

RISK FACTORS

An [REDACTED] in our H Shares involves risks. You should carefully consider all of the information in this document, including our consolidated financial statements and related notes before making an [REDACTED] in our H Shares.

Our business, financial conditions, results of operations and prospects could be materially and adversely affected by any of these risks, some of which are beyond our control. Other risks and uncertainties that we are not currently aware of or that are not disclosed or implied below, or which we do not currently believe to be material, may also be detrimental to our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including those discussed in this section. The [REDACTED] price of our H Shares may decline due to any of these risks, and you may lose all or part of your [REDACTED]. This document also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Fluctuations, downturns or changes in these markets could materially and adversely affect our business, financial condition, results of operations and prospects.

Our operations rely on demand from a range of downstream industries that utilize our copper-based products, including heat ventilation systems, air conditioning, plumbing, lithium batteries, NEV and energy storage, construction, power transmission, AI and other industrial applications. Demand in these sectors is subject to ongoing changes influenced by factors beyond our control, such as evolving environmental standards, government policies and incentives, technological advancements, macroeconomic conditions, and shifts in consumer preferences. Similarly, our copper foils for lithium batteries and PCBs support the fast-growing NEV and energy storage system and semiconductor sectors, which are affected by variables like vehicle costs, charging infrastructure and battery technology. In other segments, our copper busbars, rods and fittings serve power transmission, construction, and NEV and energy storage system applications, with demand shaped by electrification trends, infrastructure investments and sustainability objectives. A decline in any of these downstream industries could lead to reduced sales volumes, constrained revenue growth, and pressure on our overall financial results.

We must continually adapt our business strategies to new regulations, policies, or standards in end-use markets, but we may not be able to do so in a timely or efficient manner. If we fail to anticipate or effectively respond to these dynamic demands and competitive pressures, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We face risks of supply chain disruption.

Our production operations rely on obtaining adequate supplies of quality raw materials on a timely basis, which we source from both domestic and overseas suppliers. These materials are commodities subject to significant price volatility influenced by global supply and demand dynamics, mining output, geopolitical events, currency fluctuations and macroeconomic factors such as inflation or trade policies. During the Track Record Period, raw material costs represented a substantial portion of our cost of revenue, amounting to RMB70,071.1 million, RMB81,270.3 million, RMB76,272.2 million, RMB31,780.1 million and RMB36,902.2 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively, representing 96.5%, 96.0%, 95.2%, 94.9% and 95.3% of our total cost of revenue in the same respective years/periods. In particular, copper prices and primary copper product prices fluctuated during the Track Record Period. Between 2020 and 2025, the average price of LME copper cathode rose from USD6,167 per tonne to USD9,939 per tonne, while the average price of the SHFE copper cathode rose from RMB48,238 per tonne to RMB79,859 per tonne, representing a CAGR of 10.0% and 10.6%, respectively. Such volatility may affect the predictability of our costs and the stability of our margins.

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If we are unable to pass on increases in raw material costs to customers, our product pricing may be constrained. If we encounter unanticipated price surges, such as those driven by supply constraints in major copper-producing regions, or global demand spikes, our profitability could be eroded. The hedging activities we undertake to mitigate price fluctuations, may not fully protect us or could result in losses under significant or unforeseeable market movement changes. Furthermore, our supply chain may be vulnerable to disruptions from factors beyond our control, including natural disasters, pandemics, labor strikes, tariffs, trade restrictions or logistical bottlenecks, which could lead to shortages, longer lead times, or increased procurement costs. Consequently, these events could materially and adversely affect our business, financial condition and results of operations.

We face intensified market competition, and may fail to maintain our competitiveness.

The global copper-based materials industry is highly competitive, and we face competition from numerous companies that produce and sell similar products, including copper tubes, rods, busbars, foils and fittings. Some of our competitors are larger in regional scale and possess greater financial, technical, or operational resources than us, or benefit from advantages such as established relationships with key suppliers or customers, economies of scale, or proprietary technologies.

Our success in retaining and expanding our customer base hinges on our ability to anticipate evolving market needs, develop advanced copper-based products, and adapt to new technologies or regulatory requirements. If we are unsuccessful or less effective than our competitors in predicting industry trends, innovating processes or materials, or responding to changes in customer preferences and standards, we may be placed at a competitive disadvantage, leading to loss of market share or inability to penetrate new segments. Increased competition could also result in lower sales volumes, excess inventory, downward pricing pressure and reduced profit margins, particularly in price-sensitive markets. If we fail to develop or acquire compelling new products that effectively rival those of our competitors, our business, financial condition and results of operations may be materially and adversely affected.

Failure of our research and development efforts to achieve expected results could materially and adversely affect our business, financial condition and results of operations.

To maintain our competitive position and industry leadership, we must sustain substantial investments in research and development. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our research and development expenses amounted to RMB183.6 million, RMB140.3 million, RMB145.2 million, RMB54.4 million and RMB67.2 million, respectively. If we fail to keep pace with these developments or adapt our technologies to new industry standards and emerging application scenarios, our products could become obsolete. Research and development activities are inherently uncertain, involving risks such as technical failures, delays, cost overruns, or inability to meet evolving customer requirements. Even if we successfully develop new or enhanced products, there is no guarantee they will gain market acceptance, achieve targeted sales or profitability, or generate returns commensurate with our investments. In addition, a portion of our research and development expenses is directed toward fundamental research rather than immediate product development, which may not promptly enhance our market competitiveness or deliver measurable benefits.

Furthermore, our competitors may develop similar or superior products, offer more competitively priced alternatives, or respond more quickly to technological shifts and customer needs, potentially eroding our market share. If our research and development efforts fall short, we may struggle to retain existing customers or attract new ones. Any such failures could materially and adversely affect our business, financial condition and results of operations.

We face risks relating to our international operations and globalization strategies.

We have established a significant international footprint through our overseas production bases, sales networks and supply chains, aligned with our globalization strategy. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, revenue generated from overseas markets accounted for 37.1%, 37.0%, 37.5%, 37.3% and 33.9% of our revenue from sales of goods, respectively, with approximately 10,000 customers in over 100 countries or regions as of May 31, 2026. As we continue to expand internationally into diverse markets with varying economic

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conditions, regulatory requirements and customer demands, we encounter complexities and uncertainties, including challenges in understanding local market dynamics, higher costs for staffing and managing cross-border operations and complexities in optimizing global logistics and distribution networks. Any failure to adapt swiftly to local business environments or deliver high-quality, compliant products could undermine our relationships with customers, potentially harming our brand reputation and growth prospects.

Our international operations expose us to heightened risks from geopolitical tensions, international trade policies and regulatory requirements. For example, escalating U.S.-China trade disputes have led to tariffs on Chinese goods, including those in the metals sector. Beginning in February 2025, the U.S. government has introduced a series of new tariffs applicable to Chinese imports, including a Fentanyl-related tariff and subsequently a reciprocal tariff under the authority of the International Emergency Economic Powers Act (IEEPA), as well as industry-specific tariffs following national security investigations under the authority of Section 232 of the Trade Expansion Act of 1962 (Section 232). In February 2025, the U.S. imposed a Fentanyl-related tariff on imports from China at a rate of 10%, which increased to 20% effective March 3, 2025, and was subsequently reduced to 10% as of November 10, 2025. Separately, beginning in April 2025, the U.S. government announced a range of Reciprocal tariffs on imports from various countries, including China to address significant U.S. trade deficits, subject to certain exceptions. Following a series of escalations, in May 2025, a 90-day suspension of certain higher additional tariffs on their respective goods imports has been announced, although the U.S. retained certain existing tariffs, including those imposed on particular sectors. Pursuant to Executive Order 14334 of August 11, 2025, the U.S. government extended the suspension of the higher additional tariff on Chinese goods which was originally set to be reinstated after the initial 90-day period. On October 30, 2025, a new bilateral deal was announced that would further extend the IEEPA-tariff rate suspensions, among various other trade-related concessions. Subject to new developments, the Fentanyl-related tariff will remain at 10% until further modified, and the Reciprocal tariff rate on U.S. imports from China will remain at 10% until November 10, 2026. The U.S. government also imposed tariffs under Section 232 on steel, aluminum, automobiles and parts, semiconductors, and copper. Significantly, on July 30, through Proclamation 10962, the President announced a 50% copper tariff on certain semi-finished copper products and intensive copper derivative products, effective August 1, 2025. These tariffs may increase the cost of copper products imported into the United States, potentially leading to higher prices for such imported products in the U.S. market. Any significant increase in tariffs or the imposition of new tariffs on copper imports could negatively impact our supply chain, pricing structures, and customer demand. In addition, we procured a portion of recycled copper for our operations from overseas, including the United States, and we may thus be subject to export control laws and regulations in the applicable jurisdictions, such as the U.S. Export Administrative Regulations, U.S. customs regulations and economic and trade sanctions administered by the United States governments. The aforementioned and other global trade policies could hinder access to critical technologies, systems, or raw materials essential for our product offerings and business operations, potentially increasing costs for our copper-based products or restricting exports to key markets, particularly as the overall tariff environment remains dynamic and subject to evolving changes and negotiations.

Moreover, our international operations are subject to a broad and evolving range of laws, regulations and regulatory requirements in the multiple jurisdictions in which we conduct business, which may differ significantly across markets and may change from time to time. Meeting these requirements may require dedicated management time and resources, engagement of external advisors, implementation and upgrading of systems and processes, and ongoing monitoring, reporting and documentation, and may therefore result in substantial compliance and administrative costs. Furthermore, our international operations are influenced by local political and economic conditions, as well as broader geopolitical developments. We cannot assure you that we will be able to anticipate and mitigate all the above risks as we continuously expand our business. Failure to navigate these risks effectively could lead to operational disruptions, increased costs, lost revenue opportunities, or inability to execute our globalization strategies, thereby materially and adversely affecting our business, financial condition, results of operations, and prospects.

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Deterioration of global economic conditions, geopolitical instabilities and shifts in diplomatic and trade relations could reduce demand for our products.

Economic slowdowns, recessionary pressures, inflation, tightening credit conditions, currency volatility, changes in consumer and enterprise spending, and volatility in capital markets can reduce our customers’ capital expenditures and operating budgets, lengthen sales cycles, intensify pricing pressure, and increase order cancellations or postponements.

Rising geopolitical tensions and evolving diplomatic relationships, have introduced additional uncertainty and risk. Ongoing trade frictions have resulted in higher tariffs, retaliatory measures, stricter export controls, import restrictions, localization mandates, and new or expanded sanctions regimes that affect metals and related goods. As geopolitical risks continuously increase and structurally escalate, some of the geographical markets where we operate may house persons designated on entity lists, under the sanctions programs administered by the U.S. Office of Foreign Assets Control (“OFAC”), the European Union, or any other relevant sanctions authorities. Any failure in screening our counter-parties could potentially result in a non-compliance with the relevant sanctions programs. The imposition of the current or possible future additional export controls and economic sanctions on transactions with entities in any countries or regions subject to sanctions or export controls, including Russia could limit or prevent us from operating all or a portion of our business or pursuing future business opportunities in such countries or regions. In addition, the scope of the impact of sanctions, export controls and the ongoing conflict between Russia and Ukraine is impossible to predict at this time. Despite our sales of copper-processed products to approximately 10,000 customers in over 100 countries and regions, our international sanctions advisor considers the likelihood that we would be subject to secondary sanctions based on our past sales to these countries to be remote, given our termination of sales to Russia and Belarus in January, 2026, and the de minimis amount of such sales of RMB4.4 million. There is no assurance as to how these policies will evolve, whether they will expand in scope, or what goods and counterparties will be affected, and we cannot predict their timing, duration, or cumulative impact on our industry or the broader economy.

Labor disruptions, public health emergencies, or infrastructure and energy shortages can disrupt our supply chain, manufacturing, logistics and customer operations. Deterioration in diplomatic relations between countries may trigger new trade barriers, sanctions, and countermeasures that impede our ability, or that of our suppliers and customers, to import or export raw materials, equipment, or finished products, or to access critical services such as financing or transportation. Any of the foregoing factors could lead to demand fluctuations, reduced revenue visibility, inventory write-offs, lower facility utilization, margin compression, and increased working capital needs. Prolonged adverse macroeconomic or geopolitical developments, or rapid policy changes with limited transition periods, could materially and adversely affect our business, financial condition and results of operations.

We may be unable to efficiently utilize our domestic and overseas production bases.

We operate an extensive network of production bases both in China and overseas. However, utilization rates are subject to risks and uncertainties beyond our control, including fluctuations in market demand for our copper processed products, raw material price volatility, or unexpected increases in maintenance and operational costs. Our production processes involve complex coordination of raw materials, inventory management, internal workflows, logistics and sales activities. We may encounter difficulties in synchronizing these elements, leading to downtime, delays, or inefficiencies. Any interruption from adverse weather, natural disasters, or other catastrophic events could severely impair our manufacturing capabilities. The occurrence of any production disruption or incident could materially and adversely affect our operations. Even temporary stoppages or delivery delays to customers could result in lost revenue, loss of customers, or reputational harm. Additionally, these incidents may cause property or equipment damage, environmental harm, production halts, or legal liabilities, along with associated negative publicity.

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In addition, managing bases across regions exposes us to differences in regulatory regimes, local business practices, supply chain vulnerabilities, political or economic instability and policy changes. Any disputes, interruptions, or inefficiencies, including labor issues, natural disasters, or geopolitical tensions, could disrupt production, delay supply chains, or increase costs. Consequently, any such challenges could materially and adversely affect our business, financial condition and results of operations.

We may fail to implement our production expansion plans.

We expand our production capacity. These plans involve significant capital investments in upgrading existing facilities and establishing new ones. We anticipate incurring substantial costs, including depreciation, raw materials, financing and labor expenses, to support these initiatives. Integration of new or expanded facilities into our operations may encounter unforeseen delays, potentially raising costs, straining existing resources, reducing efficiency, or causing disruptions in customer deliveries. The execution of our expansion plans relies on various factors beyond our control, and there can be no assurance that we will implement them successfully or achieve the intended business objectives, such as enhanced economies of scale or market penetration. As we expand internationally, our production must adhere to varying legal and regulatory requirements in multiple jurisdictions, encompassing manufacturing standards, environmental protection, occupational health and safety, labor laws and trade regulations.

Moreover, we may pursue further growth through strategic investments, mergers, acquisitions, or partnerships, which could expose us to risks including diversion of management attention, integration challenges, increased leverage, shared legal liabilities, or impairment of goodwill and intangible assets. The availability of suitable opportunities, competition for targets, and our ability to secure financing could also impact these efforts, and there is no guarantee of realizing anticipated synergies or returns. If our management, systems, resources, or infrastructure fail to keep pace with planned expansions, we may face difficulties in scaling operations effectively, leading to inefficiencies, higher costs, or inability to meet demand. Consequently, any such failures could materially and adversely affect our business, financial condition and results of operations.

We may fail to expand our product portfolio.

We are strategically expanding our copper-based products. This expansion involves R&D investments, operational complexities, and uncertainties regarding market adoption, and any failure to execute effectively could delay anticipated profitability gains and undermine our competitive position. The emerging sectors we are targeting are in their early stages. However, the growth of these sectors remains uncertain. If these industries develop more slowly than anticipated, our products may face limited uptake, leading to underutilized resources, stranded investments, or asset impairments.

The success of this expansion also hinges on our R&D efforts. There can be no assurance that our R&D initiatives will yield commercially viable products that meet stringent performance criteria, such as enhanced thermal efficiency, electrical conductivity and mechanical durability under intense operational loads, or that we can scale production efficiently without encountering technical hurdles or cost overruns. Any failure to deliver high-performance copper-processed products or scale production for such products may hinder our expansion into the emerging business, resulting in a material adverse effect to our business, financial condition and results of operations.

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Our brand and reputation are integral to our success, and any damage to, or failure to maintain, promote and enhance our brand could reduce customer trust, weaken our competitive position and materially and adversely affect our business, financial condition and results of operations.

Our diverse brand matrix featuring brands including our owned brand, “HAILIANG,” and two acquired brands, “SANCO” and “JMF” is essential for securing new orders, retaining existing customers. Our brand strength relies on consistently delivering high-quality and reliable products, along with effective customer service and support as well as our ability to build and maintain long-term customer relationships. Our brand could be harmed by various factors, many of which may be beyond our control.

We invest in marketing and branding initiatives, but these efforts may be costly and may not generate the anticipated increases in recognition, customer loyalty, or revenue. If we fail to effectively maintain, promote, and enhance our brand, or if our brand is damaged, we may lose customer trust, face longer sales cycles, reduced sales and difficulties entering new applications or markets, which could materially and adversely affect our business, financial condition and results of operations.

Defects or unsatisfactory performance of our products could result in product returns, recalls, reputational damage and loss of customers.

Our products may contain undetected defects or errors stemming from design flaws, material inconsistencies, component failures, or production problems, which could compromise performance or corrosion resistance. If our products cause property damage, personal injury, or operational disruptions, we could face costly legal defenses, divert management attention, and suffer negative publicity that damages our brand. Even incidents involving competitors’ products in the copper-based materials industry could tarnish the sector’s reputation, indirectly affecting our sales and market perception, causing a material adverse effect to our business, financial condition and results of operations.

We are subject to various risks associated with potential acquisitions and investments.

We may pursue acquisitions, joint ventures, or other strategic investments from time to time. These initiatives involve substantial risks, including difficulties in identifying suitable targets or partners, negotiating favorable terms, and integrating acquired operations, technologies, or personnel into our existing structure. In addition, we may misjudge the value of an acquisition target or overpay due to inadequate due diligence, resulting in impairment charges, asset write-offs, or a failure to recoup our investment.

These transactions may require significant capital, and we may be unable to secure sufficient funding on acceptable terms, potentially increasing our reliance on debt financing and leverage. There can be no assurance that any acquisition, joint venture, or strategic investment will deliver the expected benefits or recoup our investments, and failure to do so could lead to financial losses, impaired growth, or competitive setbacks. Consequently, such failures could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be unable to secure additional financing on favorable terms or in a timely manner.

To fund our continuous operations, strategic investments, mergers and acquisitions, production capacity expansion, research and development initiatives, and other business needs, we may require substantial additional financing from external sources to fund our capital expenditures and working capital. Our ability to secure such financing in the future is subject to various uncertainties, including obtaining necessary regulatory approvals, our financial condition, as well as prevailing conditions in financial markets, changes in monetary policies regarding bank interest rates and lending practices, and broader economic factors like inflation or market volatility. We cannot guarantee that we will be able to obtain bank loans, renew existing credit facilities, or access other forms of external financing on favorable terms, or at all, which could constrain our ability to

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pursue growth opportunities, enhance technological capabilities, or maintain operational efficiency. Consequently, any such inability could materially and adversely affect our business, financial condition and results of operations.

We may fail to maintain stable relationships with key customers.

Maintaining stable relationships with key customers is vital to our business. Any reduction in orders, payment delays, or termination of relationships, which are potentially caused by shifts in their procurement policies, mergers, economic pressures, or dissatisfaction with our products, could significantly impact our sales volumes and profitability. Additionally, negative publicity, controversies related to our brand, or industry-wide issues could further strain these relationships.

To sustain growth, we must also attract new customers. If we fail to retain existing customers or attract new ones, our market share could decline, and we may be unable to replace lost business with equivalent or greater volumes. This could result in revenue fluctuations, increased credit risks, collection difficulties, or inability to achieve economies of scale. Consequently, such failures could materially and adversely affect our business, financial condition and results of operations.

We face risks associated with fluctuations in foreign exchange rates.

We are exposed to market risks from fluctuations in foreign currency exchange rates due to our international operations, including transactions, investments and financing activities denominated in currencies other than the RMB. Our overseas businesses are typically settled in local currencies and translated into RMB for consolidated financial reporting, and significant exchange rate volatility between the RMB and currencies like the U.S. dollar, euro, or others could alter our operating income, affect gross profit margins and generate foreign exchange gains or losses between sales recognition and receipt of payments. We may also face challenges from changes in foreign exchange regulations, restrictions on fund remittances, or limitations on the availability and effectiveness of hedging instruments. Currency market volatility could heighten our financing costs, complicate budgeting and planning, and introduce uncertainty into our financial results. If we are unable to effectively manage significant exchange rate fluctuations or related events, we may incur net foreign currency losses or other adverse financial impacts, which could materially and adversely affect our business, financial condition and results of operations.

We are subject to inventory management risks.

Our inventories primarily consist of raw materials, work-in-progress and finished goods. As of December 31, 2023, 2024, 2025 and May 31, 2026, our inventories amounted to RMB7,087.1 million, RMB8,755.1 million, RMB11,791.9 million and RMB14,897.9 million, respectively. Our inventory turnover days for the same periods were 34.6 days, 33.7 days, 46.1 days and 52.1 days, respectively. We cannot guarantee that our inventory levels will align with customer needs or that all stock can be sold within a reasonable timeframe, which may adversely affect our revenue and lead to excess holdings. Conversely, if we underestimate demand or experience supplier delays, we may encounter shortages, resulting in production disruptions, inability to fulfill orders, diminished customer satisfaction, and lost revenue opportunities. Any of these issues could materially and adversely affect our business, financial condition, results of operations, and prospects.

We recorded net cash outflows from operating activities during the Track Record Period, and any continued or future net operating cash outflows could materially and adversely affect our liquidity, financial condition and results of operations.

We recorded net cash outflows from operating activities of RMB853.6 million in 2023, RMB2,353.9 million in 2024, RMB1,792.2 million in 2025, RMB2,838.2 million in the five months ended May 31, 2025 and RMB6,146.9 million in the five months ended May 31, 2026. We cannot assure you that we will always be able to align the timing and amounts of our cash inflows with our payment obligations and other cash outflows. If our operations continue to generate net cash outflows, or if such outflows increase, we may face liquidity constraints. Should we be unable to generate sufficient cash flows from operations or secure adequate alternative funding to support our

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business activities and growth plans, our liquidity position and overall financial condition could be materially and adversely affected. In such circumstances, we may need to rely on additional financing from banks or other sources. There is no assurance that such financing will be available on commercially acceptable terms, in sufficient amounts, or at all. Any failure to obtain necessary funding could restrict our operational flexibility and have a material adverse effect on our business, financial condition and results of operations.

We engage distributors to market and sell our products, over which we may have limited control, and any deterioration in our relationships with distributors could materially and adversely affect our sales volumes, business, financial condition and results of operations.

We engage distributors to broaden our coverage for copper-based products. We cannot assure you that we can effectively manage or oversee our distributors, that they will comply with our agreements and policies, or that they will invest sufficient resources to market, sell, and support our products successfully. Distributors may engage in behaviors that damage our brand or expose us to liability. If distributors misuse our trademarks or other intellectual property, sell unauthorized goods, engage in channel stuffing, or manipulate pricing or territorial restrictions, our brand equity and channel integrity may be impaired, leading to additional enforcement and remediation costs. Distributors may prioritize competing products, experience management turnover, or face liquidity constraints that limit their ability to purchase, stock, or promote our offerings. If a major distributor reduces purchases, becomes insolvent, or terminates its relationship with us, we may not be able to reallocate demand quickly to other channels on comparable terms, resulting in revenue loss, excess or obsolete inventory, and higher sales and support expenses.

We may also face disputes with distributors regarding performance obligations, marketing funds, warranty responsibilities, returns and exchanges, price protection, credits, or territory rights. Resolving such disputes can divert management attention and increase legal and administrative costs. Any deterioration in distributor performance, compliance failures, or adverse changes in our distributor relationships could reduce sales, impair collections, increase costs, and expose us to regulatory and legal risks, any of which could materially and adversely affect our business, financial condition and results of operations.

We are exposed to the credit risks of our customers.

As of December 31, 2023, 2024, 2025 and May 31, 2026, our total trade and notes receivables amounted to RMB5,670.0 million, RMB8,244.1 million, RMB9,414.7 million and RMB12,901.0 million, respectively. Our trade and notes receivables turnover days were 25.3 days, 29.1 days, 38.8 days and 42.3 days in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. We may be exposed to credit risks from our customers and may not be able to collect all such receivables due to factors outside our control, including extended payment cycles, adverse changes in customers’ operating or financial conditions, or broader economic downturns affecting our downstream industries. Any payment delays or defaults could adversely impact our cash flow and financial results. Furthermore, if customers or business partners delay or default on payments, we may not fully recover outstanding amounts, leading to provisions for impairment, write-offs of receivables, and legal costs to enforce our rights. Our business, financial condition and results of operations may be materially and adversely affected if significant trade and bills receivables are not settled on time, or at all.

Any discontinuation or modification of our preferential tax treatment may adversely affect our financial condition and results of operations.

During the Track Record Period, certain of our subsidiaries benefited from preferential enterprise income tax (“EIT”) rates below the standard rate of 25% under the EIT Law of PRC, including a 15% rate applicable to subsidiaries recognized as High and New Technology Enterprises, a 15% rate applicable to subsidiaries qualifying as encouraged-industry enterprises established in the western region, a 20% rate applicable to subsidiaries qualifying as micro and small profit-making enterprises, and a phased exemption and half-rate reduction arrangement under the “Three-Year Exemption and Three-Year Half-Rate Reduction” policy. In addition, our

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subsidiary in Vietnam is subject to a preferential CIT rate of 10% for the first 15 years of production and operation, our subsidiary in Thailand benefits from a corporate income tax exemption on profits generated from February 2022 to February 2025 pursuant to the investment incentive policies of the Board of Investment of Thailand, our subsidiaries in Morocco are entitled to a five-year corporate income tax exemption and value-added tax exemption by virtue of their establishment in tax-free zones, and our subsidiary in Indonesia is currently in a 20-year enterprise income tax exemption period commencing from the year it commenced commercial production in 2024. We recorded income tax expense of RMB212.3 million, RMB47.1 million, RMB231.1 million, RMB80.0 million and RMB192.8 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively, reflecting in part the impact of such preferential treatments. However, there can be no assurance that we will continue to satisfy the prescribed eligibility criteria, that relevant qualifications will be successfully renewed upon expiry, or that the applicable tax policies and incentive regimes will not be amended, reduced or withdrawn by the relevant authorities, any of which could result in a materially higher effective tax rate and adversely affect our financial condition and results of operations.

We may not continue to benefit from government grants, subsidies and other governmental incentives.

During the Track Record Period, we received various government grants and subsidies, certain of which were non-recurring in nature or subject to periodic review by the relevant authorities. The government grants awarded to us which were recognized in other income amounted to RMB140.3 million, RMB164.3 million, RMB227.5 million, RMB57.2 million and RMB47.4 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. There can be no assurance that such financial incentives will continue to be available on the same terms, or at all, in the future. The relevant governmental authorities may revise, reduce or discontinue existing support measures from time to time, and certain subsidies currently available to us may expire upon review or may not be renewed. In addition, we may not be able to successfully obtain or renew available government support programs in a timely manner, or at all. Any reduction, suspension or termination of such financial incentives could increase our operating costs and adversely affect our business, financial condition, results of operations and prospects.

We may be required to recognize further impairment losses on goodwill, which could adversely affect our results of operations and financial condition.

We recognized goodwill of RMB326.1 million, RMB268.9 million, RMB229.5 million and RMB228.4 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. Under applicable accounting standards, goodwill is not amortized but is subject to impairment testing at least annually, or more frequently if events or changes in circumstances indicate that it may be impaired. See “Financial Information — Discussion of Certain Key Balance Sheet Items — Intangible Assets.” During the Track Record Period, we recognized goodwill impairment losses in respect of certain cash-generating units (“CGU”) or group of CGUs, and there can be no assurance that additional impairment losses will not be required in the future. The determination of the recoverable amount of a CGU involves significant management judgment. Key assumptions include revenue growth rates, profit margins, perpetual growth rates and pre-tax discount rates. These assumptions are inherently uncertain and may be affected by factors beyond our control, including changes in macroeconomic conditions, industry demand, competitive dynamics, raw material price fluctuations, regulatory developments, operating performance of the relevant businesses and the successful implementation of our business strategies. In particular, if the relevant CGU fail to achieve the expected operating results, profitability improvements or growth prospects reflected in the impairment assessment, the recoverable amount of such cash-generating units may decline. As a result, we may be required to recognize further impairment losses on goodwill. Any such impairment losses would be recognized in profit or loss and could materially and adversely affect our results of operations, financial condition and [REDACTED] perception of our business and prospects.

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We may not be able to fully utilize our deferred tax assets.

The recognition of deferred tax assets requires significant judgments, estimates and assumptions regarding the carrying amounts and recoverability of such assets. As of December 31, 2023, 2024, 2025 and May 31, 2026, our deferred tax assets amounted to RMB302.3 million, RMB495.1 million, RMB608.2 million and RMB613.0 million, respectively. Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that sufficient taxable profits will be available in the future against which those temporary differences or losses can be utilized. This assessment involves significant judgment regarding the tax treatment of certain transactions during the ordinary course of business, as well as estimates of the probability, timing and amount of future taxable profits. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, but actual outcomes may differ from those estimated. If future taxable profits are lower than expected, or if we are unable to generate sufficient taxable profits within the periods in which the temporary differences reverse or tax losses can be carried forward, we may not be able to fully utilize our deferred tax assets. In such circumstances, we may be required to reduce the carrying amount of these assets with a corresponding charge to profit or loss, which could have a material adverse effect on our financial condition and results of operations.

We may not be able to fulfil our obligations in respect of contract liabilities.

Our contract liabilities during the Track Record Period primarily consisted of advances from customers before fulfilling performance obligations. As of May 31, 2026, we recorded contract liabilities of RMB404.3 million. There is no assurance that we will be able to fulfill our contractual obligations in respect of contract liabilities. If we are unable to fulfill our contractual obligations in a timely manner or at all due to supply chain disruptions, production delays or other operational issues, we may not be able to recognize the corresponding amounts as revenue. In addition, customers may demand refunds of their prepayments, which could place significant strain on our cash flow and liquidity position. Failure to satisfy our performance obligations could also damage our relationships with affected customers, leading to loss of repeat business, reduced orders or termination of contracts. Any such developments could materially and adversely affect our reputation, business, liquidity, financial condition and results of operations.

We are subject to liquidity risk associated with investments in associates.

We have made investments in certain associates during the Track Record Period, with aggregate carrying amounts of RMB2,057.6 million, RMB2,023.2 million, RMB2,023.8 million and RMB2,010.9 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. As we do not control these associates, we have limited ability to influence their business strategies, operations, management decisions, dividend policies or other matters that may affect the value of, or returns from, our investments in them, and we cannot compel them to declare or distribute dividends. Accordingly, the timing and amount of any returns from such investments are uncertain and depend on, among other things, the operating and financial performance of these associates and the decisions of their respective shareholders and management, which may not align with our interests. In addition, our equity interests in these associates are illiquid, as there is no public market for such interests, and any disposal may be subject to statutory pre-emptive rights of other shareholders under applicable laws and transfer restrictions under the relevant shareholders' agreements or constitutional documents, and therefore may not be effected in a timely manner or at a price acceptable to us, or at all. Furthermore, if the financial condition or operating performance of these associates deteriorates, we may be required to recognize our share of their losses or impairment losses on our investments in them. Any of the foregoing could materially and adversely affect our liquidity, cash flows, financial condition and results of operations.

Any negative publicity and allegations involving us may damage our reputation.

The ability to attract and retain customers depends not only on maintaining a strong market position but also on the long-standing reputation we have established within the industry. It is also crucial for us to deliver clear and credible communication of our corporate values, social contributions and environmental commitments. Failure to achieve these objectives may result in diminished customer confidence, reduced market share and slower growth. Any negative publicity

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concerning our Group, management, shareholders or other key personnel could undermine trust from our customers, business partners and other stakeholders. Misinformation or unfavorable commentary disseminated through social media and other platforms can spread rapidly, amplifying reputational damage. Such developments may lead to declining sales, increased expenditure on public relations and crisis management and greater challenges in expanding our customer base. Prolonged impairment of our reputation could weaken our competitive position and materially and adversely affect our business, financial condition and results of operations.

Failure to retain or recruit key management and qualified personnel could materially and adversely affect our business, financial condition, results of operations and prospects.

Our success largely depends on the capabilities of our key management and other personnel with specialized skills, as well as our ability to attract, recruit and retain such talent. However, an increasingly competitive job market, evolving employment conditions and the limited supply of skilled professionals may significantly affect our ability to maintain a strong and efficient workforce. Even if we succeed in hiring new employees that are comparable, their onboarding and training require substantial time and resources, which may temporarily affect production and service and limit our growth potential. Newly hired employees may not achieve expected performance in the short term, impacting operational efficiency and service quality, which in turn could reduce customer satisfaction and hinder business growth. Moreover, new employees need time and experience to adapt to our corporate culture and operating model, which may disrupt operations during the transition period and increase costs. More critically, if key personnel join competitors after leaving us, it could result in the leakage of technology, customer resources and market intelligence, further intensifying the challenge of maintaining our competitive advantage. Therefore, the loss of key management or specialized personnel could impede the execution of our business strategies, diminish our R&D capability, weaken customer relationships and materially and adversely affect our financial condition and operating results.

We may fail to defend our intellectual property rights.

Our intellectual property rights may be challenged, invalidated, circumvented, infringed or misappropriated by third parties. Inadequate protection could enable competitors to manufacture counterfeit products or misappropriate our commercial identity. Enforcement actions, including litigation, may be protracted and costly, with no certainty of success. Claims we pursue may result in counterclaims alleging infringement of third-party rights, and certain competitors may possess greater resources to assert or defend intellectual property claims. Adverse outcomes in litigation could render our rights invalid, unenforceable or subject to restrictive interpretation, and even favorable judgments may fail to yield meaningful compensation to us. Some of our applications remain pending, and there is no assurance that we may receive timely or ultimate approval. Furthermore, we may lack sufficient protection coverage in certain jurisdictions where we operate.

We seek to preserve the confidentiality of these assets through agreements with employees and business partners, including non-disclosure and non-compete provisions. However, we cannot assure you that these measures will provide effective or comprehensive protection for the trade secrets and industry know-how we have developed. Any failure to obtain, maintain, protect or enforce our patents, trademarks, trade secrets or other intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Third parties may assert or claim that we are infringing upon their intellectual property and proprietary rights, which could divert management's attention, cause us to incur additional costs and prevent us from selling or using the technology.

Some competitors maintain extensive intellectual property portfolios and may allege that our anticipated commercial use of certain technologies infringes or misappropriates their intellectual property rights, particularly during the registration process. Even unfounded allegations can lead to significant disruption, as intellectual property litigation is frequently used as a strategic tool to delay market entry or impose financial pressure. Assessing infringement risk is inherently complex. There is no assurance that we will not be exposed to the undesired incidents.

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In addition, we may face exposure to claims involving trade secrets and proprietary information. During employee onboarding, technical collaborations or business integrations, we may inadvertently access third-party confidential information. Unauthorized use or disclosure of such information, even if inadvertent, could lead to allegations of trade secret misappropriation, resulting in injunctions, litigation and significant financial liabilities. Defending such claims, regardless of merit, may require considerable resources and disrupt our operations. Any of the foregoing outcomes could materially and adversely affect our business, financial condition, results of operations and future prospects.

Our transfer pricing practices could be challenged or adjusted by tax authorities in the jurisdictions where we operate.

We have adopted transfer pricing arrangements among our group companies to regulate intra-group transactions. As such, our Group’s tax position may be subject to the review and possible challenges by the relevant government authorities. In the event that our Group’s tax position is subject to review and possible challenge by tax authorities in multiple jurisdictions or there is a change in the tax policy and relevant tax laws in these countries and regions, it may adversely affect our Group’s financial position and results of operation. In addition, tax authorities may impose penalties, interest or require back payments, which could increase compliance costs, create cash flow pressure and even lead to cross-border tax disputes. These developments could materially and adversely affect our business, financial condition, results of operations and prospects. See “Business — Transfer Pricing.”

We are subject to risks relating to third-party payment arrangements.

During the Track Record Period, certain of our overseas customers settled payments through third-party payors that were not the contracting counterparties (the “**Third-Party Payment Arrangements**”). See “Business — Third-Party Payment Arrangements.” For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, payments received under Third-Party Payment Arrangements amounted in aggregate to RMB169.8 million, RMB236.9 million, RMB389.5 million and RMB111.7 million, representing approximately 0.2%, 0.3%, 0.5% and 0.3% of our total revenue in the respective years/period. Third-party payors are not contractually obliged to make payments to us. If a third-party payor disputes the payment or seeks repayment on the grounds that it was not authorized or that the underlying transaction was invalid, or if a third-party payor becomes subject to insolvency proceedings and its liquidator or administrator challenges the payment, we may face claims for the return of funds already received. Defending or settling any such claims could require significant financial resources and management attention and, if unsuccessful, could result in material financial losses. We also face potential sanctions and anti-money laundering risks in relation to Third-Party Payment Arrangements. If any competent authority initiates an investigation, enquiry or proceeding against us in connection with sanctions violations, money laundering or other compliance issues related to Third-Party Payment Arrangements, whether historical or residual, we may be subject to fines, restrictions on our operations, reputational damage or other adverse consequences. Any of the foregoing risks, if materialised, could adversely affect our reputation, business, financial condition and results of operations.

Any delays, improper handling or increases in warehousing or transportation costs of our third-party warehouses and logistics providers could materially and adversely affect our business, financial condition, results of operations and prospects.

During the Track Record Period, we utilize third-party warehousing services for finished products, which may expose us to improper storage conditions. These issues may lead to product quality deterioration, inventory backlog or delays in shipment. With respect to third-party logistics services, risks primarily include product damage during transportation due to mishandling and delivery delays caused by labor shortages, equipment failures, traffic congestion or extreme weather conditions. In addition, if logistics service providers fail to fulfill contractual obligations, we may

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experience disruptions in order fulfillment and adverse impacts on customer relationships. If our existing third-party warehousing or logistics service providers fail to perform their services in a timely and reliable manner, or if we are unable to identify substitute providers on commercially reasonable terms, or at all, we may face interruptions in order fulfillment and delays in customer delivery. Any of these circumstances could materially and adversely affect our business, financial condition, results of operations, and prospects.

We may face deterioration in labor relations, labor shortages or significant increases in labor costs.

Failure to recruit sufficient and compatible employees may result in reduced productivity. Any deterioration in labor relations, including disputes or strikes, could disrupt our operations, delay production schedules and cause substantial harm to our reputation. Additionally, any labor-related laws and regulations in jurisdictions where we operate may increase our compliance costs, and our failure to comply with any of these laws may incur litigations and labor disputes that strain our relationships with our employees. Such incidents may lead to personal harm, legal liabilities, regulatory investigations, increased insurance claims and negative publicity, all of which could amplify operational and financial risks. In addition, during these peak periods, our existing workforce for the respective product line may be insufficient to meet surging demand. Recruiting temporary staff can be challenging and may result in higher labor costs or delays in fulfilling customer orders, and such temporary staff may lack the experience of regular employees.

Furthermore, if we fail to effectively manage labor relations, maintain adequate staffing levels or control labor costs, our business operations, financial condition and operating results could be materially and adversely affected.

We may from time to time become party to litigation, other legal and contractual disputes, claims and administrative proceedings.

We may from time to time become involved in litigation, legal and contractual disputes, claims and administrative proceedings. Legal proceedings are inherently uncertain, and unfavorable outcomes such as monetary damages, injunctive relief or settlements could impose significant financial obligations, increase operational costs and divert management attention from core business activities. In addition, litigation or administrative proceedings may also attract negative publicity and media coverage, damaging our brand image and eroding customer and investor confidence. Furthermore, involvement in legal disputes could trigger additional regulatory scrutiny or investigations, potentially leading to heightened compliance requirements or further penalties. Failure to effectively manage or resolve these matters in a timely manner could disrupt business continuity, delay projects, lead to termination of contracts or loss of customers and materially and adversely affect our business, financial condition, results of operations and future prospects.

A member of our Substantial Shareholders has pledged shares, which may lead to potential ownership disputes.

As of the Latest Practicable Date, Hai Liang Group, one of our Substantial Shareholders, has pledged certain A Shares, representing approximately 6.46% of the total issued share capital of our Company. See “Substantial Shareholders.” Under applicable PRC regulations, including the Overseas Listing Trial Measures promulgated by the CSRC, an issuer may be subject to restrictions on overseas listings if its controlling shareholder, or shareholders under its control, hold shares that are subject to material ownership disputes arising from pledges, freezes, or involvement in litigation or arbitration. Upon the occurrence of an event of default under the relevant financing arrangements, such as, among others, failure to repay, misrepresentation, or breach of certain covenants, the lenders may exercise their rights against Hai Liang Group, including enforcing their security interests over all pledged shares in our Company through legal proceedings. In such circumstances, Hai Liang Group may be unable to retain its current level of shareholding in our Company.

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We are subject to risks relating to our owned and leased properties.

We may be required to relocate or dismantle certain sites, facilities or structures if we fail to obtain valid title certificates for the underlying land parcels or the buildings on them, or if we do not have legally enforceable property lease agreements or other contractual rights to occupy the premises. In addition, if the landowners of the properties we use have defects in their title, our right to use these premises may be invalid or subject to third-party claims or disputes. From time to time, we may also face disagreements with landlords or local authorities regarding lease terms, permitted land use or access rights in China and overseas. Such disputes could disrupt our operations or limit our ability to maintain access to our sites. There is a risk that landowners may refuse to renew leases, revoke access or transfer their interests to third parties. In some cases, landowners may lose their legal rights to the property or exercise their right to reclaim possession, which could prevent us from renewing leases on commercially acceptable terms. Any interference with our rights to use these properties, whether due to title defects, failure to renew leases or third-party claims, could adversely affect the stability of our operations and have a material negative impact on our business, financial condition and results of operations.

We face risks in relation to social insurance and house provident funds contributions.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds strictly in accordance with employees’ actual wages as the contribution base. Pursuant to the Social Insurance Law of the People’s Republic of China (《中華人民共和國社會保險法》) and the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), the relevant authorities may order an employer to rectify any shortfall within a prescribed period, together with late payment charges at a daily rate of 0.05% for social insurance and, in the case of continued non-compliance, impose fines up to three times the shortfall amount for social insurance or apply to a people’s court for compulsory enforcement for housing provident funds.

As of the Latest Practicable Date, we had not received any notification from the competent authorities imposing penalties in respect of social insurance or housing provident fund contributions. See “Business — Employees.” If the relevant authorities were to require us to settle historical shortfalls, together with any applicable late charges, fines or enforcement costs, or if we otherwise become subject to administrative penalties in connection therewith, we may incur material liabilities, which could materially and adversely affect our financial condition and results of operations. Furthermore, under the Supreme People’s Court’s Interpretation (II) on Several Issues Concerning the Application of Law in 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)》) (the “**New Judicial Interpretation**”, any arrangements to wavier social insurance contribution is deemed invalid and employees are entitled to terminate employment agreement and seek economic compensation. See “Regulatory Overview.” As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court.

Our insurance coverage may not be sufficient.

We maintain various insurance policies including accident insurance, property insurance and liability insurance for senior management personnel. There can be no assurance that such coverage will fully compensate us for all potential losses. Certain risks may fall outside the scope of our policies or exceed applicable coverage limits.

Any uninsured or underinsured occurrence of unforeseen events such as business interruptions, legal disputes or natural disasters could result in claims that surpass our insurance coverage. In such circumstances we may be required to bear substantial financial burdens which could materially and adversely affect our business, financial condition and results of operations. Furthermore, there can be no assurance that we will be able to successfully recover losses under our

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existing insurance policies in a timely manner or at all. If we incur any loss that is not covered by our insurance policies or if there is any significant shortfall between compensation received and actual losses incurred, our business, financial condition and prospects could be materially and adversely affected.

Force majeure events, such as natural disasters, adverse weather conditions, public health and public security hazards, may severely disrupt our business and operations.

Our business is vulnerable to force majeure events that are beyond our control, such as natural disasters, extreme weather, public health emergencies and security threats. Our operations may face threats from floods, earthquakes, dust storms, snowstorms, fires or droughts as well as shortages of power, water or fuel. They may also be affected by malfunctions, breakdowns and failures of information management systems or unexpected maintenance and technical problems. In addition, our operations could be vulnerable to severe natural disasters, acts of war or terrorist attacks, as they may result in loss of life, injury, destruction of assets, disruption of our business and operations, and impair our markets. These factors may create uncertainty in the regions where we operate and result in losses that cannot be predicted, materially and adversely affecting our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Uncertainties in global economic, political and social conditions could materially and adversely affect our business, financial condition, results of operations and prospects.

Global economic, political, and social conditions are evolving rapidly and remain uncertain. Geopolitical tensions and conflicts, energy crises, inflationary pressures, interest rate hikes, financial system instability and monetary policy tightening have introduced additional challenges and unpredictability to the global economy. In addition, the U.S. and other jurisdictions from time to time unilaterally impose tariffs, sanctions and export control measures that may materially affect targeted countries, markets and entities. Chinese companies may be impacted by such actions. We may also face risks when dealing with business partners affected by tariffs, sanctions or export controls. As a result, we could be required to incur additional costs to comply with complex regulatory regimes and could face penalties for any violations, even if inadvertent.

Majority of our operations are located in China. Accordingly, our business, financial condition, results of operations, and prospects are significantly influenced by political, economic, and social conditions in China, as well as by the sustained growth of China’s economy. Although the Chinese economy has experienced substantial growth and the government has implemented measures to encourage further development, these measures may not benefit us to the same extent as the broader economy. Any actual or perceived economic downturn, deceleration in growth, or increased uncertainty in China or any other markets in which we operate could adversely affect our business, financial condition, results of operations and prospects.

Changes in global and regional macroeconomic conditions and geopolitical developments could materially and adversely affect our business, financial condition and results of operations.

Regional and global economic growth has slowed in recent years, with the long-term impacts of monetary and fiscal policies adopted by major economies remaining uncertain. Heightened geopolitical tensions introduce further unpredictability. Regional conditions are sensitive to global trends, domestic policy shifts and changes in expected growth rates, and it is unclear how or when these challenges will be resolved. A downturn or slowdown in economic activity, prolonged inflationary or deflationary pressures, higher interest rates, currency volatility, supply chain disruptions, or negative business sentiment could reduce demand in our industry and for our copper

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processed products. Continued volatility in international markets could also constrain our access to capital or increase financing costs, thereby impacting our liquidity and growth plans. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Any uncertainties embedded in the legal systems of certain geographic markets where we operate could affect our business, financial condition and results of operations.

We conduct operations across multiple jurisdictions with diverse legal systems, including civil law and common law frameworks. In civil law systems, such as the PRC, prior court decisions generally have limited precedential value and are cited primarily for reference. Legal systems in some jurisdictions where we operate vary significantly, and laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and their application to our businesses may not be settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce contractual rights or claims. In addition, regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats aimed at extracting payments or benefits from us.

Furthermore, many legal systems in our operating jurisdictions are based in part on respective policies and internal rules, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise, or missing, or where interpretations adopted by regulators are inconsistent with those by courts in analogous cases. As a result, we may not be aware of violations of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain regions may be protracted, resulting in substantial costs and diversion of resources and management attention. It is possible that a number of laws and regulations may be adopted or construed to apply to us in the jurisdictions where we operate, potentially increasing scrutiny and regulations in our industry. We may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations, or the imposition of new ones, may slow down industry growth and materially and adversely affect our business, financial condition and results of operations.

You may have limited recourse in effecting services of legal process or enforcing overseas judgments against us, our Directors and our senior management.

A substantial part of our assets, and a majority of our Directors and senior management, are located in China. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC may be difficult. As a result, it may be difficult and time-consuming to effect service of process upon our Directors and senior management outside the PRC. In addition, [REDACTED] may also experience difficulties in seeking recognition and enforcing foreign judgments in the PRC if there is a lack of reciprocal recognition and enforcement of judicial rulings and awards of other jurisdictions. Furthermore, although we will be subject to the Listing Rules and the Takeovers Code upon the [REDACTED] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Furthermore, the Takeovers Code does not have the force of law and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share repurchases in Hong Kong.

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Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《中華人民共和國最高人民法院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 from January 29, 2024 and promulgated by the Supreme People’s Court, a party holding an enforceable final judgment from a designated people’s court of the PRC or a designated court in Hong Kong in respect of civil and commercial cases (excluding certain specified types) and civil damages in criminal cases may apply for recognition and enforcement of that judgment in the relevant people’s courts of the PRC or courts of Hong Kong.

Certain of our foreign exchange transactions are subject to regulatory requirements over foreign currency conversion.

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange; however, 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 their local branch unless otherwise permitted by 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 affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

Our payment of dividends is subject to restrictions under applicable laws and regulations.

As a holding company, we depend on dividends and other distributions from our subsidiaries to meet our cash requirements, including funding operational expenses, capital expenditures, and servicing any debts our Group may incur. However, our ability to receive such dividends is subject to restrictions under applicable laws and regulations in the jurisdictions where our subsidiaries operate. For example, under PRC law, dividends from our PRC subsidiaries may be paid only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. Moreover, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserves, except where such reserve has reached 50% of its registered capital. These reserves are not distributable as cash dividends. In addition, if any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may impose restrictions on its ability to pay dividends or make other payments to us.

The inability of our subsidiaries to distribute dividends or other payments to us, due to these restrictions, insufficient profits, or other factors, could significantly limit the liquidity available for our business development, growth initiatives, or debt obligations. This could constrain our ability to pursue strategic investments, expand production capacity, or meet financial commitments, thereby materially and adversely affecting our liquidity, financial condition and results of operations.

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Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate.

Under the Enterprise Income Tax Law of the PRC, enterprises are generally subject to a standard income tax rate of 25%. Additionally, the PRC government periodically revises its tax policies, including those related to value-added tax, business tax, resource tax, fuel and oil tax, property development tax, and other levies. Non-compliance with applicable tax laws and regulations may lead to administrative penalties or fines imposed by the relevant tax authorities. Any such changes or penalties could adversely affect our business operations, financial condition, and results of operations.

We also conduct business in various overseas jurisdictions, where we are subject to different tax regimes. Given the diversity and complexity of tax laws across regions — covering areas such as corporate income tax, foreign contractor tax, personal income tax, and poll tax — our international operations may be exposed to risks arising from changes in foreign tax policies. Furthermore, we may be required to exercise judgment in interpreting and applying tax rules to certain business activities, which may involve uncertainties and potential tax exposures.

Non-PRC Holders of our H Shares may be subject to PRC income tax obligations.

Under the current tax laws and regulations in China, non-Chinese resident individuals and non-Chinese resident enterprises are subject to different tax obligations with respect to dividends paid to them by us and the gains realized upon the sale or other disposition of our H Shares.

Under IIT law, non-Chinese resident individuals are required to pay individual income tax at a rate of 20% on interest, dividends and bonuses they obtain from China. Accordingly, we are required to withhold such tax from dividend payments, unless our overseas individual resident shareholders may, pursuant to the tax treaties signed between China and the country of residence to which their resident status pertains, and pursuant to the tax arrangements between the Chinese Mainland and Hong Kong (Macao), be entitled to the relevant preferential tax treatment. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 issued by the SAT (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), domestic non foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excess tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

For non-Chinese resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《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》) issued by the SAT, such tax rate has been reduced to 10%.

If there is any development in the applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your [REDACTED] in our H Shares may be adversely affected.

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RISKS RELATING TO THE [REDACTED]

We will be concurrently subject to [REDACTED] and regulatory requirements of the PRC and Hong Kong.

As we are listed on the Shenzhen Stock Exchange and will be [REDACTED] on Hong Kong Stock Exchange, we will be required to comply with the applicable listing rules and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and consume additional resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the Shenzhen Stock Exchange, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange, and following the [REDACTED], our H Shares will be [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange. Under current PRC laws and regulations, A Shares and H Shares are not interchangeable or fungible without prior approval from the relevant authorities, and there is no cross-market [REDACTED] or settlement mechanism between the two markets. Due to differences in market characteristics, including [REDACTED] volume, liquidity, [REDACTED] composition, and the level of participation by retail and institutional [REDACTED], the performance of our A Shares and H Shares may vary significantly. Consequently, the [REDACTED] prices of our A Shares and H Shares may not be directly comparable. Nonetheless, price fluctuations in one market may influence the other. Given these differences, the historical [REDACTED] performance of our A Shares may not serve as a reliable indicator of the future performance of our H Shares. [REDACTED] should therefore exercise caution and not place undue reliance on the past trading history of our A Shares when evaluating an [REDACTED] in our H Shares.

There has been no prior public market for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the [REDACTED], there has not been a public market for our H Shares. While we have applied to [REDACTED] and [REDACTED] the H Shares on the Stock Exchange, we cannot assure you that an active or liquid public market for our H Shares will develop or be sustained if developed. The [REDACTED] of the H Shares will be determined through negotiations between us and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and it may not necessarily be indicative of the market [REDACTED] of the H Shares after the [REDACTED] is complete. An [REDACTED] who [REDACTED] H Shares in the [REDACTED] may not be able to resell such H Shares at or above the [REDACTED] and, as a result, may lose all or part of the [REDACTED] in such H Shares.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could materially and adversely affect the market [REDACTED] of our H Shares.

The market [REDACTED] and [REDACTED] volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, could cause large and sudden changes to the market [REDACTED] and [REDACTED] volume at which our H Shares will [REDACTED], such as:

- variations in our revenue, earnings and cash flow;
- announcement of new investments, strategic alliances or acquisitions;
- any unexpected business interruptions resulting from natural disasters or power shortages;
- any major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;

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- our inability to compete with our competitors effectively;
- political, economic, financial and social developments;
- fluctuations in market prices for our products or raw materials; or
- the removal of the restrictions on H share transactions.

The Stock Exchange and other securities markets have, from time to time, experienced significant [REDACTED] and [REDACTED] volume volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market [REDACTED] of our H Shares.

You will incur immediate and substantial dilution, and may experience further dilution in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] net tangible asset value. In order to expand our business, we may consider [REDACTED] and [REDACTED] additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per share of their Shares if we [REDACTED] additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Actual or perceived sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares.

The market [REDACTED] 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 [REDACTED] 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.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.

Our historical dividends may not be indicative of our dividend policy in the future. We cannot guarantee when and in what form dividends will be paid on our Shares after the [REDACTED]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot guarantee that we will make/can make dividend payments on our Shares in the future. If we retain most, or all, of our available funds and any future earnings after the [REDACTED] to fund the development and commercialization of our pipeline products, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an [REDACTED] in our Shares as a source for any future dividend income. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future financial condition and cash flow, our capital requirements and surplus, the number of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other

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factors deemed relevant by our Board. Accordingly, the return on your [REDACTED] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the [REDACTED] or even maintain the price at which you purchased the Shares. You may not realize a return on your [REDACTED] in our Shares and you may even lose your entire [REDACTED] in our Shares.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “going forward”, “intend”, “plan”, “project”, “seek”, “expect”, “may”, “ought to”, “should”, “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this document to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

Certain facts, forecasts and other statistics in this document are derived from government publications, which have not been independently verified and may not be reliable.

Certain facts, projections, and statistical data presented in this document are sourced from official government publications. While we believe these sources to be reliable and have exercised reasonable care in compiling and presenting such information, we cannot guarantee their accuracy or completeness. These materials have not been independently verified by us or any of our affiliates or professional advisors. Due to potential limitations in data collection methods, inconsistencies between published data and actual market practices, or differences in statistical standards across jurisdictions, the information presented may be inaccurate or not directly comparable to data from other economies. [REDACTED] should therefore exercise caution and consider the relevance and reliability of such information when making [REDACTED] decisions.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this Document. As a result, prospective [REDACTED] in our H Shares are reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Document and the [REDACTED]. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this Document, the [REDACTED] and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

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You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

There may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED], which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED]. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of the information contained this document only and should not rely on any other information.