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You should carefully consider all of the information set out in this document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The [REDACTED] of our H Shares could decline due to any of these risks, and you may lose all or part of your [REDACTED]. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

There are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the PRC; and (iii) risks relating to the [REDACTED]. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and financial performance are subject to the industries of our downstream customers.

Our business and financial performance are directly tied to the health, growth, and cyclicity of our downstream customers’ industries. We operate as a critical upstream supplier of electrolytic copper foil, meaning our business is inherently exposed to the market dynamics and demand fluctuations of our two distinct product pillars, namely lithium battery copper foil and electronic circuit copper foil. Our success is therefore contingent upon the sustained performance and growth of critical technology sectors such as NEV, ESS, robotics, consumer electronics, AI infrastructure, and telecommunications.

For our lithium battery copper foil products, demand is predominantly driven by the adoption rates of NEV, the expansion of ESS and consumer electronics, among others. Specifically, as the core component supporting the electrification of transportation tools, the global shipment volume of power batteries used in NEVs is expected to increase from 1,969.2 GWh in 2026 to 4,386.1 GWh in 2030, representing a CAGR of 22.2%, according to Frost & Sullivan. In addition, benefiting from the robust demand for ESS, the global shipment volume of energy storage batteries is expected to increase from 851.9 GWh in 2026 to 1,704.3 GWh in 2030, representing a CAGR of 18.9%, according to the same source. These two major downstream industries provide fast-growing market opportunities for our business. This demand is influenced by numerous factors beyond our control, including government subsidies and regulations, consumer preferences, technological advancements in battery chemistry, including the emergence of solid-state batteries, the development of alternative energy systems, and general macroeconomic conditions that affect capital expenditure and consumer spending. Although demand has grown significantly in recent years, we cannot assure you that this trend will continue.

Similarly, demand for our electronic circuit copper foil products is heavily dependent on capital investment cycles in 5G/6G network deployment, data center construction, the adoption of AI technologies, as well as consumer electronics upgrade cycles, among others. Specifically, according to Frost & Sullivan, the global market size of network communication PCBs is expected to increase from RMB96.9 billion in 2026 to RMB135.3 billion in 2030, representing a CAGR of 8.7%, the global market size of automotive electronics PCBs is expected to grow from RMB74.1 billion in 2026 to RMB82.6 billion in 2030, representing a CAGR of 2.8%; and the global market size of AI and computing PCBs is expected to grow from RMB124.4 billion in 2026 to RMB458.4 billion in 2030, representing a CAGR of 38.6%. A slowdown in any of these key downstream markets, due to technological shifts, economic downturns, or decreased investment, could lead our customers to reduce, delay, or cancel orders, which would have a material adverse effect on our revenue, profitability, and overall financial condition.

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Our collaborative business model, which involves co-designing products with key customers, further intensifies this exposure. This deep integration means that our production and revenue cycles are closely synchronized with our customers’ product development and launch timelines. A delay or cancellation of a customer’s major project would directly affect our business, financial condition and results of operations.

Further, our capacity expansion plans are based on forecasts of continued market growth. If demand in our target end-markets grows more slowly than anticipated, stagnates, or declines, we may face underutilization of our expanded production capacity. Overcapacity would lead to lower economies of scale, higher fixed costs per unit, reduced operational efficiency, and downward pressure on prices and margins, all of which could significantly and adversely affect our financial results.

Our business and financial performance are subject to cyclical and significant competitive pressures inherent in the electrolytic copper foil industry.

The electrolytic copper foil industry is characterized by intense competition and periodic fluctuations in supply and demand. During periods of rapid capacity expansion, the market can experience structural oversupply, leading to a decrease in our sales volume or heightened price competition or both, particularly in standard product segments, which exerts downward pressure on processing fees and profitability. Conversely, supply may tighten during phases of strong downstream demand or when capacity growth slows, potentially improving industry pricing dynamics. Our ability to maintain or improve profitability depends on successfully navigating these cycles. As of the Latest Practicable Date, we were in the market recovery stage of the economic cycle of the electrolytic copper foil industry with its high-end segments seeing robust growth, according to Frost & Sullivan. We expect that our industry will continue to prosper in the next five years. See “Financial Information — Major Factors Affecting Our Results of Operations — Our financial performance is subject to cyclical change of the electrolytic copper foil industry.”

We compete with numerous established domestic and international manufacturers on factors including price, technology, product quality, customer relationships, and production capacity. According to Frost & Sullivan, there was approximately 200 electrolytic copper foil manufacturers in China as of December 31, 2025, among which eight outperformed us in terms of sales volume in 2025. If we fail to compete effectively, through continuous technological advancement, cost management, or customer retention, our market share, pricing power, and operating results could be materially and adversely affected. Additionally, technological innovation is critical, any delays or failures in developing and commercializing next-generation products could undermine our competitiveness and result in significant sunk research and development costs.

Long-term industry dynamics are expected to drive consolidation. Our ability to identify, finance, and execute strategic opportunities in this environment is not assured. Any failure to participate effectively in industry consolidation could hinder our ability to achieve the scale, customer diversification, and operational synergies necessary to sustain a leading market position, which would adversely affect our long-term growth and profitability.

We have a high concentration of customers.

During the Track Record Period, we generated a substantial portion of our revenue from our major customers. Specifically, our five largest customers in each period during the Track Record Period accounted for 85.8%, 87.3%, 83.1% and 82.4% of our total revenue in the same periods, respectively, and our single largest customer in each period during the Track Record Period accounted for 48.5%, 62.2%, 58.8% and 54.9% of our total revenue in the same periods, respectively.

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Our business model is characterized by strategic, long-term partnerships with leading industry players. This is a well-established norm in the electrolytic copper foil industry, where suppliers typically maintain close, stable cooperative relationships with major battery manufacturers and PCB producers. As such, deriving a significant portion of our revenue from a concentrated customer base reflects standard industry practice.

However, our reliance on these major customers subjects us to the concentration and counterparty risk from these customers. We cannot assure you that we will be able to maintain our relationships with our major customers in the future. Moreover, we cannot guarantee that our major customers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance or financial condition of our major customers may result in material adverse impact on their business with us. For example, if our major customers cease to purchase our products, there can be no assurance that we will be able to find new customers with similar level of demands on comparable commercial terms within a reasonable period of time, or at all. Should any of these occur, our business, financial condition, results of operations and profitability may be adversely affected. See “Business — Customers — Our Relationship with Customer A.”

We had net cash outflows from operating activities in 2024, 2025 and the six months ended June 30, 2026. If we continue to have negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected.

Our operating activities recorded net cash outflow of RMB715.4 million, RMB416.0 million and RMB934.7 million in 2024, 2025 and the six months ended June 30, 2026, respectively, while net cash inflow of RMB106.2 million in 2023. See “Financial Information — Liquidity and Capital Resources — Cash Flows.”

Our ability to generate net operating cash inflows is affected by various factors, many of which are beyond our control, such as the ability to achieve sustainable profitability, carry on our business activities in an efficient manner, the ability to effectively manage payables and receivables for the purpose of liquidity, changes in general market conditions and the regulatory environment and competition in certain technology sectors in which we operate. Any adverse change in any of these factors, which may be out of our control, may create capital shortfall and could adversely affect our liquidity. We cannot guarantee that our cash from operating activities will improve, and there is no assurance that our operating activities will be able to generate net operating cash flow to satisfy our capital and liquidity needs at all times, or even at all.

Our profitability may be materially and adversely affected by intense price competition and our inability to maintain sustainable profit margins.

Our business operates within the highly competitive electrolytic copper foil industry. The products we produce, including high-performance lithium battery copper foil and electronic circuit copper foil, are essential components for lithium batteries and CCL/PCB, respectively. However, as these materials become increasingly commoditized within the supply chain, we face significant and persistent pricing pressure from competitors. This competition is intensified by potential cyclical oversupply and structural imbalances in the market, which may arise from large-scale capacity expansions by industry participants.

In response to this competitive landscape, we have strategically shifted our focus from pure scale expansion to enhancing operational efficiency and increasing the proportion of high-margin, high-performance products in our sales mix. There can be no assurance that our cost management measures will be sufficient to preserve our profit margins. Our ability to sustain profitability is contingent upon several factors, including our success in: (i) continuously improving production yields and operational efficiency to lower unit costs; (ii) successfully scaling and integrating cost-control systems across new

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production lines; (iii) effectively executing our strategy to increase sales of premium, high-value-added products; and (iv) implementing timely pricing and cost adjustment measures in response to market fluctuations. Failure in any of these areas could prevent us from achieving the economies of scale and operational advantages necessary to offset competitive pricing pressures. Consequently, our profit margins could be compressed, and our overall profitability could be materially and adversely affected.

While we plan to continue investing in expanding our production capacity, particularly for high-performance products, and to further optimize our operations, these initiatives may be more costly or take longer to implement than currently anticipated. If our efforts to enhance profitability do not yield the expected benefits, or if they fail to keep pace with the intensity of market competition, our business sustainability could be negatively impacted. We cannot guarantee that our strategic initiatives will be successful or that we will be able to maintain or improve our profitability in the future.

Our success depends on our ability to successfully innovate and adapt to technological evolution in downstream markets. The outcome of our research and development activities are inherently uncertain, which could impair our product competitiveness and profitability.

Our market position as a solutions provider of electrolytic copper foil is fundamentally dependent on our research and development capabilities. Our failure to continuously innovate our products to meet the evolving technical requirements of downstream sectors could impair our competitiveness, market share, and profitability.

We operate in a dynamic, technology-driven environment where customer specifications are constantly advancing. To maintain our competitive edge and customer relationships, we must consistently upgrade and enhance our product portfolio, developing ultra-thin, high-strength, and high-elongation copper foils that meet increasingly stringent performance standards. If we fail to anticipate or respond effectively to key technological shifts, such as the industry-wide transition to 4.5μm or thinner lithium battery copper foils or the demand for ultra-low-loss foils for AI servers, we risk losing key customers, failing to secure new ones, and seeing our products become obsolete. Such a failure would materially and adversely affect our revenue, profitability, and reputation.

Our innovation strategy relies heavily on continuous investment and collaborative development. We have established strategic partnerships with leading downstream manufacturers to facilitate joint research and development programs. These technical dialogues and co-development initiatives are critical for staying abreast of technology trends and commercializing next-generation products. We have consistently invested significant resources in research and development, and we must continue to do so to maintain our innovative capabilities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our research and development expenses were RMB53.8 million, RMB46.8 million, RMB49.4 million, RMB21.5 million and RMB36.3 million, respectively. There is no assurance that these expenses will not increase, which could pressure our short-term profitability and cash flow.

Further, the outcomes of our research and development activities are inherently uncertain. Our investments may not yield commercially viable products for several years, or at all. The returns on such investments may fail to meet expectations or even recover the costs incurred. A failure to translate research and development efforts into successful, marketable products could materially and adversely affect our business, financial condition, results of operations, and competitive position.

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We are exposed to fluctuations in processing fees and other operational costs, which may have a material and adverse impact on our profitability.

Our electrolytic copper foil products are priced using a “copper price plus processing fee” model.” Under this model, the benchmark copper price component is typically passed through to our customers, thereby largely insulating our gross profit from direct copper price volatility. Our profitability is therefore primarily determined by the processing fee, which covers our manufacturing and operational costs, and is subject to intense market competition and cyclicity.

While we have management measures in place to monitor and mitigate these risks, we remain exposed to significant factors beyond our control. Industry-wide overcapacity, shifts in downstream demand, and aggressive pricing strategies by competitors can lead to sustained declines in processing fees. Additionally, substantial increases in the costs of energy, labor, or other inputs may not be fully recoverable through pricing adjustments of our processing fee. See “Business — Pricing.” As a result, we may still experience loss-making due to the levels of processing fees we are able to charge. High costs and operating expenses can also significantly increase our working capital requirements and associated financing costs, straining our cash flow. Any severe or prolonged pressure on processing fees, combined with an inability to control operational costs or manage working capital efficiently, could materially and adversely affect our business, financial condition, and results of operations.

Our business and growth are dependent on continued government support for the NEV and other critical technology sectors and are subject to changes in the regulatory environment.

We have derived, and expect to continue to derive, significant benefits from government policies in the PRC that promote the NEV and other critical technology sectors. Downstream, supportive policies for the NEV market, such as consumer purchase subsidies, tax incentives, and infrastructure funding, have directly stimulated market demand. Key historical examples include the Energy-saving and New Energy Automobile Industry Development Plan (2012-2020)(《節能與新能源汽車產業發展規劃(2012-2020年)》) and the Development Plan for New Energy Automobile Industry (2021-2035)(《新能源汽車產業發展規劃(2021-2035年)》). This policy-driven demand cascades upstream, generating increased and sustained demand for our products.

However, government policies are inherently subject to change due to macroeconomic conditions, budgetary constraints, or shifts in strategic priorities. Any material reduction, modification, or termination of these supportive measures, such as the planned phase-down of direct purchase subsidies, changes to tax benefits, or a re-allocation of public funding, could suppress overall market growth and demand for our products. Additionally, new legislation or changes in China’s regulatory requirements concerning our end markets, including NEV, ESS, or consumer electronics, could impose new compliance costs, alter market access conditions, or otherwise impact the commercial landscape.

Our ability to mitigate the impact of such policy or regulatory changes may be limited. We may need to adapt our business focus in response, but we cannot guarantee we will be able to do so in a timely or efficient manner. Consequently, any adverse shift in the policy or regulatory environment that affects the NEV sector, or other critical technology markets, could lead to decreased demand for our products, intensified price competition, and increased operational challenges, which could materially and adversely affect our business, financial condition, and results of operations.

If we fail to obtain any license, permits, approvals or certificates, or timely renew any existing license, permits, approvals or certificates, we may not be able to maintain our business operations.

We are required to obtain various licenses, permits, approvals or certificates or make the relevant filings for our operations, such as certificate of high-tech enterprise, consignor, consignee of import and export goods, pollutant discharge permit and various ISO management system certifications. Our

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licenses, permits, approvals, certificates or filings may be subject to periodic renewal requirements and inspections by relevant government authorities. See “Business — Licenses, Permits and Certificates” for more details. If we fail to obtain any license, permits, approvals or certificates or fail to make the relevant filings required for our operations, or timely renew any major license, permit, certificate or approval for us, we may face penalties, suspension of operations or even revocation of operating licenses, depending on the nature of the incidents, any of which could materially and adversely affect our business, financial condition and results of operations.

Additionally, we are required to obtain or renew a series of licenses, permits, certificates or approvals or make the relevant filings for our new or existing production facilities, such as those in relation to environmental protection and fire safety, failure to comply with which may subject us to the corresponding administrative penalties, including suspension of operations under the worst-case scenario.

We have taken a series of precaution measures to prevent potential non-compliance incidents during our operations, including engaging qualified assessment agencies to evaluate the current status of certain projects and properties. We have also implemented and will amend our internal policies to ensure our compliance with applicable laws and regulations, and designate a specific team to be responsible for monitoring the implementation of the foregoing policies, to avoid similar non-compliance incidents in the future. However, we cannot assure you that we will not be subject to any fines, penalties, or other monetary or regulatory measures in the future if we fail to comply with these laws and regulations. In addition, we may be required to incur substantial costs to comply with current or future environmental, health, safety and construction related laws and regulations which are complex, change frequently and have tended to become more stringent. Failure to duly comply with the environmental, health, safety and construction laws and regulations may subject us to fines, warnings, or rectification orders imposed by the competent authorities.

The current tensions in international trade and rising political tensions may adversely impact our business, financial condition, and results of operations.

The global economic, political and social conditions are evolving rapidly and are subject to uncertainties. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases and instability in the financial system impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures may have a significant impact on our targeted countries and markets. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

Our customers’ sales of products such as lithium batteries, PCBs or CCL may become subject to trade restrictions and tariffs, which could materially and adversely impact their sales volume and in turn their procurement from us for our products. For example, the U.S. had raised or adjusted tariffs on lithium batteries made in China for several times during the Track Record Period. There are also various sanctions and export controls related to the trade of advanced lithium batteries, there is no assurance that our downstream customers, including lithium batteries manufacturers, can continue to trade their lithium batteries with, or export their lithium batteries to, their targeted countries and market, which could have an adverse effect on their demand for our lithium battery copper foil and in turn materially and adversely affect our business, financial conditions and results of operations.

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We have limited operating history, and we may face challenges in effectively managing the operational complexity and organizational demands of our rapid expansion, which could impair our business, financial condition, and results of operations.

While we commenced manufacturing operations in 2018 and have a demonstrated track record of successfully scaling production capacity, the core challenge lies not only in our ability to expand physically, but also in managing the increased operational complexity and organizational demands that come with such growth. Given our relatively high utilization rate of our manufacturing plant, if we cannot successfully execute our capacity expansion plans, we may fail to capture the market opportunities, which could materially affect our future business, results of operations and competitiveness. In addition, as we continue to execute our capacity expansion plans, we must simultaneously ensure: (i) the recruitment, training, and retention of a sufficient number of qualified technical personnel, production managers, and engineers to operate and maintain sophisticated new production lines at a high standard; (ii) the seamless integration of new facilities into our centralized management, quality control, and supply chain systems; (iii) the preservation of stringent product quality and consistency across all expanded and new production sites to meet our customers’ exacting specifications; and (iv) the continued development and strengthening of our internal administrative infrastructure, financial controls, and corporate governance frameworks to support a larger, more geographically dispersed organization.

Failure to effectively manage these operational and organizational aspects of our expansion could lead to production inefficiencies, increased operational costs, quality control issues, or internal control weaknesses. This, in turn, could result in customer dissatisfaction, reduced profitability, or failure to fully realize the intended benefits of our growth strategy. While scaling our physical capacity is within our execution capability, managing the associated organizational growth and operational sophistication presents a significant challenge that, if not met, could have a material adverse effect on our business, financial condition, and results of operations.

We may be subject to complaints, claims, controversies, regulatory actions and legal proceedings, which could have a material adverse effect on our results of operations, financial condition, liquidity, cash flows and reputation.

We have been and may continue to be subject to or involved in or mentioned in various complaints, claims, controversies, regulatory actions, arbitrations and legal proceedings. During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition, and results of operations.

However, complaints, claims, arbitration, lawsuits, and litigations are subject to inherent uncertainties, and we are uncertain whether existing or new claims against us or which mention us would develop into lawsuits, damages or regulatory penalties and other disciplinary actions that may be material to our business in the future. Lawsuits, litigations, arbitration and regulatory actions may cause us to incur substantial costs or fines, utilize a significant portion of our resources and divert management’s attention from our day-to-day operations, or materially modify or suspend our business operations, any of which could materially and adversely affect our financial condition, results of operations and business prospects. Responding to or defending litigations or other claims, disputes or complaints against us is costly and can impose a significant burden on our management and employees or negatively affect our reputation, and there can be no assurances that favorable final outcomes will be obtained in all cases. In addition, there can be no assurance that we will be successful in the claims we

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pursue against other parties. Any resulting liability, losses or expenses, or changes required to our businesses to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects. The interpretation of PRC laws in different jurisdictions may be subject to change, and an adverse outcome of a single claim against us in one jurisdiction regarding our business practices may result in significant negative publicity and heightened scrutiny by regulators and courts of our business and operations across the country, or potential penalties or other regulatory actions against us. Any of such outcomes may cause significant disruptions to our operations and materially and adversely affect our results of operations and financial condition.

We may not be able to prevent the unauthorized use of our intellectual property rights by others, which could damage our business and competitive position.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. See “Business — Intellectual Property” of this document for further details.

Unauthorized parties may obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful.

In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks, and we may encounter difficulties in protecting and defending such rights. Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of many other countries do not favor the enforcement of intellectual property rights protection, which could make it difficult for us to stop the infringement of our patents in such countries.

We may be subject to intellectual property infringement claims and invalidation applications, which may be time-consuming and costly.

Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products and service. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. From time to time, we may receive communications from intellectual property rights holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may, in the PRC or other jurisdictions, bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. We may also be subject to liability due to the misconduct of our employees in relation to third party intellectual property rights. Our use of trademarks relating to our design, software, and technology could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party’s intellectual property rights, we may be required to do one or more of the following: (i) cease to sell products that are involved in the challenged intellectual property rights owned by others; (ii) pay damages to the rights holders or the customers who purchased our products; (iii) redesign our products; or (iv) establish and maintain alternative branding for our products.

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The validity and scope of any potential claims/requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be both costly and time-consuming and may significantly divert the efforts and resources of our management.

Our operations depend on a stable, timely and adequate supply of energy at commercially reasonable prices.

We depend on the supply of energy to maintain our production processes. Our production volume and production costs are affected by price and supply of energy. The price of energy is subject to various factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for energy, and local and national regulatory requirements. Additionally, we cannot assure that unexpected and serious shortages of energy will not occur in the future or that we will be able to pass on almost all cost increases to our customers. Any possible changes in the power consumption policies, especially those leading to rising prices of energy could adversely affect our business, financial condition, results of operations and prospects. Significant fluctuations in such costs may have a material effect on our profitability if we are unable to adjust the price of our products accordingly and may also negatively affect our competitive advantage. If we are unable to pass increased costs onto our consumers, which will result in a decrease of our profit margins. Furthermore, if the supply of energy is affected by natural disasters, adverse weather conditions, suppliers’ equipment failures, disruptions in transport or other inclement factors, we may not be able to locate alternative sources of supply and/(or) at acceptable prices. Any such events may have a material and adverse effect on our business, financial condition and results of operations.

Our failure to maintain an effective quality management system may result in a material adverse effect on our business, reputation, financial condition and results of operations.

Our product quality is critical to our success. The effectiveness of our quality management system, in turn, depends on a number of factors, including the design of the system, the machineries used, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality management policies and guidelines. We are required to comply with specific guidelines based on product safety and restricted and hazardous materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. Our safety standards for the inspection of our products are also based on relevant national and industry standards. We cannot assure you that our quality management system will continue to be effective and in compliant with relevant laws and regulations and standards. Any significant failure in or deterioration of the efficacy of our quality management system could result in us losing accreditations and requisite certifications or qualifications, which could in turn have a material adverse effect on our business, financial condition and results of operations. For details of our quality management system, please see “Business — Quality Control” in this document.

Labor-related disruptions or cost increase, particularly during our phases of expansion, could adversely affect our business and financial performance.

While our production processes are capital-intensive and increasingly automated, we remain dependent on a skilled workforce for operations, maintenance, and management. During periods of expansion, such as when we commission new production lines or construct new manufacturing facilities, our reliance on labor intensifies significantly as we recruit, train, and integrate large numbers of new technical and operational personnel.

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Any significant labor disruption, including strikes, work stoppages, or widespread employee dissatisfaction, could materially disrupt our production schedules, delay capacity ramp-ups, and harm our reputation with customers. Although we have not experienced material labor disputes in the past, we cannot assure you that such events will not occur in the future, especially as our workforce grows and diversifies. Additionally, competitive pressures for specialized talent in the advanced manufacturing sector, coupled with broader inflationary trends, could lead to sustained increases in labor costs. If such cost increases cannot be offset through productivity gains or passed on to customers due to competitive market conditions, our profit margins and financial results could be adversely affected.

Although our reliance on labor is moderated by automation, the risks associated with workforce management, particularly during phases of aggressive growth, remain a meaningful factor that could affect our operational stability and profitability.

We face risks of sharing relevant research and development results with our collaboration partners. Failure to prevent our partners from misappropriating confidential information could potentially impair our technological differentiation and competitive position.

During the Track Record Period and up to the Latest Practicable Date, we established strategic research and development collaborations with our major customers such as globally leading battery manufacturers and automotive makers, as well as renowned universities and scientific institutions in China, which could expedite our research and development progress and strengthen our competitive edge through innovation. Please see “Business — Research and Development” in this document for further details. Our agreements in relation to these collaborations may require us to share relevant research and development results with these partners. There is no assurance that our relevant counterparties would not advertently or inadvertently misuse the results that we collaboratively form, or advertently or inadvertently misappropriate the results owned solely by us and that are incidentally shared during our collaboration with them. Our business, financial condition and results of operations may be adversely impacted if any of the aforementioned incidents happen.

We may not be able to successfully complete any further acquisitions or enhance post-acquisition performance, which could adversely affect our business prospects.

We may make acquisitions when appropriate opportunities arise in the future. However, acquisition targets may have unknown or contingent liabilities, including liabilities for failure to comply with evolving requirements or interpretations of relevant laws, regulations and rules. We cannot assure you that our due diligence conducted will uncover all material unknown or contingent liabilities or other negative developments, such as bankruptcy, insolvency, liquidation or dissolution, or that the acquisition targets will be viable. In particular, we are subject to the significant risks and uncertainties in connection with target valuation, integration of target’s business and brands, and the anticipated benefits, synergies, cost savings, or efficiencies. We may also suffer reputational and financial harm for actual or alleged inferior service or harm that occurred at the acquisition targets prior to our acquisition and need to respond to claims initially as dissatisfied customers will likely pursue their claims against the acquisition targets and us. Moreover, we may suffer reputational and financial harm if the acquisition targets were subject to any administrative penalties prior to our acquisition.

Additionally, our ability to successfully consummate any future acquisitions is subject to various risks and uncertainties, including: (i) there are significant risks associated with the valuation of acquisition targets, and we may overvalue an acquisition or assume undisclosed liabilities, which could result in significant losses or impairment charges; (ii) we may fail to identify suitable acquisition targets or have to engage in intense competition for attractive acquisition targets, which may make it difficult to complete such acquisitions on commercially acceptable terms or at all; (iii) we may fail to obtain

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sufficient financing on acceptable terms or at all, to fund such acquisitions; and (iv) we may fail to obtain or secure regulatory approvals and third-party consents necessary to consummate such acquisitions.

Even if we are able to consummate any acquisitions, our ability to grow our business through any future acquisitions remains subject to further risks and uncertainties which could materially and adversely affect our business, financial condition and results of operations, including that: (i) we may fail to successfully integrate the acquisition targets’ operations, personnel, technologies, products, and brands with our existing business and operations, which may result in operational disruptions, loss of key personnel, or diminished brand value; (ii) we may fail to effectively manage a larger, growing business, operating in new geographic regions; and (iii) the acquired business may not provide us with the anticipated benefits, synergies, cost savings, or efficiencies we had projected.

If we suffer reputational or financial harm caused by unknown or contingent liabilities of the acquisition targets, or if we are unable to consummate acquisitions and successfully grow our business through any future acquisitions, our business and prospects could be adversely affected. Further, the process of pursuing and consummating acquisitions as well as integrating and managing acquired businesses, whether or not successful, could divert our resources and management attention from our existing business and impair our ability to successfully manage and grow our business organically.

We may be exposed to credit risk arising from our trade and bills receivables. Failure to collect our trade and bills receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

During the Track Record Period, our trade receivables primarily represented receivables due from our customers for sales of our copper foil products and our bills receivables represented primarily bank acceptance notes issued by our customers for the purchase of our copper foil products. As of December 31, 2023, 2024 and 2025 and the six months ended June 30, 2026, our trade receivables amounted to RMB963.2 million, RMB1,335.5 million, RMB1,703.2 million and RMB1,104.3 million, respectively, and our bills receivables amounted to RMB238.4 million, RMB407.9 million, RMB220.5 million and RMB597.0 million, respectively. Our trade and bills receivables turnover days was 132.2 days, 165.9 days, 157.7 days and 96.0 days in 2023, 2024 and 2025 and the six months ended June 30, 2026. We cannot assure you that we will be able to collect all or any of our trade or bills receivables on time, or at all, and may be exposed to credit risk. In addition, we use pre-determined ECL rate to provide impairment for our trade and bills receivables. If any condition underlying our trade and bills receivables deteriorates, such as the failure to pay by our customers or the decline credit rating of the banks issuing the bills notes, we may have to make impairment accordingly. See “Financial Information — Discussion of Certain Key Items of Consolidated Statements of Financial Position — Trade and Bills Receivables” for details regarding our trade and bills receivables. The occurrence of any of the foregoing event would materially and adversely affect our business, results of operations, financial condition and cash flow.

Our financial results may be affected by government grants and preferential tax treatment.

During the Track Record Period, government grants were important to our business operations, cash flows and results of operations. We recorded government grants of RMB57.1 million, RMB109.3 million, RMB62.0 million, RMB17.7 million and RMB39.7 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, in relation to additional VAT credit for manufacturing companies, electricity subsidies research and development projects, industrial subsidy, and fixed assets investments. Most of the government grants were given on a one-off basis and at the discretion of the local governments. Government grants we received are uncertain and are subject to certain criteria and procedures stipulated by the local government, such as the completion of the specified milestones of certain fixed assets investment. Additionally, the development focus of local

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government may shift to other industries over time. In addition, our Company and a subsidiary qualified for “High and New Technology Enterprise” and enjoyed a preferential income tax rate of 15% during the Track Record Period. We also enjoyed the additional VAT credit for advanced manufacturing enterprise during the Track Record Period. We are not able to guarantee that we will receive any such government grants or preferential tax treatment in the future, or that such government grants we have already received will not be required to be returned. If we are unable to receive the government grants or preferential tax treatment in the future at the same level as we had during the Track Record Period, our financial conditions and results of operations for the period may be materially and adversely affected.

We face costs and potential liabilities associated with environmental, social and corporate governance compliance, which may affect our business and financial performance.

Our operations are subject to a broad range of environmental, health, safety, and social regulations in China. Compliance with existing and future regulations, including those related to emissions, wastewater discharge, workplace safety, and energy consumption, require ongoing capital and operational expenditures.

While we maintain policies and procedures designed to ensure compliance and have dedicated resources to manage these obligations, regulatory standards continue to evolve and may become more stringent over time. Changes in law, heightened enforcement, or the introduction of new ESG-related reporting or operational requirements could increase our compliance costs, necessitate significant unplanned capital investment, or result in fines, penalties, or operational restrictions if we fail to meet applicable standards. Additionally, [REDACTED] and public expectations regarding corporate ESG performance are rising. Failure to meet these evolving standards, or any negative perception of our ESG practices, even in the absence of a regulatory breach, could harm our reputation, affect relationships with customers, [REDACTED], or regulators, and ultimately impact our financial condition and results of operations.

We are dependent upon our senior management team and highly qualified personnel with specialized skills, and our business, results of operations and financial condition may suffer if there are significant changes in our senior management team and highly qualified personnel.

We have been, and will continue to be, heavily dependent on the continued services of our senior management team. If we lose the services of any member of our senior management team and highly qualified personnel, we may not be able to find suitable replacements in a timely manner, at acceptable cost or at all, and our business, results of operations, financial condition and prospects could be materially and adversely affected. Our success also depends on our ability to attract and retain experienced and highly trained personnel. Nevertheless, competition to hire highly qualified personnel is intense and we cannot guarantee that we will be able to meet our staffing needs in the future. Any failure by us to hire or replace a sufficient number of skilled employees on a timely and effective basis could have negative repercussions on our business, financial condition, results of operations and prospects.

Our operations are exposed to financial harm from employee lawsuits, particularly concerning occupational safety. Our inability to effectively prevent occupational injuries could lead to prolonged litigation, substantial compensation payouts, and disruptions to our operations.

In the course of operations and production, we implement and require our employees to comply with safety measures and procedures as stipulated in our internal policies, including occupational safety and fire safety related procedures and protocols. There is no assurance that our safety measures and procedures are strictly followed by our employees. As our manufacturing process is complicated and inevitably involves operation of tools, equipment and machinery and use of chemical materials,

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accidents resulting in employee injuries or even deaths may occur. In addition, our existing manufacturing protocols may not be sufficient to prevent all types of malfunctioning or above accidents, some of which may have never arisen and may not have been foreseen when the current protocols are created. Such accidents may result in disruption of our operation and subject us to liabilities, and we may not have adequate or sufficient insurance to cover such liabilities, which could then adversely affect our business, results of operations and financial condition.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our financial condition and results of operations.

Our inventories primarily consist of high-purity electrolytic copper wire and foil. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our inventory balances amounted to RMB398.4 million, RMB421.2 million, RMB525.2 million and RMB874.1 million, respectively. Our inventory turnover days were 48.1 days, 48.1 days, 43.5 days and 40.5 days in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. Our business model requires us to manage our inventories efficiently.

We depend on our demand forecasts to make purchase decisions for raw materials and to pace our production progress to manage our inventories. Such demand, however, can change significantly from time to time and we may not always be able to accurately make predictions. Demand may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of raw materials may require significant lead time and prepayment, and they may not be returnable. Additionally, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials and consumables, which will make it more challenging for us to manage our inventory and logistics effectively.

To address the inventory challenges, we employ a “copper price plus processing fee” pricing model, which serves as the primary mechanism within the industry to mitigate the risk of copper price fluctuations. Under this model, enterprises effectively pass on the price volatility risk of raw material copper to downstream customers. Additionally, we use advanced and efficient smart logistics system and ERP system to improve operation efficiency, precise management, and achieve optimal inventory turnover efficiency. See “Business — Warehousing, Logistics and Inventory Management” in this document for more details. However, we cannot assure you that our inventory management measures will be implemented effectively so that we will not have significant levels of obsolete or excessive inventory. As we plan to launch new projects or scale up existing projects to further increase our production capacity, we expect to include more materials in our inventories, which will make it more challenging for us to manage our inventories effectively. If we cannot effectively implement our inventory management in the future, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-offs. High inventory levels may also divert substantial capital resources, preventing us from using that capital for other purposes. Any of the above may adversely affect our financial position and results of operations.

We may be unable to execute expansion plans or identify expansion opportunities.

We strategically execute expansion plans and invest in expanding our manufacturing capacity based on market demand for our products, which on the one hand ensures we can timely fulfill customer orders, and on the other hand avoids excessive expenditure on facility expansion and inventory management.

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To expand our production capabilities, we initiated construction projects in Sichuan Province in October 2025, and we have plans to further launch construction projects in overseas jurisdictions. However, we cannot guarantee that we could successfully execute our expansion plans or identify more expansion opportunities in the future, which is affected by many factors, including the macro-economy which affected the market demand for our products, and our ability to seek and provide sufficient financial resources for support.

Additionally, in accordance with the laws and regulations in the jurisdictions in which we operate, we are required to obtain and maintain various approvals, licenses, permits and certifications in order to operate our expansion projects. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any noncompliance may expose us to liability. There is no assurance that we are able to obtain the relevant governmental approvals, licenses or permits for such new projects. If we experience any delay in obtaining those approvals, licenses or permits, we may not be able to execute our expansion plans, which may materially affect our business, results of operations and financial condition.

We may need additional capital and may not be able to obtain it in a timely manner or under commercially acceptable terms, or at all.

We may require additional capital or cash resources in the future to fund our continued growth or other future developments, and we may be unable to raise additional funds on favorable or commercially acceptable terms, whether through equity or debt financing. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

If we do raise additional capital through public or private equity [REDACTED], the ownership interest of our existing shareholders, including [REDACTED] in this [REDACTED], will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders’ rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations, and our liquidity and financial conditions may be materially and adversely affected.

Our insurance coverage may be inadequate to cover all significant risk exposures.

Our business is subject to a variety of operational risks, including but not limited to production disruptions due to operational errors, power outages, equipment failures and suspension due to other risks; operational restrictions imposed by environmental or other regulatory requirements; social, political and labor unrest, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we may begin operations in overseas markets in the future, we may be exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, damage to or destruction of production facilities, personal injury or

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casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities.

During the Track Record Period, we maintained property insurance and employee insurance for our business operations. There is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition and results of operations may be materially and adversely affected.

We may also be subject to lawsuits of product liability claims, product recalls, or redesign efforts, all of which would be time consuming and expensive. During the Track Record Period and up to the Latest Practicable Date, we were not covered under any product liability insurance policies, and we did not receive any material product liability claims. However, such insufficient insurance coverage could make us unable to satisfy future potential product liability claims. If any of our products are found to have reliability, quality or compatibility problems, we will be required to accept returns, provide replacements, provide refunds, or pay damages. Moreover, a product liability claim could generate substantial negative publicity about our products and business, therefore, inhibit or prevent the commercialization of our future products, which would materially and adversely affect our brand, business, prospects, and results of operations.

Additionally, we may be subject to risks associated with lithium batteries and electronic circuits and we may not have adequate insurance to cover such claims. The lithium batteries and the electronic circuits that our customers produce utilizing our electrolytic copper foils can cause damage on rare occasions. Accordingly, we face inherent risk of exposure to claims when our products malfunction resulting in property damage, personal injury, or death.

We employ an integrated quality management system and a full set of internal control policies to ensure safe manufacturing and delivery of our products. However, our products may still experience defects, which could subject us to lawsuits, product recalls, or redesign efforts, all of which would be time-consuming and expensive. Product liability claims against us or our customers could require us to pay substantial monetary compensation.

Failure to pay the social insurance premium and housing provident funds for and on behalf of our employees in accordance with applicable laws and regulations of the PRC may subject us to penalties and have an adverse impact on our financial conditions and results of operations.

In accordance with the PRC Social Insurance Law (《中華人民共和國社會保險法》) and the Regulations on the Administration of Housing Fund (《住房公積金管理條例》) and other relevant laws and regulations, China has established a social insurance and housing provident fund system. Social insurance includes basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance. An employer is required to make contributions to the statutory social insurance and housing fund for its employees in accordance with the rates provided under relevant regulations and withhold the contribution amounts to be paid by the employees themselves. Pursuant to applicable PRC laws and regulations, if the employer fails to register and establish an account for housing provident fund contributions, the authority could order the employer to correct it within a prescribed time limit, where failure to do so at the expiration of the time limit shall result in a fine of not less than RMB10,000 nor more than RMB50,000 being imposed. Furthermore, in light of the Article 19(1) of 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**”), promulgated on July 31, 2025, and effective as of September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People’s Court shall deem such agreement or

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undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People’s Court shall support such claims, in which case, the employer remains liable for paying economic compensation (calculated as the number of years of employment multiplied by the monthly salary) to the employee, notwithstanding any prior agreement to waive social insurance contributions. As advised by our PRC Legal Advisor, such court decision would not have a material adverse impact on our operations and financial performance. See “Regulatory Overview — Regulations on Labor” for details.

We have complied with the statutory social security insurance fund and housing fund obligations applicable to us under the laws and regulations in China in all material aspects during the Track Record Period and as of the Latest Practicable Date. During the Track Record Period, we had not made full contributions to the social insurance premium and housing provident fund based on the actual salary level of some of our employees as prescribed by relevant laws and regulations. See “Business — Compliance and Legal Proceedings — Compliance — Failure to make full contribution to the social insurance and housing provident funds.”

In addition, we cannot assure you that the relevant government authorities will not impose new requirements on us according to laws, regulations or local policies published by the relevant government authorities in the future, such as ordering us to make supplemental social insurance and housing provident fund contributions, imposing late fees or fines on us or ordering us to take other measures, any of which may materially and adversely affect our business, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases in the PRC could prevent us from effectively serving our customers and thus adversely affect our results of operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, SARS, Ebola, Zika, COVID-19, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or critical logistics network breakdowns. The occurrence of such force majeure events in China or elsewhere in the world could materially disrupt our business and operations, for example, forcing the temporary closure or suspension of our production facilities, severely disrupting our production schedules and product delivery.

The effects of such force majeure events may concurrently cause production slowdowns or stoppages at our key customers or suppliers, leading directly to reduced or delayed orders and affecting our sales revenue. Consequently, any force majeure event that leads to operational disruption, decreased customer demand, or slowed industry growth may negatively affect our business, financial condition, and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Changes in the economic, political and legal conditions, as well as the interpretation and implementation of relevant laws, rules, regulations and governmental policies, may affect our business, prospects, results of operations, financial condition, and cash flow.

All of our operations are located in China. As a result, our results of operations, financial condition and prospects are substantially affected by economic, political, social and legal developments in the PRC. In general, the Chinese government regulates its economy and related industries through implementation of industrial policies and regulates the macro-economy of the PRC through fiscal and monetary policies. Over the last few decades, the Chinese government adopted a number of measures to

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promote its market economy and encourage the corporate entities to establish sound corporate governance. The Chinese government also exercised a significant impact on China’s economic growth through strategic resource allocation, control of foreign currency denominated debt payments, monetary policy and preferential treatment for specific industries or companies. Although China’s economy has been growing significantly over the last few decades, the growth rate has slowed down as China suffered from the impact of the COVID-19 pandemic on its economy in 2020 and 2021, which is likely to continue in the future. Due to the current economic, political, social and regulatory developments, it may be difficult for us to predict all the risks and uncertainties we may face, and a slow-down of China’s economy may reduce our customers’ demand for our products and services, which could have a material adverse effect on our business and operating results. In addition, any significant changes in Chinese government’s policies or China’s laws could have a material impact on China’s overall economic growth.

Adverse developments in China’s economy or an economic slowdown in China may reduce the demand of our products and services and have a material and adverse effect on our business, financial condition, results of operations and prospects.

We conduct our business and generate substantially all of our revenue in China. As a result, economic developments in the PRC have a significant effect on our business, financial condition and results of operations, as well as our prospects. In recent years, China has been one of the world’s fastest growing economies in terms of GDP growth. However, the COVID-19 outbreak has caused disruption to the global economy. The global economy may continue to deteriorate in the future and continue to have an adverse impact on the PRC’s economy. Any significant slowdown in the PRC’s economy could have a material adverse effect on our business and operations. In particular: (i) during a period of economic slowdown, there is a greater likelihood that more of our customers or contractual parties could become delinquent in respect of their obligations to us; (ii) we may not be able to raise additional capital on favorable terms, or at all; or (iii) trade and capital flows may further contract as a result of protectionist measures introduced in certain markets, which could cause a further slowdown in economies and materially and adversely affect our business and prospects.

In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the China’s electrolytic copper foil industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to pressure from inflation. Any future calamities, such as natural disasters, outbreak of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect the economic growth in China, Asia and elsewhere in the world. As such, if China’s economy experiences significant adverse developments or a significant downturn, our business, financial condition and results of operations would be materially and adversely affected.

Our sales and profitability depend significantly on general economic conditions and the demand for the end products in the markets in which our customers compete. Weaknesses in the economy and financial markets can lead to lower demand in our target product groups. Economic uncertainty affects businesses such as ours in several ways, making it difficult to accurately forecast and plan our future business activities. A decline in end-user demand can affect the demand of the customers for our products, and the tightening of credit in financial markets may lead consumers and businesses to postpone spending, either of which may cause our customers to cancel, decrease or delay their existing and future orders with us.

We may not accurately assess the impact of changing market and economic conditions on our business and operations. Any adverse changes in economic conditions, including any recession, economic slowdown or disruption of credit markets, may also lead to lower demand for our products. In addition, financial difficulties experienced by our suppliers or distributors could result in product delays,

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increased accounts receivable defaults and inventory challenges. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

The enforcement of Chinese labor contract law, social insurance law and other labor related regulations may materially affect our business, financial condition and results of operations.

Pursuant to the Labor Contract law of the PRC and its implementation rules, employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, overtime working hours limitations, determining the term of employees’ probation and unilaterally terminating labor contracts. In the event that we decide to terminate the employment of some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. As confirmed by our PRC Legal Advisor, based on the confirmation letters issued by the competent government authorities, we were not subject to any significant administrative penalties for violating labor laws and regulations during the Track Record Period. However, if we were found to be in violation with the overtime working hours limitations as stipulated in the relevant PRC labor laws and regulations, it may subject us to a fine that ranges from RMB100 to RMB500 per person from local government authorities and we may be requested to take rectification measures to reduce the overtime working hours of our production employees.

On October 28, 2010, the Standing Committee of the National People’s Congress promulgated the Social Insurance Law of the PRC, which became effective on July 1, 2011, and was recently amended and effective on December 29, 2018. According to the Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

As the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations (the “**labor-related laws and regulations**”) are still evolving, we cannot assure you that our employment practice do not and will not violate labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

Under the EIT law, we may not be classified as a “high and new-technology enterprise” of the PRC. Such classification could result in unfavorable tax consequences.

Pursuant to the EIT Law, a high and new-technology enterprise may enjoy a preferential enterprise income tax rate of 15%. We received approval by government authorities and had obtained the Certificate of High and New-Technology Enterprise with the validity period of three years since December 2019, which is renewable every three year.

Despite being eligible for the high and new-technology enterprise rate during the Track Record Period, there is no assurance that we would remain qualified as a high and new-technology enterprise so as to enjoy the high and new-technology enterprise tax rate after the expiry of the Certificate of High and New-Technology Enterprise, in which case we will be subject to the normal enterprise income tax rate of 25% as for all PRC enterprises. The effective tax rate will therefore significantly increase and may materially and adversely affect our profitability, which may have a material adverse effect on our

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business, results of operations and financial condition. Also, there can be no assurance that the EIT Law, its application or its interpretation will not continue to change, in which case our effective income tax rate may increase significantly.

We are subject to the currency exchange regulatory system.

Conversion and remittance of foreign currencies are subject to the Chinese foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. Under the Chinese current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. The Chinese government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

Our operations are subject to PRC tax laws and regulations.

We benefited from preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise that has been determined to be a high-technology enterprise can be reduced to a preferential rate of 15%. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which would adversely affect our financial condition and results of operations.

Additionally, pursuant to applicable laws and regulations, we are also subject to various taxes such as value-added tax and withholding tax, and we are required to withhold and remit individual income tax for our employees. Any failure to properly pay the relevant taxes or withhold and remit the requisite amount may subject us to fines or administrative penalties. Any change, suspension or discontinuation of the aforementioned preferential tax treatment and financial subsidies to us or failure to fulfill the obligations under the relevant tax laws and regulations could adversely affect our financial condition, results of operations and cash flows.

Holders of H Shares may be subject to PRC incomes taxes.

Non-PRC resident individual holders of H Shares whose names appear on the register of members of H Shares (“**Non-PRC Resident Individual Holders**”) are subject to the PRC individual income tax on dividends received from us. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348)(《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》)(國稅函[2011]348號) dated June 28, 2011 and issued by the SAT of the PRC, the tax rate applicable to dividends paid to Non-PRC Resident Individual Holders of H Shares varies from 5.0% to 20.0%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the Non-PRC Resident Individual Holder of H Shares resides, as well as the tax arrangement between the PRC and Hong Kong. Non-PRC Resident Individual Holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20.0% withholding tax on dividends received from us. In addition, under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation

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regulations, Non-PRC Resident Individual Holders of H Shares are subject to individual income tax at a rate of 20.0% on gains realized upon the sale or other disposition of H Shares. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. Based on our knowledge, as of the Latest Practicable Date, the PRC tax authorities have not in practice sought to collect individual income tax on such gains. If such tax is collected in the future, the value of such individual holders’ investments in H Shares may be materially and adversely affected.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》)(“EIT Law”) and its implementation regulations, a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10.0% with respect to its PRC-sourced income, including dividends received from a PRC company and gains derived from the disposition of equity interests in a PRC company. This rate may be reduced under any special arrangement or applicable treaty between the PRC and the jurisdiction in which the non-PRC resident enterprise resides. Pursuant to the Circular on Questions Concerning Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897)(《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》(國稅函[2008]897號)) promulgated by the SAT on November 6, 2008, we intend to withhold tax at 10.0% from dividends payable to non-PRC resident enterprise holders of H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval. There are uncertainties as to the interpretation and implementation of the EIT Law and its implementation rules by the PRC tax authorities, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If such tax is collected in the future, the value of such non-PRC resident enterprise holders’ investments in H Shares may be materially and adversely affected.

There might be difficulties in effecting service of legal process, enforcing foreign judgment against us or our Directors and executive officers reside in the PRC.

Most of our Directors and executive officers reside within the PRC, and most of our assets and substantially all of the assets of those persons are located within the PRC. Due to the difference in legal systems, it may be difficult for investors to effect service of process and enforce foreign judgment against us or those persons within certain jurisdictions outside the PRC. Furthermore, the recognition and enforcement of a foreign judgement is subject to the satisfaction of certain conditions provided under the applicable PRC law, and the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom, Japan or many other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, satisfying the conditions on the recognition and enforcement of a foreign judgement with the absent of treaties providing for the reciprocal recognition and enforcement in China or Hong Kong of judgments of a court obtained in the United States and any of the other jurisdictions mentioned above may be difficult, as the case in many other jurisdictions. Under the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》)(the “Agreement”), where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case pursuant to a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment.

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On January 18, 2019, the PRC Supreme Court and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》)(the “**PRC-HK 2019 Arrangement**”), which extends the scope of judicial assistance available for civil and commercial matters and discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement. The Arrangement was superseded upon the effectiveness of the PRC-HK 2019 Arrangement on January 29, 2024.

Under the PRC-HK 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the PRC-HK 2019 Arrangement. Although the PRC-HK 2019 Arrangement has been signed, the outcome and effectiveness of any action brought under the PRC-HK 2019 Arrangement will be subject to the PRC courts further adjudication in accordance with PRC laws, including the PRC civil procedure law.

The evolving PRC legal system could have a material and adverse effect on our business and operations.

China’s regulatory regime for the electrolytic copper foil industry is developing, which may affect the way we operate our business. The current applicable laws and regulations may be amended or replaced to implement additional supervision and management requirements. Additionally, the laws and regulations may also be subject to further interpretation and enforcement, which could require us to obtain additional licenses, permits or approvals, our operating costs and expenses could be significantly increased, or even result in the invalidation of our existing licenses, permits or approvals. Moreover, our business operations and future expansion could be materially and adversely affected by governmental policies, which may be subject to further amendments and changes. If we are found to be non-compliant with any of the applicable rules, laws, or regulations, we may face administrative penalties, including suspension of operations and even revocation of operating licenses, depending on the nature of the findings, any of which could materially and adversely affect our business results of operations and financial condition.

We are subject to filing and other requirements from the CSRC or other PRC government authorities in connection with any future capital raising activities.

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》)(the “**Trial Administrative Measures**”) and relevant supporting guidelines, which came into effect on March 31, 2023. The Trial Administrative Measures have comprehensively improved and reformed the existing regulatory regime for overseas offering and listing of PRC domestic companies’ securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities. Any such domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Trial Administrative Measures.

We are subject to filing requirements for any of our future [REDACTED] after the [REDACTED]. We cannot assure you that we will be able to get clearance of our filing procedures under the Trial Administrative Measures on a timely basis, or at all. Any failure on our part to fully comply with such regulatory requirements may significantly limit or completely hinder our ability to sell our securities to [REDACTED], cause significant disruption to our business operations, and severely damage our reputation, which could affect our financial condition and results of operations and cause our securities to decline in value or become worthless.

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RISKS RELATING TO THE [REDACTED]

There has been no [REDACTED] for our H Shares and an active trading market for our H Shares may not develop.

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

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

The price at which our H Shares will trade after the [REDACTED] will be determined by the marketplace, which may be affected by various factors beyond our control, including: (i) our financial performance; (ii) unexpected business interruptions resulting from natural disasters or power shortages; (iii) major changes in our key personnel or senior management; (iv) our ability to compete effectively in the market; (v) an assessment on the prospects for, and timing of, our future revenue and cost structures that independent research analysts may publish, if any; (vi) the present state of our development; (vii) the valuation of publicly traded companies that are engaged in business activities similar to ours; (viii) general market sentiment regarding the industry we operate in; (ix) changes in laws and regulations of China; (x) political, economic, financial and social conditions; and (xi) changes in securities analysts’ estimates, if any, of our financial performance.

In addition, the Hong Kong Stock Exchange has from time-to-time experienced significant volatility in trading prices and volumes that have affected the market prices of securities of companies quoted on the Hong Kong Stock Exchange. As a result, investors in our H Shares may experience volatility in the market price of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

Purchasers of our H Shares may experience immediate and substantial dilution and may experience further dilution if we issue additional shares or other equity securities in the future.

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

Any possible [REDACTED] of our non-H Shares into H Shares in the future could increase the supply of our H Shares in the market and negatively impact the [REDACTED] of our H Shares.

All of our non-H Shares may be converted into H Shares and such converted Shares may be [REDACTED] or [REDACTED] Hong Kong Stock Exchange. Any [REDACTED] of the [REDACTED] Shares on Hong Kong Stock Exchange shall comply with its regulatory procedures, rules and requirements. However, the PRC Company Law provides that in relation to the [REDACTED] of a company, the shares of that company

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which are issued prior to the [REDACTED] shall not be transferred within one year from the date of the [REDACTED]. Therefore, upon the completion of the relevant filing procedure, our non-H Shares may be traded, after the conversion and subject to transfer restrictions under applicable laws and regulations, in the form of H Shares on the Stock Exchange after one year of the [REDACTED], which could further increase the supply of our H Shares in the market and could negatively impact the [REDACTED] our H Shares.

We cannot guarantee the accuracy of facts, forecasts and other statistics relating to the electrolytic copper foil industry contained in this document.

Certain facts, forecasts and statistics contained in this document relating to the electrolytic copper foil industry have been derived from government publications, market data providers and other independent third-party sources. We have taken reasonable care in the reproduction or extraction of the government publications, market data providers and other independent third-party sources for the purpose of disclosure in this document. However, the information from the government publications have not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED] or any of our or their respective affiliates or advisors and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics, which may not be consistent with other information compiled inside or outside the PRC. The facts and other statistics include the facts and statistics included in the sections headed “Risk Factors,” “Business” and “Financial Information”. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return to our Shareholders. We plan to use the [REDACTED] from the [REDACTED] for purposes including the construction of new manufacturing plant and the future research and development projects. See “Future Plans and [REDACTED]” of this document for more details. However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from the [REDACTED].

We may not distribute dividends.

We paid dividends of RMB11.6 million, nil, nil and nil in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. Our dividends may be paid out of distributable profits under our Articles of Association. Distributable profits mean our net profits for a period, plus the distributable profits or net of the accumulated losses, if any, at the beginning of such period, less statutory reserve fund appropriations to general risk reserve, transaction risk reserve, and discretionary surplus reserve (as approved by our shareholders’ meeting). As a result, we may not have sufficient profit to enable us to make future dividend distributions to our shareholders, even if our financial statements prepared in accordance with IFRSs indicate that our operations have been profitable.

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Additionally, future dividend policies will also depend on various factors, including but not limited to our results of operations, cash flows and financial conditions, and other factors that our Board considers relevant. We cannot assure you that our dividend policies will not be changed in the future.

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 “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” and other 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 publicly to update or otherwise revise the forward-looking statements in this document, 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.

You should read this entire document carefully and should not consider or rely on any particular statement in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, there had been 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 of 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, [REDACTED] are cautioned to make their [REDACTED] decisions on the basis of the information contained in this document only and should not rely on any other information.