requirements for energy density, safety and consistency in new energy systems, together with higher demands for computing density, reliability and high-speed interconnection in artificial intelligence devices, further elevate both usage intensity and technical requirements at the single-cell and system levels.

GLOBAL ELECTROLYTIC COPPER FOIL INDUSTRY ANALYSIS

Definition and Classification of Electrolytic Copper Foil

Electrolytic copper foil is a thin metallic material produced using high-purity copper, in which copper ions are deposited onto the cathode through electrolysis of a copper sulfate solution. It features controllable thickness, high uniformity and excellent electrical conductivity. The as-deposited foil is further processed through surface treatment and performance optimization according to application requirements, and then slit into finished products. Benefiting from advantages in large-scale production, consistency control and cost efficiency, electrolytic copper foil is widely used in lithium-ion batteries, electronic information and manufacturing sectors. Based on downstream performance requirements, electrolytic copper foil can be broadly classified into lithium-ion battery copper foil and electronic circuit copper foil. Lithium-ion battery copper foil, used as the anode current collector, can be further categorized into ultra-thin ($<6\ \mu\text{m}$) and very thin ($6\text{--}12\ \mu\text{m}$) copper foil. Electronic circuit copper foil, used as a conductive and interconnection material in circuit boards, is typically classified into thin ($12\text{--}18\ \mu\text{m}$), standard ($18\text{--}70\ \mu\text{m}$) and thick ($>70\ \mu\text{m}$) copper foil.

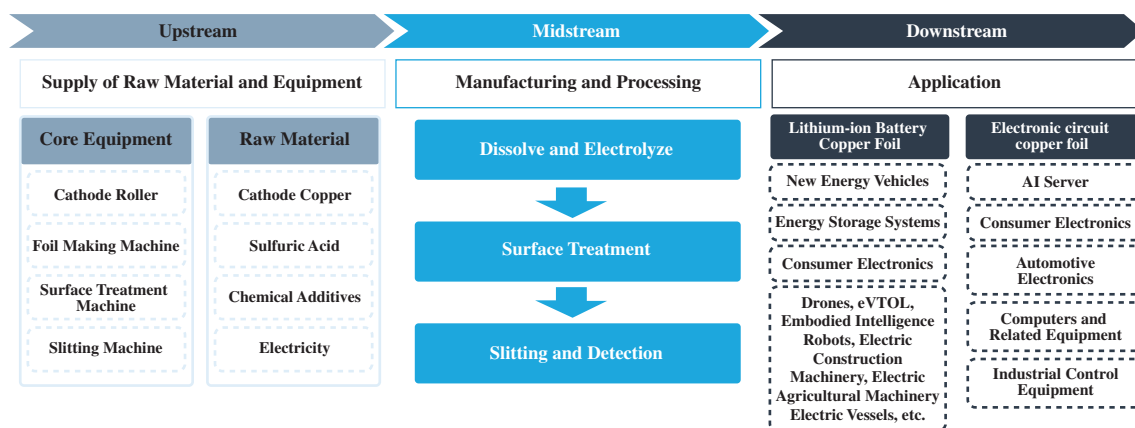
Industry Chain of the Electrolytic Copper Foil Industry

The electrolytic copper foil industry chain mainly comprises upstream raw materials and equipment, midstream manufacturing and processing, and downstream applications. The upstream segment includes core equipment and raw materials. Equipment mainly covers cathode rollers, foil-making machines, surface treatment and slitting equipment, while raw materials include cathode copper, sulfuric acid, chemical additives and electricity, which together determine product

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performance in thickness control, consistency and surface quality. The midstream segment involves the manufacturing and processing of electrolytic copper foil, including dissolving cathode copper to form a copper sulfate solution, electrolytic deposition, followed by surface treatments such as anti-oxidation and roughening, as well as slitting and quality inspection. This segment is critical to the formation of product performance. The downstream segment mainly includes lithium-ion battery copper foil and electronic circuit copper foil applications. Lithium-ion battery copper foil is used in new energy vehicles, energy storage systems and consumer electronics, while electronic circuit copper foil is widely applied in AI servers, consumer electronics, automotive electronics, computers and industrial control equipment.

Industrial Chain of the Electrolytic Copper Foil Industry



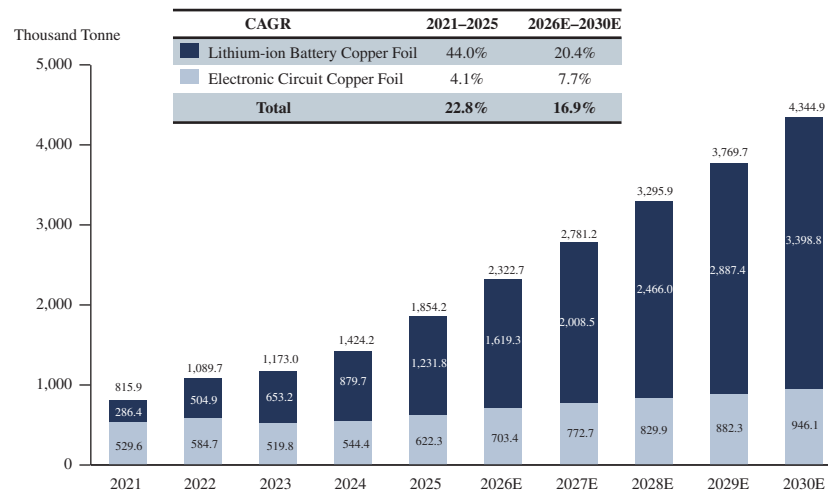
Source: Frost & Sullivan, Global Electronics Association

Electrolytic Copper Foil Market Analysis

With the continued development of the new energy industry and the electronic information industry, demand for key fundamental materials from lithium-ion batteries and high-end electronic manufacturing continues to increase, driving the continuous expansion of the electrolytic copper foil market. Global shipment volume of electrolytic copper foil increased from 815.9 thousand tonnes in 2021 to 1,854.2 thousand tonnes in 2025. Looking ahead, driven by the continued growth in demand for new energy vehicles, energy storage systems and high-performance electronic products, the importance of electrolytic copper foil as an anode current collector and a key electronic interconnection material will become more prominent. Global shipment volume of electrolytic copper foil is expected to reach 4,344.9 thousand tonnes by 2030. Lithium-ion battery copper foil is the core component of the electrolytic copper foil market, and its demand growth is mainly driven by the accelerated penetration of new energy vehicles, energy storage systems and electrified terminals. Global shipment volume of lithium-ion battery copper foil is expected to increase from 1,231.8 thousand tonnes in 2025 to 3,398.8 thousand tonnes in 2030. Electronic circuit copper foil is mainly used in the electronic circuit board sector, and its demand is highly correlated with the overall development level of the electronic information industry. Global shipment volume of electronic circuit copper foil is expected to increase from 622.3 thousand tonnes in 2025 to 946.1 thousand tonnes in 2030.

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Global Shipment Volume of Electrolytic Copper Foil by Application, 2021–2030E



Source: Frost & Sullivan, Global Electronics Association, International Energy Agency

Analysis of Key Drivers of the Electrolytic Copper Foil Industry

- AI-driven upgrades in new energy and electronic systems are increasing demand for high-performance electrolytic copper foil.** As artificial intelligence penetrates new energy systems, data centers and electronic devices, requirements for computing density, system complexity and reliability continue to rise, driving higher performance requirements for electronic interconnection materials and battery materials. As the anode current collector of lithium-ion batteries and a core material for high-performance PCBs, electrolytic copper foil benefits from its advantages in conductivity, consistency and reliability.
- Downstream products are evolving toward higher energy density and integration, raising performance requirements for electrolytic copper foil.** In the lithium-ion battery sector, increasing demands for energy density and safety are driving the development of thinner and higher-strength copper foil. In the electronic manufacturing sector, higher integration and signal transmission requirements are driving demand from high-performance PCBs for higher-quality copper foil.
- Policy support and regulatory improvements provide a solid foundation for long-term industry development.** As new energy and electronic information industries continue to grow, improving policy frameworks and technical standards support the R&D, application and industrialization of electrolytic copper foil. Policies promoting new energy development, advanced manufacturing and the self-sufficiency of critical materials further underpin the industry’s long-term growth.

Development Trends of the Electrolytic Copper Foil Industry

- The technological development path is shifting from single-point breakthroughs to systematic process optimization.** As downstream applications impose increasingly stringent requirements on performance consistency and reliability, the development of electrolytic copper foil technologies is gradually transitioning from improvements in single

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performance indicators to systematic optimization across electrolysis processes, surface treatment and quality control, placing higher demands on overall process capabilities and manufacturing systems.

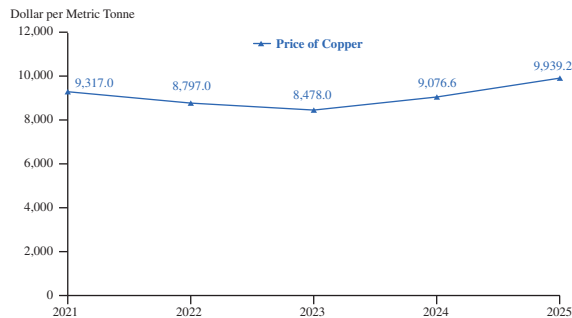
- **Rising localization levels across the new energy and electronic industry chains reinforce the trend of domestic supply of critical materials.** With the continued expansion of the new energy and electronic information industry chains, downstream customers are placing increasing emphasis on supply chain stability and localized supporting capabilities. As a key fundamental material, the advantages of localized supply of electrolytic copper foil in ensuring delivery stability, shortening response cycles and enabling collaborative R&D are becoming increasingly prominent.
- **Sustainability requirements are accelerating the adoption of green manufacturing processes.** Driven by the “carbon peaking and carbon neutrality” goals and sustainability principles, the industry is placing increasing emphasis on energy conservation, resource utilization efficiency and environmentally friendly processes. The application and optimization of green manufacturing processes are gradually becoming an important direction for industry development.
- **New current collector materials such as composite copper foil are in the industrialization exploration stage and are expected to gradually expand their application in high-safety battery systems.** As next-generation battery technologies such as solid-state and semi-solid-state batteries continue to advance, requirements for safety, energy density and lightweight profiles are increasing, driving continuous evolution in the structural design and functional properties of current collector materials. Composite copper foil, through its composite structure, offers potential advantages in reducing unit weight and enhancing safety redundancy, and its application potential in next-generation battery systems is expected to be gradually realized.

Analysis of Raw Material Prices of Electrolytic Copper Foil

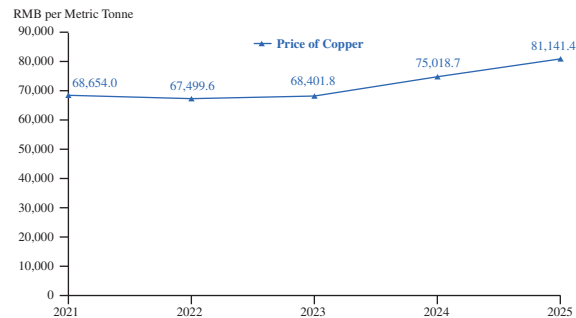
The primary raw material for electrolytic copper foil is copper. However, the profitability of copper foil enterprises is not significantly directly affected by fluctuations in copper prices, as their profit levels are mainly determined by processing fees, which reflect process and technological value-added. As an important bulk industrial metal, copper is widely used in areas such as new energy power generation and energy storage systems, electric drive and high-voltage systems of new energy vehicles, as well as data center servers and supporting infrastructure, due to its excellent electrical and thermal conductivity. Its price trend is highly correlated with the development of the new energy and high-end manufacturing industries. From 2021 to 2025, global copper prices generally exhibited a trend of first declining and then rebounding. From 2021 to 2023, affected by factors such as pandemic-related disruptions, tightening global monetary policies, a slowdown in macroeconomic growth and weaker-than-expected recovery in manufacturing demand, downstream copper demand experienced phased pressure, and prices declined. Thereafter, as the installed capacity of new energy accelerated, the penetration rate of intelligent vehicles continued to increase, and the construction of AI data centers entered an accelerated stage, copper demand grew significantly; meanwhile, on the supply side, constrained by the long development cycle of mines, the relatively slow release of new capacity and restrictions on the import of certain resources, supply growth remained relatively limited. The market supply-demand relationship became tighter, driving a notable rebound in copper prices after 2023.

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Annual Average Copper Prices,
Global, 2021–2025



Annual Average Copper Prices,
China, 2021–2025



Source: Frost & Sullivan, London Metal Exchange, Shanghai Metals Market

Mainstream New Energy Battery Technology Routes and Development Trends

At present, new energy batteries mainly include technological routes such as lithium-ion batteries and sodium-ion batteries. Lithium-ion batteries are an electrochemical energy storage system in which lithium ions are intercalated and deintercalated between the cathode and anode to achieve energy storage and release, with copper foil serving as the anode current collector. Benefiting from high energy density, strong rate performance and mature manufacturing processes, lithium-ion batteries have been widely applied in new energy vehicles, energy storage systems and consumer electronics. Sodium-ion batteries, by contrast, use sodium ions as charge carriers and offer certain advantages in terms of cost, safety and low-temperature performance; however, constrained by energy density levels and the maturity of the industry chain, their current applications are mainly concentrated in certain energy storage systems, low-speed new energy vehicles, two-wheelers and backup power supplies. From a medium- to long-term perspective, the core direction of technological evolution in new energy batteries lies in continuously improving energy density and safety performance to meet the needs of extended driving range in new energy vehicles and the large-scale deployment of energy storage systems. Under this development trajectory, supported by a well-established industry chain and continuous engineering iteration capabilities, lithium-ion batteries will remain the mainstream technological route in the field of electrochemical energy storage systems, while sodium-ion batteries will mainly serve as a complementary solution in cost-sensitive or specific application scenarios. As lithium-ion batteries evolve toward high-performance systems such as semi-solid-state and solid-state, both the capacity and structural complexity of individual battery cells are increasing, placing higher requirements on the stability, consistency and reliability of key materials. In this process, copper foil, as an essential material, is expected to see further increases in both usage per cell and performance requirements alongside rising battery capacity and ongoing design optimization.

Comparison between Mainstream New Energy Battery Technology Routes

Category	Lithium-ion Battery	Sodium-ion Battery
Main cathode material types	Ternary materials (NCM/NCA), lithium cobalt oxide (LCO), lithium iron phosphate (LFP)	Layered oxides, polyanionic compounds, Prussian blue analogs

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Category	Lithium-ion Battery	Sodium-ion Battery
Representative cathode material compositions	Li(Ni ₂ Co ₂ Mn)O ₂ , Li(Ni ₂ Co ₂ Al)O ₂ , LiCoO ₂ , LiFePO ₄	NaMO ₂ , Na ₃ V ₂ (PO ₄) ₅ , Na ₂ Fe[Fe(CN) ₆], etc.
Energy density (Wh/kg)	High	Relatively low
Cycle life	Medium to high	Medium
Safety	Medium to high	High
Cost	Medium to relatively high	Low
Main application scenarios	New energy vehicles, energy storage systems, consumer electronics, etc.	Energy storage systems, low-speed new energy vehicles, two-wheelers, etc.

Source: Frost & Sullivan, International Renewable Energy Agency, United States Department of Energy

Pricing Mechanism and Future Outlook of Electrolytic Copper Foil Enterprises

From the perspective of pricing mechanisms, the profitability of electrolytic copper foil is primarily determined by processing fees rather than raw material copper prices. As copper is a bulk commodity, price fluctuations can generally be passed through to downstream customers. Copper foil enterprises typically adopt a pricing model of “copper price pass-through + processing fee”, and therefore fluctuations in copper prices have a relatively limited direct impact on gross profit margins.

Processing fees are closely correlated with product performance and technological content. In lithium-ion battery and high-end electronic applications, downstream customers impose stringent requirements on thickness consistency, mechanical properties, surface treatment and reliability. High-performance copper foil requires stronger process control, higher equipment precision and better yield management, resulting in higher technical barriers and value-added. Accordingly, enterprises capable of stably supplying high-performance products are generally able to command higher processing fees and achieve stronger profitability.

At the industry level, under the combined effects of demand upgrading and improvements in the competitive landscape, the pricing system is expected to gradually stabilize and more fully reflect the processing value of high-performance products. On the demand side, continued growth in new energy and high-end electronics is driving increasing demand for high-performance copper foil, shifting competition from capacity expansion toward technology and quality. On the supply side, more rational capital expenditure, stricter environmental requirements and rising technological barriers are accelerating the exit of small and inefficient players and increasing industry concentration. As market structure continues to optimize and capacity expansion becomes more disciplined, competition is expected to become more orderly, with limited risk of destructive price competition, supporting the industry’s transition toward sustainable, technology-driven development.

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COMPETITION ANALYSIS OF THE COMPANY’S INDUSTRY

Competition Overview of the Global Electrolytic Copper Foil Industry

The global electrolytic copper foil market mainly comprises two major segments: lithium-ion battery copper foil and electronic circuit copper foil. The two types of products differ significantly in terms of technological pathways, downstream applications and competitive dynamics. The industry has gradually formed a relatively differentiated development landscape, with distinct and relatively independent competitive systems established around different application scenarios. Among them, Chinese enterprises, leveraging well-established industry chain support, large-scale manufacturing capabilities and sustained capital investment, have secured an important market position in the lithium-ion battery copper foil segment and are continuously advancing toward higher-end products in the electronic circuit copper foil segment, gradually increasing their participation and influence in the high-performance materials market. With the continued growth in demand for new energy power batteries and the increasing performance requirements of high-frequency and high-speed electronic products, the electrolytic copper foil industry is evolving toward thinner specifications, higher performance and greater consistency. The focus of competition is gradually shifting from pure capacity scale to technological iteration capabilities and comprehensive operational capabilities.

Competition Analysis of the Global Electrolytic Copper Foil Industry

In 2025, the global electrolytic copper foil market exhibited a relatively fragmented competitive landscape. In terms of shipment volume of electrolytic copper foil, the top five companies accounted for a combined market share of approximately 28.9%. Among them, the Company ranked third with a shipment volume of approximately 100.1 thousand tonnes of electrolytic copper foil, representing a market share of 5.4%.

Ranking and Market Share of Electrolytic Copper Foil Enterprises (by Shipment Volume), Global, 2025

Ranking	Company Name	Shipment Volume of Electrolytic Copper Foil (thousand tonne)	Market Share (%)
1.	Company A	141.3	7.6
2.	Company B	123.2	6.6
3.	The Company	100.1	5.4
4.	Company C	99.7	5.4
5.	Company D	72.6	3.9
	Others	1,317.3	71.1
Total		1,854.2	100.0

Source: Frost & Sullivan, the respective companies’ annual reports

Notes:

- (1) Company A is a listed company founded in 1985 and headquartered in Jiangxi, China. It focuses on the research, development, production and sales of electrolytic copper foil, with products mainly covering lithium-ion battery copper foil and electronic circuit copper foil.
- (2) Company B is a private company founded in 1996 and headquartered in Guangdong, China. It focuses on the research, development and production of electrolytic copper foil, primarily serving lithium-ion battery applications.

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- (3) Company C is a listed company founded in 2001 and headquartered in Guangdong, China. It focuses on the research, development, production and sales of high-performance electrolytic copper foil, with key applications in lithium-ion batteries and electronic circuits.
- (4) Company D is a listed company founded in 1989 and headquartered in Guangdong, China. It focuses on the research, development, production and sales of electrolytic copper foil, with products mainly used in lithium-ion batteries and PCB.

In 2025, the global lithium-ion battery copper foil market exhibited a competitive landscape characterized by leading players with a relatively fragmented overall structure. In terms of shipment volume of lithium-ion battery copper foil, the top five companies accounted for a combined market share of approximately 39.3%. Among them, the Company ranked third with a shipment volume of approximately 94.4 thousand tonnes of lithium-ion battery copper foil, representing a market share of 7.7%.

Ranking and Market Share of Lithium-ion Battery Copper Foil Enterprises (by Shipment Volume), Global, 2025

Ranking	Company Name	Shipment Volume of Lithium-ion Battery Copper Foil (thousand tonne)	Market Share (%)
1.	Company A	117.7	9.6
2.	Company B	113.0	9.2
3.	The Company	94.4	7.7
4.	Company C	93.9	7.6
5.	Company D	65.4	5.3
	Others	747.4	60.7
Total		1,231.8	100.0

Source: Frost & Sullivan, the respective companies' annual reports

Analysis of Market Entry Barriers

- **Technical barriers.** The production of electrolytic copper foil involves multidisciplinary technologies such as electrochemistry, materials engineering and precision process control, requiring strong integrated technical capabilities. As downstream applications upgrade, enterprises must continuously develop high-performance and next-generation products to meet increasingly stringent requirements in thickness control, mechanical properties and consistency. The stable deposition of ultra-thin copper layers and repeatable control of surface morphology, mechanical properties and thermal stability rely on long-term process accumulation and optimization. Core capabilities in additive systems, current control strategies and process parameter combinations are highly specialized and difficult to replicate in the short term, forming significant technical barriers.

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- **Customer barriers.** Downstream applications impose high requirements on product stability and consistency, and new entrants must undergo rigorous and lengthy customer qualification processes. In sectors such as automotive, new energy and high-end electronics, supply chains are relatively stable, with customers preferring suppliers with proven track records. Enterprises are also required to build high-quality customer resources and maintain stable delivery and service capabilities, making it time- and resource-intensive for new entrants to achieve large-scale supply.
- **Talent barriers.** The industry relies on multidisciplinary technical teams with expertise in electrochemistry, materials engineering and process control. Such talent requires both strong theoretical foundations and extensive production experience, and is typically developed through long-term accumulation. The limited supply and concentration of high-end talent among established players make it difficult for new entrants to build mature teams in the short term.
- **Capital barriers.** Electrolytic copper foil production is capital-intensive, requiring significant upfront investment in customized equipment. Enterprises must also rely on large-scale production and refined management to improve yield and reduce costs. In addition, continuous raw material procurement and working capital requirements place sustained pressure on cash flow, particularly during initial production and expansion stages.

SOURCE OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare the F&S Report about, the electrolytic copper foil market. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. In connection with the market research services provided, we have paid a fee of RMB 750,000 to Frost & Sullivan, which we believe to be consistent with market rates. In compiling and preparing the F&S Report, Frost & Sullivan conducted (1) primary research includes interviewing industry participants, competitors, downstream customers and recognized third-party industry associations; and (2) secondary research includes reviewing corporate annual reports, databases of relevant official authorities, as well as the exclusive database established by Frost & Sullivan over the past decades. The market projections in the F&S Report are based on the following key assumptions during the forecast period: (i) the social, economic and political conditions in Chinese markets discussed will remain stable during the forecast period, (ii) government policies on the Global and China electrolytic copper foil markets will remain consistent during the forecast period, and (iii) the electrolytic copper foil market will be driven by the factors which are stated in the F&S Report. All the data and forecasts contained in this section are derived from the F&S Report. The commissioned report has been prepared by Frost & Sullivan independently without the influence from the Company or other interested parties. Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there is no material and adverse change in the market information since the date of the F&S Report, which may qualify, contradict or have an impact on the information in this section.

REGULATORY OVERVIEW

During the Track Record Period, we were principally engaged in the research and development, production and sales of high-performance electrolytic copper foil. Our business operations in the PRC are subject to the supervision and administration of relevant laws, regulations and government authorities. The section outlines the primary relevant laws, regulations, rules and policies that may have a material impact on our business operations in the PRC. The information contained herein shall not be interpreted as a comprehensive summary of all laws and regulations applicable to us.

The Company Law

Pursuant to the Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”), which was initially implemented by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on December 29, 1993, most recently revised on December 29, 2023, and effective from July 1, 2024, both limited liability companies and companies limited by shares established within China possess legal person status. Shareholders of a limited liability company are liable to the company to the extent of their respective capital contributions, while shareholders of a company limited by shares are liable to the company to the extent of their respective subscribed shares. Unless the laws on foreign investment provide otherwise, the Company Law is also applicable to foreign-invested enterprises.

The Securities Law

The Securities Law of the PRC (《中華人民共和國證券法》) (the “**Securities Law**”) was promulgated on December 29, 1998, last amended on December 28, 2019 and effective on March 1, 2020. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, the issue and trading of securities, takeovers by listed companies, information disclosure, investor protection, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares are mainly governed by the regulations and rules promulgated by the State Council and the CSRC.

Laws and Regulations Relating to Production Safety and Product Quality

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) was promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021 and effective on September 1, 2021, producers and business operators shall abide by this Law and other laws and regulations concerning work safety, strengthen work safety management, establish and improve the all-staff work safety responsibility system and work safety rules and regulations, increase investment in funds, materials, technologies and personnel for work safety, improve the conditions for work safety, strengthen the standardized and information technology development of work safety, establish a dual prevention mechanism of graded management and control of safety risks and the screening and handling of hidden dangers, improve the risk prevention and resolution mechanism, and improve the level of work safety so as to ensure work safety. Entities that do not meet the conditions for safe production shall not engage in production and operating activities.

The Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”) promulgated by the SCNPC on February 22, 1993 and last amended and effective on December 29, 2018 is the principal governing law related to the supervision and administration of product quality. According to the Product Quality Law, producers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold

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by them. The producer shall bear liability for compensation if a defect in a product causes physical injury or damage to property other than the defective product (hereinafter referred to as third party property), unless the producer can prove that: (1) the product has not been put into circulation; (2) the defect causing the damage did not exist when the product was put into circulation; (3) when the product was put into circulation, the level of science and technology at the time was not sufficient to detect the existence of the defect. Where a product is defective due to a mistake made by the seller and such defect causes physical injury or damage to third party property, the seller shall bear liability for compensation. If a seller is unable to identify the producer of a defective product and is also unable to identify the supplier thereof, the seller shall bear liability for compensation. If a defect in a product causes physical injury or damage to third party property, the party which was injured or incurred damage may claim compensation against the producer or may claim compensation against the seller.

Pursuant to the Civil Code of the PRC (《中華人民共和國民法典》) (the “**Civil Code**”) promulgated by the National People’s Congress on May 28, 2020 and effective on January 1, 2021, in the event of damage caused to others due to product defect, the infringed may seek compensation from the manufacturer of the products or may also seek compensation from the seller of the products. In the event of product defects which compromise the personal and property security of others, the infringed shall have the right to request the manufacturer and the seller to bear tortious liability such as cessation of infringement, removal of obstruction, elimination of danger, etc.

Law and Regulations in Relation to Import and Export

Promulgated by The General Administration of Customs of the PRC on November 19, 2021 and effective January 1, 2022, the Administrative Provisions of the Customs of the PRC on Record-filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) stipulates that entities applying for record-filing, whether as consignors/consignees of import/export goods or as customs declaration enterprises, must hold valid market entity status. If the submitted record-filing materials are complete and comply with the requirements upon review, the Customs shall complete the filing procedures within three business days. The record-filing information will be made public via the China Customs Import and Export Credit Information Publicity Platform.

Law and Regulations in Relation to Anti-Unfair Competition

The Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “**Anti-Unfair Competition Law**”) was adopted by the SCNPC on September 2, 1993, last amended on June 27, 2025 and took effect on October 15, 2025. Pursuant to the Anti-Unfair Competition Law, acts of unfair competition refer to the acts of operators who, in the course of their production and operation activities, violate the provisions of the Anti-Unfair Competition Law to disrupt the order of competition in the market and harm the legitimate rights and interests of other operators or consumers. According to the Anti-Unfair Competition Law, operators shall follow the principles of voluntariness, equality, fairness and honesty in market transactions, and comply with the law and business ethics. Operators violating the provisions of the Anti-Unfair Competition Law shall be subject to civil, administrative or criminal liability depending on the circumstances.

According to the Interim Provisions of the State Administration for Industry and Commerce on Banning Commercial Bribery (《國家工商行政管理局關於禁止商業賄賂行為的暫行規定》) (“**Provisions on Banning Commercial Bribery**”) issued by the former State Administration for Industry and Commerce, which came into effect on November 15, 1996, commercial bribery refers to the act of an operator bribing the other party’s entity or individual by means of property or other means for the purpose of selling or purchasing commodities, of which other means refers to the provision of domestic and foreign travel, study tours in various names and other means of giving

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benefits other than property. According to the Anti-Unfair Competition Law and the Provisions on Banning Commercial Bribery, the supervisory and inspection departments may impose fines according to the circumstances, and confiscate any illegal income. If a crime is constituted, it will be transferred to the judicial authorities for the investigation of criminal responsibility in accordance with the law.

Laws and Regulations Relating to Intellectual Property

Patents

The Patent Law of the PRC (《中華人民共和國專利法》) (the “**Patent Law**”) was adopted by the SCNPC on March 12, 1984, last amended on October 17, 2020 and took effect on June 1, 2021. Pursuant to the Patent Law, patents for inventions and utility models may be granted subject to three conditions: novelty, inventiveness and practicability. Patents are not granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds, methods used to nuclear transformation and substances obtained utilizing nuclear transformation, and designs of the pattern and the color of graphic printed matter or the combination of them that are primarily used to mark and identify. The Patent Office under the State Intellectual Property Office is responsible for receiving, examining, and approving patent applications. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model, or a fifteen-year term for a design (the term of protection of a design patent right for which the application date is up to and including May 31, 2021 is ten years, commencing from the application date), commencing from the application date. Except for certain specific circumstances provided by law, any third-party users must obtain consent or a proper license from the patent owners to use the patent, otherwise, the use of the patent will constitute an infringement of the rights of the patent holder.

Trademarks

Registered trademarks registered in China are protected by the Trademark Law of the PRC (《中華人民共和國商標法》), adopted by the SCNPC on August 23, 1982 and latest amended on April 23, 2019 and took effect on November 1, 2019, and the Implementation Rules of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), adopted by the State Council in 2002 and amended in 2014. The Trademark Office under the State Intellectual Property Office handles the registration of trademarks, which are valid for ten years and may be renewed for another ten years upon expiry at the request of the trademark owner. Trademark license agreements must be submitted to the Trademark Office for filing. A trademark license cannot be used against a bona fide third party without being filed. The Trademark Law of the PRC adopts the first-to-file principle for trademark registration. For the same or similar goods, if the application for registration of a trademark is identical or similar to a trademark registered or preliminarily examined by another person for the same or similar goods, the application for registration of such trademark will be rejected by the Trademark Office. Any person applying for registration of a trademark shall not prejudice the existing prior rights of another person or use improper means to pre-empt the registration of a trademark that has already been used by another person and has a certain degree of influence.

Domain Name

According to the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and effective on November 1, 2017, the establishment within the territory of the PRC of domain name root servers and their operating institutions, domain name registration management institutions and domain name registration service institutions shall be subject to the corresponding permit issued by the MIIT or the communication administrative bureau of the relevant province, autonomous region or municipality directly under the Central Government.

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Where the application materials are complete and comply with statutory format, the telecommunication administrative authorities shall issue a notice of acceptance of application to the applicant. The validity period of the permit for domain name root server operating organizations, domain name registration management organizations and domain name registration service organizations shall be five years.

Software Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990 and latest amended on November 11, 2020 and took effect on June 1, 2021, Chinese citizens, legal persons or unincorporated organizations are entitled to copyright in their works (including computer software) in accordance with the law, regardless of whether or not they are published.

The Regulation on Protection of Computer Software (《計算機軟件保護條例》) were promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013 and took effect on March 1, 2013, respectively, with the aim of protecting the rights and interests of computer software copyright holders, adjusting the interests and relations occurring in the development, dissemination and use of computer software, encouraging the development and application of computer software, and promoting the development of software industry and informatization of our national economy. According to the Regulation on Protection of Computer Software, the PRC citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in software developed by them in accordance with the law. A software copyright owner may register with a software registration institution recognized by the copyright administration department of the State Council. The certificate of registration issued by the software registration institution shall be the preliminary evidence of the registered matters. The software copyright of a legal person or other organizations shall be protected for a period of 50 years, ending on December 31 of the 50th year after the first publication of the software; however, if the software has not been published within 50 years from the date of completion of its development, it shall no longer be protected.

Laws and Regulations Relating to Labor Employment

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) approved by the SCNPC on July 5, 1994, latest amended on December 29, 2018 and took effect on the same day, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “**Labor Contract Law**”) approved on June 29, 2007, latest amended on December 28, 2012, and took effect on July 1, 2013, an entity shall develop and improve rules and regulations in accordance with the law to ensure that workers enjoy their labor rights and fulfill their labor obligations. A labor contract is an agreement between a worker and an entity that establishes the labor relationship and specifies the rights and obligations of both parties. An entity and a worker should enter into a written labor contract that restricts the use of temporary workers and provides workers with long-term job security.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”) promulgated by the SCNPC on October 28, 2010, latest amended on December 29, 2018 and took effect on the same day, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated and effective by the State Council on January 22, 1999, which was latest amended on March 24, 2019, an entity are required to pay social insurance for their workers in the PRC, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work injury insurance. According to the Social Insurance Law, if a company fails to fully pay its social insurance premiums within the

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prescribed time limit, the relevant PRC authorities may order it to make the payment within a stipulated deadline. The company may be liable for a late payment fee calculated at 0.05% of the outstanding amount per day. If the company fails to repay the outstanding premiums within the stipulated period, it may be subject to a fine ranging from one to three times the amount in arrears.

On July 31, 2025, the Supreme People's Court of the PRC promulgated the Supreme People's Court's Interpretation (II) on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025. Pursuant to Article 19(1) thereof, where an employer and an employee agree, or the employee undertakes, that social insurance contributions need not be paid, the People's Court shall determine that such agreement or undertaking is invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law.

According to the Administration Regulations on the Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and latest amended on March 24, 2019 and effective on the same date, entities are required to contribute to the housing provident fund for their workers. If an entity fails to undertake payment and deposit registration of housing provident fund or fails to open the housing provident fund accounts for its employees, the housing provident fund management center may order the entity to rectify it within the prescribed time limit; where failing to do so at the expiration of the time limit, a fine between RMB10,000 and RMB50,000 may be imposed by competent authorities. An entity shall timely and fully deposit housing accumulation fund, and shall not deposit it exceeding the time limit, or deposit less than it should. The contribution rate of housing funds of workers and entities may not be less than 5% of the monthly average salary in the previous year. If an entity is overdue in the payment or underpays, the housing provident fund management center shall order the entity to pay up within the prescribed time limit. If the entity still fails to pay up as scheduled, the competent administrative authority may apply to the people's court for compulsory enforcement.

Laws and Regulations Relating to Construction and Environmental Protection

According to the Law of the PRC on Urban and Rural Planning (《中華人民共和國城鄉規劃法》) which was promulgated by the SCNPC on October 28, 2007 and recently amended with immediate effect on April 23, 2019, the Construction Law of the PRC (《中華人民共和國建築法》) which was promulgated by the SCNPC on March 1, 1998 and recently amended with immediate effect on April 23, 2019 and the Regulation on Quality Management of Construction Projects (《建設工程品質管理條例》) which was promulgated by the State Council on January 30, 2000 and amended with immediate effect on April 23, 2019, the construction activities carried out in the built-up areas of cities, towns and villages as well as areas that must be under planning control for urban and rural construction and development shall be in compliance with the relevant requirements of the Urban and Rural Planning Law of the PRC. The construction entity shall obtain the construction land planning permit and the construction project planning permit from the competent department of urban and rural planning under the people's government at the county level, and shall obtain the construction permit from the competent department of housing and urban and rural construction under the people's government at municipal and county level or above of the place of the construction project before commencement of construction. After receiving the construction project completion report, the construction entity shall organize the entities of design, construction, project supervision and other relevant entities to complete the acceptance.

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According to the Regulations on the Administration of Approval and Filing of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》), which was promulgated by the State Council on November 30, 2016 and came into effect on February 1, 2017, projects which relate to national security or involve nationwide major productivity layout, development of strategic resources and significant public interest etc shall be subject to administration by way of approval. The scope of specific projects and the approval authorities, approval authority shall be implemented pursuant to the list of investment projects subject to government approval. The list of investment projects subject to government approval shall be proposed by the investment administrative authority of the State Council, jointly with the relevant departments of the State Council, and shall be implemented upon approval by the State Council, and shall be adjusted when appropriate. Where the State Council stipulates otherwise, such provisions shall prevail.

Projects other than those stipulated in the preceding paragraph shall be subject to administration by way of filing. Unless otherwise stipulated by the State Council, projects subject to administration by way of filing shall complete filing formalities in accordance with the territoriality principle. The filing authority and its limits of authority shall be stipulated by the People’s Government of the province, autonomous region, centrally-administered municipality or municipality with unilateral planning.

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) promulgated by the SCNPC on December 26, 1989, and latest amended on April 24, 2014 and became effective on January 1, 2015, pollution prevention facilities in construction projects shall be designed, constructed and put into use simultaneously with the main project. Pollution prevention facilities shall comply with the requirements of the approved environmental impact assessment document, and shall not be arbitrarily removed or left idle.

According to the Regulations of The Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and last amended on December 29, 2018 and effective on the same date, and the Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, latest amended on July 16, 2017 and effective on October 1, 2017, the construction entity shall submit an environmental impact report, an environmental impact statement, or fill in an environmental impact registration form depending on the degree of impact the construction project has on environment. For a construction project for which an environmental impact report or environmental impact statement shall be prepared by law, the construction entity shall submit the environmental impact report and environmental impact statement to the competent administrative department of the environmental protection with approval authority for approval before starting construction. If the Environmental Impact Assessment Documents of a construction project have not been reviewed by the approving authority in accordance with the law or have not been granted approval after the review, the construction entity shall be prohibited from commencing construction works.

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017 and effective on the same date, regulate the procedures and standards for environmental protection acceptance by construction entities upon the completion of construction projects.

REGULATORY OVERVIEW

Pursuant to Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》), promulgated by the State Council on January 24, 2021 and became effective on March 1, 2021, and the Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and effective on July 1, 2024, enterprises, public institutions and other producers and business operators that are subject to pollutant discharge permit administration in accordance with laws shall apply for and obtain a pollutant discharge permit in accordance with the laws. The entities that fail to obtain a pollutant discharge permit shall not discharge any pollutants. Enterprises, public institutions and other producers and business operators that are legally required to fill in pollutant discharge registration forms shall conduct pollutant discharge registration on the national pollutant discharge permit management information platform.

According to the Catalogue of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on December 20, 2019 and effective on the same date, the State implements key management, simplified management and registration-based management of pollutant discharge permits according to factors such as the quantity of pollutants generated and discharged by enterprises, public institutions and other producers and operators discharging pollutants and the degree of impact on the environment. Pollutant discharging entities with a large quantity of pollutants generated or discharged or a large degree of impact on the environment shall be subject to key management of pollutant discharge permits; and pollutant discharging entities with a small quantity of pollutants generated or discharged or a small degree of impact on the environment shall be subject to simplified management of pollutant discharge permits. Pollutant discharging entities with a very small quantity of pollutants generated or discharged or a very small degree of impact on the environment shall be subject to registration-based management of pollutant discharge permits. Pollutant discharging entities subject to registration-based management are not required to apply for a pollutant discharge permit, but shall fill in the pollutant discharge registration form on the national pollutant discharge permit information management platform to register their basic information, whereabouts of pollutants discharged, pollutant discharge standards implemented, pollution prevention and control measures adopted, etc.

Laws and Regulations Relating to Fire Control

Pursuant to the Fire Control Law of the PRC (《中華人民共和國消防法》), promulgated by the SCNPC on April 29, 1998 and most recently amended and effective on April 29, 2021, the emergency management authority of the State Council shall implement supervision and administration of fire control work nationwide. The emergency management authorities of local People’s Governments at county level and above shall implement supervision and administration of fire control work within their respective administrative region, and the fire rescue department of the People’s Government at counterpart level shall be responsible for implementation. Fire control design and construction of a construction project shall comply with the State’s fire control technical standards for construction projects. The development project fire safety design examination and acceptance system shall be implemented for development projects which are required to have fire safety design in accordance with the national fire protection technical standards for project construction. Where a development project which is required by law to undergo fire safety inspection and acceptance does not undergo fire safety inspection and acceptance, or does not pass fire safety inspection and acceptance, the project shall not be put into use; the use of other development projects which do not pass inspection in spot checks carried out pursuant to the law shall be suspended.

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Laws and Regulations Related to Overseas Securities [REDACTED] and [REDACTED]

On February 17, 2023, the CSRC issued the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic enterprises (《境內企業境外發行證券和上市管理試行辦法》) and its supporting guidelines (collectively, the “**New Rules for Filing**”), which came into effect on March 31, 2023. According to the New Rules for Filing, Initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas.

On February 24, 2023, the CSRC, in conjunction with the MOF, the National Administration of State Secrets Protection and the National Archives Administration, has jointly issued the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密及檔案管理工作的規定》) (the “**Confidentiality and Archives Administration Provisions**”), which came into effect on March 31, 2023. The Confidentiality and Archives Administration Provisions require that PRC domestic enterprises that seek to offer and list securities in overseas markets, either directly or indirectly, shall establish the confidentiality and archives system, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of PRC government agencies to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. It further stipulates that providing or publicly disclosing documents and materials which may adversely affect national security or public interests to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals shall be subject to corresponding procedures in accordance with relevant laws and regulations.

Laws and Regulations Relating to H Share “Full Circulation”

According to the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (2023 Amendment) (《H股公司境內未上市股份申請“全流通”業務指引(2023修訂)》), which was issued and implemented by the CSRC on August 10, 2023 and effective on the same date, subject to compliance with relevant laws and regulations as well as policy requirements concerning the administration of state-owned assets, foreign investment, and industry supervision, shareholders of unlisted domestic shares may autonomously negotiate to determine the number and proportion of shares for which circulation is to be applied, and shall entrust the H-share company to file with the China Securities Regulatory Commission (CSRC). A domestic joint stock limited company that has not yet been listed may, at the time of its initial public offering and listing overseas, concurrently file with the CSRC for “full circulation”. The H-share company shall, within 15 days after the completion of transfer registration of the shares involved in the application with China Clearing, submit a report on relevant circumstances to the CSRC. After the unlisted domestic shares are listed and circulated on the Hong Kong Stock Exchange, they shall not be transferred back to the domestic market.

According to the Measures for Implementation of H-share “Full Circulation” Business (《H股“全流通”業務實施細則》) promulgated by the China Securities Depository and Clearing Corporation Limited (the “**CSDC**”) and Shenzhen Stock Exchange (the “**SZSE**”) on December 31, 2019, the businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of participants, services of nominal holders, etc. in relation to the “Full Circulation” business, are subject to the Measures for Implementation of H-share “Full Circulation” Business. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC, China Securities Depository and Clearing (Hong Kong) Company Limited and the SZSE.

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The Shenzhen Branch of CSDC promulgated the Guide to the Program for H-share “Full Circulation” Business of the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司深圳分公司H股“全流通”業務指南》) on June 27, 2025. These guidelines aim at standardizing the business operations of H-share “Full Circulation” and have made provisions for relevant businesses related to H-share “Full Circulation”, including business preparation, cross-border transfer registration, overseas share custody, initial maintenance of detailed domestic holdings, change and maintenance of detailed domestic holdings, handling of corporate actions, settlement and delivery, and risk management.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Recognizing the critical role copper foil plays in new energy and electronic information sectors, Huayou Holdings and the initial investors established our Company in October 2016. Over the years, the Group has evolved to become a leading technology enterprise specializing in the R&D, production and sales of high-performance electrolytic copper foil products. We aim to become a first-tier global player in the electrolytic copper foil industry. 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.

BUSINESS DEVELOPMENT MILESTONES

The table below outlines the key milestones in the development of our business:

Year	Milestones
October 2016	The Company was established in China with the copper foil production line assets located in the Tongling Economic and Technological Development Zone, Anhui.
July 2017	We carried out a technical upgrade of and successfully put into production the first phase of the Tongling Production Base with a designed production capacity of 6,000 tonnes per annum of lithium-ion battery copper foil.
March 2021	Construction of the Yulin Production Base with a designed production capacity of 40,000 tonnes per annum of electrolytic copper foil began.
March 2022	Construction of the Nanchang Production Base with a designed production capacity of 100,000 tonnes per annum of electrolytic copper foil began.
July 2022	We carried out a further technical upgrade and successfully commenced production at the Tongling Production Base, laying the foundation for the Company to achieve an annual production capacity of 12,000 tonnes.
October 2022	The Yulin Production Base with a designed production capacity of 40,000 tonnes per annum of electrolytic copper foil commenced production.
April 2023	The Nanchang Production Base with a designed production capacity of 100,000 tonnes per annum of electrolytic copper foil commenced production.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestones
By the end of 2025	The Tongling Production Base had a designed production capacity of 12,000 tonnes per annum, the Yulin Production Base had a designed production capacity of 40,000 tonnes per annum, and the Nanchang base in Jiangxi had a designed production capacity of 100,000 tonnes per annum, bringing the total designed production capacity of electrolytic copper foil to 152,000 tonnes per annum.

OUR CORPORATE DEVELOPMENT

The following sets forth the corporate history and shareholding changes of the Company.

(1) Incorporation of the Company

The Company was incorporated in China in October 2016. Upon its incorporation in October 2016, the shareholding structure of the Company was as follows:

Shareholder	Registered capital subscribed (RMB)	Percentage of equity interest (%)
Huayou Holdings ⁽¹⁾	94,990,000	94.99
Shenzhen OptimumNano Energy Co., Ltd. (深圳市沃特瑪電池有限公司) (“Shenzhen OptimumNano”) ⁽²⁾	5,000,000	5.00
Mr. Jiang Weidong (蔣衛東) ⁽³⁾	10,000	0.01
Total	100,000,000	100.00

Notes:

- (1) Huayou Holdings is one of our Controlling Shareholders. Huayou Holdings is held by Mr. Chen, TMA International and Ms. Qiu as to 60.00%, 33.33% and 6.67%, respectively. Ms. Qiu is Mr. Chen’s spouse. TMA International is controlled by TMA HK, which is in turn wholly owned by Tongxiang Huajin. Tongxiang Huajin is wholly owned by Mr. Chen. See “Relationship with the Controlling Shareholders” for details.
- (2) Shenzhen OptimumNano is a limited liability company incorporated under the PRC laws and is an Independent Third Party.
- (3) Mr. Jiang Weidong is an Independent Third Party. In September 2018, Mr. Jiang Weidong transferred all his equity interests in the Company to Huayou Holdings for RMB2 million and ceased to be a shareholder of the Company.

Since its incorporation, the Company has undergone a series of equity changes, the details of which are set out below.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(2) Capital Increase in May 2017

On May 23, 2017, the Company completed its capital increase. Upon the completion of the said capital increase, the registered capital of the Company was increased to RMB150,000,000 and the shareholding structure of the Company was as follows:

Shareholder	Registered capital subscribed (RMB)	Percentage of equity interest (%)
Huayou Holdings	143,000,000	95.33
Shenzhen OptimumNano ⁽¹⁾	5,000,000	3.33
Mr. Jiang Weidong	1,000,000	0.67
Mr. Yin Yong ⁽²⁾	600,000	0.40
Mr. Cao Shengyue ⁽³⁾	400,000	0.27
Total	150,000,000	100.00

Notes:

- (1) In July 2017, Shenzhen OptimumNano has transferred its entire unpaid capital contribution in the Company to Huayou Holdings at nil consideration taking into account the unpaid share capital at that time and ceased to be a shareholder of the Company. The total of RMB150 million registered capital of our Company was paid up by its shareholders as at August 31, 2017 as verified by the report issued by an independent auditor on August 31, 2017.
- (2) Mr. Yin Yong is our executive Director and deputy general manager. For details of Mr. Yin, please refer to “Directors and Senior Management – The Board”.
- (3) Mr. Cao Shengyue is our deputy general manager and general manager of our Company’s subsidiary. For details of Mr. Cao, please refer to “Directors and Senior Management – Senior Management”.

(3) Capital Increase in November 2018

On November 1, 2018, the Company completed its capital increase. Upon the completion of the said capital increase, the registered capital of the Company was increased to RMB200,000,000 and the shareholding structure of the Company was as follows:

Shareholder	Registered capital subscribed (RMB)	Percentage of equity interest (%)
Huayou Holdings	199,000,000	99.50
Mr. Yin Yong	600,000	0.30
Mr. Cao Shengyue	400,000	0.20
Total	200,000,000	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(4) Capital Increase in September 2021

On September 14, 2021, the Company completed its capital increase. Upon the completion of the said capital increase, the registered capital of the Company was increased to RMB582,000,000 and the shareholding structure of the Company was as follows:

Shareholder	Registered capital subscribed (RMB)	Percentage of equity interest (%)
Huayou Holdings	579,090,000	99.50
Mr. Yin Yong	1,746,000	0.30
Mr. Cao Shengyue	1,164,000	0.20
Total	582,000,000	100.00

(5) Capital Increase in December 2021

In December 30, 2021, the Company completed its capital increase. Upon the completion of the said capital increase, the registered capital of the Company was increased to RMB755,120,825 and the shareholding structure of the Company was as follows:

Shareholder	Registered capital subscribed (RMB)	Percentage of equity interest (%)
Huayou Holdings	579,090,000	76.69
Mr. Chen ⁽¹⁾	105,820,106	14.01
Tongling Chuang’anhui Enterprise Management Partnership (Limited Partnership) (銅陵市創安匯企業管理合夥企業(有限合夥)) (“Tongling Chuang’anhui”) ⁽²⁾	50,442,748	6.68
Tongling Chuangnenghui Enterprise Management Partnership (Limited Partnership) (銅陵市創能匯企業管理合夥企業(有限合夥)) (“Tongling Chuangnenghui”) ⁽²⁾	10,267,176	1.36
Tongling Chuangnengju Enterprise Management Partnership (Limited Partnership) (銅陵市創能聚企業管理合夥企業(有限合夥)) (“Tongling Chuangnengju”) ⁽²⁾	5,725,191	0.76
Mr. Yin Yong	2,265,362	0.30
Mr. Cao Shengyue	1,510,242	0.20
Total	755,120,825	100.00

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) In November 2024, Mr. Chen transferred all his equity interests in the Company to Huayou Holdings for RMB235 million and ceased to be a direct shareholder of the Company.
- (2) Tongling Chuang’anhui, Tongling Chuangnenghui and Tongling Chuangnengju are limited partnerships established under PRC law. Huayou Holdings acts as the general partner of Tongling Chuang’anhui and holds 44.59% interest in Tongling Chuang’anhui. Mr. Zhou Shengfu, chairperson of the Board, executive Director, general manager of the Company, is the general partner of Tongling Chuangnenghui and Tongling Chuangnengju, holding 1.04% and 0.88% therein, respectively. Huayou Holdings holds approximately 35.84% and 52.25% interests in Tongling Chuangnenghui and Tongling Chuangnengju, respectively. Save as disclosed above, the partnership interests held by each of the other limited partners of Tongling Chuang’anhui, Tongling Chuangnenghui and Tongling Chuangnengju are below 30%, and all such other limited partners are Independent Third Parties including certain employees of Huayou Holdings and its subsidiaries acting in the capacity of an independent pre-[REDACTED] investors or participants in the Employee Incentive Scheme who are Independent Third Parties. For further details regarding the Employee Incentive Scheme, see “Statutory and General Information — D. Employee Incentive Scheme” in Appendix VI to this document.

(6) Capital Increase in September 2022

On September 28, 2022, the Company completed its capital increase. Upon the completion of the said capital increase, the registered capital of the Company was increased to RMB959,055,265 and the shareholding structure of the Company was as follows:

Shareholder	Registered capital subscribed	Percentage of equity interest
	(RMB)	(%)
Huayou Holdings	666,703,293	69.52
Mr. Chen	105,820,106	11.03
Tongling Chuang’anhui	52,022,748	5.42
Shenzhen EVE Investment Co., Ltd. (深圳市億緯控股投資有限公司) (“EVE Investment”) ⁽¹⁾	24,169,184	2.52
Yibin Chendao New Energy Industry Equity Investment Partnership (Limited Partnership) (宜 賓晨道新能源產業股權投資合夥企業(有限合夥)) (“Yibin Chendao”) ⁽¹⁾	21,752,266	2.27
Ningbo Meishan Bonded Port Area Wending Investment Company Limited (寧波梅山保稅港區 問鼎投資有限公司) (“Wending Investment”) ⁽¹⁾	21,148,036	2.21
Shanghai Yusheng Investment Management Co., Ltd. (上海裕盛投資管理有限公司) (“Yusheng Investment”) ^{(2) (3)}	12,084,592	1.26
Tongling Chuangnenghui	10,267,176	1.07
Shenzhen Sanhui Qingmu Venture Capital Partnership (Limited Partnership) (深圳三匯青木 創業投資合夥企業(有限合夥)) (“Qingmu Venture Capital”) ⁽²⁾	9,063,444	0.95
Tongling Chuangnengju	7,445,191	0.78
Zhuhai Guanming Investment Co., Ltd. (珠海冠明投 資有限公司) (“Guanming Investment”) ⁽¹⁾	6,042,296	0.63

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	Registered capital subscribed (RMB)	Percentage of equity interest (%)
Shenzhen Qianhai Hongsheng Venture Capital Services Co., Ltd. (深圳市前海弘盛創業投資服務有限公司) (“ Qianhai Hongsheng ”) ⁽²⁾	6,042,296	0.63
Hefei Guoxuan High-Tech Power Energy Co., Ltd. (合肥國軒高科動力能源有限公司) (“ Guoxuan Power ”) ⁽²⁾	6,042,296	0.63
Tongling Chuangxinhui Enterprise Management Partnership (Limited Partnership) (銅陵市創新匯企業管理合夥企業(有限合夥)) (“ Tongling Chuangxinhui ”) ⁽⁴⁾	4,259,819	0.44
Ningbo Meishan Bonded Port Area Chaoxing Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區超興創業投資合夥企業(有限合夥)) (“ Chaoxing Venture Capital ”) ⁽¹⁾	2,416,918	0.25
Mr. Yin Yong	2,265,362	0.24
Mr. Cao Shengyue	1,510,242	0.16
Total	959,055,265	100.00

Notes:

- (1) For further details of the background of such investors, please refer to “– Pre-[REDACTED] Investments”.
- (2) To the best knowledge of the Company, such investors are Independent Third Parties.
- (3) In December 2024, Yusheng Investment transferred all its equity interests in the Company to Guanming Investment for RMB40 million and ceased to be a shareholder of the Company.
- (4) Tongling Chuangxinhui is a limited partnership established under PRC law. Mr. Zhou Shengfu, chairperson of the Board, executive Director, general manager of the Company, is the general partner of Tongling Chuangxinhui, holding 0.35% therein. Huayou Holdings is a limited partner, holding approximately 57.75% interest in Tongling Chuangxinhui. Save as disclosed above, the partnership interests held by each of the other limited partners of Tongling Chuangxinhui are below 30%, and all such other limited partners are Independent Third Parties including certain employees of Huayou Holdings and its subsidiaries acting in the capacity of an independent pre-[REDACTED] investors or participants in the Employee Incentive Scheme. For further details regarding the Employee Incentive Scheme, see “Statutory and General Information — D. Employee Incentive Scheme” in Appendix VI to this document.

(7) Conversion into a Joint Stock Company in November 2022

Pursuant to the shareholders’ resolution of the Company dated November 15, 2022, the Company was converted from a limited liability company into a joint stock company on November 18, 2022. Upon completion of the conversion, the registered capital of the Company was divided into 959,055,265 shares with a par value of RMB1.00 per share, which were subscribed by all the then shareholders in proportion to their respective equity interests in the Company prior to the conversion.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(8) First Capital Increase in December 2022

On December 8, 2022, the Company completed its capital increase. Upon the completion of the said capital increase, the registered share capital of the Company was increased to RMB1,138,815,347 and the shareholding structure of the Company was as follows:

Shareholder	Number of Shares	Percentage of shareholding (%)
Huayou Holdings	696,631,240	61.17
Mr. Chen	105,820,106	9.29
Tongling Chuang'anhui	52,022,748	4.57
EVE Investment	24,169,184	2.12
CITIC Securities Investment Co., Ltd. (中信證券投資有限公司) (“ CITIC Securities Investment ”) ⁽¹⁾	23,980,815	2.11
Yibin Chendao	21,752,266	1.91
Wending Investment	21,148,036	1.86
Guangxi Guangtou Green Carbon No. 2 Investment Partnership (Limited Partnership) (廣西廣投綠碳貳號投資合夥企業(有限合夥)) (“ Guangxi Guangtou ”) ⁽¹⁾	19,184,652	1.68
Jiaxing Qianrui Equity Investment Partnership (Limited Partnership) (嘉興謙瑞股權投資合夥企業(有限合夥)) (“ Qianrui Investment ”) ⁽¹⁾	19,184,652	1.68
Pingtian Liying Venture Capital Partnership (Limited Partnership) (平潭利盈創業投資合夥企業(有限合夥)) (“ Liying Venture Capital ”) ⁽¹⁾	13,141,487	1.15
Yusheng Investment	12,084,592	1.06
Hefei Lianshan Innovation Industry Investment Fund Partnership (Limited Partnership) (合肥連山創新產業投資基金合夥企業(有限合夥)) (“ Lianshan Venture Capital ”) ⁽¹⁾	11,990,408	1.05
Haiyan Cloudview Zhenxuan Equity Investment Partnership (Limited Partnership) (海鹽鑒昊臻選股權投資合夥企業(有限合夥)) (“ Cloudview Investment ”) ⁽¹⁾	11,990,408	1.05
Zhenshi Holding Group Co., Ltd. (振石控股集團有限公司) (“ Zhenshi Group ”) ⁽¹⁾⁽³⁾	11,990,408	1.05
Tongkun Holding Group Co., Ltd. (桐昆控股集團有限公司) (“ Tongkun Holding ”) ⁽¹⁾	11,990,408	1.05
Tongxiang Shunshida Precision Machinery Co., Ltd. (桐鄉順士達精密機械有限公司) (“ Tongxiang Shunshida ”) ⁽¹⁾	11,990,408	1.05
Tongling Chuangnenghui	10,267,176	0.90
Qingmu Venture Capital	9,063,444	0.80
Tongling Chuangnengju	7,445,191	0.65
Tongling Yida Huizheng Venture Capital Partnership (Limited Partnership) (銅陵毅達匯正創業投資合夥企業(有限合夥)) (“ Yida Huizheng ”) ⁽²⁾	7,194,245	0.63

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	Number of Shares	Percentage of shareholding (%)
Guanming Investment	6,042,296	0.53
Qianhai Hongsheng	6,042,296	0.53
Guoxuan Power	6,042,296	0.53
Tongling Chuangxinhui	4,259,819	0.37
Beijing Gao Ling Yurun Equity Investment Fund Partnership (Limited Partnership) (北京高瓴裕潤 股權投資基金合夥企業(有限合夥)) (“ Gao Ling Yurun ”) ⁽²⁾	3,597,122	0.32
Zhuhai Peiheng Equity Investment Partnership (Limited Partnership) (珠海裴恒股權投資合夥企 業(有限合夥)) (“ Peiheng Investment ”) ⁽²⁾	3,597,122	0.32
Chaoxing Venture Capital	2,416,918	0.21
Mr. Yin Yong	2,265,362	0.20
Mr. Cao Shengyue	1,510,242	0.13
Total	1,138,815,347	100.00

Notes:

- (1) For further details of the background of such investors, please refer to “– Pre-[REDACTED] Investments”.
- (2) To the best knowledge of the Company, such investors are Independent Third Parties.
- (3) In August 2025, Zhenshi Group transferred all its equity interests in the Company to Zhenshi Huayue Equity Investment (Jiaxing) Co., Ltd. (振石華岳股權投資(嘉興)有限公司) (“**Zhenshi Huayue**”) for RMB50 million and ceased to be a direct shareholder of the Company. Zhenshi Huayue is wholly-owned by Zhenshi Group.

(9) Second Capital Increase in December 2022

On December 28, 2022, the Company completed its capital increase. Upon the completion of the said capital increase, the registered share capital of the Company was increased to RMB1,150,000,000 and the shareholding structure of the Company was as follows:

Shareholder	Number of Shares	Percentage of shareholding (%)
Huayou Holdings	700,621,648	60.92
Mr. Chen	105,820,106	9.20
Tongling Chuang’anhui	52,022,748	4.52
EVE Investment	24,169,184	2.10
CITIC Securities Investment	23,980,815	2.09
Yibin Chendao	21,752,266	1.89
Wending Investment	21,148,036	1.84
Guangxi Guangtou	19,184,652	1.67
Qianrui Investment	19,184,652	1.67
Liyang Venture Capital	13,141,487	1.14

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	Number of Shares	Percentage of shareholding (%)
Yusheng Investment	12,084,592	1.05
Lianshan Venture Capital	11,990,408	1.04
Cloudview Investment	11,990,408	1.04
Zhenshi Group	11,990,408	1.04
Tongkun Holding	11,990,408	1.04
Tongxiang Shunshida	11,990,408	1.04
Tongling Chuangnenghui	10,267,176	0.89
Qingmu Venture Capital	9,063,444	0.79
Tongling Chuangnengju	7,445,191	0.65
Farasis Energy Industry Investment (Beijing) Co., Ltd. (孚能科技產業投資(北京)有限責任公司) (“Farasis Energy”) ⁽²⁾	7,194,245	0.63
Yida Huizheng	7,194,245	0.63
Guanming Investment	6,042,296	0.53
Qianhai Hongsheng	6,042,296	0.53
Guoxuan Power	6,042,296	0.53
Tongling Chuangxinhui	4,259,819	0.37
Gao Ling Yurun	3,597,122	0.31
Peiheng Investment	3,597,122	0.31
Chaoxing Venture Capital	2,416,918	0.21
Mr. Yin Yong	2,265,362	0.20
Mr. Cao Shengyue	1,510,242	0.13
Total	1,150,000,000	100.00

Notes:

(1) For further details of the background of such investors, please refer to “– Pre-[REDACTED] Investments”.

(2) To the best knowledge of the Company, such investors are Independent Third Parties.

(10) Capital Increase in January 2025

On January 27, 2025, the Company completed its capital increase. Upon the completion of the said capital increase, the registered share capital of the Company was increased to RMB1,188,369,305 and the shareholding structure of the Company was as follows:

Shareholder	Number of Shares	Percentage of shareholding (%)
Huayou Holdings	806,441,754	67.86
Guanming Investment	56,496,193	4.75
Tongling Chuang’anhui	52,022,748	4.38
EVE Investment	24,169,184	2.03
CITIC Securities Investment	23,980,815	2.02

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	Number of Shares	Percentage of shareholding (%)
Yibin Chendao	21,752,266	1.83
Wending Investment	21,148,036	1.78
Guangxi Guangtou	19,184,652	1.61
Qianrui Investment	19,184,652	1.61
Liyong Venture Capital	13,141,487	1.11
Lianshan Venture Capital	11,990,408	1.01
Cloudview Investment	11,990,408	1.01
Zhenshi Group	11,990,408	1.01
Tongkun Holding	11,990,408	1.01
Tongxiang Shunshida	11,990,408	1.01
Tongling Chuangnenghui	10,267,176	0.86
Qingmu Venture Capital	9,063,444	0.76
Tongling Chuangnengju	7,445,191	0.63
Farasis Energy	7,194,245	0.61
Yida Huizheng	7,194,245	0.61
Qianhai Hongsheng	6,042,296	0.51
Guoxuan Power	6,042,296	0.51
Tongling Chuangxinhui	4,259,819	0.36
Gao Ling Yurun	3,597,122	0.30
Peiheng Investment	3,597,122	0.30
Chaoxing Venture Capital	2,416,918	0.20
Mr. Yin Yong	2,265,362	0.19
Mr. Cao Shengyue	1,510,242	0.13
Total	1,188,369,305	100.00

(11) Capital Increase for the Shareholding Platform in December 2025

On December 31, 2025, the Company completed its capital increase. Upon the completion of the said capital increase, the registered share capital of the Company was increased to RMB1,247,112,935 and the shareholding structure of the Company was as follows:

Shareholder	Number of Shares	Percentage of shareholding (%)
Huayou Holdings	854,403,384	68.51
Guanming Investment	56,496,193	4.53
Tongling Chuang'anhu	52,022,748	4.17
EVE Investment	24,169,184	1.94
CITIC Securities Investment	23,980,815	1.92
Yibin Chendao	21,752,266	1.74
Wending Investment	21,148,036	1.70
Guangxi Guangtou	19,184,652	1.54
Qianrui Investment	19,184,652	1.54

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	Number of Shares	Percentage of shareholding (%)
Liyang Venture Capital	13,141,487	1.05
Lianshan Venture Capital	11,990,408	0.96
Cloudview Investment	11,990,408	0.96
Zhenshi Huayue	11,990,408	0.96
Tongkun Holding	11,990,408	0.96
Tongxiang Shunshida	11,990,408	0.96
Tongling Chuangxinju Enterprise Management Partnership (Limited Partnership) (銅陵市創新聚企業管理合夥企業(有限合夥)) (“Tongling Chuangxinju”) ⁽¹⁾	10,782,000	0.86
Tongling Chuangnenghui	10,267,176	0.82
Qingmu Venture Capital	9,063,444	0.73
Tongling Chuangnengju	7,445,191	0.60
Farasis Energy	7,194,245	0.58
Yida Huizheng	7,194,245	0.58
Qianhai Hongsheng	6,042,296	0.48
Guoxuan Power	6,042,296	0.48
Tongling Chuangxinhui	4,259,819	0.34
Gao Ling Yurun	3,597,122	0.29
Peiheng Investment	3,597,122	0.29
Chaoxing Venture Capital	2,416,918	0.19
Mr. Yin Yong	2,265,362	0.18
Mr. Cao Shengyue	1,510,242	0.12
Total	1,247,112,935	100.00

Note:

- (1) Tongling Chuangxinju is a limited partnership established under PRC law. Mr. Zhou Shengfu, chairperson of the Board, executive Director, general manager of the Company, is the general partner of Tongling Chuangxinju, and holds approximately 0.02% partnership interests in Tongling Chuangxinju. Each of the other limited partners of Tongling Chuangxinju holds less than 30% partnership interests and is a participant in the Employee Incentive Scheme. For details of the Employee Incentive Scheme, see “Statutory and General Information — D. Employee Incentive Scheme” in Appendix VI to this document.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

(12) First Capital Increase in May 2026

On May 11, 2026, the Company completed its capital increase. Upon the completion of the said capital increase, the registered share capital of the Company was increased to RMB1,376,763,967 and the shareholding structure of the Company was as follows:

Shareholder	Number of Shares	Percentage of shareholding (%)
Huayou Holdings	854,403,384	62.06
Tongxiang Futong Equity Investment Co., Ltd. (桐鄉市富桐股權投資有限公司) (“ Futong Investment ”) ⁽¹⁾	91,954,022	6.68
Guanming Investment	56,496,193	4.10
Tongling Chuang’anhui	52,022,748	3.78
EVE Investment	24,169,184	1.76
CITIC Securities Investment	23,980,815	1.74
Wuhan Cornex New Energy Co., Ltd. (武漢楚能新能源有限公司) (“ Wuhan Cornex ”) ⁽¹⁾	22,988,505	1.67
Yibin Chendao	21,752,266	1.58
Wending Investment	21,148,036	1.54
Guangxi Guangtou	19,184,652	1.39
Qianrui Investment	19,184,652	1.39
Liyong Venture Capital	13,141,487	0.95
Lianshan Venture Capital	11,990,408	0.87
Cloudview Investment	11,990,408	0.87
Zhenshi Huayue	11,990,408	0.87
Tongkun Holding	11,990,408	0.87
Tongxiang Shunshida	11,990,408	0.87
Tongling Chuangxinju	10,782,000	0.78
Tongling Chuangnenghui	10,267,176	0.75
Qingmu Venture Capital	9,063,444	0.66
Tongling Chuangnengju	7,445,191	0.54
Yida Huizheng	7,194,245	0.52
Farasis Energy	7,194,245	0.52
Guoxuan Power	6,042,296	0.44
Qianhai Hongsheng	6,042,296	0.44
Tongxiang Huixinju Enterprise Management Partnership (Limited Partnership) (桐鄉匯昕聚企業管理合夥企業(有限合夥)) (“ Tongxiang Huixinju ”) ⁽²⁾	4,740,000	0.34
Xi’an Taijin Xinneng Technology Co., Ltd. (西安泰 金新能科技股份有限公司) (“ Xi’an Taijin ”) ⁽²⁾	4,597,701	0.33
Guangxi Advanced Equipment Manufacturing City (Yulin) Industrial Investment Fund Partnership (Limited Partnership) (廣西先進裝備製造城(玉 林)產業投資基金合夥企業(有限合夥)) (“ Guangxi Industrial Investment ”) ⁽²⁾	4,390,804	0.32

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	Number of Shares	Percentage of shareholding (%)
Tongling Chuangxinhui	4,259,819	0.31
Gao Ling Yurun	3,597,122	0.26
Peiheng Investment	3,597,122	0.26
Chaoxing Venture Capital	2,416,918	0.18
Mr. Yin Yong	2,265,362	0.16
Mr. Cao Shengyue	1,510,242	0.11
Tongxiang You'anju Enterprise Management Consulting Partnership (Limited Partnership) (桐鄉市友安聚企業管理諮詢合夥企業(有限合夥)) ("Tongxiang You'anju") ⁽³⁾	980,000	0.07
Total	1,376,763,967	100.00

Notes:

- (1) For further details of the background of such investors, please refer to “– Pre-[REDACTED] Investments”.
- (2) To the best knowledge of the Company, such investors are Independent Third Parties.
- (3) Tongxiang You'anju is a limited partnership established under PRC laws. The general partner of Tongxiang You'anju is Mr. Xu Haibin, an Independent Third Party, holding 51.02% partnership interest therein. Huayou Holdings is a limited partner of Tongxiang You'anju, holding 5.10% partnership interests therein. Save as disclosed above, the partnership interests held by each of the other limited partners of Tongxiang You'anju are below 30%, and all such other limited partners are independent third parties.

(13) Second Capital Increase in May 2026

On May 15, 2026, the Company completed its capital increase. Upon the completion of the said capital increase, the registered share capital of the Company was increased to RMB1,468,717,989 and the shareholding structure of the Company was as follows:

Shareholder	Number of Shares	Percentage of shareholding (%)
Huayou Holdings	854,403,384	58.17
Mr. Yin Yong	2,265,362	0.15
Mr. Cao Shengyue	1,510,242	0.10
Tongling Chuang'anhu	52,022,748	3.54
Tongling Chuangnengju	7,445,191	0.51
Tongling Chuangnenghui	10,267,176	0.70
Tongling Chuangxinhui	4,259,819	0.29
EVE Investment	24,169,184	1.65
Wending Investment	21,148,036	1.44
Yibin Chendao	21,752,266	1.48
Chaoxing Venture Capital	2,416,918	0.16
Guoxuan Power	6,042,296	0.41

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholder	Number of Shares	Percentage of shareholding (%)
Guanming Investment	56,496,193	3.85
Qianhai Hongsheng	6,042,296	0.41
Qingmu Venture Capital	9,063,444	0.62
CITIC Securities Investment	23,980,815	1.63
Guangxi Guangtou	19,184,652	1.31
Qianrui Investment	19,184,652	1.31
Liyong Venture Capital	13,141,487	0.89
Lianshan Venture Capital	11,990,408	0.82
Cloudview Investment	11,990,408	0.82
Zhenshi Huayue	11,990,408	0.82
Tongkun Holding	11,990,408	0.82
Tongxiang Shunshida	11,990,408	0.82
Yida Huizheng	7,194,245	0.49
Gao Ling Yurun	3,597,122	0.24
Peiheng Investment	3,597,122	0.24
Farasis Energy	7,194,245	0.49
Tongling Chuangxinju	10,782,000	0.73
Wuhan Cornex	22,988,505	1.57
Xi'an Taijin	4,597,701	0.31
Guangxi Industrial Investment	4,390,804	0.30
Futong Investment	91,954,022	6.26
Tongxiang You'anju	980,000	0.07
Tongxiang Huixinju	4,740,000	0.32
Gongrong Jintou No.2 (Beijing) Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) (工融金投二號(北京)新興產 業股權投資基金合夥企業(有限合夥)) (“Gongrong Jintou No. 2”) ⁽¹⁾	91,954,022	6.26
Total	1,468,717,989	100.00

Note:

(1) For further details of the background of such investor, please refer to “– Pre-[REDACTED] Investments”.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Pre-[REDACTED] Investments

Overview

The table below outlines the main terms of the Pre-[REDACTED] Investments made by Pre-[REDACTED] Investors in the Company:

	May 2017	November 2018	September 2021	December 2021	September 2022	First Capital Increase in December 2022	Second Capital Increase in December 2022	January 2025	First Capital Increase in May 2026	Second Capital Increase in May 2026
Subscribed for/ Acquired registered capital (RMB) or number of shares (if applicable)	50,000,000	50,000,000	382,000,000	173,120,825	203,934,440	179,760,082	11,184,653	38,369,305	129,651,032	91,954,022
Amount of consideration (RMB)	50,000,000	50,000,000	500,420,000	288,665,991.56	675,023,000	749,599,545	46,640,000	160,000,000	563,982,000	400,000,000
Basis for determining the consideration paid	The consideration for the Pre-[REDACTED] Investments was determined upon arm's length negotiation between the Company and the Pre-[REDACTED] Investors after taking into account various factors, including but not limited to the investment timing, market capitalization, business prospects and the assessment of the Company's net asset value for the time being.									
Date of agreements	May 2017	October 2018	September 2021	December 2021	September 2022	November 2022	December 2022	December 2024	April 2026	April 2026
Date of full settlement of consideration	August 31, 2017	October 29, 2018	September 24, 2021	December 30, 2021	September 28, 2022	December 7, 2022	December 26, 2022	January 10, 2025	April 28, 2026	April 30, 2026
Cost per share (approximate)	RMB1.00	RMB1.00	RMB1.31	RMB1.31	RMB3.31	RMB4.17	RMB4.17	RMB4.17	RMB4.35	RMB4.35
Discount to the [REDACTED] (approximate)	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Lock-up period	Pursuant to the applicable PRC laws, all existing shareholders (including Pre-[REDACTED] Investors) are subject to the relevant PRC statutory transfer restrictions for a period of one year commencing on the [REDACTED].									
Use of proceeds from Pre-[REDACTED] Investments	We utilized the proceeds from the Pre-[REDACTED] Investments to the principal businesses of the Group, including but not limited to R&D activities, business growth and expansion of the Company, capital expenditure on plant and equipment, repayment of borrowings as well as general working capital. As of the Latest Practicable Date, approximately 100% of the net proceeds from the Pre-[REDACTED] Investments has been utilized.									
Strategic benefits of the Pre-[REDACTED] Investors brought to the Company	At the time of the Pre-[REDACTED] Investment, our Directors considered that the Group could benefit from the additional capital provided by the Pre-[REDACTED] Investors' investment in the Group, their insights into the industry, advice on business expansion and strategic direction, the upstream and downstream resources brought to the Company by the Pre-[REDACTED] Investors, as well as the Pre-[REDACTED] Investors' knowledge, capabilities and experience. Such investments also demonstrate their confidence in the business of the Group and recognition of the Group's performance, strength and prospects.									

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Rights of the Pre-[REDACTED] Investors

Pursuant to the existing capital agreements and supplemental agreements, the Pre-[REDACTED] Investors have been granted certain special rights, including pre-emptive subscription right, anti-dilution right, pre-emptive purchase right, pre-emptive sale right, information rights, liquidation right, most favorable treatment and right to transfer to related parties. All special rights granted to the Pre-[REDACTED] Investors have been terminated on the day prior to the Company’s first submission of the [REDACTED] to the Stock Exchange provided that the relevant special rights shall be reinstated in circumstances including where the Company’s [REDACTED] is not approved or the [REDACTED] materials are withdrawn.

Confirmation by the Sole Sponsor

Having considered the terms of the Pre-[REDACTED] Investments, including the timing of the termination of all special rights granted to the Pre-[REDACTED] Investors, the Sole Sponsor confirms that the investments by the Pre-[REDACTED] Investors are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information on the Principal Pre-[REDACTED] Investors

Set out below is a description of the principal Pre-[REDACTED] Investors which, together with the Controlling Shareholders, hold more than 90% of the total issued share capital of the Company in aggregate as at the date of this document. To the best knowledge of the Company, save as disclosed in this sub-section, each of the Pre-[REDACTED] Investors is an Independent Third Party.

Futong Investment

Futong Investment is a limited liability company incorporated under the PRC laws. Futong Investment is a wholly-owned subsidiary of Tongxiang State Owned Capital Holding Group Co., Ltd. (桐鄉市國有資本控股集團有限公司), which is in turn wholly-owned by the Tongxiang Finance Bureau.

Gongrong Jintou No. 2

Gongrong Jintou No. 2 is a limited partnership incorporated under the PRC laws. The general partner of Gongrong Jintou No. 2 is ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), holding 0.01% of the partnership interests therein. The other limited partner of Gongrong Jintou No. 2 is ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司), holding 99.99% of the partnership interests therein. Each of ICBC Capital Management Co., Ltd. and ICBC Financial Asset Investment Co., Ltd. is directly and indirectly wholly owned by Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1398) and Shanghai Stock Exchange (stock code: 601398).

Guanming Investment

Guanming Investment is a limited liability company incorporated under the PRC laws. Guanming Investment is a wholly-owned subsidiary of Zhuhai Cosmx Battery Co., Ltd. (珠海冠宇電池股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 688772).

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EVE Investment

EVE Investment is a limited liability company incorporated under the PRC laws. EVE Investment is wholly-owned by EVE Holdings Co., Ltd. (西藏億緯控股有限公司), which is owned as to 50% each by two Independent Third Parties natural persons, Luo Jinhong and Liu Jincheng.

CITIC Securities Investment

CITIC Securities Investment is a limited liability company incorporated under the PRC laws. CITIC Securities Investment is wholly-owned by CITIC Securities Company Limited (中信証券股份有限公司), a company listed on the Stock Exchange of Hong Kong Limited (Stock Code: 6030) and the Shanghai Stock Exchange (Stock Code: 600030).

Wuhan Cornex

Wuhan Cornex is a limited liability company incorporated under the PRC laws. Wuhan Cornex is wholly-owned by Cornex New Energy Co., Ltd. (楚能新能源股份有限公司) (“**Cornex New Energy**”). Cornex New Energy is ultimately controlled by Dai Deming (代德明), an Independent Third Party. Dai Deming directly holds 43.05% equity interest in Cornex New Energy and indirectly holds 20.50% equity interest in Cornex New Energy through Hengxin Automobile Group Co., Ltd. (恆信汽車集團股份有限公司) (“**Hengxin Automobile**”). Hengxin Automobile is held as to 80.77% by Hubei Hengxin Delong Industrial Co., Ltd. (湖北恆信德龍實業有限公司), which is in turn held as to 60.00% by Dai Deming. The remaining shareholders of Cornex New Energy are Independent Third Parties, none of whom holds more than 20% equity interest in Cornex New Energy.

Yibin Chendao

Yibin Chendao is a limited partnership incorporated under the PRC laws. The general partner of Yibin Chendao is Chendao Capital LLP (寧波梅山保稅港區晨道投資合夥企業(有限合夥)) (“**Chendao Capital**”), which holds approximately 0.0294% of the partnership interests therein. The general partner of Chendao Capital is Ningbo Meishan Bonded Port Area Yitian Investment Co., Ltd. (寧波梅山保稅港區倚天投資有限公司) (“**Yitian Investment**”), which holds 1.00% of the partnership interests therein. Yitian Investment is owned as to 67.00% and 33.00% by Guan Chaoyu and Zhang Shuqin, Independent Third Parties, respectively. Another limited partner of Chendao Capital is Guan Chaoyu (關朝餘), an Independent Third Party, who holds 99% of the partnership interests therein.

The limited partners of Yibin Chendao include Yibin Industrial Investment Group Co., Ltd. (宜賓市產業投資集團有限公司) (“**Yibin Industrial Investment**”), which holds approximately 44.1047% of the partnership interests therein. Yibin Industrial Investment is controlled by the State-owned Assets Supervision and Administration Commission of Yibin Municipal People’s Government, which indirectly holds 90.00% of the partnership interests therein. Yibin Chendao also has three other limited partners, none of whom holds 30% or more of the partnership interests therein.

Wending Investment

Wending Investment is a limited liability company incorporated under the PRC laws. Wending Investment is a wholly-owned subsidiary of Contemporary Amperex Technology Co., Ltd. (寧德時代新能源科技股份有限公司), a company listed on the Stock Exchange of Hong Kong Limited (Stock Code: 3750) and the Shenzhen Stock Exchange (Stock Code: 300750).

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Guangxi Guangtou

Guangxi Guangtou is a limited partnership incorporated under the PRC laws with two general partners. The first general partner of Guangxi Guangtou is Guangxi Guofu Innovation Equity Investment Fund Management Co., Ltd. (廣西國富創新股權投資基金管理有限公司) (“**Guofu Innovation**”), which holds approximately 1.1723% of the partnership interests therein. Guofu Innovation is a wholly-owned subsidiary of Guangtou Capital Management Group Co., Ltd. (廣投資本管理集團有限公司) (“**Guangtou Capital**”). Guangtou Capital is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of the Guangxi Zhuang Autonomous Region. The other general partner of Guangxi Guangtou is Guangxi Yuli Venture Capital Co., Ltd. (廣西宇粒創業投資有限公司) (“**Guangxi Yuli**”), which holds approximately 1.1723% of the partnership interests therein. Guangxi Yuli is owned as to 80% by Wang Haitao (汪海濤), an Independent Third Party. The other 20% is owned by Shanghai Yuli Enterprise Management Consulting Firm (上海宇粒企業管理諮詢事務所), which is wholly owned by Yu Haiyang (余海洋), also an Independent Third Party.

The limited partners of Guangxi Guangtou include Yulin Yukong Industrial Investment Co., Ltd. (玉林玉控產業投資有限公司) (“**Yulin Yukong**”), which holds approximately 73.8570% of the partnership interests therein. Yulin Yukong is wholly-owned by the State-owned Assets Supervision and Administration Commission of Yulin Municipal People’s Government. The other limited partner of Guangxi Guangtou holds less than 30% of the partnership interests therein.

Qianrui Investment

Qianrui Investment is a limited partnership incorporated under the PRC laws. The general partner of Qianrui Investment is Jiaying Qianji Investment Co., Ltd. (嘉興謙吉投資有限公司) (“**Qianji Investment**”), which holds 2.50% of the partnership interests therein. Qianji Investment is controlled as to approximately 93.80% by Li Xiaodong, an Independent Third Party.

The limited partners of Qianrui Investment include Shang Chaonan, an Independent Third Party, who holds approximately 35.0188% of the partnership interests therein. Qianrui Investment also has 32 other limited partners, none of whom holds 30% or more of the partnership interests therein.

Liyong Venture Capital

Liyong Venture Capital is a limited partnership incorporated under the PRC laws. The general partner of Liyong Venture Capital is Ningbo Meishan Bonded Port Area Yuhe Private Equity Fund Management Partnership (Limited Partnership) (寧波梅山保稅港區峪赫私募基金管理合夥企業(有限合夥)) (“**Yuhe Private Equity**”), which holds 1.00% of the partnership interests therein. The general partner of Yuhe Private Equity is Zhou Liming, an Independent Third Party, who holds 20.00% of the partnership interests therein. The limited partners of Yuhe Private Equity include Yan Yi, an Independent Third Party, who holds 60.00% of the partnership interests therein. Yuhe Private Equity also has one other limited partner, who does not hold 30% or more of the partnership interests therein.

Liyong Venture Capital has ten other limited partners, none of whom holds 30% or more of the partnership interests therein.

Cloudview Investment

Cloudview Investment is a limited partnership incorporated under the PRC laws. The general partner of Cloudview Investment is Zhuhai Tongpei Equity Investment Management Partnership (Limited Partnership) (珠海通沛股權投資管理合夥企業(有限合夥)) (“**Zhuhai Tongpei**”), which holds

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0.000044% of the partnership interests therein. The general partner of Zhuhai Tongpei is Profit Score Limited, which holds 0.9009% of the partnership interests therein. Profit Score Limited is wholly owned by Chen Jinsong, who is an Independent Third Party. Zhuhai Tongpei also has one limited partner, Zhuhai Zehuan Investment Management Partnership (Limited Partnership) (珠海澤桓投資管理合夥企業(有限合夥)) (“**Zhuhai Zehuan**”), which holds approximately 99.0991% of the partnership interests therein. The general partner of Zhuhai Zehuan is Profit Score Limited. The limited partners of Zhuhai Zehuan include Chen Jinsong, who holds approximately 74.5084% of the partnership interests therein. Zhuhai Zehuan also has two other limited partners, none of whom holds 30% or more of the partnership interests therein.

The limited partners of Cloudview Investment include Huayou Holdings (which holds approximately 2.6178% of the partnership interests therein), Haiyan County State-owned Assets Investment Co., Ltd. (海鹽縣國有資本投資有限公司) (which holds approximately 34.9913% of the partnership interests therein and is wholly-owned by the Finance Bureau of Haiyan County, Zhejiang Province, PRC), and 26 other limited partners, none of whom holds 30% or more of the partnership interests therein.

Lianshan Venture Capital

Lianshan Venture Capital is a limited partnership incorporated under the PRC laws. The general partner of Lianshan Venture Capital is Hefei Kexun Venture Capital Management Partnership (Limited Partnership) (合肥科訊創業投資管理合夥企業(有限合夥)) (“**Kexun Venture Capital**”), which holds 0.40% of the partnership interests therein. The general partner of Kexun Venture Capital is Hefei Kexun Dingli Enterprise Management Co., Ltd. (合肥科訊頂立企業管理有限公司) (“**Kexun Dingli**”), which holds 1.00% of the partnership interests therein. Kexun Dingli is controlled as to 99.00% by Sanya Gaozhuo Jiayin Information Technology Partnership (Limited Partnership) (三亞高卓佳音信息科技合夥企業(有限合夥)) (“**Gaozhuo Jiayin**”). The limited partner of Kexun Venture Capital is Gaozhuo Jiayin, holding 99.00% of partnership interest therein. Gaozhuo Jiayin’s general partner is Xu Jingming (徐景明), an Independent Third Party holding 57% partnership interest therein. The remaining 43% partnership interest of Gaozhuo Jiayin is held by Wang Zheng (王政), who is also an Independent Third Party.

Lianshan Venture Capital has ten other limited partners, none of whom holds 30% or more of the partnership interests therein.

Zhenshi Huayue

Zhenshi Huayue is a limited liability company incorporated under the PRC laws and is wholly owned by Zhenshi Group. Zhenshi Group is controlled by Zhang Yuqiang (張毓強), an Independent Third Party.

Tongkun Holding

Tongkun Holding is a limited liability company incorporated under the PRC laws. Tongkun Holding is controlled by Chen Shiliang, an Independent Third Party, who directly holds approximately 66.70% of the equity interests therein.

Tongxiang Shunshida

Tongxiang Shunshida is a limited liability company incorporated under the PRC laws. Tongxiang Shunshida is controlled by Lu Zhilong, the son-in-law of Mr. Chen, who holds 80.00% of the equity interests therein.

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Employee Incentive Scheme

To improve the long-term incentive mechanism of the Group, attract and retain outstanding talents, we have adopted a Employee Incentive Scheme scheme. For further details, see “Statutory and General Information — D. Employee Incentive Scheme” in Appendix VI to this document.

Our Controlling Shareholders

For details of the Controlling Shareholder group, please refer to “Relationship with the Controlling Shareholders”.

Our Major Subsidiaries

During the Track Record Period, the following subsidiaries have made a significant contribution to our operating results and financial performance:

Name	Place of Establishment	Date of Establishment	Equity Interest	Main Business Activities
Jiangxi Huachuang New Materials Co., Ltd. (江西華創新材有限公司)	PRC	February 8, 2022	100.00%	Research and development, production, and sale of copper foil products
Nanchang Youye Copper Materials Manufacturing Co., Ltd. (南昌市友業銅材製造有限公司)	PRC	January 23, 2025	100.00%	Production and sale of copper rods and copper wires
Guangxi Huachuang New Materials Copper Foil Co., Ltd. (廣西華創新材銅箔有限公司)	PRC	November 20, 2020	100.00%	Research and development, production, and sale of copper foil products
Guangxi Times Chuangneng New Materials Technology Co., Ltd. (廣西時代創能新材料科技有限公司)	PRC	October 23, 2020	100.00%	Research and development, production, and sale of copper foil products
Jiangxi Huachuang Times Copper Foil Sales Co., Ltd. (江西華創時代銅箔銷售有限公司)	PRC	November 18, 2022	100.00%	Sale of copper foil and non-ferrous metal products

Major Acquisitions, Disposals and Mergers

During the Track Record Period, we had not conducted any acquisitions, disposals or mergers that we consider to be material to us.

Proposed A-Share Listing Plan

The Group has previously explored the possibility of an A-share listing in the mainland in around 2022 (the “**A-share Listing Plan**”). However, the Company subsequently decided to discontinue the A-share Listing Plan and sought [REDACTED] on the Stock Exchange due to market conditions. In this regard, in December 2022, our Company entered into a guidance agreement (the

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“Guidance Agreement”) (輔導協議) for receiving preparation guidance in accordance with the relevant PRC rules. The Guidance Agreement was terminated in March 2026. No listing application was submitted formally. The Directors confirm that they are not aware of (i) any matters relating to the A-share Listing Plan that may have material adverse implications on the Group’s suitability for [REDACTED] on the Stock Exchange; (ii) any other matters that need to be brought to the attention of the Stock Exchange or the Shareholders; or (iii) any disagreements encountered with the relevant professional parties or regulatory authorities during the preparation for the A-share Listing Plan. The Sole Sponsor concurs with the aforementioned views of the Directors.

Public Float and Free Float

The [REDACTED] Domestic [REDACTED] Shares, representing [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised), will not be considered as part of the public float as such Domestic [REDACTED] Shares will not be converted into H Shares immediately upon completion of the [REDACTED]. Among the [REDACTED] H Shares, a total of [REDACTED] H Shares converted from the Domestic [REDACTED] Shares held by (i) Huayou Holdings and Tongling Chuang’anhui, which are the Controlling Shareholders of the Company, (ii) Tongling Chuangnenghui, Tongling Chuangnengju, Tongling Chuangxinhui and Tongling Chuangxinju, which are limited partnerships with Mr. Zhou Shengfu, chairperson of the Board, executive Director, general manager of the Company as the general partner, (iii) Mr. Yin Yong, executive Director, deputy general manager of the Company, and (iv) Mr. Cao Shengyue, deputy general manager, and general manager of the Company’s subsidiary, representing [REDACTED]% of the total issued shares after [REDACTED] in aggregate (assuming the [REDACTED] is not exercised), will not be included in the public float immediately upon completion of the [REDACTED] because the aforesaid shareholders are core connected persons of the Group.

To the best knowledge, information and belief of our Directors, and after making all reasonable enquiries, save as disclosed above, no existing shareholder is (i) a core connected person of the Group; (ii) provided with financing for the subscription of shares directly or indirectly by a core connected person of the Group; or (iii) accustomed to accepting instructions from a core connected person of the Group in respect of the acquisition, sale, voting or other dispose of shares registered in its name or otherwise held by it. Accordingly, a total of [REDACTED] H Shares, representing [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised), comprising [REDACTED] H Shares converted from the Domestic [REDACTED] Shares held by other existing shareholders and [REDACTED] H Shares to be [REDACTED] pursuant to the [REDACTED] (assuming the [REDACTED] is not exercised), will be included in the public float.

Upon [REDACTED], the Company will meet the public float requirement stipulated in Rule 19A.13A(1) of the Listing Rules. According to this rule, if the expected market capitalization of the Company’s H Shares upon [REDACTED] exceeds HK\$6 billion but does not exceed HK\$30 billion, the percentage of the minimum number of H Shares held by the public at the time of [REDACTED] relative to the total number of shares issued by the Company should be the higher of: (i) the percentage resulting in an expected market capitalization of HK\$1.5 billion for the H Shares held by the public at the time of [REDACTED]; and (ii) 15.00%. Based on the [REDACTED] of HK\$[REDACTED] per H share, the expected market capitalization of our shares is HK\$[REDACTED] [REDACTED]. Given that [REDACTED]% of our total issued Shares upon [REDACTED] (assuming the [REDACTED] is not exercised) will be counted towards the public float, the aforesaid public float requirement is satisfied.

Under applicable PRC laws, all shares held by existing shareholders of the Company (i.e., [REDACTED] shares) will be subject to a 12-month lock-up period from the [REDACTED]. There are no selling restrictions for the [REDACTED] that all other investors participating in the [REDACTED] will subscribe for. It is expected that the Company will meet the free float

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requirement set out in Rule 19A.13C(1) of the Listing Rules, ensuring that there will be sufficient H Shares available for public holding and [REDACTED].

Capitalization of the Company

The following table provides a summary of the Company’s capitalization as of the date of this document and immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised):

Shareholder	Total number of shares as of the date of the document	Number of shares immediately after completion of the [REDACTED]	Number of H Shares immediately after completion of the [REDACTED]	Total number of shares immediately after completion of the [REDACTED]	Ownership percentage as of the date of the document	Ownership percentage immediately after completion of the [REDACTED]
					(%)	(%)
Controlling Shareholders						
Huayou Holdings	854,403,384	[REDACTED]	[REDACTED]	[REDACTED]	58.17	[REDACTED]
Tongling Chuang’anhui	52,022,748	[REDACTED]	[REDACTED]	[REDACTED]	3.54	[REDACTED]
Subtotal	906,426,132	[REDACTED]	[REDACTED]	[REDACTED]	61.72	[REDACTED]
Futong Investment	91,954,022	[REDACTED]	[REDACTED]	[REDACTED]	6.26	[REDACTED]
Gongrong Jintou No.2	91,954,022	[REDACTED]	[REDACTED]	[REDACTED]	6.26	[REDACTED]
Guanming Investment	56,496,193	[REDACTED]	[REDACTED]	[REDACTED]	3.85	[REDACTED]
EVE Investment	24,169,184	[REDACTED]	[REDACTED]	[REDACTED]	1.65	[REDACTED]
CITIC Securities Investment	23,980,815	[REDACTED]	[REDACTED]	[REDACTED]	1.63	[REDACTED]
Wuhan Cornex	22,988,505	[REDACTED]	[REDACTED]	[REDACTED]	1.57	[REDACTED]
Yibin Chendao	21,752,266	[REDACTED]	[REDACTED]	[REDACTED]	1.48	[REDACTED]
Wending Investment	21,148,036	[REDACTED]	[REDACTED]	[REDACTED]	1.44	[REDACTED]
Guangxi Guangtou	19,184,652	[REDACTED]	[REDACTED]	[REDACTED]	1.31	[REDACTED]
Qianrui Investment	19,184,652	[REDACTED]	[REDACTED]	[REDACTED]	1.31	[REDACTED]
Liyong Venture Capital	13,141,487	[REDACTED]	[REDACTED]	[REDACTED]	0.90	[REDACTED]
Lianshan Venture Capital	11,990,408	[REDACTED]	[REDACTED]	[REDACTED]	0.82	[REDACTED]
Cloudview Investment	11,990,408	[REDACTED]	[REDACTED]	[REDACTED]	0.82	[REDACTED]
Zhenshi Group	11,990,408	[REDACTED]	[REDACTED]	[REDACTED]	0.82	[REDACTED]
Tongkun Holding	11,990,408	[REDACTED]	[REDACTED]	[REDACTED]	0.82	[REDACTED]
Tongxiang Shunshida	11,990,408	[REDACTED]	[REDACTED]	[REDACTED]	0.82	[REDACTED]
Tongling Chuangxinju	10,782,000	[REDACTED]	[REDACTED]	[REDACTED]	0.73	[REDACTED]
Tongling Chuangnenghui	10,267,176	[REDACTED]	[REDACTED]	[REDACTED]	0.70	[REDACTED]
Qingmu Venture Capital	9,063,444	[REDACTED]	[REDACTED]	[REDACTED]	0.62	[REDACTED]
Tongling Chuangnengju	7,445,191	[REDACTED]	[REDACTED]	[REDACTED]	0.51	[REDACTED]
Farasis Energy	7,194,245	[REDACTED]	[REDACTED]	[REDACTED]	0.49	[REDACTED]
Yida Huizheng	7,194,245	[REDACTED]	[REDACTED]	[REDACTED]	0.49	[REDACTED]
Qianhai Hongsheng	6,042,296	[REDACTED]	[REDACTED]	[REDACTED]	0.41	[REDACTED]
Guoxuan Power	6,042,296	[REDACTED]	[REDACTED]	[REDACTED]	0.41	[REDACTED]
Tongxiang Huixinju	4,740,000	[REDACTED]	[REDACTED]	[REDACTED]	0.32	[REDACTED]

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Shareholder	Total number of shares as of the date of the document	Number of shares immediately after completion of the [REDACTED]	Number of H Shares immediately after completion of the [REDACTED]	Total number of shares immediately after completion of the [REDACTED]	Ownership percentage as of the date of the document (%)	Ownership percentage immediately after completion of the [REDACTED] (%)
Xi'an Taijin	4,597,701	[REDACTED]	[REDACTED]	[REDACTED]	0.31	[REDACTED]
Guangxi Industrial Investment	4,390,804	[REDACTED]	[REDACTED]	[REDACTED]	0.30	[REDACTED]
Tongling Chuangxinhui	4,259,819	[REDACTED]	[REDACTED]	[REDACTED]	0.29	[REDACTED]
Gao Ling Yurun	3,597,122	[REDACTED]	[REDACTED]	[REDACTED]	0.25	[REDACTED]
Peiheng Investment	3,597,122	[REDACTED]	[REDACTED]	[REDACTED]	0.25	[REDACTED]
Chaoxing Venture Capital	2,416,918	[REDACTED]	[REDACTED]	[REDACTED]	0.17	[REDACTED]
Mr. Yin Yong	2,265,362	[REDACTED]	[REDACTED]	[REDACTED]	0.15	[REDACTED]
Mr. Cao Shengyue	1,510,242	[REDACTED]	[REDACTED]	[REDACTED]	0.10	[REDACTED]
Tongxiang You'anju	980,000	[REDACTED]	[REDACTED]	[REDACTED]	0.07	[REDACTED]
Investors taking part in the [REDACTED]	–	[REDACTED]	[REDACTED]	[REDACTED]	–	[REDACTED]
Total	1,468,717,989	[REDACTED]	[REDACTED]	[REDACTED]	100.00	100.00

PRC Regulatory Requirements

Our PRC Legal Advisor confirms that we have duly completed, processed and obtained all necessary statutory approvals from relevant PRC government authorities for all the aforementioned capital increases and equity transfers in accordance with laws, and have completed the necessary registrations with relevant PRC government authorities.

(1) Corporate Structure Immediately Before Completion of the [REDACTED]

Huayou Holdings ⁽¹⁾		Tongling Chang'anhu ⁽¹⁾		Tongling Changenghu ⁽²⁾		Tongling Changengju ⁽²⁾		Tongling Changxinhu ⁽²⁾		Mr. Yin Yong ⁽³⁾		Mr. Cao Shengyue ⁽⁴⁾		Other Investors	
58.17%		3.54%		0.70%		0.51%		0.29%		0.73%		0.15%		35.80%	
Our Company															
100%				100%				100%				100%			
Jiangxi Huanhuang New Materials Co., Ltd.				Guangxi Huachuang New Materials Copper Foil Co., Ltd.				Jiangxi Huanhuang Times Copper Foil Sales Co., Ltd.				Shangrao Huachuang Copper Foil Co., Ltd.			
100%				100%				100%				100%			
Nanchang Youye Copper Materials Manufacturing Co., Ltd.				Guangxi Times Chuangheng New Materials Technology Co., Ltd.				Zhejiang Qizhou Huachuang New Materials Copper Foil Co., Ltd.				Sichuan Huachuang New Materials Co., Ltd.			
100%				100%				100%				100%			
Tongling Huanhuang New Materials Co., Ltd.				Tongling Huanhuang New Materials Co., Ltd.				Tongling Huanhuang New Materials Co., Ltd.				Tongling Huanhuang New Materials Co., Ltd.			

(1) As of the Latest Practicable Date, Huayou Holdings, held 58.17% of the shares of the Company. Huayou Holdings is held by Mr. Chen, TMA International and Ms. Qiu as to 60.00%, 33.33% and 6.67%, respectively. Ms. Qiu is Mr. Chen's spouse. TMA International is controlled by TMA HK, which is in turn wholly owned by Tongxiang Huajin. Tongxiang Huajin is wholly owned by Mr. Chen. Tongling Chuang'anhui, for which Huayou Holdings acts as the general partner and holds a 44.59% interest, held 3.54% of the shares of the Company. Accordingly, Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang'anhui, were interested in approximately 61.72% of the total issued share capital of the Company. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang'anhui will be entitled to exercise or control the exercise of an aggregate of approximately [REDACTED]% of the voting power at general meetings of our Company. Therefore, Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang'anhui will constitute the Controlling Shareholders of our Company under the Listing Rules. See "Relationship with the Controlling Shareholders" for details.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

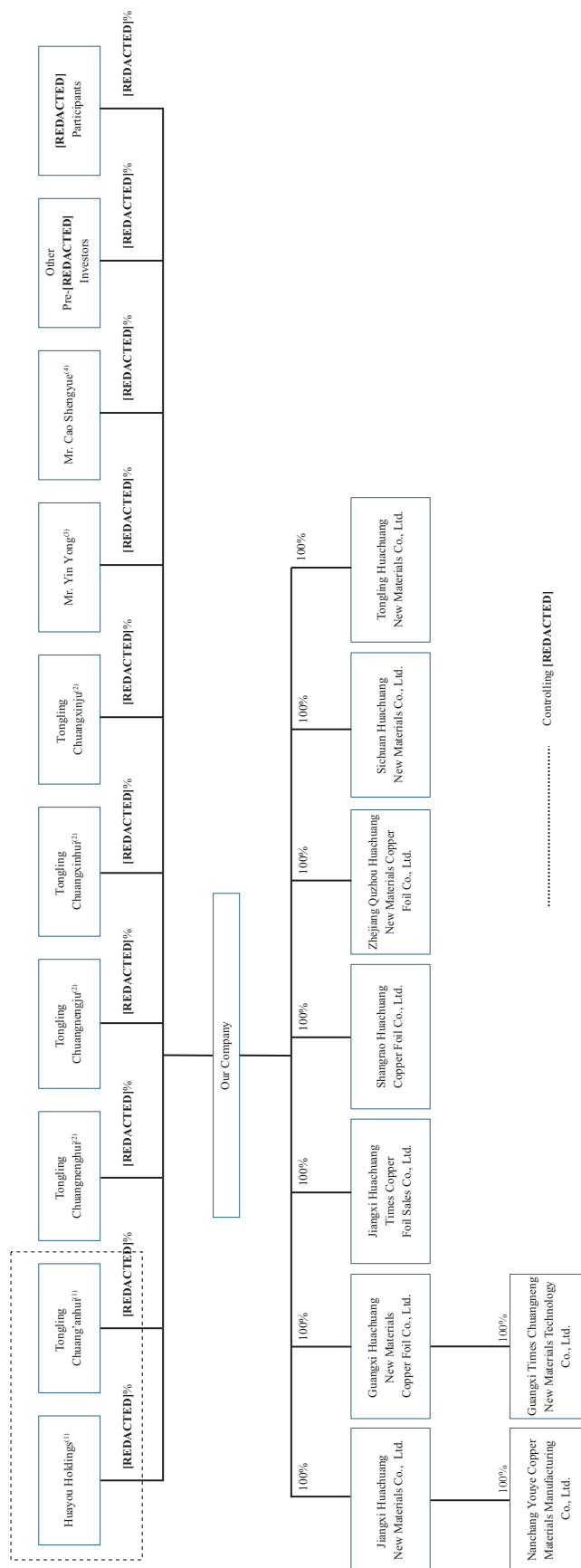
(2) Mr. ZHOU Shengfu, chairperson of the Board, executive Director, general manager of the Company, is the general partner of Tongling Chuangnenghui, Tongling Chuangnengju, Tongling Chuangxinhui and Tongling Chuangxinju, holding 1.04%, 0.88%, 0.35% and 0.02%, respectively. For background of Tongling Chuangnenghui, Tongling Chuangnengju, Tongling Chuangxinhui and Tongling Chuangxinju, please refer to regarding the Employee Incentive Scheme, see “— Our Corporate Development” and “Statutory and General Information — D. Employee Incentive Scheme” in Appendix VI to this document.

(3) Mr. Yin Yong is our executive Director and deputy general manager. For details of Mr. Yin, please refer to “Directors and Senior Management – The Board”.

(4) Mr. Cao Shengyue is our deputy general manager and general manager of our Company's subsidiary For details of Mr. Cao, please refer to "Directors and Senior Management — Senior Management".

(2) Corporate Structure Immediately After Completion of the [REDACTED]

The chart below depicts the shareholding structure of the Company immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised):



Note: See relevant notes under “— Corporate Structure Immediately Before Completion of the [REDACTED]”:

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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.

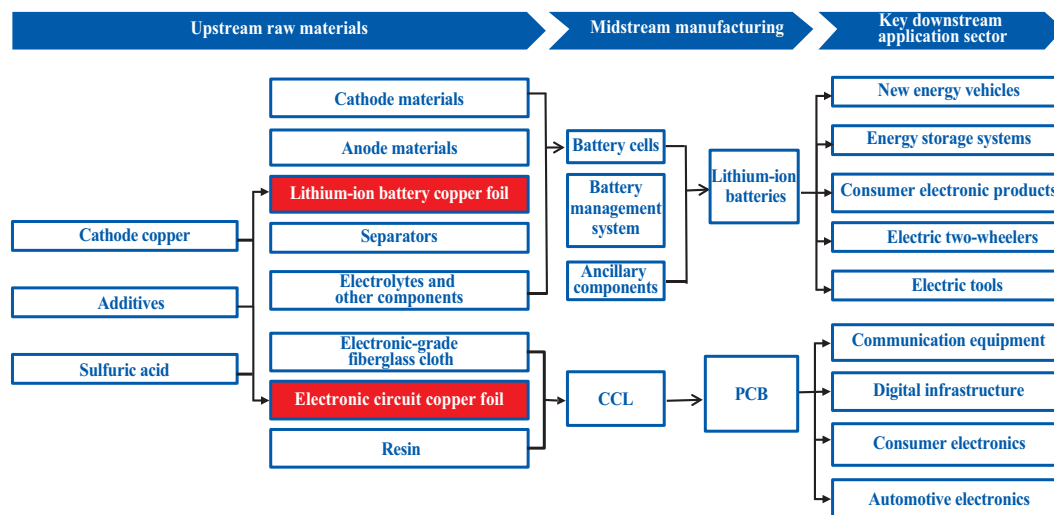
Electronic circuit copper foil is the core conductive material used in CCL and PCB, where it is etched to form precision circuitry. Electronic circuit copper foil performs two fundamental functions, namely (i) serving as the transmission channel for electronic signals and power and (ii) acting as the 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.

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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,

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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

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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

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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.

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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

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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

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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 cyclicalities.

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

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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.

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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.

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- *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

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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

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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.

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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

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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

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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.

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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

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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

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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

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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.

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- *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.

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- *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

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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

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(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.

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- *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

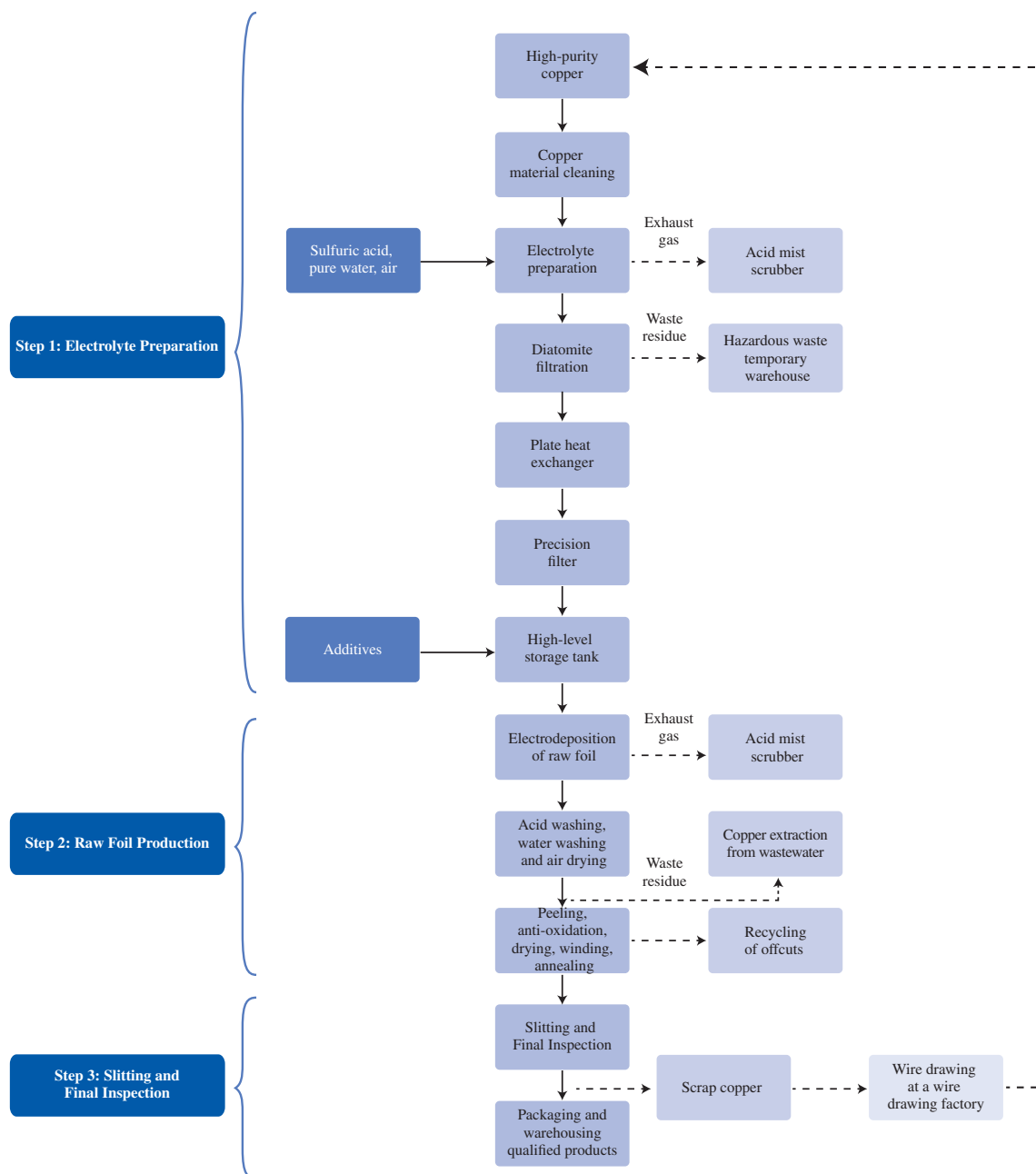
The production process for our electrolytic copper foil products is broadly similar for both lithium-ion battery and electronic circuit applications, with key differences in the post-processing (surface treatment) stage to meet specific end requirements. The principal steps of the production process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

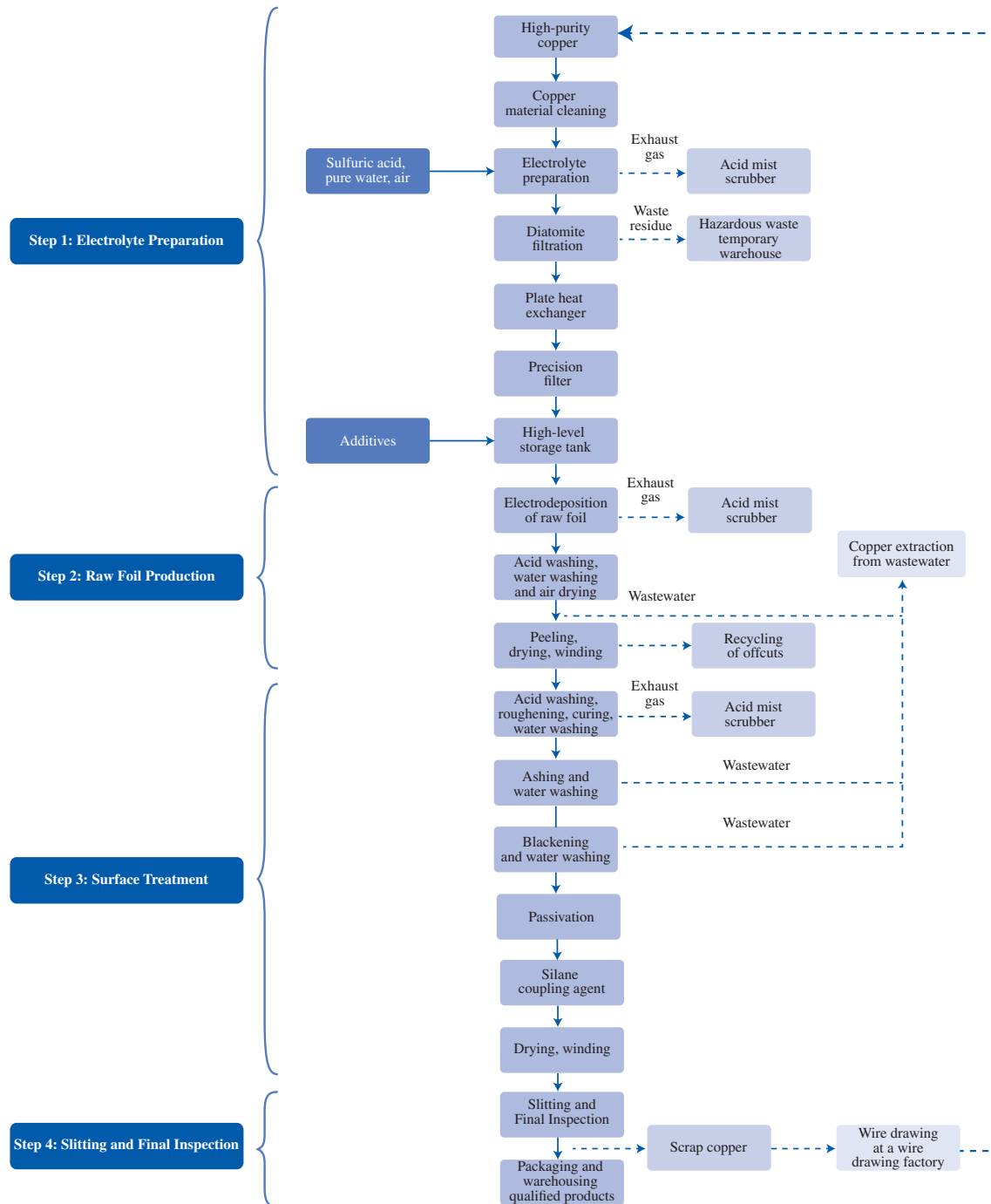
BUSINESS

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.

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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%.

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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%.

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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.

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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.

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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.

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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 <i>(RMB'000)</i>	% 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		

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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		

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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.

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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.

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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.

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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		

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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.

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- (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.

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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.

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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.

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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.

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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.

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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

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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.

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	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

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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.

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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)

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The Board of Directors consists of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. All the Directors (excluding employee Directors) shall be elected at shareholders’ meetings to serve a term of three years and are eligible for reelection. Independent non-executive Directors shall not hold office for more than six consecutive years in accordance with relevant PRC laws and regulations.

The senior management is responsible for the management of day-to-day operations of the Group.

Directors

The following table sets out certain information about the Directors:

Name	Age	Position	Major Roles and Responsibilities	Date of Joining the Group	Date of Appointment as a Director	Relationship with Other Directors and Senior Management
Executive Directors						
Mr. Zhou Shengfu (周盛夫)	57	Chairperson of the Board, executive Director, general manager	The Group’s overall strategic planning, operational management and major decision-making, and presiding over the day-to-day work of the Board of Directors and the senior management	October 2016	October 2016	None
Mr. Yin Yong (殷勇)	54	Executive Director, deputy general manager	The Group’s production technology management, process research and development, and operational management of related subsidiaries	October 2016	October 2016	None
Non-executive Directors						
Mr. Chen Xue (陳學)	60	Non-executive Director	Supervising the performance of the Board and providing advice on operations and development of the Company	June 2021	June 2021	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Major Roles and Responsibilities	Date of Joining the Group	Date of Appointment as a Director	Relationship with Other Directors and Senior Management
Ms. Fang Xianglei (方香雷)	37	Non-executive Director	Formulating and implementing the Group’s human resources strategies, etc.	November 2016	April 2026	None

Independent non-executive Directors

Mr. Zhou Weihua (周魏華)	46	Independent non-executive Director	Overseeing the Board of Directors in an independent capacity and safeguarding public interests and the rights and interests of minority shareholders	April 2026	April 2026	None
Mr. Liu Wencheng (劉文成)	54	Independent non-executive Director	Overseeing the Board of Directors in an independent capacity and safeguarding public interests and the rights and interests of minority shareholders	April 2026	April 2026	None
Ms. Kwok Yuk Chun (郭玉珍)	57	Independent non-executive Director	Overseeing the Board of Directors in an independent capacity and safeguarding public interests and the rights and interests of minority shareholders	April 2026	April 2026	None

Executive Director

Mr. Zhou Shengfu (周盛夫), aged 57, is the chairperson of the Board, executive Director and general manager of the Group, primarily responsible for the Group’s overall strategic planning, operational management and major decision-making, and presiding over the day-to-day work of the Board of Directors and the senior management.

Mr. Zhou has over 30 years of experience in the manufacturing industry. He joined the Group in October 2016 and was appointed as the chairperson of the Board and general manager of the Company.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining the Group, Mr. Zhou served at Chenzhou Automobile Repair Parts Factory (郴州市汽修配廠) from September 1995 to December 2001, and at Sany Heavy Industry Co., Ltd. (三一重工股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600031; listed on the Hong Kong Stock Exchange, stock code: 6031) from May 2002 to January 2008. Mr. Zhou served at Aerospace Kaitian Environmental Technology Co., Ltd. (航天凱天環保科技股份有限公司) (delisted from NEEQ, stock code: 835815) from February 2008 to August 2008, and as an assistant president at Zhejiang Huayou Cobalt Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 603799) from October 2008 to September 2016. Since 2016, Mr. Zhou has been the chairperson of the board and president of Tongling Huachuang New Materials Co., Ltd. (銅陵市華創新材料有限公司) (now renamed as Anhui Huachuang New Materials Co., Ltd. (安徽華創新材料股份有限公司)).

Mr. Zhou was awarded the “Second Prize in the QC Achievement Competition of the Ministry of Labor” by the Ministry of Labor of the People’s Republic of China (now known as the Ministry of Labor and Social Security of the People’s Republic of China) in 1999, and the “Second Prize of Anhui Province Science and Technology Progress Award” by the Anhui Provincial People’s Government in 2023. In April 2025, Mr. Zhou was honored with the “National Model Worker” awarded by CPC Central Committee and State Council, and in December 2025, he received the honorary title of “Outstanding Individual in Jiangxi Province’s Non-Public Sector” from the Jiangxi Provincial People’s Government. Mr. Zhou previously served as vice chairman of the Tongling Economic Development Zone Association for Science and Technology (銅陵經開區科協) in November 2018, a deputy to the Yulin Municipal People’s Congress in August 2021, a member of the Bobai County Committee of the CPPCC in August 2021, and vice president of Tongling General Chamber of Commerce in January 2022.

Mr. Zhou obtained a graduation certificate of business administration from China Southwest University of Science and Technology (中國西南科技大學) in the PRC via online education in June 2005, and an Executive Master of Business Administration (EMBA) degree from the School of Business Administration at Wuhan University (武漢大學) in the PRC in June 2006. He also obtained the professional title of mechanical design and manufacturing engineer from the Hunan Provincial Department of Personnel (湖南省人事廳) in July 1998.

Mr. Yin Yong (殷勇), aged 54, is an executive Director and deputy general manager of the Group, primarily responsible for the Group’s production technology management, process research and development, and operational management of related subsidiaries.

Mr. Yin has over 25 years of experience in the copper foil industry. He joined the Group in October 2016 and was appointed as a Director and deputy general manager of the Company. Currently, Mr. Yin holds various positions within multiple subsidiaries of the Group, including executive director of Guangxi Shidai Chuangneng New Material Technology Co., Ltd. (廣西時代創能新材料科技有限公司) since October 2020, executive director and manager of Sichuan Huachuang New Material Co., Ltd. (四川華創新材有限公司) since October 2022, executive director and manager of Shangrao Huachuang Copper Foil Co., Ltd. (上饒華創銅箔有限公司) since October 2022, executive director of Jiangxi Huachuang Times Copper Foil Sales Co., Ltd. (江西華創時代銅箔銷售有限公司) since November 2022 and executive director of Nanchang Youye Copper Material Manufacturing Co., Ltd. (南昌友業銅材製造有限公司) since January 2025.

Prior to joining the Group, Mr. Yin served at the Ammonium Phosphate Plant of Tongling Chemical Industry Group Co., Ltd. (銅陵化學工業集團公司磷銨廠) from January 1996 to December 1996 and at Tongling Zhongjin Copper Foil Co., Ltd. (銅陵中金銅箔有限公司) from January 1997 to December 2000. Mr. Yin served at the Ammonium Phosphate Plant of Tongling Chemical Industry Group Co., Ltd. from April 2001 to December 2001 and served at Anhui Liuguo Chemical Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600470) from January 2002 to January 2004. He

DIRECTORS AND SENIOR MANAGEMENT

also served as R&D supervisor at United Copper Foil (Huizhou) Co. Ltd. (聯合銅箔(惠州)有限公司) from February 2004 to November 2007, manager of Qinghai Electronic Materials Industry Development Co., Ltd. (青海電子材料產業發展有限公司) from November 2007 to September 2009, and assistant general manager and deputy general manager at Qinghai Electronic Materials Industry Development Co., Ltd. from February 2011 to June 2016.

Mr. Yin won the “Third Prize in Qinghai Provincial Science and Technology Progress Award” granted by the Qinghai Provincial People’s Government in March 2015, the “First Prize in Xining Municipal Science and Technology Progress Award” granted by the Xining Municipal People’s Government in November 2015, the “Third Prize in Qinghai Provincial Science and Technology Progress Award” granted by the Qinghai Provincial People’s Government in February 2017 and the “Second Prize in Anhui Provincial Science and Technology Progress Award” granted by the Anhui Provincial People’s Government in August 2023.

Mr. Yin obtained his bachelor’s degree in fluid machinery from chemical machinery major of East China Institute of Chemical Technology (華東化工學院) (now known as East China University of Science and Technology (華東理工大學)) in the PRC in July 1992. In November 1997, he was conferred the professional title of mechanical engineer by the Engineer Technical Title Review Committee (工程師技術職務評審委員會) of Tongling Chemical Industry Group Co., Ltd. (銅陵化學工業集團公司).

Non-executive Director

Mr. Chen Xue (陳學), aged 60, is a non-executive Director of the Group, primarily responsible for supervising the performance of the Board and providing advice on operations and development of the Company.

Mr. Chen has over 40 years of experience in the finance and accounting sector. Mr. Chen was appointed as a Director of the Company in June 2021.

Prior to joining the Group, he served as a finance manager at Tongxiang City Pharmaceutical Co., Ltd. (桐鄉市醫藥有限公司) from February 1991 to October 2005. At Zhejiang Huayou Cobalt Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 603799), he held the position of head of the finance department from October 2005 to May 2015 and finance director from June 2015 to May 2018, and concurrently served as deputy general manager from February 2016 to September 2018. Since December 2018, Mr. Chen has been serving as deputy general manager and director of the Financial Management Department of Huayou Holdings Group Co., Ltd.

Mr. Chen graduated from Zhejiang Radio and Television University (浙江廣播電視大學) (now known as Zhejiang Open University (浙江開放大學)) in the PRC in July 1989 with a major in financial accounting. He was awarded the qualification of certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 2009.

Ms. Fang Xianglei (方香雷), aged 37, is a non-executive Director and employee Director of the Group. She is primarily responsible for formulating and implementing the Group’s human resources strategies, etc.

Ms. Fang has over 13 years of experience in the copper foil industry, including over 10 years of experience in human resources management. She joined the Group in November 2016. Since November 2016, Ms. Fang has successively held positions in the Group as the head of the Personnel and Administration Section (人事行政科), director of the General Affairs Department (綜合部), director of the Human Resources Department and deputy general manager of the Human Resources Center.

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Prior to joining the Group, from October 2013 to October 2016, Ms. Fang served at Huana International (Tongling) Electronic Materials Co., Ltd. (華納國際(銅陵)電子材料有限公司).

Ms. Fang graduated from Jingchu University of Technology (荊楚理工學院) in the PRC in June 2010 with an associate degree in secretarial studies. In June 2014, she graduated from Anhui University of Finance and Economics (安徽財經大學) in the PRC with a bachelor’s degree in business administration (via long distance learning).

Independent non-executive Director

Mr. Zhou Weihua (周魏華), aged 46, is an independent non-executive Director of the Group, primarily responsible for overseeing the Board of Directors in an independent capacity and safeguarding public interests and the rights and interests of minority shareholders.

Prior to joining the Group, Mr. Zhou served multiple positions including lecturer, associate professor and professor at the School of Materials Science and Engineering of Nanchang University in China from 2007 to present: as lecturer at first, as associate professor from December 2013 to December 2018, as professor since December 2018, and as doctoral supervisor since July 2019. Additionally, Mr. Zhou has led several national-level research projects, published over 30 papers in top-tier professional journals, and has extensive research experience in the field of polymer materials and engineering.

Mr. Zhou obtained a bachelor’s degree in chemistry from Lanzhou University (蘭州大學) in the PRC in June 2002 and a Ph.D. in polymer chemistry and physics from Sun Yat-sen University (中山大學) in the PRC in June 2007, and further conducted postdoctoral research in polymer engineering at Pusan National University in South Korea from January 2010 to January 2011.

Mr. Liu Wencheng (劉文成), aged 54, is an independent non-executive Director of the Group, primarily responsible for overseeing the Board of Directors in an independent capacity and safeguarding public interests and the rights and interests of minority shareholders.

Prior to joining the Group, Mr. Liu worked as a technician at the Maintenance Sub-factory of Shandong Jinbao Electronics Co., Ltd. from August 1994 to June 1995; moreover, from June 1995 to March 2019, he served as an engineer in the Equipment Department of Shandong Jinbao Electronics Co., Ltd., where he was engaged in copper foil technology and equipment management. During this period, he participated in the construction of the “National 863 Plan and National Demonstration Project for High-End Electrolytic Copper Foil” Since March 2019, Mr. Liu has served multiple positions at the Electronic Copper Foil Materials Branch of the China Electronics Materials Industry Association (中國電子材料行業協會電子銅箔材料分會): as vice secretary-general since November 2013 and as secretary-general since November 2024. Since May 2023, he has served as a member of the Technical Expert Committee of the Electronic Copper Foil Materials Branch of the China Electronics Materials Industry Association. Since March 2023, he has been the associate editor-in-chief of the Electronic Copper Foil Information (電子銅箔資訊) magazine. Additionally, since August 2022, he has been a guest lecturer at the Copper Foil Industry School of Jiaying University (嘉應學院銅箔產業學院) in China.

Mr. Liu was a director of Zhaoyuan Jindu Installation Co., Ltd. (招遠市金都安裝有限公司) (“**Zhaoyuan Jindu**”), a company established in the PRC principally engaged in construction and installation, prior to its compulsory deregistration process initiated on February 6, 2026. Mr. Liu confirmed that he ceased participating in Zhaoyuan Jindu’s management more than 12 months prior to initiation of such process and as far as he is aware, no claim has been made against him as a result of such process.

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Mr. Liu obtained a bachelor’s degree in mechanical manufacturing technology and equipment from Taiyuan University of Science and Technology (太原科技大學) in the PRC in July 1994.

Ms. Kwok Yuk Chun (郭玉珍), aged 57, is an independent non-executive Director of the Group, primarily responsible for overseeing the Board of Directors in an independent capacity and safeguarding public interests and the rights and interests of minority shareholders.

Ms. Kwok has over 30 years of experience in the auditing, financing and accounting sector. Prior to joining the Group, Ms. Kwok served at KPMG (Hong Kong) from August 1993 to November 2011 with her last position as a senior manager, where she was responsible for statutory audits, corporate restructuring, and listing. From November 2011 to October 2019, she served as the Group chief financial officer and company secretary at Boer Power Holdings Limited (listed on the Hong Kong Stock Exchange, stock code: 1685), where she was responsible for strategic business management, financial and financial strategy management, investment strategy planning and evaluation, investor management and development, and tax planning.

Ms. Kwok obtained a Bachelor of Business Administration degree from the Chinese University of Hong Kong in Hong Kong in December 1993. She has been qualified as the fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) since February 2012 and practicing member of HKICPA since January 2013.

Save as disclosed in this document, none of the Directors had held any directorships in listed companies during the three years immediately prior to the Latest Practicable Date, there is no other information in respect of the Directors to be disclosed pursuant to Rules 13.51(2)(a) to (v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of Shareholders or potential investors.

Senior Management

The table below sets out certain information in respect of the senior management of the Group:

Name	Age	Position	Major Roles and Responsibilities	Date of Joining the Group	Date of Appointment as a Senior Management Member	Relationship with Other Directors and Senior Management
Mr. Zhou Shengfu (周盛夫)	57	Chairperson of the Board, executive Director, general manager	The Group’s overall strategic planning, operational management and major decision-making, and presiding over the day-to-day work of the Board of Directors and the senior management	October 2016	October 2016	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Major Roles and Responsibilities	Date of Joining the Group	Date of Appointment as a Senior Management Member	Relationship with Other Directors and Senior Management
Mr. Yin Yong (殷勇)	54	Executive Director, deputy general manager	The Group’s production technology management, process research and development, and operational management of related subsidiaries	October 2016	October 2016	None
Mr. Cao Shengyue (操聲躍)	50	Deputy general manager, and general manager of the subsidiary	The Group’s production and operations	October 2016	October 2016	None
Mr. Sun Tao (孫濤)	39	Finance director	Establishing the Group’s financial management system, comprehensive budget control, and financial compliance and supervision	October 2016	January 2022	None
Dr. Liu Yicheng (劉意成)	36	Board Secretary	Affairs related to the Board of the Group, capital markets, investor relations, and corporate governance	March 2026	April 2026	None

For biographical details of Mr. Zhou Shengfu and Mr. Yin Yong, see “— Executive Directors” above.

Mr. Cao Shengyue (操聲躍), aged 50, joined the Group in October 2016 and was appointed as the deputy general manager of the Group. Mr. Cao has nearly 30 years of experience in the copper foil industry. After joining the Group, Mr. Cao was in charge of production management, primarily responsible for overseeing on-site production operations. Since October 2019, Mr. Cao’s scope of responsibilities has expanded to our manufacturing center, primarily responsible for optimizing manufacturing processes, upgrading production equipment, and establishing and implementing a cost control system.

In January 2021, Mr. Cao assumed responsibility for our technology center and quality assurance center, overseeing R&D and innovation and enhancing production process and quality management system. Mr. Cao’s role was crucial to the continuous improvement on product quality of our Group.

In July 2022, Mr. Cao was appointed as deputy general manager of Jiangxi Huachuang New Materials Co., Ltd. In January 2023, Mr. Cao was further appointed as general manager of the that subsidiary, taking full charge of its day-to-day operations and management.

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In August 2023, Mr. Cao was awarded the “Second Prize of the Anhui Provincial Science and Technology Award” by the People’s Government of Anhui Province.

Mr. Cao obtained a bachelor’s degree in Metal Materials and Heat Treatment from Hefei University of Technology (合肥工業大學) in the PRC in July 1996, and was conferred the professional title of Senior Engineer by the Department of Human Resources and Social Security of Anhui Province in December 2022.

Mr. Sun Tao (孫濤), aged 39, joined the Group in October 2016. He served as the finance chief of the Group from October 2016 to December 2021, and the finance director from January 2022 onwards. He is primarily responsible for establishing a financial management system, comprehensive budget control, and financial compliance and supervision of the Group.

Mr. Sun has over 10 years of experience in the copper foil industry. Prior to joining the Group, from February 2014 to October 2016, Mr. Sun served as the chief of finance section at Zhejiang Huayou Cobalt Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 603799).

Mr. Sun obtained a bachelor’s degree in Information Management and Information Systems from Yantai Nanshan University (煙台南山學院) in the PRC in June 2011; and a master’s degree in Professional Accounting from Central South University (中南大學) in the PRC in November 2013. Mr. Sun was qualified as an Intermediate Accountant by Jiaxing Bureau of Human Resources and Social Security (嘉興市人力資源和社會保障局) in September 2016; the Certified Tax Agent awarded by the China Certified Tax Agents Association (中國註冊稅務師協會) in November 2019; and the Certified Public Accountant awarded by the Certified Public Accountant Examinations Committee of the Ministry of Finance, PRC (中國財政部註冊會計師考試委員會) in November 2021.

Dr. Liu Yicheng (劉意成), aged 36, joined the Group in March 2026, and was appointed as the Group’s Board Secretary. He is primarily responsible for affairs related to the Board of the Group, capital markets, investor relations, and corporate governance.

Dr. Liu has nearly 9 years of experience in the capital markets sector. Prior to joining the Group, Dr. Liu was appointed by China International Capital Corporation Limited (中國國際金融股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 601995; listed on the Hong Kong Stock Exchange, stock code: 3908) from July 2017 to August 2024, and his last position was senior manager in investment banking department. He was responsible for capital market-related work such as listing, financing, and mergers and acquisitions; he served as the Company Secretary at PATEO CONNECT Technology (Shanghai) Corporation (博泰車聯網科技(上海)股份有限公司) (listed on the Hong Kong Stock Exchange, stock code: 2889) from September 2024 to March 2026.

Dr. Liu obtained a bachelor’s degree in Economics from Tsinghua University (清華大學) in the PRC in July 2012 and a PhD in Management from Tsinghua University in June 2017.

Company Secretaries

Dr. Liu Yicheng was appointed as our Joint Company Secretary with effect from May 2026. Details regarding Dr. Liu Yicheng’s professional background are set out in “– Senior Management” above.

Mr. Tsui Matthew Mo Kan (崔慕勤) was appointed as our Joint Company Secretary with effect from May 2026.

Mr. Tsui has extensive experience in the fields of accounting, auditing, investor relations and corporate governance. He is currently the project director at Visionwide Consultancy Limited, responsible for provision of corporate consulting and advisory services.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tsui obtained a bachelor’s degree in Commerce from Macquarie University in Australia in April 2003. He is a member of CPA Australia, the Hong Kong Institute of Certified Public Accountants (HKICPA) and the Chartered Institute of Management Accountant (CIMA).

Confirmation by the Directors

Rule 3.09D of the Listing Rules

Each of the Directors confirms that he/she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 1, 2026, and (ii) understands his/her responsibilities as a director of a [REDACTED] under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed that (i) he/she is independent with respect to each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules, (ii) as of the Latest Practicable Date, he/she did not have, in the past or at present, any financial or other interest in the business of the Company or its subsidiaries, nor any connection with any core connected person of the Company under the Listing Rules, and (iii) there are no other factors that may affect his/her independence at the time of his/her appointment.

Rule 8.10 of the Listing Rules

Each of the Directors confirms that, as of the Latest Practicable Date, he/she did not have any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Company that is required to be disclosed under Rule 8.10 of the Listing Rules.

Management and Corporate Governance

Board Committees

We have established three Board committees in accordance with the relevant laws and regulations of the PRC, the relevant detailed rules and the Corporate Governance Code under the Listing Rules, namely the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. The principal functions of the three committees are summarized as follows:

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules, and have adopted written terms of reference for the committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group, review and approve connected transactions, and provide advice and recommendations to the Board. The Audit Committee consists of three members, namely Ms. Kwok Yuk Chun, Mr. Chen Xue and Mr. Liu Wencheng, among whom Ms. Kwok Yuk Chun serves as the chairman of the Audit Committee and is a Director with appropriate qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules, and have adopted written terms of reference for the committee. The primary duties of the Remuneration and Appraisal Committee are to review and examine the terms of remuneration

DIRECTORS AND SENIOR MANAGEMENT

packages, bonuses and other compensation payable to the Directors and other senior management and to make recommendations to the Board. The Remuneration and Appraisal Committee consists of three members, namely Mr. Zhou Weihua, Ms. Fang Xianglei and Mr. Liu Wencheng, among whom Mr. Zhou Weihua serves as the chairman of the Remuneration and Appraisal Committee.

Nomination Committee

We have established a Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules, and have adopted written terms of reference for the committee. The primary duties of the Nomination Committee are to make recommendations to the Board regarding the appointment of Directors and succession planning for the Board. The Nomination Committee consists of three members, namely Mr. Zhou Shengfu, Mr. Zhou Weihua and Ms. Kwok Yuk Chun, among whom Mr. Zhou Shengfu serves as the chairman of the Nomination Committee.

Corporate Governance Code

Our objective is to implement a high standard of corporate governance, which we believe is crucial to safeguarding the interests of our shareholders. To this end, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules following the [REDACTED], except for a deviation from code provision C.2.1 in Part 2 of the Corporate Governance Code, whereby Mr. Zhou Shengfu will serve concurrently as the chairman of the Board and the general manager (as described below). Under code provision C.2.1 in Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have separate positions of chairman and chief executive, and Mr. Zhou currently performs both roles. The Board believes that vesting the roles of chairman and chief executive in the same individual helps ensure leadership continuity within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority under the current arrangement will not be impaired, and that this structure will ensure the timeliness and effectiveness of decision-making and implementation of the Company. The Board will continue to review the arrangement and may, after taking into account the overall circumstances of the Group, separate the roles of chairman and general manager of the Company at an appropriate time.

Board Diversity

The Company has adopted a Board Diversity Policy, which sets out the approach to achieving diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and believes that enhancing diversity at the Board level (including gender diversity) is an essential element in maintaining the Company’s competitive advantage and enhancing our ability to attract, retain and motivate employees from the broadest possible pool of talent. Pursuant to the Board Diversity Policy, when reviewing and assessing suitable candidates for Directors of the Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

In particular, the Board of the Company currently has two female Directors and will continue to strive to enhance gender diversity of the Board. The Directors possess a balanced mix of knowledge and skills, and we have three independent non-executive Directors with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different backgrounds of the Directors, the composition of the Board complies with our Board Diversity Policy. Pursuant to the Board Diversity Policy, the Nomination Committee will discuss

DIRECTORS AND SENIOR MANAGEMENT

from time to time and, where necessary, agree on measurable objectives for achieving Board diversity (including gender diversity) and make recommendations to the Board for formal adoption.

Management Presence

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This generally means that at least two executive Directors must ordinarily reside in Hong Kong. For the purpose of Rules 8.12 and 19A.15 of the Listing Rules, we do not have sufficient management presence in Hong Kong.

Accordingly, we have applied for and have been granted a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules by the Stock Exchange. For further details, please refer to the section headed “Waivers from Strict Compliance with the Listing Rules” in this document.

Remuneration

Our Directors, the former supervisors of the Company (the “**Supervisors**”) and the senior management receive remuneration in the form of basic annual payments and performance-linked annual payments, including fees, salaries, allowances and benefits in kind, performance-linked bonuses, share-based compensation and contributions to retirement schemes.

For each of the years ended December 31, 2023, 2024 and 2025, the aggregate remuneration paid to the Directors and the Supervisors amounted to RMB7.76 million, RMB8.07 million and RMB8.78 million, respectively.

For each of the years ended December 31, 2023, 2024 and 2025, three, two and two Directors were among the five highest-paid individuals, respectively. For each of the years ended December 31, 2023, 2024 and 2025, the aggregate remuneration paid to the remaining individuals among the five highest-paid individuals amounted to RMB3.02 million, RMB4.71 million and RMB4.49 million, respectively.

During the Track Record Period, we did not pay any amount to any Director or any of the five highest-paid individuals as an inducement to join or upon joining the Company. During the Track Record Period, no compensation was paid or payable by us to any Director, former Director or any of the five highest-paid individuals for loss of office as a Director of any member of the Group or loss of any other office in connection with the management of the affairs of any member of the Group. Save as disclosed above, neither the Company nor any of our subsidiaries paid or payable any other amounts to the Directors or the five highest-paid individuals during the Track Record Period.

The remuneration of the Directors and senior management is determined with reference to their duties, qualifications, positions and seniority. Under the arrangements currently in force, the aggregate salary payable in cash by the Company to the Directors for the year ending December 31, 2026 will be approximately RMB5.03 million. The actual remuneration of the Directors for 2026 may differ from the expected remuneration.

Compliance Adviser

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will provide us with guidance and advice as to compliance with the requirements of the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will provide advice to the Company in, among others, the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;

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- (b) where we contemplate a transaction, which might be a notifiable transaction or connected transaction, including the issue of shares, the sale or transfer of treasury shares and the repurchase of shares;
- (c) where we propose to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document, or where the business activities, developments or results of the Group deviate from any forecast, estimate or other information contained in this document; and
- (d) where the Hong Kong Stock Exchange makes inquiries of the Company under Rule 13.10 of the Listing Rules regarding unusual movements in the price or trading volume of our [REDACTED] securities or any other matters.

The term of appointment of the compliance adviser will commence on the [REDACTED] and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the financial results for the first full financial year commencing after the [REDACTED], and such appointment may be extended by mutual agreement.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Huayou Holdings held 58.17% of the shares of the Company. Huayou Holdings is held by Mr. Chen, TMA International⁽¹⁾ and Ms. Qiu as to 60.00%, 33.33% and 6.67%, respectively. Ms. Qiu is Mr. Chen’s spouse. TMA International is controlled by TMA HK, which is in turn wholly owned by Tongxiang Huajin. Tongxiang Huajin is wholly owned by Mr. Chen. Tongling Chuang’anhui, for which Huayou Holdings acts as the general partner and holds 44.59% interest therein, held 3.54% of the shares of the Company. Accordingly, as of the Latest Practicable Date Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang’anhui, were interested in approximately 61.72% of the total issued share capital of the Company.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang’anhui will be interested in approximately [REDACTED]% of the total issued share capital of our Company. Therefore, Mr. Chen, Ms. Qiu, TMA International, TMA HK, Tongxiang Huajin, Huayou Holdings and Tongling Chuang’anhui will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Each of the Controlling Shareholders and the Directors has confirmed that, save for the business of the Company, none of them has any interest in any business which competes or is likely to compete, either directly or indirectly, with our business and which is required to be disclosed under Rule 8.10 of the Listing Rules.

Huayou Holdings Group is principally engaged in the research and development, production and sales of lithium-ion battery materials, including refined cobalt, refined nickel, ternary precursors, ternary cathode materials and lithium iron phosphate materials. These products and the Group’s products differ significantly in terms of product appearance and form, functions and applications, production processes, core technologies, supply chains and pricing models, and therefore constitute different products. Accordingly, there is no substitutability or competition between the businesses, nor is there any conflict of interest.

In addition, as at the Latest Practicable Date, Mr. Chen and Huayou Holdings held 4.35% and 16.27% of Zhejiang Huayou Cobalt Co., Ltd. (浙江華友鈷業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603799 with global depositary receipts on the SIX Swiss Exchange) (“**Huayou Cobalt**”), respectively. Huayou Cobalt is principally engaged in the research and development, manufacturing and sales of new energy lithium-ion battery materials and cobalt-based new material products, as well as the integration of nickel, cobalt, lithium, and copper resources for lithium-ion battery material manufacturing. Huayou Cobalt does not engage in copper foil manufacturing. Therefore, it does not constitute, directly or indirectly, a competing or potentially competing business with that of the Company.

Notes:

- (1) As of the Latest Practicable Date, TMA International is owned by TMA HK and an Independent Third Party as to 90.00% and 10.00%, respectively. As of the Latest Practicable Date, such Independent Third Party is not involved in the management of Huayou Holdings or the Group and has no concert party arrangement with Mr. Chen or any of the other Controlling Shareholders. Such Independent Third Party should not be treated as a controlling shareholder of the Company.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

After taking into account the following factors, the Directors are of the view that we are capable of carrying on our business independently from the Controlling Shareholders and their respective close associates after [REDACTED].

MANAGEMENT INDEPENDENCE

Our business is managed and conducted by the Board and our senior management. The Directors believe that the Company is able to maintain management independence for the following reasons:

- The Board comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Mr. Chen Xue, our non-executive Director who does not participate in the Group’s day-to-day management, currently serves as deputy general manager and director of the financial management department of Huayou Holdings. Other than above, our Directors and senior management members do not hold any management position or directorship in our Controlling Shareholders;
- Each of our Directors is aware of his or her fiduciary duties as a Director, which require, among other things, that he or she act in the best interests of the Company and that no conflict between his or her duties as a Director and his or her personal interests be permitted;
- In the event that there is a potential conflict of interest in any transaction between the Group and any of our Directors or their respective close associates, the interested Director will abstain from voting on the relevant transaction at the relevant Board meeting of the Company and will not be counted towards the quorum;
- Our three independent non-executive Directors are independent from our Controlling Shareholders and possess extensive experience in their respective professional fields. See “Directors and Senior Management.” All of our independent non-executive Directors have been appointed in accordance with the requirements of the Listing Rules to ensure that the decisions of our Board are made after taking into account independent and impartial opinions; and
- Upon completion of the [REDACTED], the Company will adopt a series of corporate governance measures to manage any conflict of interests between the Group and the Controlling Shareholders, thereby supporting the independent management of the Company. For further details, see “— Corporate Governance Measures” in this section below.

Based on the foregoing, and taking into account that there is no material competition between us and the Controlling Shareholders and their respective close associates as defined under Rule 8.10 of the Listing Rules, the Directors believe that our management is independent from the Controlling Shareholders.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

OPERATIONAL INDEPENDENCE

We do not rely on the Controlling Shareholders and their close associates for business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments dedicated to carrying out these functions, which are already in operation and are expected to continue operating independently from the Controlling Shareholders and their close associates. In addition, we have our own operational personnel and human resources management personnel.

We have independent channels to access suppliers and customers, and we have an independent management team responsible for handling our daily operations. We also possess all the relevant licenses, certificates, facilities and intellectual property rights required to carry on and operate our principal businesses, and we have sufficient operational capabilities in terms of funding and employees to operate independently.

Based on the foregoing, the Directors believe that we are capable of operating our business independently from the Controlling Shareholders and their close associates.

FINANCIAL INDEPENDENCE

We have independent internal control and accounting systems. We also have an independent finance department responsible for performing our financial functions. We make financial decisions based on our own business needs.

We have obtained certain bank loans which are guaranteed by Mr. Chen, Ms. Qiu, Huayou Holdings and/or their close associates (the “**Controlling Shareholders’ Guarantees**”). As of the Latest Practicable Date, we had loans and borrowings and bills payables of approximately RMB3,210.1 million in aggregate that were guaranteed by Mr. Chen, Ms. Qiu, Huayou Holdings and/or their close associates (the “**Guaranteed Loans**”).

As of the Latest Practicable Date, we had obtained consent letters indicating that the banks agree to release the Controlling Shareholders’ Guarantees in respect of all of the Guaranteed Loans on different milestone dates before the [REDACTED], some of which will be replaced with guarantees/mortgages/pledges to be provided by the Group upon [REDACTED]. As such, we expect that all Controlling Shareholders’ Guarantees will have been released upon [REDACTED]. As of the Latest Practicable Date, our total unutilised credit facilities without any Controlling Shareholders’ Guarantees amounted to RMB1,021.6 million.

As of the Latest Practicable Date, loans and borrowings from the Controlling Shareholders amounted to RMB300 million. Such loans are expected to be repaid prior to the [REDACTED]. Save for the aforesaid loans and Controlling Shareholders’ Guarantee, no loans or guarantees provided by, or granted to, our Controlling Shareholders or their associates will be outstanding as of the [REDACTED].

Based on the foregoing, the Directors believe that we are capable of operating our business financially independently from the Controlling Shareholders and their respective close associates, and that we are able to maintain financial independence from, and will not be unduly reliant on, the Controlling Shareholders and their respective close associates.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

The Company will comply with the provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, which sets out the principles of good corporate governance. The Directors recognize the importance of good corporate governance in safeguarding the interests of the shareholders. We will adopt the following measures to maintain high standards of corporate governance and to avoid potential conflicts of interest:

- As part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, the Articles of Association provide that a Director shall not vote on any resolution of the Board in which he or she has a material interest in the relevant company, and if there are any further restrictions under the applicable laws and regulations regarding a Director’s attendance and voting at Board meetings, such laws, regulations and rules shall be complied with;
- We have established internal control mechanisms to identify connected transactions. Upon [REDACTED], if the Company enters into connected transactions with any Controlling Shareholders or their respective associates, the Company will comply with the applicable Listing Rules;
- We undertake that our Board should include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and believe our independent non-executive Directors possess sufficient experience, are free from any business or other relationships which could materially impair their ability to make independent judgments and will provide impartial and objective opinions to protect the rights and interests of our public shareholders. Details of our independent non-executive Directors are set out in “Directors and Senior Management – Board of Directors – Independent Non-executive Directors”;
- In the event that the independent non-executive Directors are requested to review any circumstances involving conflicts of interests between the Group as one party and the Controlling Shareholders and/or the Directors as the other party, the Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and the Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements; and
- We have appointed Somerley Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to Directors’ duties and corporate governance.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED], and assuming the [REDACTED] is not exercised, the following persons are expected to have an interest in the Shares or underlying Shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of Interest ⁽¹⁾	As of the date of the document		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
		Class and Number of Shares	Approximate percentage of interest in our Company (%)	Class and Number of Shares	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾ (%)	Approximate percentage of shareholding in the total/issued share capital of our Company ⁽²⁾
Mr. Chen ⁽³⁾	Interest in controlled corporation	906,426,132 Domestic [REDACTED] Shares	61.72	[REDACTED]	[REDACTED]	[REDACTED]
				[REDACTED]	[REDACTED]	[REDACTED]
Ms. Qiu ⁽⁴⁾	Interest of spouse	906,426,132 Domestic [REDACTED] Shares	61.72	[REDACTED]	[REDACTED]	[REDACTED]
				[REDACTED]	[REDACTED]	[REDACTED]
Huayou Holdings ⁽⁵⁾	Beneficial owner	854,403,384 Domestic [REDACTED] Shares	58.17	[REDACTED]	[REDACTED]	[REDACTED]
				[REDACTED]	[REDACTED]	[REDACTED]
	Interest in controlled corporation	52,022,748 Domestic [REDACTED] Shares	3.54	[REDACTED]	[REDACTED]	[REDACTED]
Futong Investment	Beneficial owner	91,954,022 Domestic [REDACTED] Shares	6.26	[REDACTED]	[REDACTED]	[REDACTED]

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Nature of Interest ⁽¹⁾	As of the date of the document		Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised)		
		Class and Number of Shares	Approximate percentage of interest in our Company (%)	Class and Number of Shares	Approximate percentage of shareholding in the relevant class of Shares ⁽²⁾ (%)	Approximate percentage of shareholding in the total/issued share capital of our Company ⁽²⁾
Gongrong Jintou No. 2	Beneficial owner	91,954,022 Domestic [REDACTED] Shares	6.26	[REDACTED]	[REDACTED]	[REDACTED]
Guanming Investment	Beneficial owner	56,496,193 Domestic [REDACTED] Shares	3.85	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] Domestic [REDACTED] Shares in issue, [REDACTED] H Shares to be converted from Domestic [REDACTED] Shares in issue and [REDACTED] H Shares to be [REDACTED] pursuant to the [REDACTED] (assuming that the [REDACTED] is not exercised).
- (3) As of the Latest Practicable Date, Huayou Holdings is held by Mr. Chen, TMA International and Ms. Qiu as to 60.00%, 33.33% and 6.67%, respectively. Ms. Qiu is Mr. Chen's spouse. TMA International is controlled by TMA HK, which is in turn wholly owned by Tongxiang Huajin. Tongxiang Huajin is wholly owned by Mr. Chen. Additionally, as of the Latest Practicable Date, Huayou Holdings is the general partner of Tongling Chuang'anhu. As such, Mr. Chen is deemed to be interested in the Shares of Huayou Holdings and Tongling Chuang'anhu under the SFO.
- (4) As of the Latest Practicable Date, Mr. Chen and Ms. Qiu are spouses. As such, Ms Qiu is deemed to be interested in the Shares of Mr. Chen under the SFO.
- (5) As of the Latest Practicable Date, Huayou Holdings is the general partner of Tongling Chuang'anhu, holding 44.59% interest therein. As such, Huayou Holdings is deemed to be interested in the Shares of Tongling Chuang'anhu under the SFO.

Save as disclosed herein, the Directors are not aware of any other person who will, immediately following the [REDACTED] and the Conversion of Domestic [REDACTED] Shares into H Shares (and the [REDACTED] of any additional H Shares pursuant to the [REDACTED], if any), have an interest or short position in Shares or underlying Shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group.

SHARE CAPITAL

OUR SHARE CAPITAL

Immediately before the [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company was RMB1,468,717,989, comprising 1,468,717,989 Domestic [REDACTED] Shares with a nominal value of RMB1.00 each.

Upon the Completion of the [REDACTED]

Immediately after the [REDACTED] and the Conversion of Domestic [REDACTED] Shares into H Shares, assuming that the [REDACTED] is not exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of the Company
		(%)
Domestic [REDACTED] Shares	[REDACTED]	[REDACTED]
H Shares to be converted from Domestic [REDACTED] Shares	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

Immediately after the [REDACTED] and the Conversion of [REDACTED] Shares into H Shares, assuming that the [REDACTED] is fully exercised, the share capital of the Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of the Company
		(%)
Domestic [REDACTED] Shares	[REDACTED]	[REDACTED]
H Shares to be converted from Domestic [REDACTED] Shares	[REDACTED]	[REDACTED]
H Shares to be [REDACTED] under the [REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	100.00

SHARE CAPITAL

DOMESTIC [REDACTED] SHARES AND H SHARES

Upon the completion of the [REDACTED], the Shares will consist of Domestic [REDACTED] Shares and H Shares. Domestic [REDACTED] Shares and H Shares are all ordinary Shares in the share capital of our Company.

Our H Shares may only be [REDACTED] for and [REDACTED] in Hong Kong dollars. Our Domestic [REDACTED] Shares, on the other hand, may only be [REDACTED] for and [REDACTED] in RMB. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing shareholders the Domestic [REDACTED] Shares held by whom will be converted into H Shares according to the filing information of the CSRC), H Shares generally cannot be [REDACTED] for by or [REDACTED] between legal or natural PRC persons.

Domestic [REDACTED] Shares and H Shares shall rank pari passu with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Domestic [REDACTED] Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF [REDACTED] SHARES INTO H SHARES

If any of the Domestic [REDACTED] Shares are to be converted, [REDACTED] and [REDACTED] as H Shares on the Hong Kong Stock Exchange, such conversion, [REDACTED] and [REDACTED] will need the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

File with the CSRC for Full Circulation

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies shall file with the CSRC for the conversion of Domestic Unlisted Shares into H shares for listing and circulation on the Hong Kong Stock Exchange. An unlisted domestic joint stock company may file for “full circulation” when applying for an overseas initial public offering.

We [have filed] with the CSRC for the conversion of [REDACTED] Domestic [REDACTED] Shares into H Shares on a one-for-one basis (“**Conversion of Domestic [REDACTED] Shares into H Shares**”) upon the completion of the [REDACTED] (“**Full Circulation Filing of the Company**”) and CSRC [issued] the filing notice in respect of the [REDACTED] dated [●].

[REDACTED] Approval by the Hong Kong Stock Exchange

We have applied to the [REDACTED] of the Hong Kong Stock Exchange for the granting of [REDACTED] of, and permission to [REDACTED] in, our H Shares to be [REDACTED] pursuant to the [REDACTED] (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]), and the H Shares to be converted from [REDACTED] Domestic [REDACTED] Shares.

We will perform the following procedures for the conversion of the relevant Domestic [REDACTED] Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (1) giving instructions to our [REDACTED] regarding relevant share certificates of the converted H Shares; and (2) enabling the converted H Shares to be accepted as eligible securities by [REDACTED] for deposit, clearance and settlement in the [REDACTED].

SHARE CAPITAL

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any [REDACTED] of shares by a company cannot be transferred within one year from the date on which such [REDACTED] shares are [REDACTED] and [REDACTED] on the relevant stock exchange. As such, the Shares issued by the Company prior to the [REDACTED] will be subject to such statutory restriction on transfer within a period of one year from the [REDACTED]. See “History, Development and Corporate Structure — Pre-[REDACTED] Investments.”

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of shareholders, among others, increase its capital or decrease its capital or repurchase of shares. See “Summary of Articles of Association” in Appendix V to this document.

SHAREHOLDERS’ APPROVAL FOR THE [REDACTED]

Approval from holders of the Shares is required for the Company to [REDACTED] H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. The Company has obtained such approval at the Shareholders’ general meeting held on June 1, 2026.

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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;

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- 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

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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.

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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.

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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
	<i>(RMB in thousands)</i>		
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

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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	%
	<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 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	%
	<i>(RMB in thousands, except for percentages)</i>					
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

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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	
	<i>Gross Profit/</i>	<i>Gross Profit/</i>	<i>Gross Profit/</i>	<i>Gross Profit/</i>	<i>Gross Profit/</i>	<i>Gross Profit/</i>
	<i>(Loss)</i>	<i>(Loss)</i>	<i>(Loss)</i>	<i>(Loss)</i>	<i>(Loss)</i>	<i>(Loss)</i>
	<i>Margin</i>	<i>Margin</i>	<i>Margin</i>	<i>Margin</i>	<i>Margin</i>	<i>Margin</i>
	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>	<i>(%)</i>
<i>(RMB in thousands, except for percentages)</i>						
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.

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

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
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	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except for percentages)</i>					
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.

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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	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except for percentages)</i>					
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.

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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	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
	<i>(RMB in thousands, except for percentages)</i>					
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.

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

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
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
	<i>(RMB in thousands)</i>		
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.

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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.

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- 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.

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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.

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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

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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

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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
	<i>(RMB in thousands)</i>		
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.

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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.

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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
	<i>(RMB in thousands)</i>		
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.

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
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
	<i>(days)</i>		
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.

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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

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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.

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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.

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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

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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.

FINANCIAL INFORMATION

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
	<i>(RMB in thousands)</i>		
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.

FINANCIAL INFORMATION

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
	<i>(RMB in thousands)</i>		
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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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
	2023	2024	2025	April 30,
				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.

FINANCIAL INFORMATION

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.

FINANCIAL INFORMATION

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 INFORMATION

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].

FINANCIAL INFORMATION

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.

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the [REDACTED] range), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] [REDACTED] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] in the following two to three years for the purposes and in the amounts set forth below:

- Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to strengthen our production capabilities for electrolytic copper foil. In particular:
 - o Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used for the construction of production facilities.
 - o Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used for the procurement and installation of production equipment, office equipment and other ancillary facilities. The expanded facilities will be equipped with advanced production equipment, including foil-making machines, cathode rollers, rectifiers for electro-deposition, high-speed slitting machines, surface treatment equipment, and electrolyte preparation equipment, as well as upstream equipment related to copper material preparing including the upward copper-melting furnace and equipment.
- Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to implement R&D initiatives for our new product developments, upgrade existing technologies and advance product iterations to enhance our overall competitiveness. In particular:
 - o Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used for the R&D of lithium-ion battery copper foil products. Our R&D will focus on (i) high-safety composite copper foil, (ii) copper foil for high-compaction-density anode materials, (iii) high-performance copper foil with silicon-carbon anode compatibility, and (iv) specialty copper foil for solid-state batteries. To support these R&D initiatives, we plan to upgrade R&D equipment and recruit R&D and technical personnel.
 - o Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used for the R&D of high-end electronic circuit copper foil products, as well as for the establishment of an electronic circuit copper foil R&D institute and the installation of advanced R&D facilities to support such R&D efforts. Our R&D focus will include (i) the development of flexible RTF products with ultra-low surface roughness, (ii) the improvement of adhesion performance and thermal stability of HVLP copper foil products, and (iii) the advancement of ultra-thin copper foil with thicknesses below 5μm. In support of the foregoing, we will establish an electronic circuit copper foil R&D institute as a centralized technological innovation platform focusing on the research and development, testing and optimization of production processes, product performance and quality stability.

FUTURE PLANS AND USE OF [REDACTED]

We also intend to acquire advanced R&D instruments and testing equipment for material performance testing, surface quality inspection, plating process monitoring and product reliability verification.

- Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to repay bank loans with annual interest rates ranging from 2.0% to 5.0% which will mature in 2027. These loans were mainly incurred to finance the construction of copper foil production bases and supplement our working capital.
- Approximately [REDACTED]%, or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used for working capital and general corporate purposes.

If the [REDACTED] is set at the high-end of the [REDACTED] range or the low-end of the [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase by approximately HK\$[REDACTED] [REDACTED] or decrease by HK\$[REDACTED] [REDACTED], respectively. To the extent our net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we will adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

If the [REDACTED] is fully exercised, our Company will receive additional net [REDACTED] of approximately HK\$[REDACTED] [REDACTED] for [REDACTED] Shares to be [REDACTED] and [REDACTED] upon the full exercise of the [REDACTED] based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range, and after deducting the [REDACTED] fees and commissions payable by our Company. The additional amount raised will be applied to the above areas of use of [REDACTED] on a pro-rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of *force majeure* events, we will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the unused net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

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HOW TO APPLY FOR [REDACTED]

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HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-83, received from the Group’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ANHUI HUACHUANG NEW MATERIALS CO., LTD. 安徽華創新材料股份有限公司 AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Anhui Huachuang New Materials Co., Ltd. 安徽華創新材料股份有限公司 (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-66, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-66 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “document”) in connection with the [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

APPENDIX I

ACCOUNTANTS’ REPORT

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2023, 2024 and 2025, and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 27(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

[Date]

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HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Group in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	4	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	5	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	6(c)	(15,032)	(13,189)	(25,404)
Other expenses	6(c)	(43,709)	(75,838)	(90,540)
(Loss)/Profit from operations		(139,174)	(220,293)	324,171
Finance costs	6(a)	(121,941)	(197,074)	(187,926)
(Loss)/Profit before taxation	6	(261,115)	(417,367)	136,245
Income tax	7	48,975	53,163	(38,602)
(Loss)/Profit for the year		<u>(212,140)</u>	<u>(364,204)</u>	<u>97,643</u>
(Loss)/Earnings per share				
Basic and diluted (RMB)	10	<u>(0.18)</u>	<u>(0.32)</u>	<u>0.08</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(Loss)/profit for the year	(212,140)	(364,204)	97,643
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedge: net movement in the hedging reserve	(955)	(1,053)	(905)
Bill receivables at fair value through other comprehensive income (FVOCI) – net movement in fair value reserves	5,619	(4,962)	(24)
Other comprehensive income for the year	4,664	(6,015)	(929)
Total comprehensive income for the year	(207,476)	(370,219)	96,714

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Non-current assets				
Property, plant and equipment	11	5,174,958	5,202,438	5,144,575
Right-of-use assets	12	266,143	260,490	255,698
Intangible assets	13	1,008	3,028	6,581
Investment property		941	910	3,233
Prepayments, other receivables and other assets	15	61,399	23,205	48,612
Deferred tax assets	25(b)	89,417	151,973	140,981
		5,593,866	5,642,044	5,599,680
Current assets				
Inventories	16	1,007,695	983,909	1,982,041
Trade and bills receivables	17	1,980,485	2,354,998	4,616,548
Prepayments, other receivables and other assets	15	517,783	492,565	484,610
Cash and cash equivalents	18(a)	386,845	836,690	593,503
Restricted bank deposits	18(a)	504,089	1,669,754	2,777,301
		4,396,897	6,337,916	10,454,003
Current liabilities				
Trade and bills payables	19	203,517	1,486,094	2,855,351
Other payables and accruals	20	1,321,598	993,726	610,960
Contract liabilities	21	8,074	4,881	7,164
Loans and borrowings	22	1,914,178	3,466,183	6,291,596
Other financial liabilities	23	132,117	109,461	15,093
Derivative financial instruments		1,237	2,406	3,359
Income tax payable	25(a)	12,340	1,757	2,376
		3,593,061	6,064,508	9,785,899
Net current assets		803,836	273,408	668,104
Total assets less current liabilities		6,397,702	5,915,452	6,267,784

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	<i>Note</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities				
Other payables and accruals	20	–	–	34,606
Loans and borrowings	22	3,430,111	3,196,797	2,980,200
Other financial liabilities	23	169,594	60,133	7,184
Deferred income	26	288,858	516,372	599,231
Deferred tax liabilities	25(b)	–	938	–
		3,888,563	3,774,240	3,621,221
		-----	-----	-----
Net assets		<u>2,509,139</u>	<u>2,141,212</u>	<u>2,646,563</u>
Capital and reserves				
Share capital		1,150,000	1,150,000	1,247,113
Reserves		<u>1,359,139</u>	<u>991,212</u>	<u>1,399,450</u>
Total equity		<u>2,509,139</u>	<u>2,141,212</u>	<u>2,646,563</u>

The accompanying notes form part of the Historical Financial Information.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	99,331	79,561	63,092
Right-of-use assets	12	22,565	21,931	21,296
Intangible assets	13	674	1,920	1,708
Prepayments, other receivables and other assets	15	1,052	–	716
Investments in subsidiaries	14	2,767,721	2,972,495	3,273,589
Deferred tax assets		–	–	11,318
		2,891,343	3,075,907	3,371,719
Current assets				
Inventories	16	98,872	28,074	7,086
Trade and bills receivables	17	394,586	258,326	261,146
Prepayments, other receivables and other assets	15	275,404	132,822	798,634
Cash and cash equivalents	18(a)	72,159	225,852	77,578
Restricted bank deposits	18(a)	24,620	401,400	306,865
		865,641	1,046,474	1,451,309
Current liabilities				
Trade and bills payables	19	234,986	622,414	425,634
Other payables and accruals	20	38,737	22,756	13,257
Loans and borrowings	22	490,198	640,465	1,125,354
Other financial liabilities		–	–	15,093
Contract liabilities		1,757	1,688	252
		765,678	1,287,323	1,579,590
Net current assets/(liabilities)		99,963	(240,849)	(128,281)
Total assets less current liabilities		2,991,306	2,835,058	3,243,438

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	<i>Note</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current liabilities				
Loans and borrowings	22	219,200	65,300	48,700
Other financial liabilities		–	–	7,184
Deferred income		22,441	20,174	16,220
Deferred tax liabilities		46	1,595	–
		<u>241,687</u>	<u>87,069</u>	<u>72,104</u>
Net assets		<u>2,749,619</u>	<u>2,747,989</u>	<u>3,171,334</u>
Capital and reserves				
Share capital	27(a)	1,150,000	1,150,000	1,247,113
Reserves	27(a)	<u>1,599,619</u>	<u>1,597,989</u>	<u>1,924,221</u>
Total equity		<u>2,749,619</u>	<u>2,747,989</u>	<u>3,171,334</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company					
Note		PRC				Sub-total	Total equity
		Share capital	Capital reserve	statutory reserves	Other reserve	Accumulated losses	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Balance at 1 January 2023	1,150,000	1,617,989	–	–	(52,096)	2,715,893
	Changes in equity for 2023:						
	Loss for the year	–	–	–	–	(212,140)	(212,140)
	Other comprehensive income	–	–	–	4,664	–	4,664
	Total comprehensive income	–	–	–	4,664	(212,140)	(207,476)
	Equity-settled share-based payment expenses	24	722	–	–	–	722
	Appropriation to statutory reserves	27(d)(ii)	–	1,637	–	(1,637)	–
	Balance at 31 December 2023	1,150,000	1,618,711	1,637	4,664	(265,873)	2,509,139

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		Attributable to equity shareholders of the Company					
Note		PRC					Total equity
		Share capital	Capital reserve	statutory reserves	Other reserve	Accumulated losses	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Balance at 1 January 2024	1,150,000	1,618,711	1,637	4,664	(265,873)	2,509,139
	Changes in equity for 2024:						
	Loss for the year	–	–	–	–	(364,204)	(364,204)
	Other comprehensive income	–	–	–	(6,015)	–	(6,015)
	Total comprehensive income	–	–	–	(6,015)	(364,204)	(370,219)
	Equity-settled share-based payment expenses	24	–	2,292	–	–	2,292
	Appropriation to statutory reserves	27(d)(ii)	–	–	365	–	(365)
	Balance at 31 December 2024	<u>1,150,000</u>	<u>1,621,003</u>	<u>2,002</u>	<u>(1,351)</u>	<u>(630,442)</u>	<u>2,141,212</u>

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		Attributable to equity shareholders of the Company					
Note		PRC					Total equity
		Share capital	Capital reserve	statutory reserves	Other reserve	Accumulated losses	Sub-total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Balance at 1 January 2025	1,150,000	1,621,003	2,002	(1,351)	(630,442)	2,141,212
	Changes in equity for 2025:						
	Profit for the year	–	–	–	–	97,643	97,643
	Other comprehensive income	–	–	–	(929)	–	(929)
	Total comprehensive income	–	–	–	(929)	97,643	96,714
	Capital contributions from shareholders	27(b)	97,113	307,848	–	–	404,961
	Equity-settled share-based payment expenses	24	–	3,676	–	–	3,676
	Appropriation to statutory reserves	27(d)(ii)	–	–	1,603	(1,603)	–
	Balance at 31 December 2025	1,247,113	1,932,527	3,605	(2,280)	(534,402)	2,646,563

The accompanying notes form part of the Historical Financial Information.

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ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Operating activities				
Cash used in operations	18(b)	(1,073,315)	(628,542)	(3,790,468)
Income tax paid	25(a)	(44,687)	(25,311)	(31,186)
Net cash used in operating activities		(1,118,002)	(653,853)	(3,821,654)
Investing activities				
Payment for purchase of property, plant and equipment and intangible assets		(2,283,661)	(446,540)	(684,292)
Proceeds from disposal of property, plant and equipment		215	157	14
Payment for purchase of derivative financial instruments		(187,451)	(413,783)	(544,438)
Proceeds from derivative financial instruments		201,602	459,352	482,316
Net changes in restricted bank deposits		5,580	37,060	67
Net cash used in investing activities		(2,263,715)	(363,754)	(746,333)
Financing activities				
Capital contributions from shareholders		–	–	404,961
Proceeds from loans and borrowings	18(c)	4,342,375	3,460,615	7,343,506
Repayment of loans and borrowings	18(c)	(1,125,598)	(1,630,455)	(3,070,406)
Interest expense for loans and borrowings	18(c)	(151,520)	(218,131)	(201,330)
Interest expense for other financial liabilities	18(c)	(8,261)	(12,460)	(4,348)
Proceeds from sales and lease back arrangements	18(c)	355,000	–	29,735
Repayment of sales and lease back arrangements	18(c)	(53,289)	(132,117)	(177,318)
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	18(a)	386,845	836,690	593,503

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in Renminbi)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Anhui Huachuang New Materials Co., Ltd. (the “Company”) (安徽華創新材料股份有限公司), formerly known as Tongling Huachuang New Materials Co., Ltd. (銅陵市華創新材料有限公司), was established in Tongling, Anhui Province, the People’s Republic of China (the “PRC”) on 18 October 2016 as a limited liability company. In September 2022, the Company was converted from a limited liability company into a joint stock limited liability company.

During the Track Record Period, the Company and its subsidiaries (together, the “Group”) are principally engaged in the research and development, production and sales of high-performance electrolytic copper foil. The information of the Group’s principal subsidiaries is set out in Note 14.

The statutory financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC, and were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所 (特殊普通合夥)). The statutory financial statements of the Company for the year ended 31 December 2025 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC, and were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所 (特殊普通合夥) 上海分所).

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.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has 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.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measured at FVOCI are stated at their fair value as explained in Notes 2(d), 2(e) and 2(j).

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(d) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the [REDACTED] perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(t)(ii)(b)).

(e) Hedging

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from price fluctuations of raw material purchases. The Group adopts cash flow hedging for the future contracts in relation to expected raw material purchases, and designates these futures contracts held as hedging instruments.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve within equity. The effective portion that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion is recognised immediately in profit or loss.

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When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve is removed from the reserve and is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified through OCI to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve is immediately reclassified through OCI to profit or loss.

(f) Investment property

Investment properties are properties held to earn rental income. Investment properties are accounted for using the cost model. The cost of investment property is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with Note 2(t)(ii)(a).

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(j)(ii)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Plant and buildings	20–30 years
Machinery and equipment	3–15 years
Motor vehicles	4–5 years
Office equipment and others	3–10 years

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components). Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any impairment losses (see Note 2(j)(ii)).

Expenditure on internally generated brands is recognised in profit or loss as incurred.

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Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss. The estimated useful lives are as follows:

	Amortisation period (years)	Basis of determination
Software	5–10 years	Expected years of economic benefits

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(d)(i), 2(t)(ii)(c) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

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(ii) *As a lessor*

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(ii)(a).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

(j) **Credit losses and impairment of assets**

(i) *Credit losses from financial instruments*

The Group recognises a loss allowance for expected credit losses (“ECL”)s on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and bills receivables and other receivables); and
- bills receivables measured at FVOCI.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual cash flows and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the [REDACTED].

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and other contract costs, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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(k) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(i)).

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transactions costs. All receivables are subsequently stated at amortised cost (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(j)(i)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

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(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of electronic products that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Revenue from the sale of products, mainly the copper foil, is recognised at the point in time when control over the product is transferred to the customer. The control typically transfers to the customer upon their withdrawal of products for use or transfers to their own warehouse; otherwise, risk transfers upon receipt and signing at the designated location.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group’s right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are presented in the consolidated statements of financial position by setting up the grants as deferred income and consequently are effectively recognised as income in profit or loss on a systematic basis over the useful life of the asset.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Related parties

(a) A person, or a close member of that person’s family, is related to the Group if that person:

- (i)** has control or joint control over the Group;
- (ii)** has significant influence over the Group; or
- (ii)** is a member of the key management personnel of the Group or the Group’s parent.

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- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 24 and 28(f) contain information about the assumptions and their risk factors relating to fair value of equity-settled share-based transactions and financial instruments. Other significant sources of estimation uncertainty are as follows:

(a) Loss allowance for trade and bills receivables

The Group estimates the loss allowances for trade and other receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade and bills receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade and bills receivables during their expected lives.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

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4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are mainly engaged in the research and development, production and sales of high-performance electrolytic copper foil.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products lines is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products lines			
Sales of products			
– Lithium-ion battery copper foil	3,756,837	5,235,445	8,129,048
– Electronic circuit copper foil	113,307	245,865	477,648
– Others	492,044	51,431	23,797
Total	4,362,188	5,532,741	8,630,493

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Point in time	4,362,188	5,532,741	8,630,493
	4,362,188	5,532,741	8,630,493

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in Note 4(b).

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group’s revenue during the Track Record Period is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Major customers			
– Customer A	1,292,930	2,215,522	3,023,553
– Customer B	1,113,875	1,764,222	2,522,769
– Customer C*	594,437	N/A*	N/A*

* Less than 10% of the Group’s revenue in the respective year.

Details of concentrations of credit risk arising from the customers are set out in Note 28(a).

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(iii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for goods such that information about revenue expected to be recognised in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods that had an expected duration of one year or less.

(b) **Segment reporting**

Operating segments are identified on the basis of internal reports that the Group’s most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group’s most senior executive management makes resources allocation decisions based on internal management functions and assess the Group’s business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

(i) *Geographical information*

Almost all of the Group’s revenue is derived in Chinese mainland and the principal non-current assets employed by the Group are located in Chinese mainland. Accordingly, no analysis by geographical segments has been provided for the Track Record Period.

5 OTHER NET INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest income from bank deposits	11,695	12,729	25,579
Government grants (<i>Note</i>)	41,174	55,461	40,113
Net (losses)/gains on disposal of property, plant and equipment	(50)	19	6
Others	2,490	4,125	9,231
	<u>55,309</u>	<u>72,334</u>	<u>74,929</u>

Note: Government grants mainly represent operating subsidies and amortisation of government grants for capital expenditure including development and construction of property, plant and equipment.

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) **Finance costs**

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest on loans and borrowings	161,565	211,663	200,747
Less: interest expense capitalised (<i>note</i>)	(47,885)	(27,049)	(20,030)
	<u>113,680</u>	<u>184,614</u>	<u>180,717</u>
Interest on other financial liabilities	8,261	12,460	4,614
Others	—	—	2,595
	<u>121,941</u>	<u>197,074</u>	<u>187,926</u>

Note: During the year ended 31 December 2023, 2024 and 2025, the borrowing costs have been capitalised at a rate of 2.70% - 4.70%, 3.60% - 4.30% and of 3.50% - 3.60% per annum, respectively.

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(b) Staff costs

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	342,632	342,640	333,620
Contributions to defined contribution retirement schemes	24,558	21,074	20,352
Equity-settled share-based payment expenses	722	2,292	3,676
	<u>367,912</u>	<u>366,006</u>	<u>357,648</u>

Note: The employees of the subsidiaries of the Group established in the PRC participate in a defined contribution scheme managed by the local municipal governments, whereby these companies are required to contribute to the scheme at certain rates of the employees’ salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in the PRC, from the above mentioned retirement scheme at their normal retirement age.

(c) Other items

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amortisation cost of intangible assets (<i>Note 13</i>)	124	379	1,219
Depreciation charge			
– property, plant and equipment (<i>Note 11</i>)	157,771	229,893	298,950
– right-of-use assets (<i>Note 12</i>)	5,219	5,653	5,709
	<u>162,990</u>	<u>235,546</u>	<u>304,659</u>
Impairment loss/(reversal of impairment loss) on financial assets			
– trade and bills receivables measured at amortised cost	8,046	12,238	24,667
– bills receivables, measured at FVOCI	7,056	874	842
– other receivables	(70)	77	(105)
	<u>15,032</u>	<u>13,189</u>	<u>25,404</u>
Bill discounting fee	42,920	73,537	98,336
Research and development (“R&D”) expenses (<i>i</i>)	28,592	30,599	39,632
Cost of inventories (<i>ii</i>)	4,307,220	5,547,548	8,070,852

Notes:

- (i) During the years ended 31 December 2023, 2024 and 2025, research and development expenses include staff cost, depreciation and amortisation expenses of RMB19,374,000, RMB21,649,000 and RMB29,323,000 respectively, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.
- (ii) During the years ended 31 December 2023, 2024 and 2025, cost of inventories includes staff cost, depreciation and amortisation expenses of RMB371,318,000, RMB424,311,000 and RMB504,188,000 respectively, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

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7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
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
	<u>(48,975)</u>	<u>(53,163)</u>	<u>38,602</u>

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(Loss)/profit before taxation	<u>(261,115)</u>	<u>(417,367)</u>	<u>136,245</u>
Notional tax on (loss)/profit before taxation calculated at the rates applicable to profits in the jurisdiction concerned	(65,279)	(104,341)	34,061
Effect of different tax rates (<i>note (i) and note (ii)</i>)	16,067	36,235	(18,759)
Tax effect of additional deduction on research and development expenses (<i>note (iii)</i>)	(4,026)	(6,592)	(5,114)
Tax effect of non-deductible expenses	2,076	2,880	1,949
Tax effect of unused tax losses not recognised in previous years	–	–	(1,372)
Tax effect of recognition of the tax losses not recognised in previous years	–	–	(12,663)
Tax effect of deductible temporary differences and tax losses not recognised	3,580	11,199	3,336
Tax effect of tax rate change	138	7,491	39,663
Other tax benefits	<u>(1,531)</u>	<u>(35)</u>	<u>(2,499)</u>
Actual tax expense	<u>(48,975)</u>	<u>(53,163)</u>	<u>38,602</u>

Notes:

- (i) According to the Corporate Income Tax Law of China (the “CIT”), the Group’s subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to high and new technology enterprises (“HNTE”) of 15%.

The Company was qualified as HNTE and was entitled to a preferential income tax rate of 15% for the year ended 31 December 2023.

Jiangxi Huachuang New Materials Co., Ltd. obtained a HNTE certification in 2025. Accordingly, it was entitled to a preferential income tax rate of 15% from 2025 to 2027.

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- (ii) 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, Guangxi Huachuang New Materials Copper Foil Co., Ltd. and Guangxi Times Chuangneng New Materials Technology Co., Ltd. were entitled to a preferential income tax rate of 9% from 2024 to 2026.
- (iii) Based on Announcement on Further Improvements to Policies for Weighted Pre-tax Deduction of R&D Expenses (Announcement [2023] No. 7 of the Ministry of Finance and the State Taxation Administration) and the State Tax Bureau of the PRC on 26 March 2023, the Company, Jiangxi Huachuang New Materials Co., Ltd. and Guangxi Huachuang New Materials Copper Foil Co., Ltd. are eligible for a 100% super deduction of eligible R&D expense from 1 January 2023. The companies have claimed such super deduction during the Track Record Period.

8 DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS

Directors’ and Supervisors’ emoluments as recorded in the financial statements are set out below:

Year ended 31 December 2023						
Directors’ fees	Salaries, allowances and other benefits	Retirement scheme contributions	Sub-Total	Equity-settled share-based payment expenses (viii)	Total	
RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	
Executive directors						
Mr. Zhou Shengfu	–	2,279	34	2,313	255	2,568
Mr. Yin Yong	–	1,540	34	1,574	43	1,617
Ms. Chen Xiaolin (iv)	–	1,472	28	1,500	81	1,581
Non-executive director						
Mr. Chen Xue (i)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Leng Daguang	100	–	–	100	–	100
Mr. Zhu Jianing	100	–	–	100	–	100
Mr. Yu Jianli	100	–	–	100	–	100
Supervisors						
Ms. Fang Xianglei	–	390	22	412	2	414
Mr. Zhang Ping	–	821	33	854	4	858
Mr. Li Haiming	–	392	23	415	2	417
300	6,894	174	7,368	387	7,755	

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Year ended 31 December 2024

	Directors’ fees	Salaries, allowances and other benefits	Retirement scheme contributions	Sub-Total	Equity-settled share-based payment expenses (viii)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors						
Mr. Zhou Shengfu	–	2,741	21	2,762	768	3,530
Mr. Yin Yong	–	1,668	21	1,689	128	1,817
Ms. Chen Xiaolin (iv)	–	513	11	524	91	615
Non-executive director						
Mr. Chen Xue (i)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Leng Daguang	100	–	–	100	–	100
Mr. Zhu Jianing	100	–	–	100	–	100
Mr. Yu Jianli	100	–	–	100	–	100
Supervisors						
Ms. Fang Xianglei	–	560	21	581	18	599
Mr. Zhang Ping	–	722	21	743	45	788
Mr. Li Haiming (ii)	–	156	9	165	8	173
Mr. Shen Binyi (iii)	–	235	12	247	–	247
	300	6,595	116	7,011	1,058	8,069

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Year ended 31 December 2025

	Directors’ fees	Salaries, allowances and other benefits	Retirement scheme contributions	Sub-Total	Equity-settled share-based payment expenses (viii)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors						
Mr. Zhou Shengfu	–	4,349	21	4,370	1,211	5,581
Mr. Yin Yong	–	1,327	21	1,348	202	1,550
Ms. Chen Xiaolin (iv)	–	–	–	–	–	–
Non-executive director						
Mr. Chen Xue (i)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Leng Daguang (v)	75	–	–	75	–	75
Mr. Zhu Jianing (vi)	75	–	–	75	–	75
Mr. Yu Jianli (vii)	75	–	–	75	–	75
Supervisors (viii)						
Ms. Fang Xianglei (ix)	–	398	21	419	31	450
Mr. Zhang Ping	–	512	20	532	78	610
Mr. Shen Binyi	–	347	21	368	–	368
	225	6,933	104	7,262	1,522	8,784

Notes:

- (i) Mr. Chen Xue was appointed as a non-executive director of the Company on 15 November 2022. During the Track Record Period, he received remuneration from the Company’s holding company in respect of his services to the larger group which includes the Company and its subsidiaries. No apportionment has been made as the qualifying services provided by him to the Company and its subsidiaries are incidental to his responsibilities to the larger group.
- (ii) Mr. Li Haiming resigned as a supervisor of the Company on 16 May 2024.
- (iii) Mr. Shen Binyi became a supervisor of the Company since 14 June 2024.
- (iv) Ms. Chen Xiaolin resigned as an executive director of the Company on 15 July 2025.
- (v) Mr. Leng Daguang resigned as an independent executive director of the Company on 31 July 2025.
- (vi) Mr. Zhu Jianing resigned as an independent executive director of the Company on 31 July 2025.
- (vii) Mr. Yu Jianli resigned as an independent executive director of the Company on 31 July 2025.
- (viii) The board of supervisors was cancelled with effect from the date on 13 April 2026.
- (ix) Ms. Fang Xianglei was appointed as an non-executive director of the Company with effect from the date on 13 April 2026. Ms. Kwok Yuk Chun, Mr. Zhou Weihua and Mr. Liu Wencheng were appointed as independent non-executive directors of the Company with effect from the date on 13 April 2026.

During the Track Record Period, no director, supervisor or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors, supervisor and the chief executive as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

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9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3, 2 and 2 are directors during the years ended 31 December 2023, 2024 and 2025, respectively, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Salaries and other emoluments	2,862	4,370	4,035
Equity-settled share-based payment expenses	85	276	403
Retirement scheme contributions	70	66	48
	<u>3,017</u>	<u>4,712</u>	<u>4,486</u>

The emoluments of the individuals with the highest emoluments other than the directors as disclosed in Note 8 are within the following bands:

	Year ended 31 December		
	2023	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>
Hong Kong Dollar (“HKD”) HKD1,000,001–HKD1,500,000	–	–	1
HKD1,500,001–HKD2,000,000	2	3	2

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director/supervisor highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue for the Track Record Period as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
(Loss)/profit for the year attributable to equity shareholders of the Company	<u>(212,140)</u>	<u>(364,204)</u>	<u>97,643</u>

Weighted average number of ordinary shares:

	Year ended 31 December		
	2023	2024	2025
	<i>’000</i>	<i>’000</i>	<i>’000</i>
Issued ordinary shares at the beginning of the year	1,150,000	1,150,000	1,150,000
Effect of issuance of new shares	<u>–</u>	<u>–</u>	<u>35,172</u>
Weighted average number of ordinary shares at the end of the year	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,185,172</u>

(b) Diluted (loss)/earnings per share

During the Track Record Period, the Company had no dilutive potential ordinary shares outstanding, therefore diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share.

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11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2023	452,618	882,197	12,595	25,721	1,968,587	3,341,718
Additions	–	132	5,123	593	2,104,788	2,110,636
Transferred from construction in progress	786,208	1,515,400	–	51,237	(2,352,845)	–
Disposals	–	(3,186)	(5)	(339)	–	(3,530)
At 31 December 2023 and 1 January 2024	1,238,826	2,394,543	17,713	77,212	1,720,530	5,448,824
Additions	36,350	18,617	130	651	229,433	285,181
Transferred from construction in progress	83,729	560,322	–	6,724	(650,775)	–
Disposals	–	(23,208)	(260)	(10,566)	–	(34,034)
At 31 December 2024 and 1 January 2025	1,358,905	2,950,274	17,583	74,021	1,299,188	5,699,971
Additions	599	4,738	1,145	61,231	185,445	253,158
Transferred from construction in progress	18,408	587,139	–	7,113	(612,660)	–
Disposals	(4,091)	(9,141)	(517)	(3,002)	–	(16,751)
At 31 December 2025	1,373,821	3,533,010	18,211	139,363	871,973	5,936,378
Accumulated depreciation:						
At 1 January 2023	(16,460)	(98,448)	(2,513)	(1,800)	–	(119,221)
Charge for the year	(28,089)	(113,427)	(2,995)	(13,260)	–	(157,771)
Written back on disposals	–	3,062	5	59	–	3,126
At 31 December 2023 and 1 January 2024	(44,549)	(208,813)	(5,503)	(15,001)	–	(273,866)
Charge for the year	(42,501)	(167,099)	(3,350)	(16,943)	–	(229,893)
Written back on disposals	–	1,539	195	4,492	–	6,226
At 31 December 2024 and 1 January 2025	(87,050)	(374,373)	(8,658)	(27,452)	–	(497,533)
Charge for the year	(43,373)	(200,025)	(4,323)	(51,229)	–	(298,950)
Written back on disposals	2,542	1,560	391	187	–	4,680
At 31 December 2025	(127,881)	(572,838)	(12,590)	(78,494)	–	(791,803)
Net book value:						
At 31 December 2023	1,194,277	2,185,730	12,210	62,211	1,720,530	5,174,958
At 31 December 2024	1,271,855	2,575,901	8,925	46,569	1,299,188	5,202,438
At 31 December 2025	1,245,940	2,960,172	5,621	60,869	871,973	5,144,575

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The Company

	Plant and buildings	Machinery and equipment	Motor vehicles	Office equipment and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2023	33,868	166,660	3,442	3,544	1,757	209,271
Additions	–	132	–	278	1,973	2,383
Transferred from construction in progress	–	1,596	–	1,957	(3,553)	–
Disposals	–	(3,186)	(5)	(130)	–	(3,321)
At 31 December 2023 and 1 January 2024	33,868	165,202	3,437	5,649	177	208,333
Additions	–	314	–	458	–	772
Disposals	–	(1,492)	(136)	(2,567)	(177)	(4,372)
At 31 December 2024 and 1 January 2025	33,868	164,024	3,301	3,540	–	204,733
Additions	–	628	273	160	–	1,061
Disposals	–	(2,244)	(606)	–	–	(2,850)
At 31 December 2025	33,868	162,408	2,968	3,700	–	202,944
Accumulated depreciation:						
At 1 January 2023	(9,131)	(80,913)	(1,631)	(789)	–	(92,464)
Charge for the year	(1,609)	(16,324)	(587)	(872)	–	(19,392)
Written back on disposals	–	2,823	5	26	–	2,854
At 31 December 2023 and 1 January 2024	(10,740)	(94,414)	(2,213)	(1,635)	–	(109,002)
Charge for the year	(1,609)	(15,389)	(528)	(589)	–	(18,115)
Written back on disposals	–	812	125	1,008	–	1,945
At 31 December 2024 and 1 January 2025	(12,349)	(108,991)	(2,616)	(1,216)	–	(125,172)
Charge for the year	(1,609)	(13,625)	(293)	(181)	–	(15,708)
Written back on disposals	–	653	375	–	–	1,028
At 31 December 2025	(13,958)	(121,963)	(2,534)	(1,397)	–	(139,852)
Net book value:						
At 31 December 2023	23,128	70,788	1,224	4,014	177	99,331
At 31 December 2024	21,519	55,033	685	2,324	–	79,561
At 31 December 2025	19,910	40,445	434	2,303	–	63,092

As at 31 December 2023, 2024 and 2025, certain property, plant and equipment were pledged as security for banking facilities (see Note 22) and other financial liabilities (see Note 23).

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12 RIGHT-OF-USE ASSETS

The Group

	Leasehold land
	<i>RMB’000</i>
Cost:	
At 1 January 2023	186,830
Additions	90,823
At 31 December 2023 and 1 January 2024	277,653
At 31 December 2024 and 1 January 2025	277,653
Additions	917
At 31 December 2025	278,570
Accumulated depreciation:	
At 1 January 2023	(6,291)
Charge for the year	(5,219)
At 31 December 2023 and 1 January 2024	(11,510)
Charge for the year	(5,653)
At 31 December 2024 and 1 January 2025	(17,163)
Charge for the year	(5,709)
At 31 December 2025	(22,872)
Net book value:	
At 31 December 2023	266,143
At 31 December 2024	260,490
At 31 December 2025	255,698

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The Company

	<u>Leasehold land</u>
	<i>RMB’000</i>
Cost:	
At 1 January 2023	27,162
At 31 December 2023 and 1 January 2024	27,162
At 31 December 2024 and 1 January 2025	27,162
At 31 December 2025	27,162

Accumulated depreciation:	
At 1 January 2023	(3,963)
Charge for the year	(634)
At 31 December 2023 and 1 January 2024	(4,597)
Charge for the year	(634)
At 31 December 2024 and 1 January 2025	(5,231)
Charge for the year	(635)
At 31 December 2025	(5,866)

Net book value:	
At 31 December 2023	22,565
At 31 December 2024	21,931
At 31 December 2025	21,296

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13 INTANGIBLE ASSETS

The Group

	Software
	<i>RMB’000</i>
Cost:	
At 1 January 2023	689
Additions	831
Disposals	(389)
At 31 December 2023 and 1 January 2024	1,131
Additions	2,399
At 31 December 2024 and 1 January 2025	3,530
Additions	4,772
At 31 December 2025	8,302

Accumulated amortisation:	
At 1 January 2023	(115)
Charge for the year	(124)
Written back on disposals	116
At 31 December 2023 and 1 January 2024	(123)
Charge for the year	(379)
At 31 December 2024 and 1 January 2025	(502)
Charge for the year	(1,219)
At 31 December 2025	(1,721)

Net book value:	
At 31 December 2023	1,008
At 31 December 2024	3,028
At 31 December 2025	6,581

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The Company

	Software
	<i>RMB’000</i>
Cost:	
At 1 January 2023	389
Additions	685
Disposals	(389)
At 31 December 2023 and 1 January 2024	685
Additions	1,437
At 31 December 2024 and 1 January 2025	2,122
At 31 December 2025	2,122

Accumulated amortisation:	
At 1 January 2023	(76)
Charge for the year	(51)
Written back on disposals	116
At 31 December 2023 and 1 January 2024	(11)
Charge for the year	(191)
At 31 December 2024 and 1 January 2025	(202)
Charge for the year	(212)
At 31 December 2025	(414)

Net book value:	
At 31 December 2023	674
At 31 December 2024	1,920
At 31 December 2025	1,708

14 INVESTMENTS IN SUBSIDIARIES

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Investments in subsidiaries	2,767,721	2,972,495	3,273,589

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During the Track Record Period, the Company has direct or indirect interests in the following subsidiaries. The class of shares held is ordinary unless otherwise stated.

Company name	Place and date of incorporation/ acquisition	Particulars of registered and paid-in capital	Effective interest held by the Group			Principal activities
			As at 31 December			
			2023	2024	2025	
RMB'000						
Directly held by the Company						
Jiangxi Huachuang New Materials Co., Ltd. (“Jiangxi Huachuang”) (江西華創新材有限公司) (Note (1), (3))	Chinese mainland 8 February 2022	1,700,000	100%	100%	100%	Research and development, production, and sale of copper foil products
Guangxi Huachuang New Materials Copper Foil Co., Ltd. (“Guangxi Huachuang”) (廣西華創新材銅箔有限公司) (Note (1), (3))	Chinese mainland 20 November 2020	800,000	100%	100%	100%	Research and development, production, and sale of copper foil products
Jiangxi Huachuang Times Copper Foil Sales Co., Ltd. (“Huachuang Sales”) (江西華創時代銅箔銷售有限公司) (Note (1), (3))	Chinese mainland 18 November 2022	400,000	100%	100%	100%	Sale of copper foil and non-ferrous metal products
Zhejiang Quzhou Huachuang New Materials Copper Foil Co., Ltd. (浙江衢州華創新材銅箔有限公司) (Note (4))	Chinese mainland 29 July 2022	95,000	100%	100%	100%	Production and sale of copper foil products
Sichuan Huachuang New Materials Co., Ltd. (四川華創新材有限公司) (Note (4))	Chinese mainland 18 October 2022	45,000	100%	100%	100%	Production and sale of copper foil products
Shangrao Huachuang Copper Foil Co., Ltd. (上饒華創銅箔有限公司) (Note (4))	Chinese mainland 20 October 2022	45,000	100%	100%	100%	Production and sale of copper foil products
Indirectly held by the Company						
Nanchang Youye Copper Materials Manufacturing Co., Ltd. (南昌市友業銅材製造有限公司) (Note (1), (2))	Chinese mainland 23 January 2025	100,000	–	–	100%	Production and sale of copper rods and copper wires
Guangxi Times Chuangneng New Materials Technology Co., Ltd. (“Shidai Chuangneng”) (廣西時代創能新材料科技有限公司) (Note (1))	Chinese mainland 23 October 2020	471,510	100%	100%	100%	Research and development, production, and sale of copper foil products

Notes:

- (1) These entities are limited liability companies established in the PRC. The official names of these entities are in Chinese. The English translation of these names is for identification purpose only.
- (2) The entity was newly established in 2025. The statutory financial statements for the year ended 31 December 2023 and 2024 were not applicable.

The statutory financial statements of the Company for the year ended 31 December 2025 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所 (特殊普通合伙) 上海分所).

- (3) The statutory financial statements of the Company for the year ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所 (特殊普通合伙)). The statutory financial statements of these entities for the year ended 31 December 2025 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC and were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所 (特殊普通合伙) 上海分所).

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- (4) No statutory financial statements have been prepared for Zhejiang Quzhou Huachuang New Materials Copper Foil Co., Ltd, Sichuan Huachuang New Materials Co., Ltd. and Shangrao Huachuang Copper Foil Co., Ltd for the years ended 31 December 2023, 2024 and 2025.

All companies now comprising the Group have adopted 31 December as their financial year end date.

15 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets:			
Prepayments to suppliers			
– Third party	69,077	14,183	9,516
– Related party	–	49	–
Value-added tax (“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)
	<u>517,783</u>	<u>492,565</u>	<u>484,610</u>
Non-current assets			
Prepayments for property, plant and equipment	<u>61,399</u>	<u>23,205</u>	<u>48,612</u>
	<u>61,399</u>	<u>23,205</u>	<u>48,612</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Other receivables			
– Third party	129	1,633	80
– Subsidiaries	276,447	127,910	708,392
Prepayments to suppliers	371	2,679	89,081
Value-added tax (“VAT”) recoverable	12,292	682	1,084
Less: loss allowance	(13,835)	(82)	(3)
	<u>275,404</u>	<u>132,822</u>	<u>798,634</u>
Non-current assets			
Prepayments for property, plant and equipment	<u>1,052</u>	<u>–</u>	<u>716</u>
	<u>1,052</u>	<u>–</u>	<u>716</u>

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16 INVENTORIES

(a) Inventories in the statements of financial position comprise:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
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
	1,020,246	987,355	1,982,141
Write-down of inventories	(12,551)	(3,446)	(100)
	1,007,695	983,909	1,982,041

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	24,062	25,013	7,086
Work in progress	41,970	39	–
Finished goods	37,385	3,022	–
	103,417	28,074	7,086
Write-down of inventories	(4,545)	–	–
	98,872	28,074	7,086

(b) The analysis of the amount of inventories as an expense and recognised included in profit or loss is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold	4,319,771	5,550,994	8,070,952
Write-down of inventories	(12,551)	(3,446)	(100)
	4,307,220	5,547,548	8,070,852

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

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17 TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Trade receivables			
– Third party	1,121,852	2,058,823	4,040,933
– Related party	–	16	–
Bills receivables, measured at amortised cost	170,234	236,761	544,083
Less: loss allowance	(17,254)	(27,989)	(52,645)
Net trade and bills receivables measured at amortised cost	1,274,832	2,267,611	4,532,371
Bills receivables, measured at FVOCI	705,653	87,387	84,177
	1,980,485	2,354,998	4,616,548

As at 31 December 2023, 2024 and 2025, bills receivables of RMB170,234,000, RMB236,761,000 and RMB544,083,000 are measured at amortised cost, including bank acceptance bills.

Bills receivables mainly represent short-term bank acceptance notes receivable that entitle the Group to receive the full face amount from the banks at maturity, which generally ranges from 3 to 12 months from the date of issuance.

As at 31 December, 2023, 2024 and 2025, undue bills receivables of RMB84,086,000, RMB80,907,000 and RMB132,647,000 endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership had not substantially transferred. All these undue bills receivables were due within 1 year.

As at 31 December, 2023, 2024 and 2025, undue bills receivables of RMB57,550,000, RMB103,053,000 and RMB370,898,000 discounted to banks were not derecognised because management believed that the credit risks of ownership had not substantially transferred. The short-term bank loan was recognised accordingly. All these undue bills receivables were due within 1 year.

Due to the requirement of cash management, the Group endorsed or discounted part of bills receivables to the suppliers or from bank. The business model of these bills receivables management is for the purpose of collecting cash flow of contracts and sales. Therefore, at 31 December, 2023, 2024 and 2025, the Group classified bills receivables of RMB705,653,000, RMB87,387,000 and RMB84,177,000 as bills receivables measured at FVOCI.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Trade receivables			
– Third party	32,458	75,917	2,785
– Subsidiaries	77,497	130,589	234,799
Bills receivables	22,197	48,447	26,339
Less: loss allowance	(8,433)	(3,830)	(3,003)
Net trade and bills receivables measured at amortised cost	123,719	251,123	260,920
Bills receivables, measured at FVOCI	270,867	7,203	226
	394,586	258,326	261,146

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All of the current portion of trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis:

As at the end of each reporting period, the ageing analysis of the Group’s trade receivables and bills receivables, based on the revenue recognition date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	1,993,263	2,376,336	4,660,497
More than 1 year but within 2 years	2,992	3,668	4,304
More than 2 years but within 3 years	852	2,967	1,420
More than 3 years	632	16	2,972
Less: loss allowance	(17,254)	(27,989)	(52,645)
	<u>1,980,485</u>	<u>2,354,998</u>	<u>4,616,548</u>

Further details on the Group’s credit policy and credit risk arising from trade and bills receivables are set out in Note 28(a).

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash at bank	890,934	2,506,444	3,370,804
Less: restricted bank deposits (Note)	(504,089)	(1,669,754)	(2,777,301)
Cash and cash equivalents in the consolidated statements of financial position and the consolidated statements of cash flows	<u>386,845</u>	<u>836,690</u>	<u>593,503</u>

Note: Restricted bank deposits primarily represent cash maintained at banks as security for guarantees of payment relating to the issuance of bills payable, letter of credit to certain vendors of the Group and hedge transactions.

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As at 31 December 2023, 2024 and 2025, all cash and cash equivalents are situated in Chinese Mainland. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank	96,779	627,252	384,443
Less: restricted bank deposits	(24,620)	(401,400)	(306,865)
	<u>72,159</u>	<u>225,852</u>	<u>77,578</u>

(b) Reconciliation of (loss)/profit before taxation to cash used in operations:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
(Loss)/Profit before taxation		(261,115)	(417,367)	136,245
Adjustments for:				
Depreciation of property, plant and equipment	6(c)	157,771	229,893	298,950
Amortisation of intangible assets	6(c)	124	379	1,219
Depreciation of right-of-use assets	6(c)	5,219	5,653	5,709
Impairment loss on financial assets	6(c)	15,032	13,189	25,404
Provision for write-down of inventories	16(b)	12,551	3,446	100
Finance costs	6(a)	121,941	197,074	187,926
Net losses/(gains) on disposal of property, plant and equipment	5	50	(19)	(6)
Equity-settled share-based payment expenses		722	2,292	3,676
Others		352	(5,174)	(13,380)
Changes in working capital:				
(Increase)/decrease in inventories		(438,502)	20,341	(998,232)
Increase in trade and other receivables		(1,499,906)	(1,017,712)	(4,079,503)
Decrease/(increase) in restricted bank deposits		265,729	(1,335,992)	(1,035,239)
Increase in trade and other payables		371,708	1,447,941	1,593,804
Increase in deferred income		175,009	227,514	82,859
Cash used in operations		<u>(1,073,315)</u>	<u>(628,542)</u>	<u>(3,790,468)</u>

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(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group’s liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statements of cash flows as cash flows from financing activities.

	Loans and borrowings	Other financial liabilities	Total
	<i>RMB’000</i> <i>(Note 22)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i>
At 1 January 2023	2,212,545	–	2,212,545
Changes from financing cash flows:			
Proceeds from loans and borrowings	4,342,375	–	4,342,375
Repayment of loans and borrowings	(1,125,598)	–	(1,125,598)
Proceeds from sales and lease back arrangements	–	355,000	355,000
Repayment of sales and lease back arrangements	–	(53,289)	(53,289)
Interest paid	(151,520)	(8,261)	(159,781)
Total changes from financing cash flows	3,065,257	293,450	3,358,707
Other changes:			
Non-cash settlement of bills discounted	(95,078)	–	(95,078)
Capitalised borrowing costs	47,885	–	47,885
Interest expenses <i>(Note 6(a))</i>	113,680	8,261	121,941
Total other changes	66,487	8,261	74,748
At 31 December 2023	5,344,289	301,711	5,646,000

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	Loans and borrowings	Other financial liabilities	Total
	<i>RMB’000</i> <i>(Note 22)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i>
At 1 January 2024	5,344,289	301,711	5,646,000
Changes from financing cash flows:			
Proceeds from loans and borrowings	3,460,615	–	3,460,615
Repayment of loans and borrowings	(1,630,455)	–	(1,630,455)
Proceeds from sales and lease back arrangements	–	–	–
Repayment of sales and lease back arrangements	–	(132,117)	(132,117)
Interest paid	(218,131)	(12,460)	(230,591)
Total changes from financing cash flows	1,612,029	(144,577)	1,467,452
Other changes:			
Non-cash settlement of bills discounted	(505,001)	–	(505,001)
Capitalised borrowing costs	27,049	–	27,049
Interest expenses <i>(Note 6(a))</i>	184,614	12,460	197,074
Total other changes	(293,338)	12,460	(280,878)
At 31 December 2024	6,662,980	169,594	6,832,574
	Loans and borrowings	Other financial liabilities	Total
	<i>RMB’000</i> <i>(Note 22)</i>	<i>RMB’000</i> <i>(Note 23)</i>	<i>RMB’000</i>
At 1 January 2025	6,662,980	169,594	6,832,574
Changes from financing cash flows:			
Proceeds from loans and borrowings	7,343,506	–	7,343,506
Repayment of loans and borrowings	(3,070,406)	–	(3,070,406)
Proceeds from sales and lease back arrangements	–	29,735	29,735
Repayment of sales and lease back arrangements	–	(177,318)	(177,318)
Interest paid	(201,330)	(4,348)	(205,678)
Total changes from financing cash flows	4,071,770	(151,931)	3,919,839
Other changes:			
Non-cash settlement of bills discounted	(1,663,701)	–	(1,663,701)
Capitalised borrowing costs	20,030	–	20,030
Interest expenses <i>(Note 6(a))</i>	180,717	4,614	185,331
Total other changes	(1,462,954)	4,614	(1,458,340)
At 31 December 2025	9,271,796	22,277	9,294,073

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(d) Major non-cash transaction

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Settlement of discounted bills receivables	95,078	505,001	1,663,701
Bills receivables endorsed to payables for plant, property and equipment	98,124	231,292	182,275
	<u>98,124</u>	<u>231,292</u>	<u>182,275</u>

19 TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
– Third Party	110,124	1,142,993	2,101,137
– Related party	–	101	89
Bills payables	93,393	343,000	754,125
	<u>203,517</u>	<u>1,486,094</u>	<u>2,855,351</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables			
– Third Party	27,594	53,716	69,970
– Amount due to subsidiaries	121,792	82,698	60,000
Bills payables	85,600	486,000	295,664
	<u>234,986</u>	<u>622,414</u>	<u>425,634</u>

As at the end of each reporting period, the ageing analysis of the Group’s trade payables and bills payable based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	198,178	1,478,077	2,849,266
Over 1 year but within 2 years	5,253	7,150	5,490
Over 2 years but within 3 years	38	850	595
Over 3 years	48	17	–
	<u>203,517</u>	<u>1,486,094</u>	<u>2,855,351</u>

All of the trade payables are expected to be settled within one year or are repayable on demand.

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20 OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current liabilities			
Other payables and accruals	16,665	10,049	11,110
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
	<u>1,321,598</u>	<u>993,726</u>	<u>610,960</u>
Non-current liabilities			
Long-term payables	–	–	34,606
	<u>–</u>	<u>–</u>	<u>34,606</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current liabilities			
Other payables and accruals	1,955	1,514	386
Accrued payrolls	13,455	7,635	9,832
Payables for property, plant and equipment	6,721	1,406	871
Taxes other than income tax payables	506	726	1,097
Payables from the endorsement of the bills	16,100	11,475	1,071
	<u>38,737</u>	<u>22,756</u>	<u>13,257</u>

Except for long-term payables, all other payables are expected to be settled within one year or are repayable on demand.

21 CONTRACT LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances received from customers	<u>8,074</u>	<u>4,881</u>	<u>7,164</u>

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Movements in contract liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	3,596	8,074	4,881
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(3,596)	(8,074)	(4,881)
Increase in contract liabilities as a result of receiving advance payments during the year	8,074	4,881	7,164
Balance at the end of the year	8,074	4,881	7,164

All of the contract liabilities are expected to be recognised as income within one year.

22 LOANS AND BORROWINGS

(a) The analysis of the carrying amount of loans and borrowings is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current liabilities:			
– Short-term bank loans (i)	1,499,176	1,782,320	2,003,429
– Other borrowings (ii)	415,002	1,683,863	3,666,126
– Amount due to related party (iii)	–	–	622,041
	1,914,178	3,466,183	6,291,596
Non-current liabilities			
– Long-term bank loans (i)	3,430,111	3,196,797	2,980,200
	5,344,289	6,662,980	9,271,796

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current liabilities			
– Short-term bank loans	484,950	603,806	478,074
– Other borrowings	5,248	36,659	25,239
– Amount due to related party	–	–	622,041
	490,198	640,465	1,125,354
Non-current liabilities			
– Long-term bank loans	219,200	65,300	48,700
	709,398	705,765	1,174,054

- (i) As at 31 December 2023, 2024 and 2025, the bank loans of the Group bear interest rates from 1.40% to 4.94%, 2.50% to 4.50% and 2.30% to 4.34% per annum, respectively.
- (ii) As at 31 December 2023, 2024 and 2025, the other borrowings of the Group are discounted bills and discounted letter of credit, bear interest rates from 1.00% to 3.10%, 0.62% to 2.50% and 0.48% to 5.00% per annum, respectively.
- (iii) Amount due to related party of the Group, which were borrowed from Huayou Holdings Group Co., Ltd. (“Huayou Holdings”), were unsecured, repayable on demand and interest-bearing ranged from 3.00% to 3.50% per annum.

(b) The analysis of the repayment schedule of the Group’s loans and borrowings is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	1,914,178	3,466,183	6,291,596
After 1 year but within 2 years	616,199	603,067	894,017
After 2 years but within 5 years	2,091,001	2,258,736	2,005,846
After 5 years	722,911	334,994	80,337
	3,430,111	3,196,797	2,980,200
	5,344,289	6,662,980	9,271,796

Some of the Group’s banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group’s financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related loans would become payable on demand. Further details of the Group’s management of liquidity risk are set out in Note 28(b). As at 31 December 2023, 2024 and 2025, RMB119,000,000, RMB90,000,000, and RMB120,000,000 of the covenants relating to drawn down facilities had been breached and were included in the current portion of loans and borrowings respectively. The Group has obtained the waiver from the relevant financial institutions subsequently in June 2026.

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Some of the loans and borrowings are secured by property, plant and equipment, inventories, bank deposit, discounted bills and guaranteed by guarantors. An analysis of the secure and guarantee status of loans and borrowings is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Secured bank loans	95,000	9,500	9,500
Secured and guaranteed other borrowings	415,002	1,683,863	3,666,126
Guaranteed bank loans	3,761,400	3,852,400	3,640,280
Secured and guaranteed bank loans	1,064,611	1,111,393	1,303,477
Unsecured and unguaranteed bank loans	8,276	5,824	30,372
Unsecured and unguaranteed			
– Amount due to related party	–	–	622,041
	5,344,289	6,662,980	9,271,796

As at 31 December 2023, 2024 and 2025, bank loans of RMB4,123,100,000, RMB4,303,250,000 and RMB4,358,680,000 respectively were guaranteed by the controlling shareholder, Huayou Holdings, the ultimate controller Chen Xuehua and the spouse of Chen Xuehua, Qiu Jinhua.

As at 31 December 2023, 2024 and 2025, bank loans of RMB702,911,000, RMB660,543,000, and RMB585,077,000 were guaranteed by a third party.

As at 31 December 2023, 2024 and 2025, the banking facilities of the Group were secured by property, plant and equipment, inventories and bank deposit as follows.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	246,718	612,043	526,369
Inventories	–	348,340	540,149
Bank deposit	100,000	10,000	10,000
	346,718	970,383	1,076,518

23 OTHER FINANCIAL LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	132,117	109,461	15,093
After 1 year but within 2 years	109,461	60,133	7,184
After 2 years but within 5 years	60,133	–	–
	169,594	60,133	7,184
	301,711	169,594	22,277

Note: The Group entered into some sales and lease back arrangements with serval financial institutions without asset transfer at the end of contract term. Other financial liabilities were guaranteed by the controlling shareholder, Huayou Holdings, the ultimate controller Chen Xuehua and the spouse of Chen Xuehua, Qiu Jinhua with related property, plant and equipment secured to the respective financial institutions and bore interest rates from 5.28% to 7.14%, 5.28% to 7.14% and 3.66% per annum as at 31 December 2023, 2024 and 2025, respectively.

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24 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Restricted share units

In December 2021, an Employee Share Ownership Plan (“ESOP Plan 2021”) was approved to grant restricted shares units (“RSUs”) of the Company to certain directors and employees of the Group in order to attract and retain talents for the long-term development of the Company. Certain directors and employees of the Company were granted 49,710,000 RSUs through numbers of shareholding platform at a consideration of RMB65,120,000 in total.

Pursuant to the ESOP Plan 2021, Huayou Holdings or certain designated third parties by the Company would redeem the shares if the employee resign before [REDACTED], at a price equal to the original consideration plus an agreed interest rate per annum; and also have the redemption rights if the directors or employee resign within one to three years after the [REDACTED], at a price equal to certain percentage of fair value of the shares.

In September 2022, an Employee Share Ownership Plan (“ESOP Plan 2022”) was approved to grant RSUs of the Company to certain directors and employees of the Group in order to attract and retain talents for the long-term development of the Company. Certain directors and employees of the Company were granted 7,260,000 RSUs through numbers of shareholding platform at a consideration of RMB24,030,000 in total.

Pursuant to the ESOP Plan 2022, Huayou Holdings or certain designated third parties by the Company would redeem the shares if the employee resign before [REDACTED], at a price equal to the original consideration plus an agreed interest rate per annum; and also have the redemption rights if the directors or employee resign within one year after the [REDACTED], at a price equal to certain percentage of fair value of the Company. to grant RSUs of the Group to certain executives and employees. In December 2025, certain directors and employees of the Company were granted 10,782,000 RSUs through a shareholding platform at a consideration of RMB44,961,000 in total.

Pursuant to the ESOP Plan 2025, Huayou Holdings or certain designated third parties by the Company would redeem the shares if the employee resign before [REDACTED], at a price equal to the original consideration plus an agreed interest rate per annum; and also have the redemption rights if the directors or employee resign within one year after the [REDACTED], at a price equal to certain percentage of fair value of the shares.

The terms and conditions of the grants are summarised as follows:

	Grant date	Number of RSUs	Subscription price	Vesting period
			RMB	
ESOP Plan 2021	December 2021	49,710,000	1.31	1 -3 years after the [REDACTED]
ESOP Plan 2022	September 2022	7,260,000	3.31	1 year after the [REDACTED]
ESOP Plan 2025	December 2025	10,782,000	4.17	1 year after the [REDACTED]

(i) The movement of the number of RSUs are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	55,660	52,220	47,150
Granted	—	—	10,782
Forfeited	(3,440)	(5,070)	(1,110)
At the end of the year	52,220	47,150	56,822

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The fair value of services received in return for RSUs granted is measured by the difference of the fair value of the underlying shares on the grant date and the subscription price of each grant. The fair value of the underlying shares is measured based on the most recent transaction price of the Company’s shares.

	Grant date	Fair value of the RSU on the grant date
		<i>RMB</i>
ESOP Plan 2021	December 2021	1.89
ESOP Plan 2022	September 2022	3.31
ESOP Plan 2025	December 2025	4.17

During the years ended 31 December 2023, 2024 and 2025, expenses recognised in the consolidated statements of profit or loss for the RSUs were as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost of sales	14	60	181
Selling expenses	7	83	118
Administrative expenses	674	2,038	3,069
Research and development expenses	27	111	308
Total	722	2,292	3,676

25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year	43,196	11,248	(6,944)
Provisions for income tax for the year	12,739	7,119	28,491
Income tax paid	(44,687)	(25,311)	(31,186)
At the end of the year	11,248	(6,944)	(9,639)

Reconciliation to the consolidated statements of financial position

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Income tax payable	12,340	1,757	2,376
Prepaid income tax	(1,092)	(8,701)	(12,015)
	11,248	(6,944)	(9,639)

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(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

	Impairment loss	Provision of inventory	Deferred income	Fair value change of derivative financial instruments	Deductible tax losses	Depreciation of property, plant and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,773	103	22,417	–	6,568	(2,002)	28,859
Credited/(charged) to profit or loss	3,433	1,780	44,154	–	14,700	(2,353)	61,714
(Debited)/credited to reserves	(1,438)	–	–	282	–	–	(1,156)
At 31 December 2023 and 1 January 2024	3,768	1,883	66,571	282	21,268	(4,355)	89,417
Credited/(charged) to profit or loss	1,834	(1,273)	56,038	–	6,925	(3,242)	60,282
Credited to reserves	1,220	–	–	116	–	–	1,336
At 31 December 2024 and 1 January 2025	6,822	610	122,609	398	28,193	(7,597)	151,035
Credited/(charged) to profit or loss	6,026	(596)	(25,304)	–	8,317	1,446	(10,111)
Credited to reserves	8	–	–	49	–	–	57
At 31 December 2025	12,856	14	97,305	447	36,510	(6,151)	140,981

(ii) Reconciliation to the consolidated statements of financial position

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax asset in the consolidated statements of financial position	89,417	151,973	140,981
Net deferred tax liability in the consolidated statements of financial position	–	(938)	–
	89,417	151,035	140,981

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(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	5,237	1,519	1,045
Deductible tax losses	22,668	60,737	31,689
	27,905	62,256	32,734

26 DEFERRED INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	113,849	288,858	516,372
Additions	186,348	272,112	118,971
Credited to profit or loss	(11,339)	(44,598)	(36,112)
At the end of the year	288,858	516,372	599,231

Deferred income mainly represents government grants relating to property, plant and equipment, which are recognised as income on a straight-line basis over the expected useful life of relevant assets.

27. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Capital reserve	PRC statutory reserves	Other reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	1,150,000	1,573,633	–	–	13,619	2,737,252
Changes in equity for 2023:						
Profit for the year	–	–	–	2,302	9,343	11,645
Total comprehensive income	–	–	–	2,302	9,343	11,645
Equity-settled share-based payment expenses	–	722	–	–	–	722
Appropriation to statutory reserves	–	–	1,637	–	(1,637)	–
Balance at 31 December 2023	1,150,000	1,574,355	1,637	2,302	21,325	2,749,619

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	Share capital	Capital reserve	PRC statutory reserves	Other reserve	Retained earnings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2024	1,150,000	1,574,355	1,637	2,302	21,325	2,749,619
Changes in equity for 2024:						
Profit for the year	—	—	—	(2,248)	(1,674)	(3,922)
Total comprehensive income	—	—	—	(2,248)	(1,674)	(3,922)
Equity-settled share-based payment expenses	—	2,292	—	—	—	2,292
Appropriation to statutory reserves	—	—	365	—	(365)	—
Balance at 31 December 2024	1,150,000	1,576,647	2,002	54	19,286	2,747,989
	<i>RMB'000</i> <i>(Note 27(b))</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2025	1,150,000	1,576,647	2,002	54	19,286	2,747,989
Changes in equity for 2025:						
Profit for the year	—	—	—	(52)	14,760	14,708
Total comprehensive income	—	—	—	(52)	14,760	14,708
Capital contributions from shareholders	97,113	307,848	—	—	—	404,961
Equity-settled share-based payment expenses	—	3,676	—	—	—	3,676
Appropriation to statutory reserves	—	—	1,603	—	(1,603)	—
Balance at 31 December 2025	1,247,113	1,888,171	3,605	2	32,443	3,171,334

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(b) Share capital

	Numbers of ordinary shares	Share capital
	‘000	RMB ‘000
Ordinary shares, issued and fully paid:		
Balance at 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	1,150,000	1,150,000
Capital contributions from equity shareholders (<i>Note</i>)	97,113	97,113
Balance at 31 December 2025	1,247,113	1,247,113

Note: On January 27, 2025, the Company issued 38,369,000 ordinary shares to Zhuhai Guanming Investment Co., Ltd., a third party investor, at consideration of RMB160,000,000, of which RMB38,369,000 was share capital and the remaining RMB121,631,000 was recorded in capital reserve.

On December 31, 2025, the Company issued 47,962,000 ordinary shares to Huayou Holdings at consideration of RMB200,000,000, of which RMB47,962,000 was share capital and the remaining RMB152,038,000 was recorded in capital reserve.

On December 31, 2025, the Company issued 10,782,000 ordinary shares to Tongling Chuangxinju Enterprise Management Partnership (Limited Partnership), an employee shareholding platform, at consideration of RMB44,961,000, of which RMB10,782,000 was share capital and the remaining RMB34,179,000 was recorded in capital reserve.

(c) Dividends

No dividends were paid or declared by the Company during the Track Record Period.

(d) Nature and purposes of reserves

(i) Capital reserve

The capital reserve comprises the following:

- The excess of capital injections made by the equity shareholders over the par value of the shares issued.
- The equity-settled share-based payment reserve represents the portion of the grant date fair value of the restricted shares of the Company, granted to the employees of the Group that has been recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 2(q)(ii).

(ii) PRC statutory reserve

According to the PRC Company Law, the Company’s PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory reserve fund can be used to cover previous years’ losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

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(iii) *Other reserve*

Other reserve mainly includes:

Fair value reserve (non-recycling) comprises the cumulative net change in the fair value of financial assets measured at FVOCI that are held at the end of the reporting.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in Note 2(e).

(e) **Capital management**

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group’s overall strategy remains unchanged throughout the Track Record Period. The Group monitors its capital structure with reference to its debt position. The Group’s strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group’s debt to asset ratio, being the Group’s total liabilities over its total assets, as at 31 December 2023, 2024 and 2025 was 74.89%, 82.13% and 83.51% respectively.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate currency risks and commodity price risk arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade and bills receivables or other financial assets including the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations. The Group’s exposure to credit risk arising from cash and cash equivalents and restricted bank deposits is limited because the counterparties are banks and financial institutions with high credit standing, which the Group considers to represent low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade and bills receivables measured at amortised cost

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2023, 2024 and 2025, 45.51%, 51.67% and 45.55% of the total trade receivables was due from the Group’s largest customer, and 91.16%, 89.44% and 85.96% of the total trade receivables, respectively, was due from the Group’s five largest customers.

The Group measures loss allowances for trade and bills receivables measured at amortised cost at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group’s historical credit loss experience does not indicate significantly different loss patterns for different customer segments and geographic regions, the loss allowance based on past due status is not further distinguished between the Group’s different customer bases.

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The loss allowance as at 31 December 2023, 2024 and 2025 was determined as follows:

As at 31 December 2023			
	Average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1.00%	1,287,611	12,876
More than 1 year but within 2 years	19.67%	118	23
More than 2 years but within 3 years	22.48%	3	1
More than 3 years	100.00%	8	8
Provision on individual basis for certain customers		4,346	4,346
		<u>1,292,086</u>	<u>17,254</u>
		<u><u>1,292,086</u></u>	<u><u>17,254</u></u>
As at 31 December 2024			
	Average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1.00%	2,288,901	22,890
More than 1 year but within 2 years	35.06%	2,377	833
More than 2 years but within 3 years	40.50%	94	38
More than 3 years	100.00%	10	10
Provision on individual basis for certain customers		4,218	4,218
		<u>2,295,600</u>	<u>27,989</u>
		<u><u>2,295,600</u></u>	<u><u>27,989</u></u>
As at 31 December 2025			
	Average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1.00%	4,575,783	45,757
More than 1 year but within 2 years	25.85%	3,101	802
More than 2 years but within 3 years	66.77%	139	93
More than 3 years	100.00%	–	–
Provision on individual basis for certain customers		5,993	5,993
		<u>4,585,016</u>	<u>52,645</u>
		<u><u>4,585,016</u></u>	<u><u>52,645</u></u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

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Movement in the loss allowance account in respect of trade and bills receivables for the years ended 2023, 2024 and 2025 is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	11,824	17,254	27,989
Impairment losses recognised	8,046	12,238	24,667
Amounts written off	(2,616)	(1,503)	(11)
Balance at the end of the year	17,254	27,989	52,645

Bills receivables measured at FVOCI

Bills receivables measured at FVOCI are bank-issued notes and digital bills receivables from the customer. Bills receivables are due within one year. The management of the Group considered the credit risk of these bills receivables at measured FVOCI are similar to the average expected loss rate within one year of trade and bills receivables measured at amortised cost.

The Group recognised an impairment gain or loss for bills receivables measured at FVOCI, for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) and does not reduce the carrying amount of the bills receivables measured at FVOCI in the consolidated statements of financial position (see Note 2(j)).

Movement in the loss allowance in respect of bills receivables measured at FVOCI for is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	–	7,056	874
Impairment losses recognised	7,056	874	842
Settlement of the bills receivables measured at FVOCI	–	(7,056)	(874)
Balance at the end of the year	7,056	874	842

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans and borrowings to cover expected cash demands, subject to approval by the parent company’s board when the borrowings exceed certain predetermined levels of authority. The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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The following tables show the remaining contractual maturities at the end of each reporting period of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contracted rates or, if floating, based on rates current as at 31 December 2023, 2024 and 2025) and the earliest date the Group can be required to pay.

As at 31 December 2023						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Loans and borrowings	2,083,825	635,946	2,317,072	789,491	5,826,334	5,344,289
Trade and bills payables	203,517	–	–	–	203,517	203,517
Other payables and accruals	1,321,598	–	–	–	1,321,598	1,321,598
Other financial liabilities	144,577	115,199	60,779	–	320,555	301,711
	<u>3,753,517</u>	<u>751,145</u>	<u>2,377,851</u>	<u>789,491</u>	<u>7,672,004</u>	<u>7,171,115</u>
As at 31 December 2024						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Loans and borrowings	3,668,134	658,438	2,493,499	351,770	7,171,841	6,662,980
Trade and bills payables	1,486,094	–	–	–	1,486,094	1,486,094
Other payables and accruals	993,726	–	–	–	993,726	993,726
Other financial liabilities	115,199	60,779	–	–	175,978	169,594
	<u>6,263,153</u>	<u>719,217</u>	<u>2,493,499</u>	<u>351,770</u>	<u>9,827,639</u>	<u>9,312,394</u>
As at 31 December 2025						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Loans and borrowings	6,291,596	923,506	2,184,467	83,146	9,482,715	9,271,796
Trade and bills payables	2,855,351	–	–	–	2,855,351	2,855,351
Other payables and accruals	610,960	–	–	34,606	645,566	645,566
Other financial liabilities	15,643	7,261	–	–	22,904	22,277
	<u>9,773,550</u>	<u>930,767</u>	<u>2,184,467</u>	<u>117,752</u>	<u>13,006,536</u>	<u>12,794,990</u>

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(c) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that the Group exposed to are not significant.

(i) Interest rate risk profile

The following table details the interest rate profile of the Group’s loans and borrowings and other financial liabilities as at 31 December 2023, 2024 and 2025:

	As at 31 December 2023		As at 31 December 2024		As at 31 December 2025	
	Interest rates	Amount	Interest rates	Amount	Interest rates	Amount
	%	RMB’000	%	RMB’000	%	RMB’000
Fixed rate instruments:						
Loans and borrowings	1.00%–4.50%	1,307,878	0.62%–4.50%	2,666,436	0.48%–4.05%	5,175,740
Other financial liabilities	5.28%–7.14%	301,711	5.28%–7.14%	169,594	3.66%	22,276
Subtotal		1,609,589		2,836,030		5,198,016
Variable rate instruments:						
Loans and borrowings	2.70%–4.94%	4,036,411	3.30%–4.35%	3,996,544	2.50%–4.34%	4,096,056
Subtotal		4,036,411		3,996,544		4,096,056
Total		5,646,000		6,832,574		9,294,072

(ii) Sensitivity analysis

As at 31 December 2023 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have increased/ decreased the Group’s loss after tax and retained profits by approximately RMB30,273,000, and RMB29,974,000 in response to the general increase/decrease in interest rates. As at 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have decreased/increased the Group’s profit after tax and retained profits by approximately RMB30,720,000 in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group’s profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group’s profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates.

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(d) Currency risk

As at 31 December 2023, 2024 and 2025, the Group is not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than the functional currencies of the Group and its subsidiaries are not significant.

(e) Commodity price risk

In order to manage the risk of expected sales and purchase price fluctuations, the Group has purchased some derivative financial instruments and adopted hedge accounting.

The Group is mainly engaged in the production of electrolytic copper foil. During the Track Record Period, the major hedging instruments held by the Group are a number of commodity futures contracts in order to manage the risk of price fluctuations for copper purchases. The Group adopts cash flow hedging for the future contracts in relation to expected copper purchases and designates these futures contracts held as hedging instruments.

(f) Fair value measurement

(i) Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Analysis on fair value measurement of financial instruments are as follows:

	As at 31 December 2023			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value measured on a recurring basis				
Financial assets measured at FVOCI				
– Bills receivables	–	705,653	–	705,653
– Derivative financial instruments	1,237	–	–	1,237

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As at 31 December 2024				
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value measured on a recurring basis				
Financial assets measured at FVOCI				
– Bills receivables	–	87,387	–	87,387
– Derivative financial instruments	2,406	–	–	2,406
As at 31 December 2025				
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value measured on a recurring basis				
Financial assets measured at FVOCI				
– Bills receivables	–	84,177	–	84,177
– Derivative financial instruments	3,359	–	–	3,359

During the years ended December 2023, 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Derivative financial instruments represented the copper forward contracts purchased on the market of Shanghai Futures Exchange, the fair value of which was measured based on the unadjusted quoted prices in active market for identical assets at the end of the reporting period.

Valuation techniques and inputs used in Level 2 fair value measurements

For bills receivables that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

(ii) ***Fair value of financial assets and liabilities carried at other than fair value***

The carrying amounts of the Group’s financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

29 COMMITMENTS

Capital commitments of the Group outstanding as at 31 December 2023, 2024 and 2025 not provided for in the financial statements were as follows:

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted for acquisition of property, plant and equipment, intangible assets and other long-term assets	945,536	732,421	562,636

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30 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Short-term employee benefit	14,121	11,428	11,547
Equity-settled share-based payment expenses	494	1,414	1,980
Contributions to defined contribution retirement plans	382	219	191
	14,997	13,061	13,718

Total remuneration is included in “staff costs” (see Note 6(b)).

(b) Name and relationship with related parties

Name of related parties	Relationship
Huayou Holdings Group Co., Ltd. (華友控股集團有限公司)	Controlling shareholder
Zhejiang Youshan New Materials Technology Co., Ltd. (浙江友山新材料科技有限公司)	Under the common control of the ultimate holding company
Zhejiang Huayou Cobalt Co., Ltd. (浙江華友鈷業股份有限公司)	Under the common control of the ultimate holding company
Guangxi Times New Energy Lithium Battery Materials Technology Co., Ltd. (廣西時代新能鋰電材料科技有限公司)	Under the common control of the ultimate holding company
Guangxi Youshan Resource Recycling Co., Ltd. (廣西友山資源再生有限公司)	Under the common control of the ultimate holding company
Youshan New Materials Technology (Guizhou) Co., Ltd. (友山新材料科技(貴州)有限公司)	Under the common control of the ultimate holding company
Yulin Times Green Water Environmental Protection Technology Co., Ltd. (玉林時代綠水環保科技有限公司)	Under the common control of the ultimate holding company
Guangxi Huayou Project Management Co., Ltd. (廣西華友工程項目管理有限公司)	Under the common control of the ultimate holding company
Guangxi Huayou New Materials Co., Ltd. (廣西華友新材料有限公司)	Under the common control of the ultimate holding company
Quzhou Huayou Cobalt New Materials Co., Ltd. (衢州華友鈷新材料有限公司)	Under the common control of the ultimate holding company
Zhejiang Huayou Property Management Co., Ltd. (浙江華友物業管理有限公司)	Under the common control of the ultimate holding company
Zhejiang Huayou Catering Management Co., Ltd. (浙江華友餐業管理有限公司)	Under the common control of the ultimate holding company

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(c) Guarantees issued by a related party

Certain bank facilities granted to the Group were guaranteed by the controlling shareholder Huayou Holdings, the ultimate controller Chen Xuehua and the spouse of Chen Xuehua, Qiu Jinhua. An analysis of the carrying value of liabilities under guarantee are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank Loans (Note 22)	4,123,100	4,303,250	4,358,680
Other borrowings	226,850	249,367	876,000
Bills payables	62,600	161,000	113,590
Other financial liabilities (Note 23)	301,711	169,594	22,277
	4,714,261	4,883,211	5,370,547

(d) Other significant related party transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had following material transactions with related parties:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade related:			
Purchase of goods			
– Under the common control of the ultimate holding company	960	1,800	2,749
Sale of goods and rendering of services			
– Under the common control of the ultimate holding company	–	144	2,652
Rental revenue			
– Under the common control of the ultimate holding company	–	148	24
Non-trade related:			
Proceeds from loans and borrowings			
– Controlling shareholder	100,000	–	940,000
Interest expenses			
– Controlling shareholder	1,003	–	2,060
Repayment of loans and borrowings			
– Controlling shareholder	101,003	–	320,019

(e) Significant related party balances

As at 31 December 2023, 2024 and 2025, the Group had following material balances with related parties:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade related:			
Trade and bills payables			
– Under the common control of the ultimate holding company	–	101	89
Trade and bills receivables			
– Under the common control of the ultimate holding company	–	16	–
Prepayments, other receivables and other assets			
– Under the common control of the ultimate holding company	–	49	–
Non-trade related:			
Prepayments, other receivables and other assets			
– Under the common control of the ultimate holding company	–	140	140
Loans and borrowings from the controlling shareholder:			
– Controlling shareholder	–	–	622,041

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ACCOUNTANTS’ REPORT

31 SUBSEQUENT EVENTS

In April 2026, the Company signed share subscription agreements with relevant shareholders, and issued 221,605,054 new shares for RMB964 million.

32 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider the immediate parent of the Group to be Huayou Holdings and the ultimate controlling party of the Group to be Mr. Chen Xuehua.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of [REDACTED]. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

IFRS 18, *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and position of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group and its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2025.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

The following information set out in this appendix does not form part of the Accountants’ Report from KPMG, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set out in Appendix I to this document, and is included herein for information purposes only.

The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial information” in this document and the Accountants’ Report set out in Appendix I to this document.

A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of the Group attributable to the equity shareholders of the Company as at December 31, 2025 as if the [REDACTED] had taken place on December 31, 2025.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the [REDACTED] been completed as at December 31, 2025 or at any future date.

	Consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at December 31, 2025 ⁽¹⁾	Estimated net [REDACTED] from the [REDACTED] ⁽²⁾⁽⁴⁾	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share	
	RMB'000	RMB'000	RMB'000	RMB ⁽³⁾	HK\$ ⁽⁴⁾
Based on an [REDACTED] of HK\$[REDACTED] per H Share	2,639,982	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per H Share	2,639,982	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at December 31, 2025 is arrived at after deducting intangible assets of RMB6,581,000 from the consolidated total equity of RMB2,646,563,000 which is extracted from the Accountants’ Report set out in Appendix I to this document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on the [REDACTED] H shares expected to be [REDACTED] pursuant to the [REDACTED] and the indicative [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per H Share, being the low end and high end of the indicative [REDACTED] range respectively, after deducting the estimated [REDACTED] fees and other expenses related to the [REDACTED] paid or payable by the Group, and does not take into account of any shares which may be [REDACTED] upon the exercise of the [REDACTED].
- (3) The unaudited [REDACTED] adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at after adjustments as described above and on the basis that [REDACTED] Shares (which is calculated based on [REDACTED] Shares as at December 31, 2025 and [REDACTED] Shares newly [REDACTED] upon the [REDACTED]), without taking into account of any shares which may be [REDACTED] upon the exercise of the [REDACTED].

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

- (4) For illustrative purpose, the estimated net [REDACTED] from the [REDACTED] is converted from Hong Kong dollar into Renminbi and the unaudited [REDACTED] adjusted net tangible assets attributable to equity shareholders of the Company per Share is converted from Renminbi to Hong Kong dollar at the exchange rate of HK\$1.00 to RMB0.87005, the exchange rate set by the People’s Bank of China (“PBOC”) prevailing on the Latest Practicable Date. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at the rate or at any other rates.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025. In particular, the unaudited [REDACTED] adjusted net tangible assets have not been taken into account the share issuance for RMB964 million in April 2026. Had such capital injection occurred as of December 31, 2025, our unaudited [REDACTED] adjusted net tangible assets of the Company attributable to equity shareholders of the Company would have increased by RMB[REDACTED] and the number of shares would have been increased by [REDACTED] Shares, and hence our unaudited [REDACTED] adjusted net tangible assets attributable to equity shareholders of the Company per Share based on the minimum [REDACTED] and maximum [REDACTED] would have decreased by RMB[REDACTED] (or HK\$[REDACTED]) and RMB[REDACTED] (or HK\$[REDACTED]), based on the low end and high end price respectively.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

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TAXATION AND FOREIGN EXCHANGE

TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to changes or adjustments and may have retrospective effect, and does not constitute any comments or suggestions accordingly. The discussion does not deal with all possible tax consequences relating to an [REDACTED] in the H Shares, nor does it take into account the specific circumstances of any particular investors, some of whom may be subject to special regulation. Accordingly, you should consult your own tax advisers regarding the tax consequences of an [REDACTED] in the H Shares.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains and profit tax, sales tax, VAT, stamp duty and estate duty. You should consult your own advisers regarding PRC and other tax consequences of purchasing, owning and disposing of the H Shares.

TAXATION OF PRC

Taxation on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) which was promulgated on September 10, 1980, last amended on August 31, 2018, and took effect on January 1, 2019, and the Regulations for the Implementation of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) that was latest amended on December 18, 2018 and took effect on January 1, 2019 (collectively, the “**IIT Law**”), dividends distributed by PRC enterprises are subject to individual income tax at a flat rate of 20%. For foreign individuals who are not PRC residents and who receive dividends from PRC enterprises, they are normally subject to a 20% individual income tax rate unless they are specifically exempted by the tax authorities of the State Council or are exempted from relevant tax treaties.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重課稅和防止偷漏稅的安排》) (the “**Arrangement**”) signed on August 21, 2006, the Chinese government may impose tax on dividends paid by a Chinese company to a resident of the Hong Kong (including natural person and legal entities), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion issued by the State Administration of Taxation (《國家稅務總局關於內地和香港特別行政區關於對所得避免雙重課稅和防止偷漏稅的安排第五議定書》) signed on July 19, 2019 and effective on December 6, 2019 stipulates that notwithstanding any other provisions of this Arrangement, if, having regard to all relevant facts and circumstances, it may reasonably be concluded that obtaining the benefits under this Arrangement is one of the principal purposes of any arrangement or transaction that directly or indirectly results in such benefits being conferred under this Arrangement, those benefits shall not be granted in respect of the relevant income unless it is established that granting such benefits in these circumstances accords with the purpose and object of the relevant provisions of this Arrangement.

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Enterprise Investors

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the National People’s Congress on March 16, 2007 and latest amended on December 29, 2018 and took effect on the same day, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007 and latest amended on December 6, 2024 and effective on January 20, 2025 (collectively, the “**EIT Law**”), a non-resident enterprise that does not have an establishment or place in the PRC, or has an establishment or place in the PRC but its PRC source income is not effectively connected with the said PRC establishment or place, it is generally subject to a 10% EIT on its PRC source income (including dividends received from PRC resident enterprises). Such income tax on non-resident enterprises shall be withheld at source. Each time a payment is made to a non-resident enterprise, the withholding agent shall withhold tax from the amount paid or payable. Relevant tax may be reduced or exempted in accordance with the relevant tax agreement or agreement for the avoidance of double taxation.

The Circular on Issues Relating to the Withholding of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Share Shareholders of Overseas Non-Resident Enterprise (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) promulgated and implemented by the State Administration of Taxation on November 6, 2008, further clarifies that, when Chinese resident enterprises distributed the dividends for the years 2008 and onwards to H share shareholders of overseas non-resident enterprise, the enterprise income tax shall be withheld and paid at a uniform rate of 10%.

Pursuant to the Arrangement, the Chinese Government may levy taxes on dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total amount of dividends payable by the Chinese company. If a Hong Kong resident directly holds at least 25% of the shares of the Chinese company, the tax imposed should not exceed 5% of the total amount of dividends. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion issued by the State Administration of Taxation stipulates that notwithstanding any other provisions of this Arrangement, if, having regard to all relevant facts and circumstances, it may reasonably be concluded that obtaining the benefits under this Arrangement is one of the principal purposes of any arrangement or transaction that directly or indirectly results in such benefits being conferred under this Arrangement, such benefits shall not be granted in respect of the relevant income unless it is established that granting such benefits in these circumstances accords with the purpose and object of the relevant provisions of this Arrangement. The application of the dividend clause of tax agreements shall be subject to the PRC tax laws and regulations, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協議股息條款有關問題的通知》).

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties for the avoidance of double taxation or adjustments with the PRC are entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant tax treaties or arrangements can apply to the PRC tax authorities for a

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refund of the enterprise income tax in excess of the agreed tax rate, and the refund applications are subject to approval by the PRC tax authorities.

Taxation on Share Transfer

Value-Added Tax and Local Surcharges

Pursuant to Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (Cai shui [2016] No. 36) (the “**Circular 36**”) currently in effect, the transfer of financial products (including marketable securities) is generally subject to VAT at a rate of 6% on the gains. Transfers by individuals are exempt. Under the current rules, there is uncertainty regarding whether a non-resident enterprise is subject to Chinese VAT on the disposal of H-shares, particularly if the buyer is located within China.

However, it is crucial to note that the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法》) (the “**VAT Law**”) was adopted on December 25, 2024 and took into effect on January 1, 2026, and the VAT Law fundamentally changes the criteria for determining a taxable transaction for financial products. It stipulates that the transfer of a financial product is subject to Chinese VAT only if (i) the financial product is issued within China, or (ii) the seller is a domestic entity or individual.

Therefore, under the VAT Law, a non-resident enterprise’s disposal of H-shares should not be subject to Chinese VAT, regardless of the location of the buyer. The taxpayers of value-added tax are also subject to urban maintenance and construction tax, education surcharge, and local education surcharge (collectively, the “**Local Surcharges**”). These Local Surcharges are calculated based on the amount of VAT actually payable. If no VAT is payable, no Local Surcharges will arise.

Income Tax

Individual Investors

According to the IIT Law, income derived from the sale of the equity of the PRC-resident enterprises are subject to the individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income from Transfer of Shares by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No. 61) issued by Ministry of Finance and the State Administration of Taxation on March 30, 1998 and implemented on the same day, income of individuals from the transfer of shares of listed enterprises shall continue to be exempted from individual income tax since January 1, 1997. The Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals, from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167), which was jointly issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on December 31, 2009, states that income derived by individuals from the transfer of shares of listed companies obtained through the public offering and transfer markets of listed companies on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempt from individual income tax except for the relevant shares which are subject to sales restriction as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70) jointly issued by the three aforementioned authorities on November 10, 2010. The State Administration of Taxation, Ministry of Finance, CSRC jointly promulgated the Announcement on Further Improving upon the Services for Collection and Administration of Individual Income Tax on Income from the Transfer of Restricted Shares of Listed Companies by Individuals (《關於進一步完善個人轉讓上市公司限售股所得個人所得

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稅有關徵管服務事項的公告》) on December 27, 2024, and it states that this announcement shall prevail of any discrepancy with Cai Shui [2009] No. 167. As of the Latest Practicable Date, the aforesaid provision has not expressly provided that whether individual income tax shall be collected from non-PRC resident individuals on the transfer of shares of PRC-resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income, if it does not have an establishment or premise in the PRC or has an establishment or a premise but the income it derives does not have actual connection with such establishment or premise. Such income tax for non-resident enterprises are deducted at source. The tax is withheld by the withholding agent from the amount paid or due each time a payment is made to a non-resident enterprise. The tax may be reduced or exempted pursuant to relevant tax treaties or treaties on avoidance of double taxation.

Stamp Duty

Pursuant to Stamp Tax Law of the PRC (《中華人民共和國印花稅法》), which was promulgated on June 10, 2021 and effective on July 1, 2022, entities and individuals who draw up taxable certificates and carry out transactions in securities within the PRC, as well as those who draw up taxable certificates outside the PRC for use within the PRC, are subject to stamp duty. Accordingly, the provisions on stamp duty levied on the transfer of shares of listed companies in the PRC do not apply to the purchase and disposal of H shares outside the PRC by non-PRC investors.

PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

Pursuant to the EIT Law, resident enterprises shall pay enterprise income tax at the enterprise income tax rate of 25% on their income derived from sources within and outside the PRC. A foreign-invested enterprise within the PRC belonging to the category of resident enterprise shall pay enterprise income tax at the rate of 25% on its income derived from sources within or outside China. Enterprises established in accordance with the laws of an overseas country or region but whose actual management organization (meaning the organization that exercises substantial overall management and control over the production and operation, personnel, accounts and property of the enterprise) is located in the PRC are treated as resident enterprises, and therefore are generally subject to enterprise income tax at the rate of 25% on their income derived from sources within or outside the PRC. If a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, if it does not have an establishment or premise in the PRC or has an establishment or a premise but the income it derives does not have actual connection with such establishment or premise, unless otherwise agreed in the tax treaties or arrangement signed between the PRC and the country or region to which the non-resident enterprise belongs. The enterprise income tax on important high- and new-tech enterprises that are supported by the state shall be levied at the tax rate of 15%.

Value-added Tax

Pursuant to the VAT Law promulgated by the SCNPC on December 25, 2024 and became effective on January 1, 2026, entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with the Value-added Tax Law. A small-scale taxpayer shall be exempted from VAT if it has a taxable transaction and the sales amount does not reach the threshold for levying VAT; if the sales amount has reached the threshold

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for levying, VAT shall be computed and paid fully pursuant to the provisions of the Value-added Tax Law. The aforesaid threshold shall be stipulated by the State Council and filed with the SCNPC for the record.

The current applicable VAT rates are as follows: Unless otherwise stipulated by law, 13% for sales of goods, processing /repair /maintenance services, leasing of tangible movable property, or import of goods; 9% for sales of transportation, postal, basic telecom, construction, or immovable property leasing services; sales of immovable property; transfer of land-use rights; or sale/import of specific goods; 6% for sales of services or intangible assets; 0% for export of goods or cross-border sales of services/intangible assets within State Council-prescribed scope.

TAXATION IN HONG KONG

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

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FOREIGN EXCHANGE MANAGEMENT IN THE PRC

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE under the People's Bank of China (the "PBOC"), is responsible for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (the "Foreign Exchange Regulations") are the main administrative regulations on foreign exchange administration in the PRC, which were promulgated by the State Council on January 29, 1996, and latest amended on August 5, 2008 and took effect on the same day, respectively. Pursuant to the Foreign Exchange Regulations, it classify all international payments and transfers into current account and capital account. For current account, the financial institutions operating the business of foreign exchange settlement and sale shall be subject to reasonable examination of the authenticity of the transaction documents and their consistency with the foreign exchange receipts and expenditures, as well as to the supervision and inspection of the foreign exchange administration authorities. For capital items, direct investment in the PRC by foreign institutions and individuals abroad shall be registered with the foreign exchange administration authorities after approval by the relevant competent authorities. Foreign exchange earnings obtained from abroad may be repatriated or deposited abroad, and foreign exchange and settlement funds for capital projects shall be utilized in accordance with the purposes approved by the relevant competent authorities and foreign exchange administration authorities. When a serious imbalance in the international balance of payments occurs or is likely to occur, or when a serious crisis in the national economy occurs or is likely to occur, the State may take the necessary safeguard and control measures for the international balance of payments.

The Regulations on the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the PBOC on June 20, 1996, and implemented on July 1, 1996, deleted other restrictions on foreign currency exchange in the current account, but imposed existing restrictions on foreign exchange transactions in the capital account.

According to the Announcement on Improving the Reform of the RMB Exchange Rate Regime (《關於完善人民幣匯率形成機制改革的公告》) promulgated and implemented by the PBOC on July 21, 2005, the PRC has implemented a managed floating exchange rate regime since July 21, 2005, with its exchange rate adjusted on the basis of market supply and demand and with reference to a basket of currencies. As a result, the RMB exchange rate is no longer pegged to US dollar only. The PBOC publishes, after the market closes on each working day, the closing price of the exchange rate of the United States dollar and other currencies traded in the inter-bank foreign exchange market against the RMB on that day, which serves as the mid-price for transactions of that currency against the RMB on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened in designated foreign exchange banks by providing valid transaction receipts and certificates. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange may, based on resolutions of the Board of Directors meetings on the distribution of profits, effect payment from foreign exchange accounts or exchange and pay at designated foreign exchange banks.

APPENDIX III

TAXATION AND FOREIGN EXCHANGE

Pursuant to the Decisions of the State Council on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) as promulgated by the State Council on October 23, 2014, has cancelled the requirement for approval by the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of overseas shares into RMB domestic accounts.

According to the Notice of on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated on February 13, 2015 and implemented on June 1, 2015, the SAFE has cancelled two administrative approval matters including the approval of foreign exchange registration under domestic direct investment and the approval of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branches shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on June 9, 2016, the foreign exchange receipts under capital accounts (including funds repatriated through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may settle up to 100% of foreign exchange receipts under capital accounts for the time being, and the SAFE may adjust the above proportion in due time according to international balance of payments situation.

According to the Notice on Matters Concerning the Administration of Funds Raised by Domestic Enterprises from Overseas Listings (《關於境內企業境外上市資金管理有關問題的通知》) promulgated by the PBOC and the SAFE on December 24, 2025, and became effective on April 1, 2026, funds raised by domestic enterprises from overseas listings shall, in principle, be repatriated to the PRC in a timely manner. Where such funds are retained outside the PRC for the purpose of conducting overseas direct investment, overseas securities investment, overseas lending, or other similar business activities, the enterprise shall obtain approval or filing documentation from the competent business authority prior to the completion of the overseas listing issuance or the full exercise of the over-allotment option, and shall comply with the relevant cross-border fund administration regulations.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

THE PRC LEGAL SYSTEM

The PRC legal system is founded on the Constitution and comprises written laws, administrative regulations, local regulations, departmental/local government rules, ratified international treaties, and ancillary regulatory instruments. While court judgments do not constitute binding precedent, they serve as judicial references. The Supreme People’s Court may issue de facto binding judicial interpretations.

Pursuant to the Constitution and the Legislation Law (2023 Revision) (《中華人民共和國立法法》), legislative power resides with the National People’s Congress (“NPC”) and its Standing Committee. The NPC enacts basic laws governing civil and criminal matters and state organs; the Standing Committee formulates non-basic laws and may partially supplement and modify NPC-enacted laws during NPC adjournments, provided such actions adhere to statutory fundamental principles.

The State Council, as the supreme administrative organ, formulates administrative regulations. Provincial-level people’s congresses may enact local regulations aligned with regional exigencies, provided they conform to superior legislation. Ministries under the State Council and local governments may issue rules within their delegated authority.

The Constitution holds supreme legal authority. All legislation must conform thereto, with laws superseding administrative regulations and local rules, and administrative regulations prevailing over local regulations and rules.

The NPC may annul Standing Committee-enacted laws or approved regulations violating the Constitution and the Legislation Law. The Standing Committee may invalidate non-compliant administrative and local regulations. The State Council and provincial authorities possess analogous annulment and amendment powers over subordinate rules.

Statutory interpretation authority rests solely with the Standing Committee per the Constitution and the Legislation Law. The Supreme People’s Court may interpret specific legal applications in adjudication under the 1981 Decision on Strengthening Legal Interpretation. Administrative and regional rule-making bodies retain interpretive authority over their respective promulgated instruments.

THE PRC JUDICIAL SYSTEM

The People’s Courts comprises the Supreme People’s Court (SPC), local people’s courts (primary, intermediate, and higher levels), and special courts, as established under the Constitution and the People’s Courts Organization Law (2018 Revision) (《中華人民共和國人民法院組織法》). Higher-level courts supervise subordinate courts, while procuratorates exercise legal oversight over civil proceedings. The SPC oversees judicial administration nationwide.

The PRC Civil Procedure Law (2023 Revision) (《中華人民共和國民事訴訟法》), came into effect on January 1, 2024, governs civil actions, including jurisdiction, procedural rules, and judgment enforcement. Civil cases are generally initiated in the defendant’s domicile court. Parties may contractually designate a competent forum (e.g., plaintiff/defendant domicile, contract performance location), provided such selection respects jurisdictional hierarchy and exclusive jurisdiction rules.

APPENDIX IV SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Foreign parties shall enjoy litigation rights equal to those of Chinese parties; if they need to entrust lawyers to handle litigation, they must retain Chinese legal practitioners. Reciprocal treatment applies: PRC courts may restrict rights of foreign nationals if their home courts impose analogous limitations on PRC parties. International judicial assistance (e.g., document service, evidence collection) is permitted under treaties or reciprocity principles, subject to sovereignty and public interest exceptions.

Legally effective judgments/arbitral awards must be performed. Non-compliance entitles prevailing parties to seek court enforcement within two years. Where the judgment debtor or assets are extraterritorial, recognition/enforcement may be sought directly in foreign courts or via treaty and reciprocity mechanisms. PRC courts similarly recognize foreign judgments absent violations of fundamental legal principles, sovereignty, security, or public interest.

COMPANY LAW OF THE PRC

Company Law of the PRC (《中華人民共和國公司法》) was promulgated by the SCNPC on December 29, 1993, latest amended on December 29, 2023 and came into effect on July 1, 2024. According to the Company Law, both limited liability companies and companies limited by shares established within China possess legal person status. Shareholders of a limited liability company are liable to the company to the extent of their respective capital contributions, while shareholders of a company limited by shares are liable to the company to the extent of their respective subscribed shares. Unless the laws on foreign investment provide otherwise, the Company Law is also applicable to foreign-invested enterprises.

Overseas [REDACTED]

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023, and came into effect on March 31, 2023, domestic companies in China that seek to list overseas shall submit an application to the CSRC in accordance to such measures.

Securities Laws and Regulations

The Securities Law of the PRC (《中華人民共和國證券法》) (the “**Securities Law**”) was promulgated on December 29, 1998, latest amended on December 28, 2019 and came into effect on March 1, 2020. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council’s securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that domestic enterprises issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares are mainly governed by the regulations and rules promulgated by the State Council and the CSRC.

APPENDIX V

SUMMARY OF ARTICLES OF ASSOCIATION

This appendix contains a summary of the provisions of the Articles of Association of Huachuang new material Co., Ltd. (the “**Articles of Association**”) reviewed and approved and latest amended on June 1, 2026 at the forth extraordinary shareholders’ meeting in 2026 of the Company. The main purpose of this appendix is to provide potential investors with an overview of the Articles of Association, so it may not contain all the information that is important to potential investors.

SHARES AND REGISTERED CAPITAL

The shares issued by the company shall be denominated in RMB. Each share shall have a par value of RMB1. The issuance of shares by the company shall comply with the principles of openness, fairness and impartiality, and each share of the same class shall carry equal rights.

Shares of the same class issued at the same time shall be issued under the same condition and at the same price. Shares issued at the same time subscribed by any entity or individual shall be paid for at the same price.

INCREASE, REDUCTION AND REPURCHASE OF SHARES

Increase of Capital

The Company may, based on its operating and development needs, increase capital in the following ways pursuant to the requirements of laws and regulations and subject to the resolutions passed at the shareholders’ meetings:

- (i) issuance of shares to unspecified objects;
- (ii) issuance of shares to specified objects;
- (iii) allotment of shares and distribution of bonus shares to existing shareholders;
- (iv) conversion of reserve to increase share capital; and
- (v) any other methods stipulated by laws, administrative regulations, and approved by the CSRC and HKEX.

If the company increases its capital through the method specified in the preceding paragraph, existing shareholders of the company do not have a preemptive subscription right for the newly [REDACTED] shares.

Reduction of Capital

The Company may reduce its registered capital. Reduction of the Company’s registered capital shall be carried out in accordance with the procedures prescribed by the Company Law, the Listing Rules, other securities regulatory rules of the stock exchange where the Company’s shares are [REDACTED], and the Articles of Association. Where the Company reduces its registered capital, it must prepare a balance sheet and a schedule of property. The Company shall notify its creditors within ten (10) days from the date on which the shareholders’ meeting adopts a resolution on the reduction of registered capital, and make a public announcement in a newspaper or through the National Enterprise Credit Information Publicity System within thirty (30) days. Creditors shall have the right to demand that the Company repay its debts in full or provide corresponding guarantees within thirty (30) days from the date of receipt of the notice, or within forty-five (45) days from the date of the public announcement if no notice is received.

When reducing its registered capital, the Company may reduce the number of shares otherwise than in proportion to the shareholdings of the shareholders.

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SUMMARY OF ARTICLES OF ASSOCIATION

Repurchase of Shares

The company shall not acquire its own shares, except under any of the following circumstances:

- (i) reduction of registered capital;
- (ii) merger with another company which holds its shares;
- (iii) use of shares for employee stock ownership plan or equity incentives;
- (iv) a shareholder's objection to the resolution on the company's merger or division passed by the shareholders' meeting, requesting the company to acquire its shares;
- (v) use of shares for conversion of corporate bonds issued by the company that can be converted into shares;
- (vi) necessity for the purpose of maintaining the value of the company and shareholders' equity; or
- (vii) other circumstances permitted by laws, administrative regulations, departmental rules, regulatory rules of the place where the Company's shares are [REDACTED], and other relevant provisions.

A resolution of a shareholders' meeting is required for acquisition of shares by the company under any of the circumstances stipulated in item (i) and item (ii) of the aforesaid paragraph; for the company's acquisition of shares under any of the circumstances stipulated in item (iii), item (v) and item (vi) of the aforesaid paragraph, should comply with the securities regulatory rules of the place where the Company's shares are [REDACTED], a resolution of a board meeting passed by two-thirds or more of the directors attending the meeting shall be made pursuant to the provisions of the Articles of Association or the authorization of the shareholders' meeting.

After the Company repurchases its own shares in accordance with the provisions of the preceding article, if the repurchase falls under item (i), the Company shall cancel such shares within 10 days from the date of repurchase; if it falls under items (ii) or (iv), the Company shall transfer or cancel such shares within six months; if it falls under items (iii), (v) or (vi), the total number of the Company's own shares held shall not exceed 10% of the total issued share capital of the Company, and such shares shall be transferred or cancelled within three years.

If the relevant regulatory rules of the stock exchange where the Company's shares are [REDACTED] provide otherwise in respect of matters involving share repurchases, such provisions shall prevail.

TRANSFER OF SHARES

Shares issued by the Company prior to its [REDACTED] shall not be transferred within one year as of the date on which the shares are [REDACTED] and [REDACTED] in a stock exchange. Where laws, administrative regulations, or provisions issued by the securities regulatory authorities under the State Council and the HKEX contain separate stipulations governing the transfer of shares held by shareholders or de facto controllers of a [REDACTED] company, such separate stipulations shall prevail.

Directors and senior management of the Company shall declare to the Company the shares of the Company held by them and any changes thereto. During their term of office as determined upon assuming office, they shall not transfer more than 25% of the total number of shares of the same class of the Company held by them in each year. Shares held by them shall not be transferred within one year from the date the Company's shares are [REDACTED] and [REDACTED]. Such persons shall not transfer the shares of the Company held by them within six months after resigning from their positions.

APPENDIX V

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REGISTER OF SHAREHOLDERS

The register of shareholders is adequate evidence of shareholding by shareholders. A shareholder shall enjoy the rights and bear the obligations by the type of shares held; shareholders who hold the same type of shares shall enjoy the same rights and bear the same type of obligations.

Rights of Shareholders

Shareholders of the Company shall entitle the following rights:

- (i) to receive dividends and other forms of profit distribution according to the proportion of shares they hold;
- (ii) to request, convene, hold, participate or authorize proxies to attend shareholders' meeting according to the law, and to exercise relevant speaking and voting rights (unless any individual shareholder is required to abstain from voting on specific matters pursuant to applicable laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the Company's shares are [REDACTED]);
- (iii) to supervise the operations of the Company and to make suggestions or inquiries;
- (iv) to transfer, donate or pledge the shares held thereby in accordance with the provisions of laws, administrative regulations and the Articles of Association;
- (v) to consult and copy the Articles of Association, the register of shareholders, the minutes of shareholders' meetings, the resolutions of the board of directors' meetings, and financial and accounting reports in accordance with the provisions of laws, administrative regulations and the Articles of Association; shareholders that meet the prescribed requirements may consult the Company's accounting books, accounting vouchers and other relevant corporate documents and obtain information concerning the Company;
- (vi) to participate in the distribution of the residual property of the Company in proportion to the shareholdings held thereby upon the termination or liquidation of the Company;
- (vii) with respect to shareholders who voted against any resolution adopted at the shareholders' meeting on the merger or demerger of the Company, to demand the Company to purchase the shares held by them;
- (viii) any other rights stipulated in the laws, administrative regulations, departmental rules, the Listing Rules, regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association.

Obligations of Shareholders

Shareholders of the Company shall assume the following obligations:

- (i) to abide by the laws and administrative regulations and the Articles of Association;
- (ii) to make a capital contribution according to the shares they subscribe for and the capital participation method;
- (iii) not to withdraw shares unless otherwise provided by laws and regulations;

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- (iv) not to abuse their shareholders' rights to harm the Company's or other shareholders' interests; not to abuse the Company's legal person independent status or the shareholders' limited liability to harm the interests of the Company's creditors;
- (v) other obligations required by laws, administrative regulations and the Articles of Association.

RESTRICTIONS ON RIGHTS OF THE CONTROLLING SHAREHOLDERS

The controlling shareholder or the actual controller of the Company shall exercise shareholder's rights in accordance with the law, not abusing the controlling right or making use of related-party relationships to damage the legitimate rights and interests of the company or other shareholders.

The Shareholders' Meeting

General Rules for the Shareholders' Meeting

The shareholders' meeting acts as the supreme authority of the Company which, according to laws, exercises the following functions and power:

- (i) electing and replacing directors who are not represented by employees, and deciding the remuneration matters of the directors;
- (ii) deliberating and approving the reports of board of directors;
- (iii) deliberating and approving the profit distribution plan and loss compensation plan of the company;
- (iv) making resolution on increasing or decreasing the registered capital of the company;
- (v) making resolution on the issuing of company bonds;
- (vi) making resolution on merger, spin-off, division, dissolution, liquidation or changing the form of the company;
- (vii) amending the Articles of Association;
- (viii) deliberating and approving transactions that shall be determined by the shareholders' meeting pursuant to the Articles of Association and the Rules of Procedure of the Shareholders' Meeting, and deliberating and approving guarantee matters stipulated in the Articles of Association;
- (ix) adopting resolutions on the engagement, dismissal or not be reappointed of accounting firms engaged to conduct the Company's audit services;
- (x) deliberating matters involving the purchase or sale of material assets by the Company within one year that exceed thirty percent (30%) of the Company's total assets as derived from the audited financial statements of the most recent period;
- (xi) deliberating and approving the change in the use of proceeds raised from fund raising;
- (xii) deliberating the employee share ownership plan and equity incentive plan;
- (xiii) deliberating other matters that shall be decided by the shareholders' meeting pursuant to laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are [REDACTED], or the Articles of Association.

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The shareholders' meetings consist of annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year within 6 months after the end of the previous accounting year.

The Company shall convene an extraordinary shareholders' meeting within 2 months from the date of occurrence of any of the following circumstances:

- (i) the number of Directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association (i.e., the number of directors is fewer than five);
- (ii) when the Company's uncovered losses amount to one-third of the total paid-up share capital;
- (iii) when Shareholders, individually or collectively, holding more than 10% of the shares of the Company submit a written request for convening an extraordinary shareholders' meeting (the shareholding amount shall be calculated as of the date on which the shareholder(s) submit the written request, and treasury shares (if any) shall be excluded);
- (iv) when the Board deems it necessary;
- (v) when the Audit Committee proposes to convene;
- (vi) other circumstances as stipulated by the laws, administrative regulations, departmental rules, the Listing Rules, regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association.

Convening of the Shareholders' Meeting

The Board of Directors, independent non-executive Directors (with the consent of more than half of all independent non-executive Directors), the Audit Committee, and shareholders holding individually or jointly 10% or more of the Company's issued shares shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting. The Board of Directors shall give a written response agreeing or refusing to convene an extraordinary general meeting within ten (10) days from the date of receiving such proposal.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after adopting the relevant board resolution. Any amendment to the original proposal in such notice shall obtain the consent of the Audit Committee or the relevant shareholders.

If the Board of Directors refuses to convene an extraordinary general meeting or fails to give a response within ten (10) days after receiving the proposal, the Audit Committee may convene and preside over the meeting by itself. Shareholders holding individually or jointly 10% or more of the Company's issued shares that propose to the Audit Committee the convening of an extraordinary general meeting together with a motion shall submit a written request to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after receiving the request. Any amendment to the original request in such notice shall obtain the consent of the relevant shareholders.

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If the Audit Committee fails to issue the notice of the general meeting within the prescribed time limit, it shall be deemed that the Audit Committee declines to convene and preside over the general meeting. Shareholders holding individually or jointly 10% or more of the Company's issued shares for more than ninety (90) consecutive days may convene and preside over the general meeting by themselves.

Proposals at the Shareholders' Meeting

When the Company convenes a shareholders' meeting, the Board, the Audit Committee and shareholders individually or jointly holding more than 1% of the Company's shares shall have the right to submit proposals to the Company.

Shareholders holding individually or jointly one percent (1%) or more of the Company's shares may put forward extraordinary proposals and submit them in writing to the convener. An extraordinary proposal shall set forth clear subjects for discussion and specific resolutions to be adopted. The convener shall issue a supplementary notice of the general meeting ten (10) working days prior to the date of the general meeting, informing the content of the extraordinary proposal, and submit such extraordinary proposal to the general meeting for deliberation. This shall not apply, however, if the extraordinary proposal violates the provisions of laws, administrative regulations, the Listing Rules, other securities regulatory rules of the place where the Company's shares are [REDACTED], or the Articles of Association, or falls outside the scope of the general meeting's authority. The Company shall not raise the shareholding threshold for shareholders to put forward extraordinary proposals.

Except as provided above, the convener of a shareholders' meeting shall not amend the proposals already specified in the notice of the shareholders' meeting or add new proposals subsequent to the issue of the notice of the shareholders' meeting. Proposals that are not specified in the notice of the shareholders' meeting or which do not comply with the Articles of Association shall not be voted on and resolved at the shareholders' meeting.

Notice of the Shareholders' Meetings

The convenor shall inform each shareholder in writing (including by announcement) 21 days prior to the convening of an annual shareholders' meeting or 15 days prior to the convening of an extraordinary shareholders' meeting. In determining the starting date, the Company shall not include the date on which the meeting is held.

A notice of shareholders' meeting shall include the following contents:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals submitted for consideration at the meeting;
- (iii) particulars shall be in clear text that all shareholders are entitled to attend shareholders' meetings and may appoint their proxies in writing to attend and vote at the meetings. Such proxies need not be shareholders of the Company;
- (iv) the date of record of shareholders entitled to attend the shareholders' meeting;
- (v) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;
- (vi) the voting time and procedures online or by any other method (if any); and

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- (vii) other requirements as stipulated by the laws, administrative regulations, departmental rules, the Listing Rules, regulatory rules of the place where the Company’s shares are [REDACTED] or the Articles of Association.

The Convening of the Shareholders’ Meeting

All shareholders registered on the record date or their proxies, shall have the right to attend and speak at the shareholders’ meeting, and to exercise voting rights at the meeting in accordance with relevant laws, regulations and the Articles of Association, unless an individual shareholder is required to abstain from voting on particular matters pursuant to the Listing Rules.

Any shareholder entitled to attend and vote at a shareholders’ meeting may attend the meeting in person, or appoint one or more proxies (who need not be shareholders of the Company) to attend and vote on such shareholder’s behalf.

Resolutions of the Shareholders’ Meetings

Resolutions of the shareholders’ meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution of the shareholders’ meeting shall be adopted by a majority of the voting rights held by the shareholders (including their proxies) present at the meeting (excluding treasury shares, if any). A special resolution of the shareholders’ meeting shall be adopted by not less than two-thirds of the voting rights held by the shareholders (including their proxies) present at the meeting (excluding treasury shares, if any).

The following matters shall be approved by ordinary resolutions at a shareholders’ meeting:

- (i) work reports of the Board of Directors;
- (ii) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (iii) appointment, removal, remunerations and method of payment of members of the Board of Directors; remove any director (including the managing director or other executive directors) prior to the expiration of his or her term of office, provided that such removal shall not prejudice any claim for damages made by such director pursuant to any contract;
- (iv) annual reports of the Company;
- (v) the appointment and dismissal of the Company’s accounting firm, and the determination of its remuneration;
- (vi) Connected transactions between the Company and connected persons that require approval by the shareholders’ meeting in accordance with the Hong Kong Listing Rules;
- (vii) changes to the use of [proceeds] from fundraising projects; and
- (viii) matters other than those required by the laws, administrative regulations, the Listing Rules, regulatory rules of the place where the Company’s shares are [REDACTED] or the Articles of Association to be approved by special resolutions.

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The following matters shall be approved by special resolutions at a shareholders' meeting:

- (i) increase or reduction of the registered capital of the Company (including proportional increase or reduction and non proportional increase or reduction);
- (ii) division, spin off, merger, dissolution and liquidation (including voluntary winding-up) or change of the company's form of the Company;
- (iii) amendments to the Articles of Association;
- (iv) purchase or disposal of material assets or provision of guarantee provided to others by the Company within one year with an amount exceeding 30% of the latest total assets in the audited financial statements of the Company;
- (v) issuance of shares, convertible corporate bonds, preferred shares, and other securities approved by the CSRC and the Hong Kong Stock Exchange;
- (vi) listing of a spin-off subsidiary;
- (vii) stock incentive plans; and
- (viii) matters specified by the laws, administrative regulations, departmental rules, the Listing Rules, regulatory rules of the place where the Company's shares are [REDACTED] or the Articles of Association, and other matters which are confirmed through ordinary resolutions at shareholders' meetings as having a significant influence on the Company and requiring special resolutions to approve.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors who are not employee representatives shall be elected or replaced by the shareholders' meeting, and may be removed by the shareholders' meeting before the expiry of their terms of office. The term of office of the directors shall be three years, and they may be re-elected and re-appointed.

The term of office of a director shall be calculated from the date of assuming office and shall expire upon the completion of the term of the current session of the Board of Directors. If the directors are not re-elected in a timely manner upon the expiration of their terms of office, the original directors shall continue to perform their duties as directors in accordance with the provisions of laws, administrative regulations, departmental rules and the Articles of Association until the newly elected directors assume office.

The Board

The Company shall have a Board of Directors. The Board shall consist of seven directors, including three independent non-executive directors and one employee representative director. The Company has one chairman who shall be elected by more than half of all directors.

The Board shall exercise the following powers:

- (i) to summon shareholders' meetings and report its work to the shareholders' meetings;
- (ii) to implement the resolutions of the shareholders' meeting;
- (iii) to decide on the Company's business plans and investment plans;

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- (iv) to formulate the Company's profit distribution plans and loss recovery plans;
- (v) to formulate proposals for the increase or reduction of the Company's registered capital, the issue of bonds or other securities and [REDACTED] plans;
- (vi) to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution and change of corporate form of the Company;
- (vii) deciding on matters such as the Company's external investment, acquisition and sale of assets, asset pledge, external guarantee, entrusted financial management, connected transactions, external donations and other matters within the scope of authorization by the shareholders' meeting and the scope permitted by the securities regulatory authorities of place where the Company's shares are [REDACTED];
- (viii) to decide on the establishment of the Company's internal management structure;
- (ix) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board and other senior management members of the Company, and decide on their remuneration, rewards and punishments; to decide on the appointment or dismissal of the Company's vice general manager, chief financial officer and other senior management based on the nomination of the general manager, and decide on their remuneration, rewards and punishments;
- (x) to formulate the basic management system of the Company;
- (xi) to formulate proposals for any amendment to the Articles of Association;
- (xii) to manage the information disclosure of the Company;
- (xiii) to propose to the shareholders' meeting the appointment or replacement of the accounting firm that audits the Company;
- (xiv) to listen to the work report of the general manager of the Company and inspect the work of the general manager; and
- (xv) other functions and powers conferred by laws, administrative regulations, departmental rules, the Listing Rules, regulatory rules of the place where the Company's shares are [REDACTED] the Articles of Association or authorized by the shareholders' meeting.

The Board of Directors shall convene at least four meetings each year. Such meetings shall be convened by the Chairman of the Board, who shall issue a written notice to all directors fourteen days prior to the meeting. Shareholders representing one-tenth or more of the voting rights, one-third or more of the directors, the Audit Committee, or more than half of the independent non-executive directors and other circumstances specified in the Articles of Association may propose the convening of an extraordinary meeting of the Board of Directors. The Chairman shall convene and preside over the Board meeting within ten days upon receipt of the proposal.

A meeting of the Board of Directors may only be held if attended by more than half of all directors. Resolutions of the Board of Directors shall be adopted by a majority vote of all directors.

Where a director has a connected relationship with an enterprise or individual involved in a matter to be resolved at a Board meeting (including having a material interest in the resolution), such director shall promptly report such relationship to the Board in writing. A director with a connected relationship shall not exercise voting rights on such resolution, nor shall he or she exercise voting

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rights on behalf of other directors as a proxy. The Board meeting may be held if attended by more than half of the non-connected directors, and any resolution adopted at the meeting shall be approved by a majority of the non-connected directors. If the number of non-connected directors present at the Board meeting is less than three, the matter shall be submitted to the shareholders' meeting for deliberation.

The Independent Non-executive Director

The independent non-executive director of the Company shall meet the following requirements:

- (i) possess the qualifications to act as a director of the Company in accordance with laws, administrative regulations and other relevant provisions;
- (ii) comply with the independence requirements specified in the Articles of Association;
- (iii) have basic knowledge of the operation of [REDACTED] companies and be familiar with relevant laws, regulations and rules;
- (iv) have more than five years of work experience in law, accounting, economics or other fields necessary for performing the duties of an independent non-executive director;
- (v) possess good personal morality and have no adverse records such as major dishonesty;
- (vi) meet other requirements stipulated by laws, administrative regulations, the CSRC, the Listing Rules, regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association.

In addition to the general rights of directors, independent non-executive directors shall exercise the following special rights:

- (i) independently engage intermediary institutions to audit, consult on or verify specific matters of the Company;
- (ii) propose to the Board the convening of an extraordinary general meeting of shareholders;
- (iii) propose the convening of a Board of Directors meeting;
- (iv) publicly solicit shareholder rights from shareholders in accordance with the law;
- (v) express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (vi) other rights stipulated by laws, administrative regulations, the CSRC, the Listing Rules, regulatory rules of the place where the Company's shares are [REDACTED] and the Articles of Association.

For independent non-executive directors to exercise the rights stipulated in item (i) to (iii) of the aforesaid paragraph, the consent of more than half of all independent non-executive directors shall be obtained.

Special Committees of the Board

The Board of Directors of the Company shall establish an audit committee to exercise the official powers of the board of supervisors stipulated by the Company Law.

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The Board of Directors of the Company shall establish special committees including the Audit Committee, Nomination Committee and Remuneration Committee. The special committees shall be accountable to the Board of Directors and perform their duties in accordance with these Articles of Association and the authorization of the Board of Directors. The Board of Directors shall be responsible for formulating the rules of procedure and working procedures of each special committee, stipulate matters such as the composition, functions and powers and procedures of the special committees, and regulate the operation of the special committees. If the Listing Rules or relevant provisions of the securities regulatory authority of the place where the Company's shares are [REDACTED] provide otherwise, such provisions shall prevail.

The Related Transactions

The Board may make decisions regarding any related transaction outside the annual budget between the Company and the related parties with the total amount of a single or cumulative transactions not reaching RMB30,000,000.

The General Manager

The Company shall have 1 general manager, who shall be appointed or dismissed by the Board. The general manager shall be accountable to the Board and exercise the following functions and powers:

- (i) to be in charge of the production, operation and management of the Company, to organize and implement the resolutions of the Board, and to report on his/her work to the Board;
- (ii) to organize and implement the Company's annual operation plan and investment plan;
- (iii) to formulate the plan for establishment of the Company's internal management organization;
- (iv) to formulate the Company's basic management system;
- (v) to formulate the detailed rules and regulations of the Company;
- (vi) to request the Board to engage or dismiss deputy general manager and chief financial officer;
- (vii) to decide the appointment or dismissal of managements other than whose appointment or dismissal required to be decided by the Board;
- (viii) to decide the salary, benefits, rewards and punishments for company employees, and decide on the employment and dismissal of company employees;
- (xi) other functions and powers conferred by the Articles of Association or the Board.

The general manager shall attend the meetings of the Board.

SECRETARY TO THE BOARD

The Company shall have a secretary to the Board, responsible for preparing shareholders' meetings and Board meetings of the Company, maintaining documents and managing shareholder information of the Company, handling the information disclosure matters.

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FINANCIAL AND ACCOUNTING SYSTEM

The company lays down a financial and accounting system according to the laws, administrative regulations and provisions of relevant government departments. Apart from the legally prescribed accounting books, the company shall not establish another accounting book. The company's funds will not be deposited under any personal accounts.

When the company distributes its after-tax profits of the current year, it shall allocate 10% of the profits into the legal reserve fund. If the company's legal reserve fund exceeds 50% of the registered capital, no further allocation is required. If the legal reserve fund of the company is insufficient to compensate for the losses suffered in the previous year, then before making the allocation mentioned in the last paragraph, profits of the current year shall first be used to cover up the losses. After the company withdraws the legal reserve fund from the after-tax profits, if resolved by the shareholders' meeting, it may also withdraw an optional reserve fund from the after-tax profits.

After the company makes up losses and withdraws reserve funds, the balance of after-tax profits shall be distributed according to the proportion of shares held by shareholders.

If the shareholders' meeting violates the Company Law by distributing profits to shareholders, the shareholders shall return the distributed profits to the company. If losses are caused to the company, the shareholders and the responsible directors and senior executives shall be liable for compensation.

Shares of the company held by the company do not participate in profit distribution.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

In any of the following circumstances, the Company shall be dissolved:

- (i) the term of business provided in the Articles of Association is expired or other reasons for dissolution as specified in the Articles of Association occur;
- (ii) a resolution on dissolution is passed at a shareholders' meeting;
- (iii) dissolution is required due to a merger or division of the Company;
- (iv) the Company's business license is revoked or the Company is ordered to close down or be dissolved in accordance with the laws;
- (v) Where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to shareholders' interests, and no solution can be found through any other channel, shareholders representing 10% or above of the total voting rights of the Company may request the People's Court to dissolve the Company.

Where the Company is dissolved as a result of the provisions set out in items (i), (ii), (iv) and (v) of the above paragraph, a liquidation committee shall be established within 15 days after the occurrence of such event of dissolution to commence the liquidation process. The liquidation committee shall consist of directors, unless otherwise provided for in the Articles of Association or other persons are selected by a resolution of the shareholders' meeting.

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The liquidation committee shall notify creditors within 10 days from the date of its establishment and publish announcements in newspapers or the National Enterprise Credit Information Publicity System within 60 days from the date of its establishment. The creditors may declare their claims to the liquidation committee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received. When declaring the claims, the creditors shall specify the relevant matters about the claims and provide corresponding evidence. The liquidation committee shall register such claims. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' meeting or the People's Court for confirmation. The remaining assets of the Company after payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts shall be distributed to shareholders in proportion to the shares held by the shareholders.

During the liquidation period, the Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The assets of the Company shall not be distributed to any shareholder before full payments have been made out of the assets according to the above.

If, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall apply to the People's Court for declaration of bankruptcy. After the people's court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the people's court.

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, then submitted it to the shareholders' meeting or the People's Court for confirmation, and shall be submitted to the Company's registration authority for application for cancelling the registration of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

- (i) after the Company Law or relevant laws, administrative regulations, the Listing Rules and regulatory rules of the place where the Company's shares are [REDACTED] are amended, the provisions of the Articles of Association conflict with the provisions of the amended laws, administrative regulations, the Listing Rules and regulatory rules of the place where the Company's shares are [REDACTED];
- (ii) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association;
- (iii) The shareholders' meeting decides to amend the articles of association by special resolution.

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STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established as a limited liability company in the PRC on October 18, 2016 and was converted into a joint stock limited company on November 18, 2022 under the laws of the PRC. As of the Latest Practicable Date, the share capital of the Company was RMB1,468,717,989. Immediately upon [REDACTED] (assuming the [REDACTED] is not exercised), our Company will have (i) [REDACTED] Domestic [REDACTED] Shares, representing approximately [REDACTED]% of our total issued Shares upon [REDACTED]; and (ii) [REDACTED] H Shares, representing approximately [REDACTED]% of our total issued Shares upon [REDACTED].

Our principal place of business in Hong Kong is at Unit D, 15/F, Infotech Centre, 21 Hung To Road, Kwun Tong, Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on [●], 2026. Mr. Tsui Matthew Mo Kan (崔慕勤) has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Unit D, 15/F, Infotech Centre, 21 Hung To Road, Kwun Tong, Hong Kong.

As our Company was incorporated in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in “Regulatory Overview” in this document and Appendix V to this document, respectively.

2. Changes in Share Capital

On October 18, 2016, our Company was established as a limited liability company under the laws of the PRC, with an initial share capital of RMB100,000,000.

The following sets out the changes in the share capital of our Company within two years immediately preceding the date of this document:

On January 16, 2025, the registered capital of our Company was increased from RMB1,150,000,000 to RMB1,188,369,305.

On December 29, 2025, the registered capital of our Company was increased from RMB1,188,369,305 to RMB1,247,112,935.

On May 11, 2026, the registered capital of our Company was increased from RMB1,247,112,935 to RMB1,376,763,967.

On May 15, 2026, the registered capital of our Company was increased from RMB1,376,763,967 to RMB1,468,717,989.

Save as disclosed above, the share capital of our Company did not change during the two years immediately preceding the date of this document.

3. Changes in Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Note 1 to the Accountants’ Report as set out in Appendix I to this document.

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The following subsidiaries have been incorporated within two years immediately preceding the date of this document:

On January 23, 2025, Nanchang Youye Copper Manufacturing Co., Ltd. (南昌市友業銅材製造有限公司) was established in Jiangxi Province, the PRC with the registered capital of RMB100,000,000;

On February 6, 2025, the registered capital of Jiangxi Huachuang Times Copper Foil Sales Co., Ltd. (江西華創時代銅箔銷售有限公司) was increased from RMB300,000,000 to RMB400,000,000;

On March 28, 2025, the registered capital of Jiangxi Huachuang New Materials Co., Ltd. (江西華創新材有限公司) was increased from RMB1,500,000,000 to RMB1,700,000,000;

On June 12, 2025, the registered capital of Zhejiang Quzhou Huachuang New Materials Copper Foil Co., Ltd. (浙江衢州華創新材銅箔有限公司) was increased from RMB45,000,000 to RMB95,000,000;

On March 10, 2026, the registered capital of Sichuan Huachuang New Material Co., Ltd. (四川華創新材有限公司) was increased from RMB45,000,000 to RMB75,000,000;

On March 19, 2026 the registered capital of Jiangxi Huachuang Times Copper Foil Sales Co., Ltd. (江西華創時代銅箔銷售有限公司) was increased from RMB400,000,000 to RMB600,000,000; and

On March 24, 2026, Tongling Huachuang New Materials Co., Ltd. (銅陵華創新材料有限公司) was established in Anhui Province, PRC with the registered capital of RMB5,000,000.

Save as disclosed above, there has been no changes in the share capital of our Subsidiaries during the two years immediately preceding the date of this document.

4. Resolutions of our Shareholders

On June 1, 2026, resolutions of our Company were passed by the Shareholders that, among other things, conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in “Structure of the [REDACTED] – Conditions of the [REDACTED]” and pursuant to the terms set out therein:

- (a) the [REDACTED] by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [REDACTED] on the Hong Kong Stock Exchange;
- (b) the number of H shares to be [REDACTED] shall be no more than [REDACTED]% of the total issued share capital of our Company as enlarged by the [REDACTED] (assuming the [REDACTED] is not exercised), and granting the [REDACTED] the [REDACTED] of no more than [REDACTED]% of the number of H Shares [REDACTED] pursuant to the [REDACTED];
- (c) authorization of the Board or its authorized individual to handle all matters relating to, among other things, the [REDACTED], the [REDACTED] and the [REDACTED] of H Shares on the Hong Kong Stock Exchange;
- (d) subject to the completion of the [REDACTED], the conditional adoption of the revised Articles of Association, which shall become effective on the [REDACTED];

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- (e) a general unconditional mandate would be granted to the Directors to approve, confirm and ratify that the Company [REDACTED], [REDACTED] and [REDACTED] with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for the Shares or such convertible securities and to make or grant [REDACTED], agreements or options which would or might require the exercise of such powers whether during or after the end of the Relevant Period (as defined below), provided that the aggregate number of Shares [REDACTED] or agreed to be [REDACTED] by the Directors other than pursuant to a (1) rights issue, (2) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on the Shares; and (3) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of: (i) 20% of the total number of Shares in issue immediately following the completion of the [REDACTED] (excluding any Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]); and (ii) the aggregate number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in paragraph below. Such mandate to remain in effect during the period from the [REDACTED] until the earliest of (i) the conclusion of the first annual general meeting the Company after the [REDACTED] unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (ii) the expiration of the period within which the first annual general meeting of the Company after the [REDACTED] is required by the Memorandum and Articles of Association or any applicable laws to be held, and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the “**Relevant Period**”); and
- (f) a general unconditional mandate would be granted to the Directors to exercise all the powers of the Company to repurchase the Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be [REDACTED] (and which is recognized by the SFC and the Stock Exchange for this purpose) not exceeding in aggregate 10% of the total number of Shares in issue immediately following the completion of the [REDACTED] but excluding (where applicable) any Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED] of the Company in accordance with all applicable laws and the requirements of the Listing Rules, such mandate to remain in effect during the period from [REDACTED] until the earliest of (i) the conclusion of the first annual general meeting of the Company after the [REDACTED] unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions, (ii) the expiration of the period within which the first annual general meeting of the Company after the [REDACTED] is required by the Memorandum and Articles of Association or any applicable laws to be held, and (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

5. Restrictions on Repurchase

See “Summary of Articles of Association” in Appendix V to this document for details.

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B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are material:

- (a) a share subscription agreement dated April 13, 2026 entered into among our Company, Wuhan Cornex New Energy Co., Ltd. (武漢楚能新能源有限公司), Xi'an Taijin Xinneng Technology Co., Ltd. (西安泰金新能科技股份有限公司), Guangxi Advanced Equipment Manufacturing City (Yulin) Industrial Investment Fund Partnership (Limited Partnership) (廣西先進裝備製造城(玉林)產業投資基金合夥企業(有限合夥)), Tongxiang Futong Equity Investment Co., Ltd. (桐鄉市富桐股權投資有限公司), Tongxiang You'anju Enterprise Management Consulting Partnership (Limited Partnership) (桐鄉市友安聚企業管理諮詢合夥企業(有限合夥)), Tongxiang Huixinju Enterprise Management Partnership (Limited Partnership) (桐鄉匯昕聚企業管理合夥企業(有限合夥)), Huayou Holdings Group Co., Ltd. (華友控股集團有限公司) and CHEN Xuehua (陳雪華), pursuant to which Wuhan Cornex New Energy Co., Ltd. (武漢楚能新能源有限公司) agreed to subscribe for 22,988,505 new shares to be issued by our Company at a consideration of RMB100,000,000; Xi'an Taijin Xinneng Technology Co., Ltd. (西安泰金新能科技股份有限公司) agreed to subscribe for 4,597,701 new shares to be issued by our Company at a consideration of RMB20,000,000; Guangxi Advanced Equipment Manufacturing City (Yulin) Industrial Investment Fund Partnership (Limited Partnership) (廣西先進裝備製造城(玉林)產業投資基金合夥企業(有限合夥)) agreed to subscribe for 4,390,804 new shares to be issued by our Company at a consideration of RMB19,100,000; Tongxiang Futong Equity Investment Co., Ltd. (桐鄉市富桐股權投資有限公司) agreed to subscribe for 91,954,022 new shares to be issued by our Company at a consideration of RMB400,000,000; Tongxiang You'anju Enterprise Management Consulting Partnership (Limited Partnership) (桐鄉市友安聚企業管理諮詢合夥企業(有限合夥)) agreed to subscribe for 980,000 new shares to be issued by our Company at a consideration of RMB4,263,000; Tongxiang Huixinju Enterprise Management Partnership (Limited Partnership) (桐鄉匯昕聚企業管理合夥企業(有限合夥)) agreed to subscribe for 4,740,000 new shares to be issued by our Company at a consideration of RMB20,619,000;
- (b) a share subscription agreement dated April 29, 2026 entered into among our Company, Gongrong Jintou No.2 (Beijing) Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) (工融金投二號(北京)新興產業股權投資基金合夥企業(有限合夥)), Huayou Holdings Group Co., Ltd. (華友控股集團有限公司) and CHEN Xuehua (陳雪華), pursuant to which Gongrong Jintou No.2 (Beijing) Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) (工融金投二號(北京)新興產業股權投資基金合夥企業(有限合夥)) agreed to subscribe for 91,954,022 new shares to be issued by our Company at a price of RMB4.35 per share; and
- (c) the [REDACTED].

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2. Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademark which we consider to be material to our business:

<u>No.</u>	<u>Trademark</u>	<u>Place of Registration</u>	<u>Registered Owner</u>	<u>Class</u>	<u>Expiry Date (yyyy.mm.dd)</u>
1.		PRC	Our Company	6	2028.11.20

Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

<u>No.</u>	<u>Patent</u>	<u>Patent Type</u>	<u>Registration Number</u>	<u>Registered Owner</u>	<u>Filing Date</u>	<u>Expiry Date (yyyy.mm.dd)</u>
1.	A 4.5 μm electrolytic copper foil for lithium-ion batteries, and the preparation method therefor and additives (一種鋰離子電池用4.5 μm 電解銅箔,製備方法及添加劑)	Invention	ZL201910871243.5	Our Company	2019.09.16	2039.09.15
2.	A descaling agent for the anode plate of an electrolytic copper foil coupling machine for lithium-ion batteries, and its preparation and application method (鋰離子電池用電解銅箔聯體機陽極板除垢劑及其製備和使用方法)	Invention	ZL201910871991.3	Our Company	2019.09.16	2039.09.15
3.	A stress-relief annealing process to reduce the warpage of 4.5 μm copper foil (一種降低4.5微米銅箔翹曲度的去應力退火工藝)	Invention	ZL202010647446.9	Our Company	2020.07.07	2040.07.06

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No.	Patent	Patent Type	Registration Number	Registered Owner	Filing Date	Expiry Date (yyyy.mm.dd)
4.	An electrolyte for improving pinholes in 4.5 μm lithium-ion electrolytic copper foil (一種改善4.5微米鋰離子電解銅箔針孔的電解液)	Invention	ZL202011605233.6	Our Company	2020.12.30	2040.12.29
5.	A method for improving laser die-cutting fused beads of electrolytic copper foil for lithium-ion batteries (一種改善鋰離子電池用電解銅箔激光模切熔珠的方法)	Invention	ZL202011599909.5	Our Company	2020.12.30	2040.12.29
6.	A method for producing ultra-thin, ultra-high anti-glare double-sided lithium-ion battery copper foil (一種超薄超高抗雙面光鋰電銅箔的生產方法)	Invention	ZL202110762817.2	Our Company	2021.07.06	2041.07.05
7.	A method for adding an additive to prevent tearing of 4.5 μm copper foil (一種用於防止4.5 μm 銅箔撕邊的添加劑加入方法)	Invention	ZL202110761676.2	Our Company	2021.07.06	2041.07.05
8.	A surface treatment process to improve the peel strength of low-profile electrolytic copper foil (一種提高低輪廓電解銅箔抗剝離強度的表面處理工藝)	Invention	ZL202111505429.2	Our Company	2021.12.10	2041.12.09
9.	A surface treatment process for reducing the heat loss rate of peel strength in electrolytic copper foil (一種降低電解銅箔抗剝離強度熱損失率的表面處理工藝)	Invention	ZL202111505446.6	Our Company	2021.12.10	2041.12.09

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No.	Patent	Patent Type	Registration Number	Registered Owner	Filing Date	Expiry Date (yyyy.mm.dd)
10.	A replacement shaft for detecting the cathode roller of an electrolytic copper foil machine and its measurement method (一種電解銅箔機陰極輥的檢測替代軸及其測量方法)	Invention	ZL202111626690.8	Our Company	2021.12.28	2041.12.27
11.	An electrolytic copper foil production process (一種電解銅箔生產工藝)	Invention	ZL202210547661.0	Our Company	2022.05.18	2042.05.17
12.	An oscillating mechanism of the online polishing machine and its usage method (在線拋光機擺動機構及其使用方法)	Invention	ZL202210966226.1	Our Company	2022.08.12	2042.08.11
13.	A wind knife structure and a copper foil anti-oxidation device (一種風刀結構及銅箔抗氧化裝置)	Invention	ZL202211101223.8	Our Company	2022.09.09	2042.09.08
14.	A titanium anode tank structure and manufacturing process for electrolytic copper foil (一種電解銅箔所需鈦材陽極槽結構及製造工藝)	Invention	ZL202211228141.X	Our Company	2022.10.09	2042.10.08
15.	An Improved Production Process for Lithium-ion Battery Copper Foil Seersucker (一種改善鋰電銅箔泡泡紗生產工藝)	Invention	ZL202310186025.4	Our Company	2023.03.01	2043.02.28
16.	A method for producing 3.5-4μm double-sided shiny copper foil (一種3.5-4μm雙面光銅箔生產方法)	Invention	ZL202310186017.X	Our Company	2023.03.01	2043.02.28

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No.	Patent	Patent Type	Registration Number	Registered Owner	Filing Date	Expiry Date (yyyy.mm.dd)
17.	An online cleaning device and cleaning method for anode plates of foil making machine (生箔機用陽極板在線清理裝置及清理方法)	Invention	ZL202310693980.7	Our Company	2023.06.13	2043.06.12
18.	An integrated drying and blowing device for foil making machine and its usage method (生箔機烘乾吹風一體裝置及其使用方法)	Invention	ZL202310693981.1	Our Company	2023.06.13	2043.06.12
19.	An energy-saving copper melting tank and copper melting method (一種節能型溶銅罐及溶銅方法)	Invention	ZL202111596488.5	Jiangxi Huachuang New Materials Co., Ltd.	2021.12.24	2041.12.23
20.	A passivation process for ultra-thin double-sided shiny lithium-ion battery copper foil (一種超薄雙面光鋰電銅箔的鈍化工藝)	Invention	ZL202111651406.2	Jiangxi Huachuang New Materials Co., Ltd.	2021.12.30	2041.12.29
21.	An integrated foil production machine and its production process (一種生箔一體機及其生產工藝)	Invention	ZL202210692999.5	Jiangxi Huachuang New Materials Co., Ltd.	2022.06.17	2042.06.16
22.	An isolation cleanroom for cathode roller grinding equipment and its usage method (一種陰極輥研磨設備隔離淨化室及其使用方法)	Invention	ZL202211145160.6	Jiangxi Huachuang New Materials Co., Ltd.	2022.09.20	2042.09.19
23.	A collagen-free additive for copper foil processing and copper foil processing process (一種銅箔加工用無膠原蛋白添加劑及銅箔加工工藝)	Invention	ZL202211586909.0	Our Company	2022.12.09	2042.12.08

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No.	Patent	Patent Type	Registration Number	Registered Owner	Filing Date	Expiry Date (yyyy.mm.dd)
24.	An annealing process for lithium-ion battery copper foil (一種鋰電銅箔退火工藝)	Invention	ZL202310148615.8	Our Company	2023.02.22	2043.02.21
25.	A device for recycling and utilizing waste anti-oxidation liquid from lithium-ion battery copper foil and its usage method (鋰電銅箔廢棄防氧化液回收利用裝置及其使用方法)	Invention	ZL202310305818.3	Jiangxi Huachuang New Materials Co., Ltd.	2023.03.27	2043.03.26
26.	A special roller support for a foil-making machine and its usage method (一種生箔機專用輥系支架及其使用方法)	Invention	ZL202310320355.8	Jiangxi Huachuang New Materials Co., Ltd.	2023.03.29	2043.03.28
27.	A process and method for recycling waste zinc-nickel liquid (廢棄鋅鎳液回收利用工藝及其方法)	Invention	ZL202310948298.8	Jiangxi Huachuang New Materials Co., Ltd.	2023.07.31	2043.07.30
28.	A device and method for detecting copper foil edge collapse (一種銅箔塌邊檢測裝置及方法)	Invention	ZL202411668495.5	Jiangxi Huachuang New Materials Co., Ltd.	2024.11.21	2044.11.20
29.	A method for preparing and applying a five-membered nitrogen heterocyclic monothiopropane sulfonate (五元氮雜環單硫代丙烷磺酸鹽的製備方法和應用)	Invention	ZL202411688806.4	Jiangxi Huachuang New Materials Co., Ltd.	2024.11.25	2044.11.24
30.	A method for preparing and applying an ammonium inner salt of thiocarbonate sulfonate (硫代碳酸酯磺酸銨內鹽的製備方法和應用)	Invention	ZL202411688807.9	Jiangxi Huachuang New Materials Co., Ltd.	2024.11.25	2044.11.24

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Copyrights

As at the Latest Practicable Date, we had registered the following software copyright which we consider to be material to our business:

No.	Copyright	Place of Application	Registered Owner	Registration Date (yyyy.mm.dd)
1.	Foil edge material sensing control system (生箔邊料感應控制系統)	PRC	Our Company	2019.02.25
2.	Intelligent tension control system for foil making machine (生箔機的張力智能控制系統)	PRC	Our Company	2019.02.25
3.	CCD automated detection system for copper foil surface (銅箔表面CCD自動化檢測系統)	PRC	Our Company	2019.02.25

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date (yyyy.mm.dd)
1.	jxhcxc.com	Jiangxi Huachuang New Materials Co., Ltd.	2029.04.06
2.	huachuangnm.com	Our Company	2027.01.25

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors’ service contracts

We have entered into a contract with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

2. Remuneration of Our Directors

Save as disclosed in “Directors and Senior Management” and “Accountants’ Report – Note 8 – Directors’ and Supervisors’ Emoluments” in Appendix I to this document for the three years ended December 31, 2025, none of our Directors received other remunerations of benefits in kind from us.

3. Disclosure of Interests of Directors and Chief Executive of our Company

Save as disclosed below, immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

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Interests in our Company

Name	Position	Nature of interest	Number of Domestic Shares/H Shares [REDACTED] held following completion of the [REDACTED]	Approximate percentage of shareholding in Domestic Shares/H Shares immediately after the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of shareholding in the total issued Shares immediately after the [REDACTED] (assuming the [REDACTED] is not exercised)
				(%)	(%)
Zhou Shengfu	Chairperson of the Board, executive Director, general manager	Interest in controlled corporation ⁽¹⁾	[REDACTED]	[REDACTED]	[REDACTED]
Yin Yong	Executive Director, deputy general manager	Beneficial Interest	[REDACTED]	[REDACTED]	[REDACTED]

Note:

- Mr. Zhou Shengfu is the general partner of Tongling Chuangnenghui, Tongling Chuangnengju, Tongling Chuangxinhui and Tongling Chuangxinju, holding 1.04%, 0.88%, 0.35% and 0.02%, respectively. As such, Mr. Zhou is deemed to be interested in the Shares of Tongling Chuangnenghui, Tongling Chuangnengju, Tongling Chuangxinhui and Tongling Chuangxinju under the SFO.

Interests in the Associated Corporation

Name of Director	Name of Associated Corporation	Nature of interest	Number and Description of Shares	Approximate Percentage of Interest
				(%)
Chen Xue	Zhejiang Huayou Cobalt Co., Ltd. (浙江華友鈷業股份有限公司)	Interest of spouse ⁽¹⁾	5,200 A Shares	0.0003

Note:

- As of the Latest Practicable Date, Chen Xue’s spouse holds 5,200 A Shares in Zhejiang Huayou Cobalt Co., Ltd. As such, Chen Xue is deemed to be interested in the Shares of his spouse under the SFO.

Save as disclosed above, none of the Directors or the chief executive of the Company will, immediately following completion of the [REDACTED], has any interests and/or short positions in the Shares, underlying Shares and debentures of our Company’s associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV

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of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

4. Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

For information on the persons who will, immediately following the completion of the [REDACTED], having or be deemed or taken to have beneficial interests or short position in our Shares or underlying shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group, see the section headed “Substantial Shareholders.”

(b) Interests of substantial shareholders of other members of our Group

As of the Latest Practicable Date, our Directors are not aware of any persons (other than our Directors or chief executive) will, immediately following the completion of the [REDACTED], directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or any of the parties listed in “– E. Other Information – 5. Consents and Qualification of Experts” below is:
 - (i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;
 - (ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;
- (b) save in connection with the [REDACTED] and the [REDACTED], none of the parties listed in “– E. Other Information – 5. Qualification of Experts” below:
 - (i) is interested legally or beneficially in any shares in any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

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- (c) none of the Directors or the experts named in the paragraph headed “Other Information – Consents of Experts” in this section has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and
- (d) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers.

D. EMPLOYEE INCENTIVE SCHEME

In recognition of the contributions of our employees, to incentivize them to further promote our development and to meet our Company’s strategic needs for its business development, as of the Latest Practicable Date, we adopted and implemented two employee incentive schemes. The first employee incentive scheme was officially adopted in August 2025 and amended in April 2026 (“**Employee Incentive Scheme I**”). The Second employee incentive scheme was officially adopted in December 2025 and amended in April 2026 (“**Employee Incentive Scheme II**”, together with Employee Incentive Scheme I, the “**Employee Incentive Scheme**”). Employee Incentive Scheme I and Employee Incentive Scheme II have substantially the same principal terms.

The terms of the Employee Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of Awards (as defined below) or issuance of new Shares by our Company after the [REDACTED].

The following is a summary of the principal terms of our Employee Incentive Scheme.

Purpose

The purpose of our Employee Incentive Scheme is to retain and incentivize the senior-and-middle-level management, key operational and management personnel, core technical personnel of our Company and its subsidiaries who have made significant contributions to our Group, to realize and regulate management of employees’ shareholding, to protect the rights of our Company and our employees and to satisfy our Company’s strategic requirements for business development.

Administration

Our Board is responsible for managing the Employee Incentive (the “**Administrator**”).

Eligible Participants

Eligible participants to our Employee Incentive Scheme I include employees who have entered into a valid and effective employment contract with our Company or its subsidiaries and, subject to the Board’s approval, satisfy any of the following conditions: (1) joined no later than December 31, 2016 has served the Company or its subsidiaries for no less than five years, and holds a position not lower than deputy section head level; (2) joined no later than December 31, 2016, has served the Company or its subsidiaries for no less than five years, and is a key technical personnel; (3) serves as senior management as stipulated in the Articles, including the general manager, deputy general manager, chief financial officer and board secretary in our Company or its subsidiaries; or (4) defined as talent introduction, scarce professional or having made significant contributions to our Company by the Board (each a “**Participant**”).

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Eligible participants to our Employee Incentive Scheme II include employees who have entered into a valid and effective employment contract with our Company or its subsidiaries and, subject to the Board’s approval, defined as talent introduction, scarce professional or having made significant contributions to our Company by the Board.

Awards

Under the Employee Incentive Scheme, each Participant has been granted a right to subscribe for Shares of our Company (the “**Awards**”) through Tongling Chuang’anhui, Tongling Chuangnenghui, Tongling Chuangnengju, Tongling Chuangxinhui and Tongling Chuangxinju.

Source and number of Shares

The Shares underlying the Awards granted under the Employee Incentive Scheme are held by Tongling Chuang’anhui, Tongling Chuangnenghui, Tongling Chuangnengju, Tongling Chuangxinhui and Tongling Chuangxinju. Upon the grant of Awards, the Participants shall hold partnership interests in respective platform as a partner to reflect their respective Awards.

As of the Latest Practicable Date, the number of Shares underlying the Awards granted under the Employee Incentive Scheme were 41,941,819 Shares, representing approximately 2.86% of our total issued Shares immediately before the completion of the [REDACTED] and approximately [REDACTED]% of our total issued Shares immediately upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised).

Vesting and restrictions on disposals

The vesting of the Awards is conditional upon the expiry of the lock-up period. The lock-up period of Awards granted through Tongling Chuang’anhui, Tongling Chuangnenghui, Tongling Chuangnengju, Tongling Chuangxinhui and Tongling Chuangxinju is 12 months following the successful [REDACTED] of our Company.

During the period commencing on the date of grant and up to the [REDACTED], Participants shall not create any third-party interests over their limited partnership interests, including but not limited to pledges, entrusted shareholding arrangements or trusts. Participants shall not transfer their limited partnership interests prior to the expiry of the lock-up period, unless the lock-up is lifted with the approval of the Board. Participants shall not violate any non-compete obligations or hold interests in circumstances prohibited by applicable laws, regulations or departmental rules.

Details of the Awards Granted

As of the Latest Practicable Date, we had granted Awards representing all the 41,941,819 Shares under the Employee Incentive Scheme to 83 Participants, representing approximately 2.86% of our total issued Shares immediately before the completion of the [REDACTED] and approximately [REDACTED]% of our total issued Shares immediately upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised).

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Details of the Award granted under the Pre-[REDACTED] Employee Incentive Scheme as of the Latest Practicable Date are set out as follows:

Participant	Position in our Group	Respective shareholding platform(s)	Number of Shares held on respective platform(s)	Approximate Percentage of Shares held on respective platform(s)
				(%)
Zhou Shengfu	Chairperson of the Board, executive Director, general manager	Tongling Chuang’anhui	7,634,200	11.20
		Tongling Chuangnenghui	140,400	1.04
		Tongling Chuangnengju	85,400	0.88
		Tongling Chuangxinhui	49,050	0.35
		Tongling Chuangxinju	8,340	0.02
Chen Xiaolin	Mr. Chen’s daughter and former director of our Company’s subsidiary	Tongling Chuang’anhui	4,061,000	5.96
		Tongling Chuangnengju	641,900	6.58
		Tongling Chuangxinhui	1,324,000	9.39
Yin Yong	Executive Director, deputy general manager	Tongling Chuang’anhui	3,930,000	5.77
Cao Shengyue	Deputy general manager, and general manager of the subsidiary	Tongling Chuang’anhui	3,930,000	5.77
Liu Yicheng	Board Secretary	Tongling Chuang’anhui	786,000	1.15
		Tongling Chuangxinju	834,000	1.85
Sun Tao	Finance director	Tongling Chuangnenghui	930,100	6.92
Fang Xianglei	Non-executive Director	Tongling Chuangnengju	537,100	5.51
		Tongling Chuangxinju	834,000	1.85

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Participant	Position in our Group	Respective shareholding platform(s)	Number of Shares held on respective platform(s)	Approximate Percentage of Shares held on respective platform(s) (%)
Other employees of our Group	–	Tongling Chuang’anhui ⁽¹⁾	5,633,000	8.27
	–	Tongling Chuangnenghui ⁽²⁾	6,759,600	50.26
	–	Tongling Chuangnengju ⁽³⁾	3,392,900	34.79
	–	Tongling Chuangxinhui ⁽⁴⁾	4,584,350	32.51
	–	Tongling Chuangxinju ⁽⁵⁾	43,284,600	96.27

Notes:

- (1) As of the Latest Practicable Date, Tongling Chuang’anhui holds 3.54% of our Company’s total issued share capital. Other employees of our Group in Tongling Chuang’anhui represent an aggregate of 3 Participants who are not Directors, senior management or connected persons of our Company.
- (2) As of the Latest Practicable Date, Tongling Chuangnenghui holds 0.70% of our Company’s total issued share capital. Other employees of our Group in Tongling Chuangnenghui represent an aggregate of 16 Participants who are not Directors, senior management or connected persons of our Company.
- (3) As of the Latest Practicable Date, Tongling Chuangnengju holds 0.51% of our Company’s total issued share capital. Other employees of our Group in Tongling Chuangnengju represent an aggregate of 13 Participants who are not Directors, senior management or connected persons of our Company.
- (4) As of the Latest Practicable Date, Tongling Chuangxinhui holds 0.29% of our Company’s total issued share capital. Other employees of our Group in Tongling Chuangxinhui represent an aggregate of 15 Participants who are not Directors, senior management or connected persons of our Company.
- (5) As of the Latest Practicable Date, Tongling Chuangxinju holds 0.73% of our Company’s total issued share capital. Other employees of our Group in Tongling Chuangxinju represent an aggregate of 43 Participants who are not Directors, senior management or connected persons of our Company.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor [has made] an application on our behalf to the [REDACTED] for the [REDACTED] of, and permission to [REDACTED] in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into [REDACTED].

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The Sole Sponsor satisfy the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee of US\$600,000 to act as the sponsor of our Company in connection with the proposed [REDACTED] on the Hong Kong Stock Exchange.

4. Preliminary Expenses

Our Company did not incur any material preliminary expenses.

5. Consents and Qualification of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

<u>Name of Expert</u>	<u>Qualifications</u>
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Grandall Law Firm (Hangzhou)	Legal advisor to our Company as to PRC law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Save as disclosed in this document, as of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

6. Promoter

The promoters of our Company comprised all of the 17 then shareholders of our Company as on November 18, 2022 before our conversion into a joint stock limited liability company. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [REDACTED] or the related transactions described in this document.

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7. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

8. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

9. Compliance Adviser

Our Company has appointed Somerley Capital Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

10. No Material Adverse Change

The Directors confirm that there has been no material change in our financial or trading position since December 31, 2025.

11. Miscellaneous

- (a) Save as disclosed in this document, within the two years immediately preceding the date of this document:
 - (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partly paid other than in cash or otherwise; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.
- (b) Save as disclosed in this document:
 - (i) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
 - (ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) there are no arrangements under which future dividends are waived or agreed to be waived;
 - (iv) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
 - (v) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;
 - (vi) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

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(vii) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such [REDACTED] or permission to [REDACTED] on any stock exchange other than the Stock Exchange is currently being or agreed to be sought; and

(viii) our Company has no outstanding convertible debt securities or debentures.

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) the written consents referred to under the paragraph headed “Statutory and General Information – E. Other Information – 5. Consents and Qualification of Experts” in Appendix VI to this document; and
- (ii) copies of the material contracts referred to in the paragraph headed “Statutory and General Information – B. Further Information about our Business – 1. Summary of Material Contracts” in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **https://www.huachuangnm.com** during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the Accountants’ Report from KPMG, the text of which is set out in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (d) the report on the unaudited **[REDACTED]** financial information of our Group as of December 31, 2025 from KPMG, the text of which is set forth in Appendix II to this document;
- (e) the service contracts referred to in “Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders – 1. Particulars of Directors’ Service Contracts” in Appendix VI to this document;
- (f) the material contracts referred to in “Statutory and General Information – B. Further Information about our Business – 1. Summary of Material Contracts” in Appendix VI to this document;
- (g) the written consents referred to in “Statutory and General Information – E. Other Information – 5. Consents and Qualification of Experts” in Appendix VI to this document; and
- (h) the PRC legal opinions issued by Grandall Law Firm (Hangzhou), our legal advisor on the PRC laws, in respect of certain aspects of our Group;
- (i) the PRC Company Law, the PRC Securities Law and the Overseas Listing Trial Measures together with their unofficial English translations; and
- (j) the industry report prepared by Frost & Sullivan referred to in the section headed “Industry Overview” in this document.