

BUSINESS

OVERVIEW

Who We Are

We are a global provider of copper-based products, delivering advanced thermal management and conductive materials that empower customers worldwide to achieve enhanced energy efficiency. Our products primarily include copper tubes, copper rods, copper busbars and copper fittings used in heating, ventilation and air conditioning (HVAC) systems and industrial applications to transfer heat, distribute electricity and carry fluids; ultra-thin copper foils serving as the conductive layers within lithium-ion batteries and the base layer of printed circuit boards (PCB); and copper-based heat dissipation modules and liquid cooling components that disperse heat generated by high-performance servers and processors in AI data centers (AIDC) and other AI applications.

According to Frost & Sullivan, we were the largest supplier globally for copper-processed products used in HVAC and industrial applications in terms of shipment volume in 2025, representing a market share of 18.0%. Additionally, we were the largest supplier globally for both copper tubes and copper rods in terms of shipment volume in 2024. In addition, we have ranked first in China for copper tubes by export volume for 17 consecutive years and ranked first globally by shipment volume for six consecutive years. In the lithium battery and PCB copper foil sector, we ranked fifth globally by shipment volume of lithium battery copper foils in 2025, achieving the highest growth rate of 83.8% among the top five global suppliers from 2024, significantly outperforming the industry average of 57.9%. We were also the first Chinese supplier to successfully build and operate a large-scale copper foil production base overseas, ranking first among Chinese suppliers by overseas production capacity in 2024.

The following table sets forth our principal achievements:

Market position  Global No. 1 in 2025 for copper-processed products for HVAC and industrial applications in 2025 by shipment volume ¹ Global No. 1 for 6 consecutive years for copper tubes by shipment volume ² Over one million tons shipment volume of copper-based products in 2025	Globalized sales  100+ countries and regions covered ³ 37.5% contribution of revenue generated overseas in 2025 18.0% global market share of copper-processed products for HVAC and industrial applications in 2025	Globalized production  23/12 global/overseas production bases ³ First Chinese copper supplier to build a copper foil production base overseas ⁴
Technological advancements  Established production of 3.5µm copper foils ⁴ Solid-state battery copper foil ready for mass production and delivery Proactive development in thermal management products for AIDC	Standards formulation  Only nonferrous metal Processing enterprise honored with the China Grand Award for Industry ⁴ 80%+ led the drafting of more than 80% of national and industry standards for copper tubing ⁴	Financial indicators  RMB83.3 bn 2025 revenue +102.5% year-on-year growth in revenue from lithium battery and PCB copper foils in 2025 +61.9% year-on-year growth in net profit in 2025

Notes:

1. According to Frost & Sullivan.
2. According to Frost & Sullivan, from 2020 to 2025.
3. As of May 31, 2026.
4. According to Frost & Sullivan.

BUSINESS

Our Global Footprint

We commenced our overseas expansion in the 2000s, establishing ourselves among the earlier domestic copper-based material suppliers to venture into international markets. As of May 31, 2026, we had 23 production bases, strategically located across Asia, Europe, North America and Africa. This production network allows us to situate facilities in proximity to high-quality raw material sources globally, thereby reducing supply chain risks and costs, while simultaneously maintaining a near-to-market presence. Through the combination of our in-house sales team with customer service team that offers localized operations in key markets, we have established long-term and stable business relationship with approximately 10,000 customers in over 100 countries or regions.

Complementing our production capabilities, we maintain a comprehensive global sales and service network. As of May 31, 2026, we have established 15 sales divisions and after-sales service teams worldwide, with 3,148 employees overseas. We employ localized management teams in key markets combined with our headquarters’ digital management systems to ensure adaptability to local condition, while maintaining uniform global operational standards. Through localized production bases and sales teams in key overseas markets, we deliver timely technical support and customized products, which in turn enhance customer satisfaction and our overall market competitiveness.

Our Brands

We primarily adopt an own-brand manufacturing (OBM) model in international markets. Through our flagship “HAILIANG” brand that is built upon over two decades of industry expertise, we provide a comprehensive range of copper-based products to customers globally. In addition, we acquired other brands that have prominent recognition in local markets to enhance customer bases. Through the “SANCO” brand that holds a widespread market acceptance in Europe, we broaden our customer access in Europe. Leveraging our “JMF” brand with about 80 years of history in the United States, we strengthen our presence in North America.

According to Frost & Sullivan, our copper-processed products have been adopted by all of the world’s top ten air-conditioning brand manufacturers, with cooperation averaging over ten years with major customers, such as Midea, Gree, Daikin, LG, and Hisense. In the lithium battery sector, we are a qualified copper foil vendor of seven of the top ten global brands, including CATL and SVOLT.

OUR STRENGTHS

Diverse Copper-Based Products and Technological Expertise

We continuously innovate our copper-based products, drawing on decades of market insights and technological expertise to penetrate high-growth areas. According to Frost & Sullivan, we ranked first globally in copper-processed products for HVAC and industrial applications in terms of shipment volume in 2025, representing a market share of 18.0%. We were also the largest copper tube supplier in China by export volume for 17 consecutive years and globally by shipment volume for six consecutive years.

We have successfully extended our success into the copper foils that empower emerging industry applications. For lithium battery copper foils, we have established capabilities in the mass production of advanced copper foils, including 800 MPa ultra-high tensile foils and 3.5μm ultra-thin foils. We have become a qualified copper foils vendor for seven of the world’s top ten power battery manufacturers. In addition, we are capable of mass-delivering corrosion-resistant, nickel-plated and porous copper foils for next-generation solid-state batteries. In response to the rapid growth of the semiconductor industry, we have overcome technical challenges in high-performance PCB copper

BUSINESS

foils, introducing high-performance products that empower high-speed, high-frequency applications. We are the first Chinese copper foil supplier with an established overseas production base, being well-positioned to capture the growth opportunities arising from the growing global demand for copper foils.

Furthermore, we have strategically advanced into copper-processed products for AI applications to capitalize on substantial market opportunities in the AI era. We provide comprehensive thermal management products that encompass full-chain heat dissipation products for materials, components and systems, which are competitive in terms of performance, cost and reliability.

Global Presence and Localized Operation to Establish Competitive Barriers

Committed to our globalization strategy, we are one of the early movers in establishing overseas production, sales and service network. We have an extensive production network across developed markets in Europe and the Americas, high-growth areas in Southeast Asia, Africa and other strategic regions. In the European market, we have secured the regional awareness by acquiring five production bases in 2019, which integrated high-quality copper raw materials with advanced manufacturing techniques. In the Southeast Asian market, we have rapidly established a copper foil production base in Indonesia, serving the surging market demand. In addition, in North America, our production bases have commenced production, aligning closely with local industry upgrades.

We have developed a highly localized sales and service network, serving high-quality global customer bases. In North America, we leverage the established sales network of JMF to rapidly establish our market presence. Our production base in Morocco is under construction, which is expected to effectively serve customers in Europe, Africa and the Middle East. Additionally, our production base in Indonesia closely collaborates with local companies in the emerging new energy industry. As of May 31, 2026, we had established 15 sales divisions and 3,148 employees overseas. This global sales network serves approximately 10,000 customers in over 100 countries and regions.

We have also formed strategic collaborations with leading global copper suppliers and traders. Our global supply chain enhances our resilience against raw material price volatility and supply disruption caused by overreliance on a single source. Moreover, our overseas production bases are guided by local employees and supported by our centralized digital systems. This approach facilitates these production bases’ seamless integration with local business ecosystems and industrial frameworks, while fitting to local business environment and maintaining consistency with our overarching operation strategy.

Leading R&D System and Continuous Technological Development

We have established a robust and efficient R&D system characterized by a multi-tiered structure and collaborative mechanisms. At the decision-making level, our R&D decision committee, comprising key senior management, strategically allocates R&D resources to ensure that the product development aligns with our overall growth strategy. At the execution and commercialization level, we have adopted a collaborative framework integrating our R&D with production. The Zhejiang Research Institute focuses on the automation of copper processing equipment and enhancement of product performance, while the Gansu Research Institute develops technologies enabling high-performance electrolytic copper foils. In the meantime, we have established R&D centers in Asia, Europe, North America and Africa, close to our production bases, responsible for converting research projects into commercially viable products.

We have developed the low-carbon intelligent precision copper tube production line, which significantly improves production efficiency, lowers labor and unit costs, and reduces reliance on imported equipment. This production technique has received the which has received the China Grand Awards for Industry, making us the only company in China’s non-ferrous metal processing

BUSINESS

industry to win this award, and the First Prize of the Science and Technology Award from the China Nonferrous Metals Industry Association. In product R&D, we have developed fatigue-resistant copper alloy tubes that enable our customers to develop lightweighting products while maintaining performance stability, ant-nest corrosion-resistant copper alloy tubes that improve corrosion resistance by over 50% compared with conventional products, and high-purity, high-conductivity oxygen-free copper products that are widely applied in liquid cooling radiators, NEVs and semiconductors.

As of May 31, 2026, we held 951 patents and 217 trademarks worldwide. We have participated in formulating 71 standards governing copper and copper alloy tubes, seamless internally threaded copper tubes, copper tubes for air conditioning and refrigeration equipment, copper tubes for heat exchangers, copper alloy tubes for seawater desalination equipment, and copper and copper alloy smelting and casting safety specifications.

Integrated Risk Management and Robust Cost Control

We adhere to prudent operational approach. By adopting a sales-driven production model and a “raw material costs plus processing fees” pricing mechanism, we ensure the profitability derived from the value-added copper processing and mitigate supply chain disruption risks. In procuring key raw materials such as copper cathode, we secure a portion of supply through long-term contracts to ensure stability and baseline cost control, while flexibly supplementing purchases on the spot market to capitalize on favorable pricing. Additionally, we procure certain raw materials at the market price to meet our production needs, while others are settled at average market prices over designated intervals to mitigate short-term volatility. We implement a strict net inventory management policy, combined with hedging instruments to conduct full-cycle hedging on copper purchases, minimizing our exposure to price fluctuation risks for core raw materials required in production. Additionally, strictly adhering to principles of matching transaction scales to actual needs and limiting terms to no more than one year, we hedge currency risks.

Young and Professional Management Team with Robust Talent Development System

Our core members have more than 20 years of experience in copper processing and the copper-based materials industry. We have assembled a young, professional management team with global vision, driving our sustainable growth. The average age of our executive Directors is 38 years, with more than 60% holding doctoral degrees. Mr. Luming Feng, our Chairman, as a new-generation entrepreneur, embodies the responsibility of Zhejiang merchants while demonstrating commitment to R&D and entrepreneurship, propelling us to advance in intelligent transformation and manufacturing excellence. We focus on attracting high-caliber professionals and building a robust talent pipeline. As of May 31, 2026, we had 57 PhDs and 268 employees holding Master’s degree, with core talent graduating from world-leading institutions such as the Oxford University and Tsinghua University.

OUR STRATEGIES

Deepening Global Footprint with Localized Operations

We intend to continue deepening our integration of global production layouts with localized operations in key markets, optimizing capacity allocation, enhancing supply chain resilience and strengthening brand recognition across regions. Specifically, we plan to leverage the production base in the United States to better serve the premium copper-based products market in North America and commence the production base in Morocco to cover customer bases Europe and Africa, thereby enabling more efficient production and prompt delivery. In supply chain management, we will establish multi-regional raw material procurement centers and upgrade our digital logistics system to shorten transportation cycles.

BUSINESS

We will also implement tailored strategies for our brand portfolio operating worldwide. In particular, in Europe, we will strengthen the piping system ecosystem with enhanced installation services, leveraging the “SANCO” brand that enjoys widespread market acceptance in the local market, while in North America, we will deepen customer loyalty through the “JMF” brand. We also plan to provide multilingual, multi-time-zone technical consultation and rapid after-sales support.

Continuous R&D to Diversify Product Offerings

We focus on upgrading copper-processed products in HVAC and industrial applications while advancing technological capabilities in emerging sectors. We plan to continue to develop corrosion-resistant, high-thermal-conductivity and high-purity copper-processed products for refrigeration, home appliances and plumbing applications, while advancing high-end copper alloy for high-value application scenarios, such as high-end equipment and seawater desalination. In response to the development of new energy and electronic circuit materials, we aim to continuously optimize the production process to enable mass production of ultra-thin lithium battery copper foils, advancing solid-state battery certification and qualifying for premium new energy vehicle and advanced power storage systems’ qualified vendor lists. In the meantime, we plan to develop high-frequency, high-speed copper foils for PCBs. In AI applications, we plan to deliver customized copper-based thermal management products, powering data centers in North America, Europe and Middle East. Additionally, we will also continue to expand into the field of intelligent robot thermal management.

Digital and Intelligent Transformation to Enhance Operational Efficiency

We position digital and intelligent transformation as a pivotal lever, advancing core system upgrades and application coverage to improve operational efficiency. We plan to adopt digital systems to enhance intelligentization, focusing on production, quality, manufacturing techniques and equipment upgrade. We also plan to achieve comprehensive data-driven management across procurement, production and sales, facilitating full visibility, global production capacity scheduling and responsive demand management.

Adhering to ESG Principles to Set Industry Benchmark for Green Manufacturing

We deeply integrate ESG principles into our growth strategy, establishing a sustainable corporate framework and meeting the global trend to low-carbon, green economy. In particular, we plan to focus on scaling high-quality recycled copper utilization, using clean energy at production bases, innovating low-carbon manufacturing processes and constructing power-efficient manufacturing facilities. We will also implement a product carbon footprint tracking and management system, leveraging digital systems for precise emission calculation and optimization, providing low-carbon copper-based products to global customers.

Strengthening Talent Development to Lay Foundations for Sustained Growth

We are committed to building a talent system, fostering a high-caliber, highly skilled, young and multi-disciplinary workforce with global vision. At the frontline level, we will advance our engineer training programs, utilizing standardized training and knowledge repositories to elevate employee expertise, while promoting a culture of craftsmanship through skills competitions, skill workshops and incentive schemes to promote the workforce. At the talent management level, we will continue implementing the talent recruitment and development programs, prioritizing materials science, green manufacturing and digital technology to develop interdisciplinary talent, while cultivating young management talent with global vision and strategic acumen.

BUSINESS

OUR PRODUCTS

Our offerings include (i) copper-processed products for HVAC and industrial applications, (ii) copper foils for lithium batteries and PCBs, (iii) copper-processed products for AI applications, and (iv) aluminum-based products and others. We also generate revenue from copper trading activities by leveraging our extensive copper supply network, which is complementary to our integrated supply chain management and facilitates the inventory turnover to alleviate the raw material stockpiling pressure.

The following table sets forth the revenue, sales volume and average selling price of our copper-based products by business line for the years/periods indicated:

		Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
Copper-processed products for HVAC and industrial applications ⁽¹⁾	Revenue (RMB in thousand)	47,851,227	58,698,613	60,083,728	26,409,103	32,056,894
	Sales Volume (thousand tons)	839.9	966.1	918.1	416.6	405.9
	Average Selling Price (RMB in thousand/ton)	57.0	60.8	65.4	63.4	79.0
Copper foils for lithium battery and PCBs ⁽²⁾	Revenue (RMB in thousand)	734,826	2,860,675	5,792,089	1,836,891	3,909,615
	Sales Volume (thousand tons)	11.0	36.8	67.6	22.0	37.8
	Average Selling Price (RMB in thousand/ton)	66.7	77.7	85.7	83.5	103.4
Copper-processed products for AI applications	Revenue (RMB in thousand)	125,996	235,926	591,797	147,075	307,846
	Sales Volume (thousand tons)	1.9	3.2	7.3	2.0	3.3
	Average Selling Price (RMB in thousand/ton)	67.3	73.9	80.8	73.5	93.3

Notes:

- (1) The sales volume of copper-processed products for HVAC and industrial application decreased from 966.1 thousand tons in 2024 to 918.1 thousand tons in 2025, primarily due to our shifting strategic focus to emerging applications, such as copper foils and copper-processed products for AI applications, and the changes in the global macroeconomic condition resulting in decreased market demand.
- (2) The average selling price of copper foils for lithium battery and PCBs increased from RMB66.7 thousand per ton in 2023 to RMB77.7 thousand per ton in 2024, and the average selling price increased to RMB85.7 thousand per ton in 2025, and the average selling price of the same product increased from RMB83.5 thousand per ton in the five months ended May 31, 2025 to RMB103.4 thousand per ton in the same period in 2026 primarily due to (i) the rise in the market price of copper, our principal raw material, and (ii) upward adjustments to our pricing in response to robust market demand for our products.

BUSINESS

The following table sets forth the revenue, sales volume and average selling price of our products by geographic locations:

		Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
China	Revenue (<i>RMB in thousand</i>)	47,479,068	54,997,598	51,973,184	21,786,590	26,713,717
	Sales Volume (<i>thousand tons</i>)	945.1	1,019.7	953.6	403.5	348.1
	Average Selling Price (<i>RMB in thousand/ton</i>)	50.2	53.9	54.5	54.0	76.8
Overseas ⁽¹⁾ . . .	Revenue (<i>RMB in thousand</i>)	28,057,953	32,357,921	31,189,131	12,968,656	13,702,446
	Sales Volume (<i>thousand tons</i>)	479.2	547.6	473.2	204.9	176.9
	Average Selling Price (<i>RMB in thousand/ton</i>)	58.6	59.1	65.9	63.3	77.5

Note:

(1) Overseas market primarily include Asia (excluding China), Europe, the Americas and Africa.

Copper-Processed Products for HVAC and Industrial Applications

We capitalize on copper’s properties, such as its exceptional thermal and electrical conductivity, inherent antimicrobial and non-toxic characteristics, as well as its superior mechanical strength and durability, to deliver copper-processed products that ensure the energy transmission efficiency and safe, hygienic water transportation of modern infrastructure. In HVAC systems, our copper tubes and busbars leverage their high thermal conductivity to maximize energy efficiency and ensure long-term operational reliability. Similarly, our products are integral to water plumbing and transfer systems, where copper’s antimicrobial and corrosion-resistant properties ensure the safe and hygienic transportation of potable water. In the power grid and electrical systems, our high-purity copper rods and busbars serve as mission-critical conductors in switchgear and power distribution units.

Our industrial tubes have technical strengths such as optimized internal structures for turbulence-enhanced fluid flow and high-purity alloys that minimize energy loss. Our HVAC tubes facilitate the circulation of refrigerant in air conditioners and heat pumps, where the inner-grooved structure generates fluid vortices to improve heat exchange, ensuring accelerated cooling and reduced energy consumption. In large-scale applications, such as power plants and industrial cooling systems, our condensing tubes and evaporation tubes are vital components for efficiently dissipating heat. In automotive heat exchangers, they serve as core components for engine cooling and cabin air conditioning. Our copper water and gas tubes feature exceptional corrosion resistance, hygienic antibacterial properties, and versatility for easy bending and joining. These attributes make them ideal for applications requiring safe and reliable fluid transport. According to Frost & Sullivan, we ranked first globally in the copper-processed products for HVAC and industrial applications in 2025, in terms of shipment volume, representing a market share of 18.0%.

In the energy and electrical engineering sector, our copper rods also designated materials for national grid upgrades, ultra-high voltage transmission lines and EV charging networks. In high-end equipment and precision manufacturing, our copper rods provide the durability and precision required for advanced applications. In addition, the environmental resilience of our copper rods

BUSINESS

supports applications in architecture, marine and chemical engineering, where they are fabricated into durable architectural elements such as railings and drainage systems and used as corrosion-resistant linings in chemical reaction vessels and seawater piping systems.

Our copper busbars are copper conductor profiles featuring regular or irregular cross-sections, characterized by superior electrical and thermal conductivity, reliable mechanical properties and excellent machinability. As core components for power transmission and electrical connection, they serve as the primary medium for collecting, distributing, and transmitting electricity between equipment.

Our copper fittings connect, control, and direct fluid and gas flow in critical systems, allowing for strong, reliable and leak-proof joints through standard methods like soldering, press-fitting, threading which simplifies the installation process and guarantees long-term system reliability.

Copper Foils for Lithium Batteries and PCBs

Our copper foils serve as the indispensable negative electrode current collector for lithium batteries, playing a pivotal role in determining the batteries’ energy density, charging speed, lifespan and overall safety. These foils enable battery manufacturers to maximize energy density by accommodating more active material within each cell. They also exhibit superior tensile strength and ductility, allowing them to withstand the mechanical stresses of repeated expansion and contraction during charging and discharging cycles, which contributes to extended battery longevity and reliability. Furthermore, our proprietary surface treatments facilitate a robust bond between the copper foil and the anode coating, minimizing internal resistance and supporting rapid charging capabilities while ensuring stable power transfer.

In addition to currently widely used liquid-state lithium batteries, our copper foils are integral to the next-generation solid-state batteries. These foils offer enhanced purity levels, superior thermal stability for elevated operating temperatures, and optimized surface morphologies that improve electrolyte compatibility and ion transport. These attributes enable solid-state batteries to achieve higher energy densities while minimizing safety risks such as thermal runaway, making them ideal for NEVs and energy storage systems.

According to Frost & Sullivan, we ranked fifth globally in the market of copper foils for lithium batteries by shipment volume in 2025, representing a market share of 4.3%. We achieved a growth rate of 83.8% from 2024, making us the fastest-growing company globally among the top ten suppliers of copper foil for lithium batteries. Furthermore, we were the first Chinese copper supplier to successfully build and operate a large-scale copper foil production base overseas, and we ranked first among Chinese copper foil suppliers by overseas production capacity in 2024.

Our high-frequency and high-speed foils, such as RTF and HVLP foils, form the conductive pathways in PCBs, powering advanced applications including 5G communications infrastructure, cloud data centers, AI servers and consumer electronics. We collaborate with leading lithium battery and PCB manufacturers throughout the development cycles. As of May 31, 2026, we were a qualified copper foils vendor for renowned industry leaders, including CATL, Sunwoda, REPT Battery and SVOLT and top-tier PCB substrate manufacturers.

Copper-Processed Products for AI Applications

Copper-processed products are at the crux of advanced AI applications, supporting the high power density and massive computational loads. The efficiency of power transmission and heat management are critical to operational stability of AIDC, computing chips and intelligent robots. Our copper-processed products for AI applications primarily comprise high-precision copper busbars used in rack-level power distribution and liquid cooling systems. These busbars are rigid, flat metallic strips with substantial cross-sectional areas to manage the immense current densities

BUSINESS

required by AI processors and server racks. The physical stability of our busbars allows for precise spatial arrangement within server cabinets, which optimizes internal airflow and reduces the structural clutter often associated with traditional cabling systems.

We continuously refine copper-processed products to meet the escalating power density demands of next-generation AI infrastructure and facilitate the industry’s shift towards more sustainable and efficient computing environments. In parallel, we have progressively transitioned towards high-value-added offerings, such as precision copper processing and module manufacturing, enabling us to command premium pricing and margins amid the rapid expansion of the AI applications. Leveraging collaborative development with prominent academic institutions and leading technology partners, we stay at the forefront of technological edge, driving the next-generation AI applications.

Aluminum-Based Products and Others

Complementing our core copper-based products, we strategically manufacture aluminum-based products. While our copper products cater to high-performance conductivity needs, our aluminum offerings allow us to capture market demand for value-engineered and lightweight applications, thereby serving a broader spectrum of the market.

Our aluminum product portfolio primarily consists of microchannel aluminum flat tubes and coated micro-flat tubes, each engineered with distinct physical characteristics to optimize thermal performance. Our microchannel aluminum flat tubes feature a thin-wall, multi-port flat profile that delivers a superior surface-area-to-volume ratio and exceptional pressure resistance. Furthermore, our coated micro-flat tubes incorporate advanced protective coatings designed to ensure high bonding strength, pressure tolerance, and resistance to moisture and chemical corrosion. These products are critical for automotive air-conditioning evaporators and condensers, household and commercial HVAC heat exchanger cores. Additionally, our coated micro-flat tubes are utilized for broad refrigerant transport in AC systems such as evaporators, heaters, and radiator cores.

We also offer environmental material catalyst products to our industrial customers. Our catalysts are designed to remove harmful nitrogen oxide gases from industrial exhaust emissions by chemically neutralizing them before they are released into the atmosphere, and are supplied in both honeycomb and corrugated formats to suit the varying requirements of different industrial applications. The products are applicable across a wide range of scenarios including coal-fired power plants, steel mills, cement plants, glass manufacturers and chemical plants, featuring operational reliability, extended service life, and physical durability. These products enable us to serve customers as an integrated, long-term environmental compliance partner, thereby meeting China’s increasingly stringent industrial emissions regulatory environment across industries.

Copper Trade Activities

We engage in purchasing and selling copper to strengthen our supply chain management, ensuring stable supply while accelerating inventory turnover to avoid stockpiling pressure. These copper trade activities arise directly from, and are structured to serve our core copper processing and manufacturing operations. We leverage our extensive market network to source these materials in a cost-effective manner from a diversified array of suppliers, while maintaining our raw material inventory at a reasonable level to support operational efficiency. Our extensive production bases across the world require a consistent, large-scale, and reliable supply of copper raw materials, such as copper cathodes. We cultivate the long-term relationships with certain suppliers, which are essential to securing priority access to copper raw materials at competitive prices, particularly during periods of supply shortages or price volatility. By securing upstream resource advantages and strengthening downstream customer relationships, our trade activities bolster our integrated position across the copper-based materials industry value chain.

BUSINESS

Through direct participation in copper trading, we secure consistent and competitively priced access to raw materials for our manufacturing facilities, effectively mitigating risks associated with market volatility and supply disruptions. Since copper raw materials are high-value, holding excess raw material inventory ties up significant working capital while exposing us to commodity price risks. Through copper trade activities, we therefore dynamically manage our copper inventory by disposing of surplus raw materials or procurement positions when appropriate and source additional supply when required. Additionally, our active participation in copper trade market provides real-time intelligence on pricing dynamics, supply availability and counterparty terms across both domestic and international copper markets. Furthermore, by incorporating real-time pricing and demand insights from our trading activities, we optimize processing volumes and inventory management, enabling us to make informed decisions that align with prevailing market conditions. Our trading relationships foster customer base expansion, enabling us to serve partners who may subsequently engage our value-added processing services, thereby deepening long-term collaborations and driving mutual growth.

RESEARCH AND DEVELOPMENT

We are committed to driving technological innovation and R&D excellence. We have developed the low-carbon intelligent precision copper tube production technique, which has received the China Grand Awards for Industry, being the only company in China’s non-ferrous metal processing industry to win this award, and the First Prize of the Science and Technology Award from the China Nonferrous Metals Industry Association. We have also developed the low-carbon intelligent manufacturing technology for the extrusion of high-precision copper alloy rods, which has received Industrial Award of Zhejiang Province. As of May 31, 2026, we held a total of 951 patents, including 198 invention patents. We have participated in formulating 71 standards governing copper-processed products and copper processing, including 35 national standards. Representative examples include standards governing copper and copper alloy tubes, internally threaded copper tubes, copper tubes for air conditioning and refrigeration equipment, copper tubes for heat exchangers, copper alloy tubes for seawater desalination equipment, and copper and copper alloy smelting and casting safety specifications. In the copper foil segment, we participated in drafting the Green Low-Carbon Product Evaluation Specifications for Electrolytic Copper Foil and the Industrial Carbon Neutral Energy Saving Product Evaluation Specification for Electrolytic Copper Foil.

R&D Team and Framework

Our R&D team comprises experienced professionals with extensive academic and professional backgrounds in non-ferrous metal processing, chemistry, material science and metallurgy. As of May 31, 2026, our R&D team consisted of 1,043 professionals, including R&D staffs and technical personnel.

We have established a comprehensive three-tiered R&D framework to drive our product and technology development, comprising (i) strategic decision-making, (ii) R&D execution, and (iii) validation and commercialization. At the strategic level, our R&D committee, comprising core management members, evaluates new product development opportunities, addresses market demands, and resolves technical bottlenecks, while coordinating resource allocation and funding deployment in alignment with our global expansion strategies and emerging application scenarios, including frontier areas such as copper-based thermal management products for AI applications and copper foils for lithium batteries. R&D projects are initiated through market analysis and internal assessments, followed by feasibility studies and formal committee approval. At the execution level, our initiatives are carried out through a collaborative architecture encompassing our Zhejiang Research Institute, which focuses on copper processing equipment automation and thermal conductivity enhancement, and our Gansu Research Institute, which specializes in electrolytic copper foil technology, with both institutes sharing qualifications, equipment, and talent to form a cohesive technical synergy, further supported by R&D centers embedded within our core production bases worldwide to ensure rapid response to regional market and technical requirements. At the commercialization stage, our product quality and production departments conduct rigorous validation, pilot production, and process optimization to translate research achievements into commercially viable products that meet customer specifications and address practical production challenges.

BUSINESS

R&D Initiatives

Our major R&D initiatives include:

- ***Ant-nest Corrosion Resistant Copper Tubes for Air Conditioning and Refrigeration Equipment.*** We are developing high-performance ant-nest corrosion resistant copper tubes targeting industrialization of a product with ant-nest corrosion resistance more than 50% superior to conventional products. As of the Latest Practicable Date, we had completed trial production and performance verification and have been granted patents in both the PRC and Japan. The next milestone is the commencement of market promotion and the launch of industrial-scale production.
- ***High-pressure Refrigerant High Compression Resistant Internally Threaded Copper Tubes.*** We are developing copper alloy high compression resistant internally threaded tubes for high-pressure refrigerant applications, targeting industrialization of a product that achieves material savings of more than 20% compared to conventional pure copper tubes of equivalent outer diameter. As of the Latest Practicable Date, we had achieved mass trial production of 6mm outer diameter tubes. The next milestone is the completion of performance verification and the commencement of market promotion activities.
- ***High-performance Aluminum Alloy Tubes for Heat Exchangers.*** We are developing high-performance aluminum alloy tubes for heat exchanger applications, with a target of achieving corrosion resistance at least 30% superior to existing products and tensile strength exceeding 120 MPa. As of the Latest Practicable Date, we had completed the preparation of the first batch of samples with the designed chemical compositions. The next milestone is the commencement of industrial trial production of aluminum tubes based on the designed chemical compositions.
- ***Carbon-coated Copper Foil for Dry Electrode Applications.*** We are developing carbon-coated copper foil for dry electrode applications, targeting precise control of carbon coating thickness and an improvement of more than 40% in peel strength following hot-press lamination, with the goal of significantly enhancing battery performance. As of the Latest Practicable Date, we had completed R&D verification of the slurry formulation and are conducting verification work at the battery cell level. The next milestone is the completion of roll sample proofing and submission to customers for validation.
- ***High-end HVLP Copper Foil.*** We are developing high-end HVLP copper foil targeting a surface roughness of Rz below 0.7 micrometers to satisfy downstream customer requirements for high-end electronic circuit copper foil. As of the Latest Practicable Date, we had substantially completed process verification and mass production verification for the parent roll manufacturing process and have completed initial exploration of the rough curing process, with further work on surface alloying and silanization processes underway. The next milestone is the completion of roll sample proofing and submission to customers for validation.

R&D Collaborations

We actively engage in strategic collaborations with leading academic and research institutions. These partnerships provide us with access to expertise in materials science, metallurgy and related fields from prestigious entities including national academies and top-tier universities, such as Zhejiang University, West Lake University, Tsinghua University and Lanzhou University.

BUSINESS

In these partnerships, we typically assume key responsibilities such as providing financial support, research infrastructure and ongoing operations, offering industrial data and manufacturing resources for practical application, and facilitating talent exchange; conversely, the universities contribute academic leadership, research talent and expertise in areas, such as high-performance computing and AI, while hosting joint platforms and recommending experts and students for collaborative projects. Basic terms generally include multi-year cooperation periods for joint laboratories with provisions for annual evaluations and extensions. Intellectual property rights are governed by subsequent specific agreements, with ownership and licensing typically negotiated on a project-by-project basis.

As of the Latest Practicable Date, two of our domestic patents, namely (i) an invention patent for a low-pressure casting process for environmentally-friendly silicon brass faucets and (ii) an invention patent for a lead-free, free-cutting, high-strength and corrosion-resistant silicon brass alloy and the preparation method and application thereof, were co-owned by one of our subsidiaries with two Independent Third Parties, arising from a commissioned research and development project in respect of environmentally-friendly silicon brass materials for HVAC applications. The technologies covered by these two co-owned patents were mainly applied in the production of specific types of brass rods, which we have discontinued. Accordingly, these two co-owned patents are not applied in our business operations or otherwise commercialized by us, and they do not involve our core technologies or products. There is no agreement among the co-owners in relation to the development or commercialization of these two co-owned patents. During the Track Record Period and up to the Latest Practicable Date, we had not entered into any profit-sharing arrangement, nor had we paid or received any royalties, in respect of these two co-owned patents.

OUR PRODUCTION

Production Bases

We maintain an extensive production footprint worldwide, with an aggregate gross floor area of approximately 2.3 million sq.m.. As of May 31, 2026, we had 11 production bases in China, and 12 production bases across Asia, Europe, North America and Africa. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that all of our production bases that have commenced production held essential certifications required by jurisdictions where we operate, such as business licenses and safety production permits, alongside certificates for occupational health and safety and quality management systems, ensuring compliance with relevant regulations.

We adopt a “sales-driven production” approach where we initiate production capacity allocation and scheduling upon receipt of confirmed sales orders, thereby minimizing inventory risks and ensuring efficient resource utilization. Historically, we have not encountered significant raw material shortages or order cancellations, maintaining reliable delivery. We have deployed digital systems across production bases for real-time monitoring and management, alongside automotive equipment that optimizes production efficiency.

For certain customers primarily in connection with copper-processed products for HVAC applications, we operate under a contract processing model whereby the customer procures and supplies all raw materials and ships them to us for processing into finished products, which are then sold back to the customer at a price reflecting the processing fee agreed on a case-by-case basis. Under this model, title to the raw materials remains with the customer throughout the production process, such that the customer effectively bears all raw material costs, and the consideration we receive and recognize as revenue from the sale of the finished products reflects only the value-add from our processing operations rather than the full material and processing costs. As the customer retains ownership of the raw materials at all times, we do not bear any commodity price exposure in connection with these arrangements, and no hedging of raw material costs is required in respect of such transactions. Revenue from these arrangements is recognized as revenue from sales of goods consistent with our other product sales.

BUSINESS

The table below sets forth the details of our production facilities as of May 31, 2026:

	Production Bases	Products manufactured	Approximate Gross Floor Area (sq.m.)	Supplying Region	Origin	Year of commencing production/ business registration
China						
Zhejiang Production Base	Zhejiang, China	Copper tubes, copper busbars, environmental materials	479,721.3	China	Self-developed	2001
Zhejiang Keyu Production Base	Zhejiang, China	Copper rods	121,123.0	China	Self-developed	1999
Zhejiang New Materials Production Base	Zhejiang, China	Aluminium-based products	120,623.7	China	Self-developed	2016
Shanghai Production Base	Shanghai, China	Copper tubes	129,965.1	China, Middle East, Oceania, South America	Self-developed	2005
Anhui Production Base	Anhui, China	Copper tubes	92,196.9	China	Self-developed	2010
Taishan Production Base	Guangdong, China	Copper tubes, copper busbars, copper rods	96,591.9	China	Self-developed	2015
Zhongshan Production Base	Guangdong, China	Copper tubes	51,095.6	China, Southeast Asia	Self-developed	2017
Chengdu production Base	Sichuan, China	Copper busbars	4,870.0	China	Self-developed	2018
Chongqing Production Base	Chongqing, China	Copper tubes, copper busbars	56,251.9	China	Self-developed	2018
Shandong Production Base	Shandong, China	Copper tubes	75,247.9	China	Self-developed	2021
Lanzhou Production Base	Gansu, China	Copper foils	270,207.1	China	Self-developed	2021
Asia (excluding China)						
Vietnam Base (Tay Ninh Site)	Tay Ninh, Vietnam	Copper tubes	20,950.7	Europe, North America	Self-developed	2007
Vietnam Base (Tien Giang Site)	Tien Giang, Vietnam	Copper tubes	99,575.9	Southeast and East Asia	Self-developed	2008
Thailand Production Base	Chachoengsao, Thailand	Copper tubes	87,152.0	Southeast Asia, North America	Acquired from Luvata	2017
Indonesia Production Base	JIIPE, Indonesia	Copper foils	123,714.0	Southeast Asia, North America	Self-developed	2024
Europe						
HME Copper Germany Production Base	Nordrhein-Westfalen, Germany	Copper tubes	55,515.0	Europe	Acquired from KME	2019
HME Brass Germany Production Base	Berlin, Germany	Copper rods	43,187.0	Europe	Acquired from KME	2019
HME Brass Italy Production Base	Piedmont, Italy	Copper tubes	110,000.0	Europe	Acquired from KME	2019
HME Brass France Production Base	Normandy, France	Copper tubes	57,602.0	Europe	Acquired from KME	2019
HME Ibertubos Production Base	Barcelona, Spain	Copper tubes	2,670.0	Europe	Acquired from KME	2019
Americas						
Texas Production Base	Texas, United States	Copper tubes	140,841.0	North America	Self-developed	2018

Notes:

- (1) The JMF Production Base located in Iowa, United States is primarily engaged in intermediary processing activities and does not directly produce finished products.
- (2) As of the Latest Practicable Date, the Morocco Production Base is under construction, with the construction of the copper tube workshop expected to be completed in 2027. See “Future Plans and Use of [REDACTED].”

BUSINESS

The table below sets forth our total production volume, production capacity, utilization rate of our production facilities by country for the years/periods indicated:

Production Base by Country	Year ended December 31,						Five months ended May 31,					
	2023			2024			2025			2026		
	Production Capacity ⁽¹⁾ (thousand tons)	Production Volume ⁽²⁾ (thousand tons)	Utilization Rate ⁽³⁾ (%)	Production Capacity ⁽¹⁾ (thousand tons)	Production Volume ⁽²⁾ (thousand tons)	Utilization Rate ⁽³⁾ (%)	Production Capacity ⁽¹⁾ (thousand tons)	Production Volume ⁽²⁾ (thousand tons)	Utilization Rate ⁽³⁾ (%)	Production Capacity ⁽¹⁾ (thousand tons)	Production Volume ⁽²⁾ (thousand tons)	Utilization Rate ⁽³⁾ (%)
Asia												
China ⁽⁴⁾	828.0	605.2	73.1	909.0	718.6	79.1	936.0	706.0	75.4	390.0	331.0	84.9
Indonesia ⁽⁵⁾	—	—	—	10	1.5	14.9	12.5	7.1	56.4	5.2	10.4	45.2
Thailand ⁽⁶⁾	50.0	33.9	67.8	70.0	35.7	51.0	70.0	38.4	54.8	29.2	12.6	43.3
Vietnam ⁽⁷⁾	71.0	61.8	87.1	90.0	75.6	84.0	100.0	72.6	72.6	41.7	35.2	84.5
Europe												
France ⁽⁸⁾	80.0	36.7	45.9	80.0	37.5	46.9	80.0	27.5	34.4	33.3	8.5	25.4
Germany ⁽⁸⁾	145.0	74.6	51.4	145.0	78.9	54.4	145.0	71.5	49.3	60.4	30.5	50.5
Italy ⁽⁸⁾	105.0	40.6	38.7	105.0	58.8	56.0	105.0	56.8	54.1	43.8	23.9	54.7
Spain ⁽⁸⁾	2.0	0.8	41.4	2.0	0.8	41.6	2.0	1.0	51.2	0.8	0.3	36.2
Americas												
United States ⁽⁹⁾	10.0	1.4	14.3	20.0	6.6	33.0	90.0	18.3	20.4	12.5	5.7	41.3

Notes:

- (1) Our production capacity is determined based on management's assessment of the annual throughput that each production base is able to accommodate, taking into consideration the estimated output for the relevant production processes. The calculation of the production capacity is based on the following assumption: (i) for production facilities for copper tubes, copper rods and copper busbars, they operate 20 hours per day, 300 working days per year/125 working days per period; (ii) for production facilities for copper foils, they operate 24 hours per day, 300 working days per year/125 working days per period, as this process requires continuous operation; and (iii) all operating hours assume two to three shifts, depending on the operational requirements of each production line.
- (2) The production volume during the year/period is the total volume of the products produced during that year/period.
- (3) The utilization rate during the year/period equals the actual production divided by the designed production capacity.
- (4) During the Track Record Period, the overall utilization rate of our production facilities in China remained relatively stable.

BUSINESS

- (5) In 2024 and 2025, the utilization rate of our production facility in Indonesia was relatively low, primarily because the facility commenced operations in 2024 and its production processes and operational capability were still in the initial ramp-up and stabilization stage. As production lines continue to stabilize and process technology becomes more mature, we expect the production capability of the facility in Indonesia to gradually improve to better meet market demand. The utilization rate of the same production facility decreased from 61.6% in the five months ended May 31, 2025 to 45.2% in the same period in 2026, primarily because we moderately expanded our production capacity for copper busbars in anticipation of demand growth and market expansion in the relevant regions, while the newly added capacity had yet to be fully utilized during the initial ramp-up period.
- (6) During the Track Record Period, the utilization rate of our production facility in Thailand decreased from 67.8 in 2023 to 51.0% in 2024, primarily due to production capacity expansion undertaken in anticipation of market growth, while the actual increase in market demand fell short of expectations. The utilization rate of our production facility in Thailand remained relatively stable in 2024 and 2025; such utilization rate decreased from 64.8% in the five months ended May 31, 2025 to 43.3% in the same period in 2026, primarily because we reallocated the production resources to our other production bases in Asia to optimize the delivery efficiency and production scheduling.
- (7) The utilization rate of our production facilities in Vietnam decreased from 87.1% in 2023 to 84.0% in 2024, and further decreased to 72.6%; such utilization rate decreased from 95.9% in the five months ended May 31, 2025 to 84.5% in the same period in 2026, primarily because we reallocated the production resources to our other production bases in Asia to optimize the delivery efficiency and production scheduling.
- (8) During the Track Record Period, the utilization rate of our production facilities in Europe (HME Copper Germany Production Base, HME Brass Germany Production Base, HME Brass Italy Production Base, HME Brass France Production Base and HME Ibertubos Production Base) was relatively low, primarily due to a weaker-than-expected macroeconomic recovery in Europe, subdued conditions in downstream sectors such as manufacturing and construction, which led to a more cautious customer ordering. In response, we prudently managed capital investments in the relevant facilities and optimized capacity utilization by adjusting product specialization and enhancing coordination across production bases. We anticipate that, as inflationary pressures in Europe gradually ease, and downstream inventory levels are progressively normalized, the utilization rates of these production facilities will improve gradually.
- (9) During the Track Record Period, the utilization rate of our production facility in the United States was relatively low, primarily due to delays in equipment commissioning and slower-than-expected production ramp-up, which resulted in lower production out-put and capacity utilization. We expect that, as production lines continue to be brought into operations and manufacturing processes become more mature, the production level at our production base in the United States will gradually improve.

BUSINESS

The table below sets forth our total production volume, production capacity, utilization rate by products for the years indicated:

Product Category	Year ended December 31,				Five months ended May 31,			
	2023				2025			
	Production Capacity ⁽¹⁾ (thousand tons)	Production Volume ⁽²⁾ (thousand tons)	Utilization Rate ⁽³⁾ (%)	Production Capacity ⁽¹⁾ (thousand tons)	Production Volume ⁽²⁾ (thousand tons)	Utilization Rate ⁽³⁾ (%)	Production Capacity ⁽¹⁾ (thousand tons)	Production Volume ⁽²⁾ (thousand tons)
Copper tubes ⁽⁴⁾	803.0	631.5	78.6	894.0	724.9	81.1	981.0	669.4
Copper rods ⁽⁵⁾	390.0	173.7	44.5	380.0	207.9	54.7	380.0	209.5
Copper busbars ⁽⁶⁾	38.0	34.2	90.0	62.0	39.4	63.5	67.0	45.9
Copper foils ⁽⁷⁾	50.0	11.3	22.6	85.0	37.3	43.8	102.5	69.4
Aluminum-based products ⁽⁸⁾	10.0	4.5	44.5	10.0	4.6	45.8	10.0	5.1
							4.2	2.3
							4.2	2.1
							4.2	49.3

Notes:

- Our production capacity is determined based on management's assessment of the annual throughput that each production base is able to accommodate, taking into consideration the estimated output for the relevant production processes. The calculation of the production capacity is based on the following assumption: (i) for copper tubes, copper rods and copper busbars, we operate 20 hours per day, 300 working days per year; (ii) for copper foils, we operate 24 hours per day, 300 working days per year, as this process requires continuous operation; and (iii) all operating hours assume two to three shifts, depending on the operational requirements of each product line.
- The production volume during the year/period is the total volume of the products produced during that year/period.
- The utilization rate during the year/period equals the actual production volume divided by the designed production capacity during the same year/period.
- Production metrics relating to copper tubes were calculated taking into account both copper tubes and copper fittings. The utilization rate for copper tubes increased from 78.6% in 2023 to 81.1% in 2024, while reduced to 68.2% in 2025, and the utilization rate for the same product decreased from 81.9% in the five months ended May 31, 2025 to 75.3% in the same period in 2026, primarily due to fluctuations in market and customer demand resulting in variations in customer order volumes and corresponding adjustments in production scheduling during the year.
- During the Track Record Period, the utilization rate for copper rods was relatively low, primarily due to our adjustment to production scheduling in line with the shifting market demand for copper rods.
- The utilization rate for copper busbars decreased from 90.0% in 2023 to 63.5% in 2024, primarily due to the capacity expansion at our two production sites. The utilization rate for the same product remained relatively stable at 62.9% in the five months ended May 31, 2025 and 64.2% in the same period in 2026.
- The utilization rate of copper foils was relatively low in 2023, primarily because we were still in the process of onboarding key customers and completing product qualification and validation during the year, which resulted in a more cautious pace of capacity ramp-up. The utilization rate for the same product increased from 22.6% in 2023 to 43.8% in 2024, and further increased to 67.7% in 2025, primarily due to the increase in production volume in response to the rising market demand. The utilization rate for the same product further increased significantly from 66.0% in the five months ended May 31, 2025 to 100.5% in the same period in 2026, primarily attributable to robust demand from downstream applications, particularly in the NEV and energy storage sectors, coupled with production line upgrades and equipment optimization, which improved product yield rates and enhanced production efficiency.
- The utilization rate for aluminum-based products remained relatively low during the Track Record Period, primarily because our principal operational focus was on the sales and production of our copper-based products. Our aluminum-based production capabilities were developed in parallel as a strategic and forward-looking initiative, in anticipation of a future surge in market demand for aluminum-based products as cost-effective alternatives. As customer adoption of aluminum-based products is still at an early stage, market demand has yet to reach a scale that would drive higher utilization of our aluminum-based production capacity.

BUSINESS

Production Process

Copper Tubes. Our copper tube production process begins with the melting of high-purity copper cathodes and selected recycled copper, with alloying elements added as needed to produce a homogeneous molten alloy meeting national standards, which is then cast into billets or slabs with a uniform, defect-minimized microstructure. The billets are processed into intermediate mother tubes through hot extrusion or rolling to enhance mechanical strength, before being drawn through precision dies to achieve customers’ specific dimensional and surface finish requirements. The tubes then undergo annealing in controlled atmosphere furnaces to relieve internal stresses and restore ductility, before concluding with finishing procedures including straightening, cutting, and surface treatments, followed by comprehensive quality inspections to verify conformity with applicable technical standards and customer specifications.

Copper Rods and Busbars. Our production process for copper rods and busbars follows a similar sequence to that of copper tubes. High-quality copper raw materials are melted in induction furnaces with alloying elements added as needed to optimize electrical conductivity and mechanical strength, before being cast into rod- or bar-shaped billets with a fine-grained microstructure using continuous casting systems. The billets are then rolled into coiled rods and busbars, followed by cold drawing passes to precisely control diameter and ensure the dimensional uniformity required for electrical conduction applications. Controlled annealing is subsequently employed to eliminate work hardening, stabilize the microstructure, and achieve an optimal balance between mechanical strength and electrical conductivity, before the finished products undergo straightening, polishing, and rigorous quality testing to verify compliance with national standards.

Copper Fittings. Our production process for copper fittings primarily involves hot stamping, machining, annealing, and finishing. Copper billets are first subjected to controlled heating and processed under high pressure within precision-engineered molds to conform to specific structural designs and dimensional requirements, before undergoing precision machining processes including turning, drilling, and threading to achieve the exact dimensions and tolerances required for seamless assembly. Heat treatment is then applied to relieve internal stresses and enhance ductility, and the process concludes with deburring, surface polishing, and rigorous inspections including pressure testing to ensure compliance with relevant national standards.

Copper Foils. Our production process for copper foils primarily comprises four key stages: electrolyte preparation, whereby a copper sulfate-based electrolyte solution is prepared with specific additives to regulate deposition quality and ensure high purity; electrolytic raw foil production, whereby copper ions are electrolytically deposited onto a rotating cathode drum to form thin raw foil layers with precise thickness and surface characteristics to facilitate adhesion in battery anodes or circuit boards; surface treatment, whereby the raw foil undergoes passivation and anti-oxidation treatments to enhance stability, conductivity, and performance in high-energy environments; and slitting and packaging, whereby the treated foils are slit to required widths and packaged under controlled conditions to prevent contamination, with final inspections conducted to verify uniformity and quality and ensure traceability and protection during storage and transport.

Global Footprint

As of May 31, 2026, we had 23 production bases, strategically located across Asia, Europe, North America and Africa. This production network allows us to situate facilities in proximity to high-quality raw material sources in Southeast Asia and Africa, thereby reducing supply chain risks and costs, while simultaneously maintaining a near-to-market presence. This proximity enables efficient sourcing, localized manufacturing and direct market access, facilitating the rapid delivery of copper-based products to our global customer base.

We employ localized management teams in key markets combined with our headquarters’ digital management systems to ensure adaptability to local commercial environments while maintaining consistent global operational standards. This operational efficiency is evidenced by our

BUSINESS

electrolytic copper foil base in Indonesia, which was constructed and commissioned in just 208 days. Similarly, our operations in the United States exemplify the success of this localized manufacturing strategy and represent a core driver of our future growth.

Production Expansion Plan

We plan to expand our production capacity through equipment upgrades in existing production facilities and new production facilities in key overseas markets, such as Morocco Production Base and Indonesia Production Base that are under construction. These production bases serve customers in Europe, Middle East, Africa and Southeast Asia. The investment is expected to be used for construction and ramp-up, implemented in phases over the coming years. See “Future Plans and Use of [REDACTED] — Use of [REDACTED].” This strategic expansion is primarily driven by several key considerations: (i) it will enable us to scale production to better address global demand for our high-efficiency copper-based products in sectors like renewable energy and electronics; (ii) the expansions align with our near-to-market production model, enhancing proximity to raw materials and customers for improved supply chain resilience; (iii) locating facilities in resource-rich regions allows us to leverage local incentives, reduce logistics costs and mitigate trade risks such as tariffs or disruptions; (iv) these moves support deep localization strategies, fostering compliance with regional policies and building stronger ties with local stakeholders; and (v) the expansions are expected to drive profitability through operational efficiencies and access to high-growth markets.

SALES, MARKETING AND CUSTOMER SERVICE

Our Sales Model

We have established a global sales network that integrates our in-house sales and marketing team with distributor channels, aimed at strengthening our market presence and brand recognition worldwide. The table below sets forth our revenue from sales of goods by geographic regions during the Track Record Period:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Chinese Mainland	47,479,068	62.9	54,997,598	63.0	51,973,184	62.4	21,786,590	62.7	26,713,717	66.1
United States	2,457,426	3.3	3,413,560	3.9	5,076,383	6.1	1,790,458	5.2	2,997,377	7.4
Hong Kong	2,559,771	3.4	5,345,151	6.1	3,992,312	4.8	1,189,014	3.4	335,585	0.8
India	2,605,185	3.4	3,724,740	4.3	3,607,752	4.3	2,262,092	6.5	1,311,705	3.2
Thailand	2,620,505	3.4	2,223,347	2.5	2,378,729	2.9	1,050,723	3.0	1,232,553	3.0
Germany	1,864,258	2.5	1,825,645	2.1	1,803,281	2.2	763,033	2.2	942,796	2.3
Italy	1,247,433	1.6	1,478,998	1.7	1,708,809	2.1	780,253	2.2	881,556	2.2
Singapore	5,203,887	6.9	3,608,853	4.1	920,079	1.1	258,236	0.7	117,959	0.3
Others	9,499,488	12.6	10,737,627	12.3	11,701,786	14.1	4,874,847	14.1	5,882,915	14.7
Total	75,537,021	100.0	87,355,519	100.0	83,162,315	100.0	34,755,246	100.0	40,416,163	100.0

Direct Sales

We primarily employ a direct sales model for both our domestic and overseas markets. During the Track Record Period, our revenue attributable to direct sales accounted for 97.7%, 97.9%, 97.5%, 98.2% and 98.3% in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. As of May 31, 2026, we have served leading industry players Midea, Gree, Haier, Hisense, Daikin and CATL, reflecting our proven reliability and ability to build enduring relationships with top-tier customers.

BUSINESS

The salient terms of our direct sales agreement are set forth as below:

- *Term.* We typically enter into sales agreements with a term of one year with domestic customers, subject to renewal. We typically enter into one-off sales agreements with overseas customers.
- *Minimum Purchase Target.* We typically do not impose minimum purchase requirements for customers.
- *Product Ownership.* Product ownership transfers to the direct sales customer upon delivery.
- *Payments and Credit Term.* We typically require small- and mid-sized customers to make prepayments. We generally grant a credit term of within 120 days to certain customers who had great credit histories and had long-term relationships with us.
- *Logistics.* We are typically responsible for delivering products to the customer’s designated location and the costs associated with the delivery.
- *Product Return or Exchange.* We typically do not accept product return or exchange except for product defects found upon the inspection.

During the Track Record Period, we implemented a vendor-managed inventory (“VMI”) arrangement for certain customers. Under this model, we dispatch products to designated warehousing facilities, which are operated either directly by the customer or by independent third-party warehousing providers. Under the VMI arrangement, we recognize revenue upon the customer’s collection or withdrawal of the relevant products from the designated warehouse. We continue to monitor inventory levels and replenish stock to ensure that a sufficient volume of products is readily available to meet the customer’s anticipated production demands.

By maintaining inventory in close proximity to the customers’ production lines, our customers can flexibly withdraw products from the designated warehouse based on their real-time production requirements. This immediate accessibility eliminates the lead times typically associated with ad hoc ordering and alleviates the customers’ burden of managing raw material inventory. This model fosters provides greater visibility into downstream demand, allowing for more efficient production planning.

The salient terms of our direct sales agreement under vendor-managed inventory arrangements are set forth below:

- *Term.* We typically do not set a fixed term for the VMI sales agreements.
- *Transfer of Title.* Title to, and the risks relating to the products are transferred to the customer upon the customer’s collection or withdrawal of the relevant products from the designated warehouse.
- *Payments and Credit Term.* We typically verify the customer’s actual inventory consumption of the preceding month in the following month. Upon confirmation of the consumption volume, we issue the invoice to the customer, following which we typically grant a credit period of up to 90 days.
- *Logistics.* We are generally responsible for delivering products to the designated warehouse and the associated costs.
- *Product Return or Exchange.* We generally do not accept product returns or exchanges, except where product defects are identified upon inspection.

BUSINESS

Distributorship

To effectively reach diverse customer bases, we collaborate with distributors to complement our market coverage and extend our presence across various regions. Our revenue attributable to distributorship accounted for 2.3%, 2.1%, 2.5%, 1.8% and 1.7% of our total revenue in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. As of May 31, 2026, we engaged 77 primary and sub-distributors. Specifically, we expect distributors to: (i) enhance brand visibility and local market presence; (ii) provide responsive after-sales support and actively collect customer feedback to improve service quality; and (iii) adhere to our pricing structures and sales policies to ensure consistency and protect brand equity.

Distributor Management

We maintain a buyer-seller relationship with our distributors, under which the risks transferred to the distributors at the point when distributors accept our products. We have implemented a rigorous screening and evaluation mechanism for selecting and managing our distributors. Our selection criteria focus on key factors such as track record, customer relationship management capabilities, sales experience, market reputation, as well as logistics and transport capabilities. According to Frost & Sullivan, it is in line with the industry norms to appoint distributors.

The salient terms of our distribution agreements are set forth as below:

- *Term.* We typically enter into the distributorship agreement with a term of one year.
- *Geographical Limitations.* Our distributors are authorized to sell our products only within their designated territories and are required to ensure that their sub-distributors comply with such territorial restrictions. Any breach of these restrictions by our distributors or their sub-distributors may lead to termination of the relevant distribution agreement.
- *Sales Target.* We set annual sales targets for our distributors. We may choose to terminate distributorship if such our distributors repetitively fail to meet the sales targets.
- *Pricing.* We apply uniform pricing model to our distributors nationwide, which is consistent with the pricing model offered to our direct sales customers. We do not stipulate the resale prices to sub-distributors or end-customers.
- *Payments.* Our distributors are generally required to make full payment of the purchase price prior to delivery of the products. However, for certain long-term major distributors, we may grant a credit term of 30 to 60 days based on our credit assessment. In such cases, for orders with delivery periods exceeding 30 days, we typically require a prepayment of 30% of the order value upon order placement.
- *Logistics.* Distributors are typically responsible for collecting the products from our designated warehouses and bear the associated transportation costs.
- *Product Return and Exchanges.* We generally do not accept product returns. We may accept product exchanges only in cases of product defects identified upon inspection. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return or exchange from distributors.

For effective day-to-day management, we also conduct site visits and assessments. We also offer sales rebates to certain distributors to incentivize them upon achieving the sales targets. We classify our distributors into three tiers, taking into account their historical sales performance, the regions in which they sell our products and the types of products they distribute. Distribution

BUSINESS

agreements entered into with distributors of different tiers stipulate different ranges of agreed sales volume benchmarks, which are commensurate with the relevant distributor’s tier. We offer two types of sales rebates to distributors, namely monthly rebates and annual rebates, in each case calculated at a fixed amount for each tonne of products purchased from us during the relevant period, with the applicable per-tonne rebate amount corresponding to the distributor’s tier. Our monthly rebates are generally granted by reference to the distributor’s sales performance during the relevant month as compared against agreed benchmarks under the relevant agreements, and the applicable monthly rebate amounts ranged from RMB950 to RMB1,150 per tonne. In addition, our annual rebates are granted subject to the distributor’s overall fulfillment of applicable annual sales performance requirements as stipulated in the relevant agreements, with such rebates being assessed upon the end of the relevant financial year and settled thereafter. The applicable annual rebate amounts ranged from RMB300 to RMB350 per tonne. Each distributor’s sales performance target varies based on the evaluation of their sales track record. During the Track Record Period, the aggregate amount of sales rebates granted to distributors amounted to approximately RMB26.0 million, RMB23.0 million, RMB25.8 million, RMB8.8 million and RMB8.2 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

During the Track Record Period, we allowed our distributors to appoint sub-distributors in their respective regions, and we also directly engaged certain sub-distributors in areas. Sub-distributors enable broader market penetration into specific local markets and enhance overall distribution efficiency, a practice that is in line with industry norms, according to Frost & Sullivan. To ensure effective control over the sub-distributors, we typically enter into tripartite agreements with the primary distributor and the sub-distributor, or direct agreements with the sub-distributors. In cases where sub-distributors are appointed by our primary distributors, we require the primary distributors to oversee and ensure compliance by their sub-distributors with the terms of distribution agreements and overall sales strategy, and we may impose penalties on the primary distributors in the event of any non-compliance by their sub-distributors.

The salient terms of our agreements with sub-distributor are set forth as below:

- *Geographical Limitations.* Our sub-distributors are authorized to sell our products only within the territories designated by the relevant primary distributors and are required to ensure that such sales do not exceed the territorial scope authorized by us to the primary distributors. Any breach of these restrictions is borne by the relevant primary distributor, which may lead to penalties imposed by us on the primary distributor.
- *Sales Targets.* We set sales targets for sub-distributors who directly entered into agreement with us. However, we do not set separate sales targets for our sub-distributors appointed by our distributors. Instead, the sales performance of sub-distributors is incorporated into the annual sales targets of the relevant primary distributors.
- *Pricing.* We apply uniform pricing model to our sub-distributors nationwide, which is consistent with the pricing model offered to our primary distributors and direct sales customers. We do not mandate the resale prices to end-customers.
- *Payments.* Our sub-distributors are generally required to make full payment of the purchase price prior to delivery. For orders with delivery periods exceeding 30 days, a prepayment of 30% of the order value is required upon order placement.
- *Logistics.* Sub-distributors are typically responsible for collecting the products from our designated warehouses on a self-pickup basis and bear the associated transportation costs.
- *Product Returns and Exchanges.* We generally do not accept product returns or exchanges, except in cases of product defects identified upon inspection.

BUSINESS

We believe our sales volumes reflect genuine market demand, thereby minimizing the risk of channel stuffing within our distribution network. To further mitigate such risks, we have implemented robust internal controls, including: (i) typically requiring full payment prior to product delivery and imposing no minimum purchase obligations, which encourages distributors to base orders on realistic sales forecasts rather than speculative stockpiling; (ii) generally prohibiting product returns and exchanges, except in cases of verified quality defects, thereby discouraging over-ordering and aligning purchases with actual demand; (iii) enforcing a unified pricing policy across all distributors to prevent price undercutting and reduce incentives for inventory accumulation; and (iv) structuring incentive programs primarily around purchase volumes and the achievement of sales targets, which motivates distributors to focus on end-market demand and optimize inventory turnover.

To mitigate the risk of competition among distributors and alleviate potential market cannibalization, we have implemented a series of measures across three principal areas. With respect to project opportunity allocation, we adopt a dual principle of prioritizing authorized regional distributors and a “first-come, first-served” approach for engineering-project-based opportunities, supported by clearly established criteria for the identification, assessment and ownership of project leads, thereby preventing multiple distributors from competing for the same project and ensuring the orderly operation of our distribution network. Engineering-project-based opportunities are (i) projects involving the scaled installation of copper-processed products, such as copper tubes for water supply, gas or medical use and pipe fittings in bulk quantities at a single project site, and (ii) refrigeration engineering projects requiring large volume of our products. Under the “first-come, first-served” approach, the distributor that first registers a project lead with us obtains priority in pursuing that project, and registered projects are made known within our distribution network to enhance transparency and avoid duplicative pursuit of the same project. Where a distributor effects sales in respect of a project registered to another distributor, it is required to pay a coordination fee to the registering distributor, and violations of the project allocation rules are subject to penalties, including fines and termination of cooperation.

With respect to territorial and network management, we regulate the number of regional distributors in each territory, clearly define the authorized geographic scope of sales for each regional distributor, and generally prohibit cross-regional sales, with violations (including unauthorized cross-regional selling) subject to penalties such as fines or termination of cooperation; authorized distributors are also required to manage their sub-distributors to ensure that sales activities are conducted within designated territories. With respect to pricing discipline and market order, we have established a transparent rebate and pricing framework, implemented a unified channel pricing policy with clear rebate rules to enable distributors to conduct business on a fair and consistent basis. In cases where more than one distributor is authorized to sell in the same region, the relevant distributors generally focus on distinct customer segments. For example, one may primarily serve large-scale engineering projects while the other primarily operates wholesale outlets serving the household renovation market. Such distinct focuses on customer segment allow their sales activities do not overlap in the ordinary course and the risk of cannibalization is inherently limited. In the limited circumstances where the customer segments of such distributors overlap, the relevant first-tier distributor in the region, as part of its contractual responsibility for managing its sub-distribution network, adopt the agreed pricing discipline and price management rules by coordinating the pricing conduct of the sub-distributors within its network in accordance with our unified channel pricing policy, such that sub-distributors serve the overlapping segment on consistent pricing terms and compete on the basis of service quality and their respective customer relationships rather than price undercutting. Separately, our distribution agreements prohibit distributors from engaging in low-price dumping that disrupts market order, and we monitor prevailing end-market prices, conduct regular assessments of distributors’ compliance and may impose penalties on, or terminate cooperation with, distributors found to have engaged in such conduct.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material disputes or litigation with our distributors.

BUSINESS

Movements of Distributors

In 2023, 2024, 2025 and the five months ended May 31, 2026, we terminated our business relationships with one, nil, nil and three distributor, respectively, primarily due to the optimization of the distribution network. There were no material unsettled disputes or litigation with such terminated distribution arrangements during the Track Record Period and up to the Latest Practicable Date. The following table sets forth the total number of distributors and their movements for the years/periods indicated:

	Years ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Number at the beginning of the period	41	40	42	44
Number of distributors newly engaged	—	2	2	4
Number of distributors terminated	(1)	—	—	3
Number at the end of the period	40	42	44	45

The following table sets forth the total number of sub-distributors and their movements for the years/periods indicated:

	2023	2024	2025	2026
Number at the beginning of the period	24	26	30	33
Number of sub-distributors newly engaged	2	4	5	—
Number of sub-distributors terminated	—	—	2	1
Number at the end of the period	26	30	33	32

We typically prohibit our employees from working for our distributors. To the best of our knowledge, during the Track Record Period, all of our distributors were Independent Third Parties. We apply consistent management policies across all our distributors.

Pricing

We adopt a flexible and market-oriented pricing policy for our copper-processed products, which generally comprises the cost of raw materials plus a processing fee. The raw material costs component is referenced to benchmark copper prices in public markets and passed through to our customers, allowing them to benefit from direct alignment with market rates while we maintain a relatively stable processing fee to cover our manufacturing and operational expenses. Our sales agreements with customers do not incorporate standalone price adjustment mechanisms, as the adjustments for copper price fluctuations are structurally embedded within the pricing model, whereby the raw material cost component of the applicable selling price for each customer order is determined by reference to the prevailing benchmark copper price on the agreed pricing reference date or during the agreed pricing reference period for the relevant order, which may vary depending on the applicable customer arrangement and order terms, rather than being fixed at the inception of any supply arrangement. Consequently, any movement in the prevailing copper price is fully reflected in the selling price applicable to each individual order at the point of its placement,

BUSINESS

without the need for a separate or subsequent contractual adjustment. Our processing fee is determined independently from copper price fluctuations. This pricing mechanism is effective against copper price fluctuations, and our gross profit per unit on copper-processed product sales thus does not fluctuate materially with copper price movements, as this pricing mechanism helps us pass through a substantial portion of market exposure to customers and mitigate the impact of copper price volatility. According to Frost & Sullivan, this pricing model is consistent with common practices among other copper-based materials suppliers in the industry, enabling us to mitigate raw material costs volatility, maintain competitive positioning and foster long-term customer relationships.

Marketing and Branding

We place significant emphasis on brand building as a cornerstone of our development strategy, operating primarily under the OBM model. To further elevate our international reach, we pursue a differentiated brand matrix including “HAILIANG,” “SANCO” and “JMF”, each meticulously tailored to the distinct dynamics of its respective regional market. For instance, in Europe, we focus on promoting copper tubes surrounding “SANCO” that enjoyed widespread market recognition, while in North America, we foster deeper end-user loyalty and engagement through the “JMF” brand that has already had robust customer base. By continuously building the prestige and market influence of our brands worldwide, we accelerate global expansion and achieve impactful market penetration, ensuring that each brand resonates powerfully within its target market. We continuously refine our global sales network and innovate sales models to strengthen brand penetration worldwide, reinforcing our market leadership and brand recognition globally.

After-Sales Services

We generally offer a product warranty period ranging one to ten years, depending on product types. After the expiry of the warranty period, such support remains available to customers at their expense. In the event of a quality issue, our sales and production teams work closely to ensure that customer feedback is promptly entered into our internal system and communicated to the relevant production units. We aim to provide preliminary analysis reports within 24 hours to facilitate timely resolution and maintain customer satisfaction. Benefiting from our well-established after-sales service system, we did not experience any material product returns during the Track Record Period and up to the Latest Practicable Date.

SUPPLY CHAIN MANAGEMENT

Raw Material Procurement

Our principal raw materials comprise copper, including copper cathodes, recycled copper and zinc, which we source from domestic suppliers and overseas providers to ensure diversified and reliable access. Our procurement strategy has enabled us to avoid any material shortages, delays or procurement difficulties throughout the Track Record Period.

The table below sets forth a breakdown of our purchases by geographic region for the years/periods indicated.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
China	39,058,831	47,671,183	45,588,144	19,059,461	24,275,575
Overseas ⁽¹⁾	33,799,567	38,575,236	35,694,276	14,031,465	16,677,036
Total	72,858,398	86,246,419	81,282,420	33,090,926	40,952,611

Note:

- (1) Our overseas procurement were primarily sourced from regions and countries including Hong Kong, Japan, Singapore, Switzerland and the U.S.

BUSINESS

We rigorously monitor raw material quality through a combination of physical and chemical inspections conducted by our production bases, adhering to acceptance standards implemented across production bases. In the event of non-compliant materials being identified, such incidents are promptly reported via our OA system, with designated personnel assigned to engage suppliers for resolution, including potential compensation or corrective actions.

In managing suppliers, we employ a comprehensive framework that encompasses selection, ongoing inspections and performance-based adjustments to guarantee compliance, quality and reliability. Our evaluation criteria include supplier market reputation, operational compatibility with our production bases, product quality and delivery capabilities, commercial terms, usage feedback and historical performance. We evaluate suppliers’ performance periodically and dynamically adjust our collaboration arrangements with them based on the results. To further bolster quality control and transparency, we keep the records to track and review each supplier’s delivery history, facilitating informed selection, monitoring and management decisions.

We have operated a centralized commodity price risk management system to mitigate exposure to fluctuations in copper prices and supply. Under this system, our parent company and Hong Kong subsidiary serve as the principal hedging entities, utilizing copper futures contracts traded on the Shanghai Futures Exchange and the London Metal Exchange. Our approach is grounded in a net inventory management framework, whereby physical copper net positions are continuously matched against futures contract holdings to lock in processing fee income per unit of product. Because the copper referenced by our futures instruments is of the same type and specification as the copper we physically procure and process, and both are valued using the same prevailing market price, gains and losses on our hedging instruments are expected to closely offset the corresponding losses and gains on our physical positions. Our coverage ratio, being the ratio of net copper exposure to hedging positions measured at each month-end or quarter-end, has reached approximately 90%, with the remaining unhedged portion reflecting positions where price risk was assessed to be within acceptable limits or where hedging was not commercially practicable. Furthermore, we maintain a diversified supplier portfolio by engaging multiple suppliers for each category of key raw materials, thereby dispersing sourcing risks and ensuring the continuity of our supply chain.

Salient terms of our supply contract are set forth as below:

- *Term.* We typically enter into one-off purchase agreements with our suppliers. We may also enter into quarterly or 12-month-long purchase agreements.
- *Delivery.* The supplier is responsible for delivering products to the designated location and costs associated with transportation. We may also collect products at suppliers’ warehouses.
- *Payment.* We are generally required to settle the purchase price upon the delivery of the products. We may also settle payment with letters of credit, which grants a credit term up to 180 days since the issuance of bill of lading.
- *Inspection.* We are entitled to conduct quality inspection of the products within seven days from the date of receipt. We may require product exchange or return the product or compensation for damages upon the finding of any product defects during the inspection.

During the Track Record Period and up to the Latest Practicable Date, we did not have any difficulty in obtaining raw materials, and we do not anticipate significant difficulties in obtaining alternative sources of supply if necessary. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material overstock, supply delays or shortages, nor was there any material breaches of supply contracts.

BUSINESS

Impact of Fluctuations in Raw Material Prices

Copper cathode is the principal raw material of our products. Our raw material costs, which primarily consisted of costs of copper materials, accounted for 96.5%, 96.0%, 95.2%, 94.9% and 95.3% of our total cost of revenue in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. As a highly standardized commodity with strong liquidity, copper cathode is priced primarily by reference to macroeconomic conditions, global supply and demand dynamics and policy direction. Between 2020 and 2025, the average price of LME copper cathode rose from USD6,167 per tonne to USD9,939 per tonne, while the average price of the SHFE copper cathode rose from RMB48,238 per tonne to RMB79,859 per tonne, representing a CAGR of 10.0% and 10.6%, respectively. Fluctuations in copper prices affected our results of operations during the Track Record Period in several respects. Our revenue generally moved in line with copper prices, as the selling price of each customer order comprises a raw material cost component referenced to benchmark copper prices and a processing fee, and our cost of sales varied correspondingly with the cost of copper materials. Higher copper prices tended to dilute our gross profit margin by enlarging our revenue base while our gross profit remained principally determined by processing fees. Changes in our gross profit and gross profit margin during the Track Record Period were primarily attributable to changes in customer mix and product mix rather than copper price movements. Rising copper prices also increased our working capital requirements, as maintaining a given level of raw material inventories required greater cash outlays.

We manage our exposure to copper price volatility principally through our pricing mechanism, our hedging arrangements and our inventory management. Cost pass-through is structurally embedded in our pricing model. The raw material cost component of the selling price for each customer order is determined by reference to the prevailing benchmark copper price on the agreed pricing reference date or during the agreed pricing reference period for that order, rather than being fixed at the inception of any supply arrangement, while our processing fee is determined independently of copper price fluctuations, such that movements in copper prices are reflected in the selling price of each order without any separate or subsequent contractual adjustment. We also operate a centralized commodity price risk management system, under which our principal hedging entities, continuously match our physical net copper positions against copper futures contracts traded on the SHFE and the LME to lock in our processing fee income per unit of product. Hedging positions covered approximately 90% of our net copper exposure, measured at each month-end or quarter-end, during the Track Record Period. In addition, we dynamically manage our copper inventory through our copper trade activities by disposing of surplus raw materials or procurement positions and sourcing additional supply as required, supported by multiple suppliers for each category of key raw materials. These measures proved effective during the Track Record Period. Our gross profit per unit on copper-processed product sales did not fluctuate materially with copper price movements, and the gross profit margins of our copper-processed products for HVAC and industrial applications remained relatively stable notwithstanding copper price fluctuations, while those of our copper foils for lithium batteries and PCBs and our copper-processed products for AI applications increased, driven by customer and product mix. We did not experience any material procurement difficulty arising from copper price fluctuations during the Track Record Period. See “Business — Sales, Marketing and Customer Service — Pricing,” “Business — Supply Chain Management — Raw Material Procurement” and “Business — Supply Chain Management — Warehousing and Inventory Management.”

BUSINESS

Warehousing and Inventory Management

To manage inventory effectively and mitigate associated risks, we develop procurement plans based on annual forecasts derived from historical turnover data, ensuring adequate stock levels to support uninterrupted operations. Operating under a sales-to-order model, our production bases maintain real-time communication with the procurement department, enabling precise inventory alignment with operational requirements and minimizing excess holdings. Moreover, we have established internal control systems for inventory stocktaking. Depending on different inventory categories, physical counts are conducted on a monthly, quarterly, semi-annual and annual basis. Based on the nature of each inventory item, we analyze causes of discrepancies, identify issues and propose appropriate solutions to keep an optimal stock level.

We also facilitate inventory turnover through our copper trading activities by dynamically adjusting our raw material inventory based on production needs and market conditions, including disposing of surplus raw materials or procurement positions when appropriate and sourcing additional supply as required. This reduces the working capital tied up in high-value copper inventory and exposure to commodity price risks, while real-time market insights gained from such activities enable us to optimize procurement, processing volumes and inventory levels. See “—Our Products—Copper Trade Activities.”

Our inventories are stored and managed in accordance with their respective operational requirements. Raw materials are primarily stored at our production facilities, with third-party warehousing service providers engaged from time to time for certain raw materials. Finished products are generally delivered directly from our production facilities to customers and are not typically stored with third-party warehousing service providers, save that in certain limited cases, primarily to accommodate advance inventory requirements of certain major customers, finished products may be temporarily stored at third-party warehouses at the relevant customers’ instruction, with the locations of such warehouses generally designated by the customers or determined by us through a tendering process. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material disputes with our warehousing and logistics service providers.

Logistics

During the Track Record Period, we engaged independent third-party logistics service providers for our operations. Under our agreements with third-party logistics service providers, service fees are determined by factors including transportation distance, product type, and shipment volume, with any additional costs incurred during transportation borne by the service provider. Payment is settled monthly following the completion of transportation services, with a credit term of 20 days from the date of invoice receipt. The service provider bears all risks associated with the products during transit, including risk of loss or damage, and is required to maintain adequate transportation insurance covering the full value of the goods at its own cost. Prior to commencement of services, the service provider is required to pay a transportation security deposit within seven days of signing the agreement, which we will refund within three months upon completion of the transportation services.

QUALITY CONTROL

Our quality control measures are integrated into the entire production cycle, ranging from the procurement and inspection of raw materials to manufacturing, warehousing, and final product delivery.

BUSINESS

We have obtained relevant certifications including ISO 9001 and ISO 45001, evidencing our commitment to maintaining high operational standards and enabling us to consistently deliver high-quality copper-processed products that meet customer requirements. Our quality control system operates across four stages of our supply chain. At the raw material stage, we conduct rigorous batch testing on all incoming materials prior to their entry into the production process, encompassing physical appearance inspections for issues such as verdigris, copper nodules, and oil stains, as well as chemical composition analyses through core sampling, melting, and spectroscopic analysis. During production, we implement in-process monitoring at critical stages including melting, casting, rolling, drawing, and annealing, utilizing automated sensors to track parameters such as temperature, composition, and dimensional accuracy in real time, with immediate corrective actions taken where deviations are detected. At the warehousing stage, we collaborate exclusively with third-party warehouse operators that possess professional qualifications and robust management systems, with contractual requirements mandating proper storage conditions and safeguarding measures to preserve product quality. Finally, at the delivery stage, we engage reputable logistics providers to ensure our products and raw materials are transported and delivered under the required conditions.

As a result of our commitment to stringent product quality, during the Track Record Period and up to the Latest Practicable Date, (i) we had not been subject to any material administrative or other penalties from any competent authority in connection with product quality; (ii) we had not undertaken any material product recalls with respect to defective products; and (iii) we had not been involved in any material dispute with customers in connection with product quality.

SEASONALITY

Seasonal patterns in demand for certain of our products may lead to fluctuations in both the volume and product mix sold throughout the year. In respect of copper tubes, we generally experience a peak season from March to June each year, driven primarily by the production and consumption cycle of air conditioning and refrigeration systems across our downstream markets during summer seasons, with sales volumes moderating during the off-peak period from July to October. In respect of copper foils, the second and fourth quarters have historically represented relatively stronger demand periods, reflecting the consumption and manufacturing cycles of downstream end markets of lithium batteries and PCBs. Meanwhile, our copper rod, copper busbar, and copper-processed products for AI applications do not exhibit material seasonal demand patterns, attributable respectively to the diversified customer base of our copper rods, the stable and recurring customer structure of our copper busbars, and the sustained demand-driven nature of our copper-processed products for AI applications. We estimate seasonal demand in advance and typically plan our production accordingly to ensure efficient utilization of personnel and facilities throughout the year.

TRANSFER PRICING

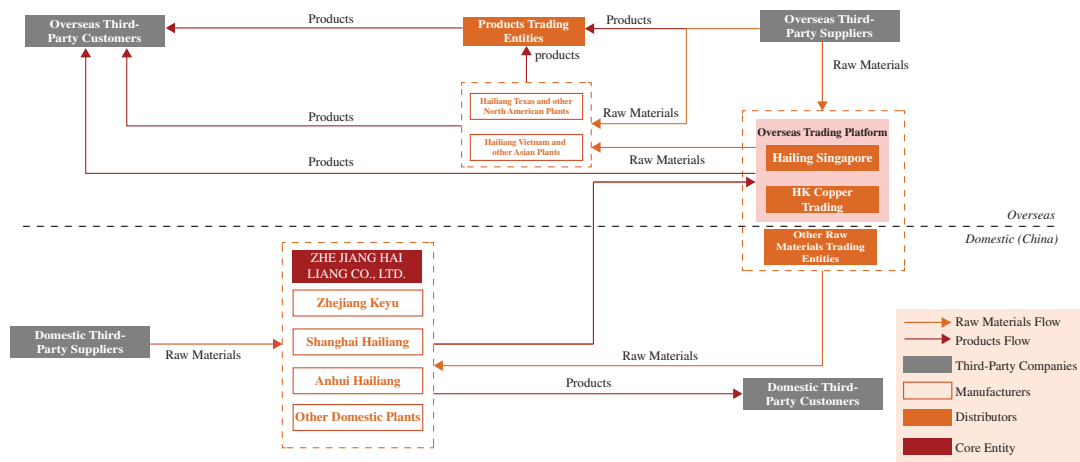
In 2023, 2024, 2025 and the five months ended May 31, 2026, we and our subsidiaries conducted various intra-group transactions as part of our integrated copper processing operations. These intra-group transactions are undertaken to enable efficient supply chain management, centralized procurement and coordinated hedging of raw material price risks and optimized global distribution, across our manufacturing companies and trading branches. By centralizing certain functions, such as raw material sourcing and international sales through trading branches across different geographical markets, we seek to achieve economies of scale, reduce exposure to commodity price volatility and support the operational and funding needs of our manufacturing subsidiaries and overseas entities.

BUSINESS

The principal entities involved in these intra-group arrangements include our PRC-based manufacturing companies, which primarily perform manufacturing functions involving research and development, procurement, production and sales. Our overseas trading branches, principally in Hong Kong and Singapore, act as intermediate procurement and distribution hubs for raw materials and finished products. Our overseas production and distribution entities, including companies in Europe, Vietnam, Thailand, the United States and other jurisdictions, carry out local manufacturing, sales and distribution activities. In determining the pricing of our intra-group transactions, we take into account the functions performed, resources employed and risks assumed by the respective group entities.

The intra-group transactions primarily include (i) purchases and sales of raw materials; (ii) purchases and sales of finished products; and (iii) purchases and sales of manufacturing equipment and accessories. The Organization for Economic Cooperation and Development (the “OECD”), an international organization for international cooperation, promulgated the transfer pricing guidelines for multinational enterprises and tax administrations (the “OECD Transfer Pricing Guidelines”), which are generally followed by the relevant tax jurisdictions involved in our intra-group transactions. We follow the fundamental principle that inter-company transactions must be conducted on an arm’s length basis. According to the OECD Transfer Pricing Guidelines, intra-group transactions should be conducted on an arm’s length basis so as to avoid distortion of taxable income among different jurisdictions. Our transfer pricing policies are designed to ensure that our intra-group transactions are conducted on an arm’s length basis and in compliance, in all material respects, with applicable transfer pricing laws and regulations in the jurisdictions where our Group operates.

The following diagram sets out the transaction flow of our intra-group transactions.



BUSINESS

The table below sets out the amounts of our main intra-group transactions during the Track Record Period:

	Transaction Type	Transaction Amounts (RMB)	Percentage
2023	Sales of products	62,904,357,920.5	99.6%
	Sales of equipment	33,860,658.2	0.1%
	Sales of software	2,310,000.0	0.0%
	Interest Income	229,171,379.5	0.4%
	Totals	63,169,699,958.2	100.0%
2024	Sales of products	72,767,682,828.9	98.7%
	Sales of equipment	760,033,334.6	1.0%
	Sales of software	—	—
	Interest Income	233,701,010.7	0.3%
	Totals	73,761,417,174.2	100.0%
2025	Sales of products	75,215,890,992.2	99.5%
	Sales of equipment	183,634,113.5	0.2%
	Sales of software	—	—
	Interest Income	191,923,063.9	0.3%
	Totals	75,591,448,169.5	100.0%
January-May 2026	Sales of products	39,944,550,748.8	99.7%
	Sales of equipment	19,899,894.2	0.0%
	Sales of software	—	—
	Interest Income	91,378,050.6	0.2%
	Totals	40,055,828,693.6	100.0%

BUSINESS

Raw material transactions involving copper, a publicly traded commodity, are generally priced by reference to prevailing market quotations on recognized exchanges and platforms, including the Shanghai Futures Exchange (SHFE), London Metal Exchange (LME), COMEX, and prices published by Shanghai Nonferrous Metals Network (SMM) or similar sources, using either average-price or point-pricing mechanisms. Finished product transactions generally adopt a “raw material costs plus processing fee” approach, where a processing fee is added to raw material costs. For our overseas sales divisions, our management conducts periodic reviews of profit levels of their products to ensure that the profit is maintained at reasonable levels that commensurate with the functions performed and risks assumed by these sales divisions. Equipment transactions are priced on a cost-plus basis for new items or at net book value for used items, as applicable.

In order to comply with the applicable law and regulations on transfer pricing in relevant jurisdictions, including OECD Transfer Pricing Guidelines, we have engaged Independent Transfer Pricing Consultants to conduct transfer pricing reviews of above intra-group transactions. Our Independent Transfer Pricing Consultant performed the corresponding benchmarking analyses by using the transactional net margin method (“TNMM”) to calculate the arm’s length ranges of routine profit margins established by our manufacturing entities, and for our trading entities, we adopted the TNMM with Return on Sales as the profit level indicator:

BUSINESS

Benchmarking Sets	Tested Parties	Profit Level Indicators	Arm’s Length Ranges	
			FY2025-FY2026 (ending 31 May 2026) review period	FY2023-2024 review period
APAC Manufacturers that Bear Business Risk	Domestic Copper Manufacturers	FCMU	0.02%-1.12%-5.42%	
APAC Contract Manufacturers	Hailiang Vietnam Copper	FCMU	1.28%-4.49%-9.28%	
APAC Contract Manufacturers	Hailiang Thailand	FCMU	1.28%-4.49%-9.28%	Refer to Local File prepared by a third-party organization
APAC Routine Distributors (Raw Materials)	Raw Materials Distributors	ROS	0.24%-0.87%-1.30%	
APAC Limited Risk Distributors (Products)	Hailiang Korea	ROS	Not Covered	1.26%-1.97%-3.25%
APAC Limited Risk Distributors (Products)	Hailiang Vietnam Trading	BR	1.10-1.32-1.45	Refer to Local File prepared by a third-party organization
APAC Limited Risk Distributors (Raw Materials & Products)	Hailiang Japan	BR	1.09-1.34-1.75	Refer to Local File prepared by a third-party organization
APAC Limited Risk Distributors (Raw Materials & Products)	Hailiang Singapore	ROS	0.55%-1.49%-3.07%	
	Hailiang HK Copper Trading			
NA Limited Risk Distributor (Products)	JMF Copper ⁽²⁾	ROS	2.05%-3.26%-4.30%	Refer to Local File prepared by a third-party organization
APAC Limited Risk Distributors (Equipment)	Hangzhou Zhongji	BR	1.06-1.17-1.66	FY2023: 0.98-1.18-1.74 FY2024: 1.05-1.16-1.95
APAC Limited Risk Distributors (Equipment)	Hailiang International Trading	BR	1.06-1.17-1.66	
APAC Routine Manufacturers (Equipment)	Copper Processing Research Institute	FCMU	1.86%-7.16%-14.72%	

BUSINESS

Additionally, our Independent Transfer Pricing Consultant performed benchmarking analyses using the Comparable Uncontrolled Price (“CUP”) method to test the intra-group transactions involving raw materials (primarily copper). Given that copper constitutes a commodity traded in active markets with publicly available, real-time third-party pricing, the Consultants conducted sampling tests on the purchase and sale transactions of entities within the group involved in raw material trading. The tested prices were benchmarked against prevailing market prices, specifically spot and futures prices for copper published on recognized exchanges and market platforms, including the LME, COMEX, SMM, and SHFE. The analysis yielded minimal variance rates between the intra-group transaction prices and the comparable market prices, which are considered reasonable and within acceptable ranges. For intra-group financing and interest income arrangements, we have reviewed, with the assistance of the Independent Transfer Pricing Consultant, the relevant terms and applicable interest rate benchmarks, taking into account the currency, tenor, counterparty credit profile and nature of the arrangements. Based on such review, our Independent Transfer Pricing Consultant was not aware of any material intra-group transfer pricing risk in respect of such arrangements.

Our Independent Transfer Pricing Consultant concluded that the transfer pricing policy in 2023, 2024, 2025 and the five months ended May 31, 2026 generally conforms to arm’s length principle or does not give rise to material transfer pricing tax risks. Our Independent Transfer Pricing Consultants are of the view that our intra-group transactions illustrated above in 2023, 2024, 2025 and the five months ended May 31, 2026 were in line with the arm’s length principle under the OECD Transfer Pricing Guidelines and the applicable local laws and regulations related to transfer pricing in the relevant jurisdictions in all material respects, and no significant transfer pricing risk was identified in these transactions. In addition, our Directors confirm that we had not been subject to nor were we aware of any material outstanding enquiries, audit, investigation or challenge by any tax authorities in relation to our intra-group transactions and transfer pricing arrangements.

OUR CUSTOMERS

We primarily sell our copper-based products to major home appliance companies, cooling system manufacturers, lithium battery manufacturers, PCB manufacturers and copper trade companies. Revenue from our five largest customers amounted to RMB13,162.9 million, RMB13,533.8 million, RMB12,101.2 million and RMB6,683.2 million in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, representing 17.3%, 15.5%, 14.5% and 16.4% of our total revenue for the same respective periods. Revenue from our largest customer accounted for 4.7%, 7.4%, 5.3% and 7.3% of our total revenue in 2023, 2024, 2025 and the five months ended May 31, 2026.

BUSINESS

The following table set forth the details of our five largest customers by revenue in 2023, 2024, 2025 and May 31, 2026, respectively:

Year Ended December 31, 2023

Customer	Background	Products Provided	Revenue	Percentage of Total Revenue	Year Business Relationship Started	Credit Term	Payment Method
			(RMB'000)				
Customer A . . .	A leading home appliance manufacturer listed on the Shenzhen Stock Exchange, primarily engaged in the R&D and production of air conditioners and smart home appliances.	Copper-processed products	3,555,814	4.7%	2003	Up to 90 days	Wire transfer and notes
Company X . . .	A leading independent commodity trading and logistics company with headquarters in Singapore and Geneva, primarily engaged in the global trading of oil, metals, and minerals.	Copper cathode	3,410,690	4.5%	2016	Pay on delivery	Wire transfer
Customer C . . .	A leading global technology group listed on the Shenzhen Stock exchange and the Hong Kong Stock Exchange, primarily engaged in customer appliances, HVAC systems, and robotics.	Copper-processed products	2,735,201	3.6%	2007	Up to 90 days	Wire transfer, notes and digital payment obligation
Customer D . . .	A large state-owned enterprise group established in the PRC, whose subsidiary is listed on the Shanghai and Hong Kong Stock Exchanges, primarily engaged in copper mining and processing.	Copper cathode	1,910,858	2.5%	2023	Pay on delivery	Wire transfer
Customer E . . .	An enterprise based in Nanjing, PRC, primarily engaged in energy industry development and the trading of bulk commodities.	Copper cathode	1,550,318	2.0%	2023	Pay on delivery	Wire transfer
Total			13,162,881	17.3%			

BUSINESS

Year Ended December 31, 2024

Customer	Background	Products Provided	Revenue	Percentage of Total Revenue	Year Business Relationship Started	Credit Term	Payment Method
			(RMB'000)				
Customer C . . .	A leading global technology group listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, primarily engaged in consumer appliances, HVAC systems, and robotics.	Copper-processed products	6,510,911	7.4%	2007	Up to 90 days	Wire transfer, notes and digital payment obligation
Customer F . . .	A large state-owned enterprise established in the PRC, specializing in the global investment, development, and trading of mineral and metal resources.	Copper cathode	1,920,222	2.2%	2023	Pay on delivery	Wire transfer
Customer A . . .	A leading home appliance manufacturer listed on the Shenzhen Stock Exchange, primarily engaged in the R&D and production of air conditioners and smart home appliances.	Copper-processed products	1,900,657	2.2%	2003	Up to 90 days	Wire transfer and notes
Customer G . . .	A multinational corporation listed on the Tokyo Stock Exchange, widely recognized as a global leader in air conditioning and fluorochemical manufacturing.	Copper-processed products	1,624,659	1.9%	2011	Up to 120 days	Wire transfer
Customer H . . .	A global leader in new energy technologies listed on the Shenzhen Stock Exchange, primarily engaged in the R&D and manufacturing of EV batteries and energy storage systems.	Copper cathode	1,577,327	1.8%	2023	Up to 90 days	Notes, digital payment obligation and wire transfer
Total			13,533,776	15.5%			

BUSINESS

Year Ended December 31, 2025

Customer	Background	Products Provided	Revenue	Percentage of Total Revenue	Year Business Relationship Started	Credit Term	Payment Method
			(RMB'000)				
Customer C . . .	A leading global technology group listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, primarily engaged in consumer appliances, HVAC systems, and robotics.	Copper-processed products	4,375,657	5.3%	2007	Up to 90 days	Wire transfer, notes and digital payment obligation
Customer H . . .	A global leader in new energy technologies listed on the Shenzhen Stock Exchange, primarily engaged in the R&D and manufacturing of EV batteries and energy storage systems.	Copper-processed products	2,702,220	3.2%	2023	Up to 90 days	Notes, digital payment obligation and wire transfer
Customer F . . .	A large enterprise group headquartered in the PRC, primarily engaged in the mining business and the trading of mineral and metal resources.	Copper cathode	1,871,674	2.2%	2023	Payment on delivery	Wire transfer
Customer G . . .	A multinational corporation listed on the Tokyo Stock Exchange, widely recognized as a global leader in air conditioning and fluorochemical manufacturing.	Copper-processed products	1,741,388	2.1%	2011	Up to 120 days	Wire transfer
Customer J . . .	A leading Chinese multinational conglomerate established in the PRC, with a diversified business portfolio spanning smart home appliances, industrial internet, biomedical sciences, new energy, and robotics, whose principal operating subsidiaries are listed on the Shanghai, Shenzhen, and Hong Kong Stock Exchanges.	Copper-processed products	1,410,237	1.7%	2006	Up to 90 days	Wire transfer and notes
Total			12,101,176	14.5%			

BUSINESS

Five Months Ended May 31, 2026

Customer	Background	Products provided	Revenue (RMB'000)	Percentage of Total Revenue	Year Business Relationship Started	Credit period	Payment method
Customer C . . .	A leading global technology group listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, primarily engaged in consumer appliances, HVAC systems, and robotics.	Copper-processed products	2,960,844	7.3	2007	30 to 90 days	Wire transfer and notes
Customer H . . .	A global leader in new energy technologies listed on the Shenzhen Stock Exchange, primarily engaged in the R&D and manufacturing of EV batteries and energy storage systems.	Copper-processed products	1,466,133	3.6	2023	Up to 60 days	Notes and digital payment obligation
Customer K . . .	A leading home appliance manufacturer, listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, primarily engaged in the R&D, manufacturing and marketing for refrigerators, air conditioners, freezers, washing machines and kitchen appliances.	Copper-processed products	777,174	1.9	2003	Up to 30 days	Wire transfer and notes
Customer G . . .	A multinational corporation listed on the Tokyo Stock Exchange, widely recognized as a global leader in air conditioning and fluorochemical manufacturing.	Copper-processed products	772,430	1.9	2011	Up to 120 days	Wire transfer
Customer L . . .	A diversified enterprise group that owns three companies listed on the Shanghai Stock Exchange and listed on the Hong Kong Stock Exchange, primarily engaged in air conditioning, power utilization, power distribution, new energy and medical services.	Copper-processed products	706,579	1.7	2002	Up to 30 days	Wire transfer and notes
Total			6,683,160	16.4			

BUSINESS

As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively.

OUR SUPPLIERS

We source our raw materials from suppliers globally. During the Track Record Period, we primarily procured copper and zinc materials. Purchases from our five largest suppliers amounted to RMB22,482.2 million, RMB21,621.8 million, RMB21,223.8 million and RMB8,821.9 million in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, representing 30.9%, 25.1%, 26.2% and 21.5% of our total purchases for the same respective periods. Purchases from our largest supplier accounted for 14.1%, 11.0%, 9.0% and 6.0% of our total purchases in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively.

The following tables set forth the details of our five largest suppliers by purchase amount in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively:

Year ended December 31, 2023

Supplier	Background	Products/ services provided	Purchase amount (RMB'000)	% of our total purchase amount	Year of commencement of business relationship	Credit period	Payment method
Company X	A leading independent commodity trading and logistics company with headquarters in Singapore and Geneva, primarily engaged in the global trading of oil, metals, and minerals.	Copper cathode, aluminum and zinc	10,269,274	14.1%	2005	Payment upon receipt of invoice or 90-day letter of credit	Wire transfer or letter of credit
Supplier B	A large state-owned enterprise group established in the PRC, primarily engaged in the exploration, mining, and trading of metals and minerals, with a global marketing network.	Copper cathode	4,803,223	6.6%	2010	Pay on delivery	Wire transfer
Supplier C	A company listed on the Shenzhen Stock Exchange based in Guangdong Province, PRC, specializing in the comprehensive utilization of non-ferrous metal resources and hazardous waste disposal.	Copper cathode	2,776,957	3.8%	2018	Pay on delivery	Wire transfer

BUSINESS

Supplier	Background	Products/ services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Payment method
			(RMB'000)				
Supplier D . .	A global merchant of base and precious metals headquartered in Geneva, and a wholly-owned subsidiary of a leading molybdenum and tungsten producer listed on the Shanghai and Hong Kong Stock Exchanges.	Copper cathode, aluminum and zinc	2,402,593	3.3%	2019	Pay on delivery	Wire transfer
Supplier E . .	A company listed on the Shenzhen Stock Exchange based in Anhui Province, PRC, primarily engaged in copper mining, smelting, and processing.	Copper cathode	2,230,125	3.1%	2011	Pay on delivery	Wire transfer
Total			22,482,172	30.9%			

Year ended December 31, 2024

Supplier	Background	Products/ services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Payment method
			(RMB'000)				
Company X . .	A leading independent commodity trading and logistics company with headquarters in Singapore and Geneva, primarily engaged in the global trading of oil, metals, and minerals.	Copper cathode, aluminum and zinc	9,482,251	11.0%	2005	Payment upon receipt of invoice or 90-day letter of credit	Wire transfer or letter of credit
Supplier F . .	A large-scale non-ferrous metals enterprise based in Zhejiang Province, PRC, primarily engaged in copper smelting, electrolytic refining, and multi-metal mining.	Copper cathode	4,433,805	5.1%	2017	Pay on delivery	Wire transfer
Supplier G . .	A prominent large-scale state-owned multinational conglomerate established in the PRC, with diversified business operations covering comprehensive financial services, advanced intelligent manufacturing, and advanced materials.	Copper cathode	2,818,050	3.3%	2017	Pay on delivery	Letter of credit or wire transfer

BUSINESS

Supplier	Background	Products/ services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Payment method
			(RMB'000)				
Supplier E . .	A company listed on the Shenzhen Stock Exchange based in Anhui Province, PRC, primarily engaged in copper mining, smelting, and processing.	Copper cathode	2,597,692	3.0%	2011	Pay on delivery	Wire transfer
Supplier C . .	A company listed on the Shenzhen Stock Exchange based in Guangdong Province, PRC, specializing in the comprehensive utilization of non-ferrous metal resources and hazardous waste disposal.	Copper cathode	2,289,999	2.7%	2018	Pay on delivery	Wire transfer
Total			21,621,797	25.1%			

Year ended December 31, 2025

Supplier	Background	Products/ services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Payment method
			(RMB'000)				
Supplier H . .	A large state-owned enterprise group established in the PRC, primarily engaged in the development of non-ferrous metal resources and widely recognized as a leading producer of aluminum and copper.	Copper cathode, zinc and aluminum	7,289,449	9.0%	2019	Pay on delivery	Wire transfer
Supplier G . .	A prominent large-scale state-owned multinational conglomerate established in the PRC, with diversified business operations covering comprehensive financial services, advanced intelligent manufacturing, and advanced materials.	Copper cathode	4,249,776	5.2%	2017	90-day letter of credit	Letter of credit or wire transfer
Company X . .	A leading independent commodity trading and logistics company with headquarters in Singapore and Geneva, primarily engaged in the global trading of oil, metals, and minerals.	Copper cathode, aluminum and zinc	4,119,961	5.1%	2005	Payment upon receipt of invoice or 90-day letter of credit	Wire transfer or letter of credit

BUSINESS

Supplier	Background	Products/ services provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Payment method
			(RMB'000)				
Supplier F . . .	A large-scale non-ferrous metals enterprise based in Zhejiang Province, PRC, primarily engaged in copper smelting, electrolytic refining, and multi-metal mining.	Copper cathode	3,149,403	3.9%	2017	Cash on delivery	Wire transfer
Supplier C . . .	A company listed on the Shenzhen Stock Exchange based in Guangdong Province, PRC, specializing in the comprehensive utilization of non-ferrous metal resources and hazardous waste disposal.	Copper cathode	2,415,202	3.0%	2018	Pay on delivery	Wire transfer
Total			21,223,791	26.2%			

Five Months Ended May 31, 2026

Supplier	Background	Products/ service provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Payment method
			(RMB'000)				
Supplier H . . .	A large state-owned enterprise group established in the PRC, primarily engaged in the development of non-ferrous metal resources and widely recognized as a leading producer of aluminum and copper.	Copper cathode, zinc and aluminum	2,474,934	6.0	2019	Pay on delivery	Wire transfer
Supplier G . . .	A prominent large-scale state-owned multinational conglomerate established in the PRC, with diversified business operations covering comprehensive financial services, advanced intelligent manufacturing, and advanced materials.	Copper cathode	1,817,752	4.4	2017	90-day letter of credit	Letter of credit or wire transfer

BUSINESS

Supplier	Background	Products/ service provided	Purchase amount	% of our total purchase amount	Year of commencement of business relationship	Credit period	Payment method
			(RMB'000)				
Supplier I . .	A state-controlled enterprise listed on the Shenzhen Stock Exchange, primarily engaged in integrated supply chain services for industrial customers across ferrous metals, non-ferrous metals, energy and chemicals, renewable resources, new energy and agricultural products.	Copper cathode and zinc	1,810,392	4.4	2025	Pay on delivery	Wire transfer
Supplier E . .	A company listed on the Shenzhen Stock Exchange based in Anhui Province, PRC, primarily engaged in copper mining, smelting, and processing.	Copper cathode	1,382,055	3.4	2011	Pay on delivery	Wire transfer
Company X . .	A leading independent commodity trading and logistics company with headquarters in Singapore and Geneva, primarily engaged in the global trading of oil, metals, and minerals.	Copper cathode, aluminum and zinc	1,336,808	3.3	2005	Payment upon receipt of invoice or 90-day letter of credit	Wire transfer or letter of credit
Total			8,821,941	21.5			

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Supplier H, one of our five largest suppliers in 2025 and the five months ended May 31, 2026, was also a customer in 2023 and 2024. Supplier H contributed to 1.8%, 1.7%, 9.0% and 6.0% of our purchase amount in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 0.1%, 0.04%, nil and nil of our revenue in the same periods, respectively. The gross profit margin generated from sales transactions with Supplier H was 5.8%, 5.8%, nil and nil in 2023, 2024, 2025 and the five months ended May 31, 2026. We primarily procured copper cathode, zinc, aluminum from Supplier H during the Track Record Period. As a separate and independent matter, we also sold copper-processed products to Supplier H in 2023 and 2024.

Supplier G, one of our five largest suppliers in 2024, 2025 and the five months ended May 31, 2026, was also a customer during the same periods. Supplier G contributed to 1.9%, 3.3%, 5.2% and 4.4% of our purchase amount in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 1.1%, 1.4%, 1.4% and 0.2% of our revenue in the same periods, respectively. The gross profit margin generated from sales transactions with Supplier G was 0.6%, 0.8%, 0.9% and 0.8% in 2023, 2024, 2025 and the five months ended May 31, 2026. We primarily procured copper cathode from Supplier G during the Track Record Period. As a separate and independent matter, we also sold copper cathode to Supplier G during the Track Record Period. The copper cathode that we procured from Supplier G was in different specifications than the copper cathode that we sold to it.

BUSINESS

Company X, one of our five largest suppliers in 2023, 2024, 2025 and the five months ended May 31, 2026, was also a customer during the same periods. Company X contributed to 14.1%, 11.0%, 5.1% and 3.3% of our purchase amount in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 4.5%, 0.4%, 0.5% and 0.1% of our revenue in the same periods, respectively. The gross profit margin generated from sales transactions with Company X was 0.5%, 0.5%, 0.5% and 0.7% in 2023, 2024, 2025 and the five months ended May 31, 2026. We procured copper cathode, aluminum and zinc from Company X during the Track Record Period. As a separate and independent matter, we also sold copper cathode and zinc to Company X during the Track Record Period. The copper cathode and zinc that we procured from Company X was in different specifications than copper cathode and zinc that we sold to it.

Supplier E, one of our five largest suppliers in 2023, 2024 and the five months ended May 31, 2026, was also a customer in 2023 and 2025. Supplier E contributed to 3.1%, 3.0%, 2.9% and 3.4% of our purchase amount in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 0.03%, nil, 0.0003% and nil of our revenue in the same periods, respectively. The gross profit margin generated from sales transactions with Supplier E was 1.0%, nil, 0.1% and nil in 2023, 2024, 2025 and the five months ended May 31, 2026. We procured copper cathode from Supplier E during the Track Record Period. As a separate and independent matter, we also sold copper rod and copper busbar to Supplier E in 2023 and 2025.

Supplier D, one of our five largest suppliers in 2023, was also a customer during the same periods. Supplier D contributed to 3.3%, 2.2%, 1.1% and 2.3% of our purchase amount in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 1.0%, 0.5%, 0.4% and 0.3% of our revenue in the same periods, respectively. The gross profit margin generated from sales transactions with Supplier D was 0.9%, 0.7%, 1.3% and 1.0% in 2023, 2024, 2025 and the five months ended May 31, 2026. We procured copper cathode, aluminum and zinc from Supplier D during the Track Record Period. As a separate and independent matter, we also sold copper cathode and zinc to Supplier D during the Track Record Period. The copper cathode and zinc that we procured from Supplier D was in different specifications than copper cathode and zinc that we sold to it.

Supplier B, one of our five largest suppliers in 2023, was also a customer during 2024 and 2025. Supplier B contributed to 6.6%, 1.5%, 1.8% and 1.0% of our purchase amount in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 0.00233%, 0.00024% and nil of our revenue in 2024, 2025 and the five months ended May 31, 2026. The gross profit margin generated from sales transactions with Supplier B was nil, 22.5%, 11.9% and nil in 2023, 2024, 2025 and the five months ended May 31, 2026. We procured copper cathode from Supplier B during the Track Record Period. As a separate and independent matter, we also sold environmental-friendly materials to Supplier B in 2024 and 2025.

Customer C, one of our five largest customers in 2023, 2024, 2025 and the five months ended May 31, 2026, was also a supplier in 2024 and 2025. Customer C contributed to 3.6%, 7.4%, 5.3% and 7.3% of our revenue in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and nil, 0.0005%, 0.0015% and nil of our purchase amounts in the same periods, respectively. The gross profit margin generated from sales transactions with Customer C was 6.0%, 4.8%, 2.4% and 2.1% in 2023, 2024, 2025 and the five months ended May 31, 2026. We sold copper-processed products to Customer C during the Track Record Period. Customer C is a global technology group with diversified business operations spanning consumer appliances, HVAC systems, and robotics, and its procurement of our copper-processed products is driven by its own manufacturing requirements. As a separate and independent matter, Customer C provided freight services to us in 2024. We engaged Customer C as a freight services provider separately, leveraging its extensive logistics network to deliver our products for installation into downstream applications.

BUSINESS

Customer H, one of our five largest customers in 2024, 2025 and the five months ended May 31, 2026, was also a supplier in 2025 and the five months ended May 31, 2026. Customer H contributed to 0.3%, 1.8%, 3.2% and 3.6% of our revenue in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and nil, nil, 0.0082% and 0.1% of our purchase amounts in the same periods, respectively. The gross profit margin generated from sales transactions with Customer H was -21.0%, -3.9%, 4.8% and 9.1% in 2023, 2024, 2025 and the five months ended May 31, 2026. We sold copper-processed products, primarily copper foil to Customer H during the Track Record Period. As a separate and independent matter, we also procured copper cathode from Customer H in 2025.

Customer F, one of our five largest customers in 2024 and 2025, was also a supplier during the Track Record Period. Customer F contributed to 0.9%, 2.2%, 2.2% and 0.01% of our revenue in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 1.1%, 0.2%, 0.03% and 0.5% of our purchase amounts in the same periods, respectively. The gross profit margin generated from sales transactions with Customer F was 0.8%, 0.8%, 0.7% and 0.7% in 2023, 2024, 2025 and the five months ended May 31, 2026. We sold copper cathode to Customer F during the Track Record Period. As a separate and independent matter, we also procured copper cathode of different specifications from Customer F during the Track Record Period.

Customer G, one of our five largest customers in 2024, 2025 and the five months ended May 31, 2026, was also a supplier during the same periods. Customer G contributed to 1.5%, 1.9%, 2.1% and 1.9% of our revenue in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 0.001%, 0.006%, 0.01% and 0.03% of our purchase amounts in the same periods, respectively. The gross profit margin generated from sales transactions with Customer G was 6.7%, 5.8%, 7.0% and 6.2% in 2023, 2024, 2025 and the five months ended May 31, 2026. We sold copper-processed products to Customer G during the Track Record Period. As a separate and independent matter, we also procured copper cathode and recycled copper from Customer G during the Track Record Period.

Customer A, one of our five largest customers in 2023, 2024, was also a supplier in 2024 and 2025 and the five months ended May 31, 2026. Customer A contributed to 4.7%, 2.2%, 1.5% and 1.7% of our revenue in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and nil, 0.2%, 0.1% and 0.2% of our purchase amounts in the same periods, respectively. The gross profit margin generated from sales transactions with Customer A was 5.6%, 4.2%, 2.4% and 3.1% in 2023, 2024, 2025 and the five months ended May 31, 2026. We sold copper-processed products and aluminum-based products to Customer A during the Track Record Period. As a separate and independent matter, we also procured copper cathode and recycled copper from Customer A in 2024 and 2025.

Customer D, one of our five largest customers in 2023, was also a supplier during the same periods. Customer D contributed to 2.5%, 0.3%, 0.03% and nil of our revenue in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and 1.7%, 1.9%, 2.2% and 0.8% of our purchase amounts in the same periods, respectively. The gross profit margin generated from sales transactions with Customer D was 0.7%, 0.7%, 0.9% and nil in 2023, 2024, 2025 and the five months ended May 31, 2026. We sold copper cathode to Customer D during the Track Record Period. As a separate and independent matter, we primarily procured copper cathode of different specifications and recycled copper from Customer D during the Track Record Period.

Customer J, one of our five largest customer in 2025, was also a supplier in 2024. Customer J contributed to 1.5%, 1.6%, 1.7% and 1.7% of our revenue in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and nil, 0.000014%, nil and nil of our purchase amounts in the same periods, respectively. The gross profit margin generated from sales transactions with Customer J was 6.2%, 5.0%, 3.9% and 4.0% in 2023, 2024, 2025 and the five months ended May 31, 2026. We sold copper-processed products to Customer J during the Track Record Period. As a separate and independent matter, we primarily procured spare parts from Customer J during the Track Record Period.

BUSINESS

During the Track Record Period, negotiations of the terms of our sales to and purchases from the abovementioned overlapping customer-suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our transactions with these suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis. We engage in copper trade activities from time to time to facilitate the efficient turnover of our raw materials inventory. According to Frost & Sullivan, this practice is consistent with established industry norms among copper processing enterprises. In the meantime, we procure copper cathode as the principal raw material for our copper foil manufacturing. We both procure and sell copper cathode in the ordinary course of our operations, with each activity serving a distinct purpose. The copper cathode we procure is sourced to meet the specific technical specifications required for our production processes, and where copper cathode held in inventory is surplus to our production requirements or does not meet such specifications, we sell it to facilitate inventory turnover and optimize working capital management. These activities therefore arise as a natural consequence of our inventory management practices rather than any commodities trading activity. According to Frost & Sullivan, it is in line with the industry norm that copper-processed products providers procure copper cathode, recycled copper, zinc and other raw materials while selling copper-processed products, copper cathode, recycled copper and zinc with different specifications.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background and Reasons Relating to Third-Party Payment Arrangements

During the Track Record Period, certain our customers (individually or collectively, “**Relevant Customers**”) settled payments with us through accounts that do not belong to the contractual parties under the corresponding sales and purchase agreements (“**Third-Party Payment Arrangements**”). To the best knowledge of our Directors, the Relevant Customers during the Track Record Period primarily consisted of trade companies and contractors. To the best of our knowledge, the third-party payors designated by Relevant Customers (“**Third-Party Payors**”) primarily consisted of shareholders, controllers, or affiliates of the Relevant Customers and third-party payment representatives.

In 2023, 2024, 2025 and the five months ended May 31, 2026, the number of the Relevant Customers was 103, 115, 145 and 56, respectively, and the number of Third-Party Payors was 182, 206, 226 and 87, respectively. The aggregate amount they settled under the Third-Party Payment Arrangements was RMB169.8 million, RMB236.9 million, RMB389.5 million and RMB111.7 million, respectively, which accounted for 0.2%, 0.3%, 0.5% and 0.3% of the total revenue, respectively, in the same periods. In particular: (i) the aggregated amount that were attributable to Relevant Customers that were located in countries with regulatory restrictions or limited quotas on foreign currencies was RMB107.0 million, RMB163.1 million, RMB257.2 million and RMB72.0 million in 2023, 2024, 2025 and the five months ended May 31, 2026, which accounted for 0.1%, 0.2%, 0.3%, 0.2% of the total revenue in the same periods, respectively; (ii) the aggregated amount that were attributable to Relevant Customers with legacy payment arrangements was RMB31.4 million, RMB22.5 million, RMB50.6 million and RMB16.5 million in 2023, 2024, 2025 and the five months ended May 31, 2026, which accounted for 0.04%, 0.03%, 0.06% and 0.04% of the total revenue in the same periods, respectively. No individual Relevant Customer had made material contribution to our revenue during the Track Record Period.

Based on the representations of the Relevant Customers and to the best knowledge of our Directors, the Relevant Customers mainly utilized Third-Party Payment Arrangements because:

- (i) Certain of our overseas customers are located in emerging markets where access to foreign currency (particularly U.S. dollars) is subject to regulatory restrictions or limited quotas, making direct remittances challenging. The use of Third-Party Payment Arrangements enables these customers to settle payments more efficiently through intermediaries with better access to foreign exchange; and
- (ii) A number of our Relevant Customers are small- to medium-sized enterprises with limited experience in international trade and import/export procedures. According to Frost & Sullivan, engaging reputable third-party payment representatives to handle customs clearance, logistics and payment on their behalf is a common commercial practice that facilitates smoother transactions and supports our sales to these customers.

BUSINESS

We monitor and manage the Third-Party Payment Arrangements to ensure these arrangements reflect genuine commercial transactions, comply with applicable laws and regulations, and mitigate sanctions and anti-money laundering risks. To ensure authenticity, our sales personnel would communicate directly with the Relevant Customers to confirm that the Third-Party Payment Arrangements stem from their genuine commercial needs. During the Track Record Period, all such arrangements were subject to internal reviews, requiring review of the commercial background by sales management and finance departments to verify consistency with *bona fide* trade practices. In addition, payments are received through reputable banks, which apply stringent inbound remittance screening. This includes automated checks against international and domestic sanctions lists, and, for sensitive jurisdictions, sampled or full reviews of supporting trade documents to confirm genuine underlying transactions. Consequently, funds from sanctioned sources are effectively blocked from reaching our accounts.

As advised by our PRC Legal Advisors, our Third-Party Payment Arrangements do not contravene any prohibitive provisions under PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, as confirmed by the Directors; (i) we had not encountered any disputes with, nor received any refund request from, any Relevant Customer or Third-Party Payors; (ii) we had not encountered any incidents demanding us to return payment in relation to relevant transactions; and (iii) we had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangements.

Based on the above, our Directors believe that the Third-Party Payment Arrangements during the Track Record Period, to the best of our knowledge, have been recorded completely and accurately in our accounting books and records in all material respects. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors and based on publicly available information, all Relevant Customers and the designated Third-Party Payors were Independent Third Parties.

During the Track Record Period and up to the Latest Practicable Date, we did not provide any discount, commission, rebate or other benefits to any of the Relevant Customers or the designated third-party payors to facilitate or incentivize the Third-Party Payment Arrangements. During the Track Record Period, we did not initiate any Third-Party Payment Arrangements, and the Third-Party Payment Arrangements were arranged based on the Relevant Customers' requests. To the best of our knowledge, during the Track Record Period, the relevant payments were based on *bona fide* underlying transactions and valid contractual relationships. The pricing and payment terms we provided to the Relevant Customers were in line with those customers not involved in the Third-Party Payment Arrangements. To the best of our knowledge, we were not the subject of any investigations, enquiries, penalties, or surcharges as a result of our involvement in the Third-Party Payment Arrangements during the Track Record Period and up to the Latest Practicable Date.

Enhanced Internal Control Measures of Third-Party Payment Arrangements

We have taken active steps to rectify Third-Party Payment Arrangements and strengthen internal controls to safeguard our interest against risks associated with such arrangements. Our rectification measures include notifying all relevant employees of the enhanced internal controls, requiring all parties who are permitted to settle payments with us, as well as those who have previously done so under such arrangements, to sign authorization letters specifying their detailed information, payment obligations, and relevant disclaimers to discharge our liabilities, including express acknowledgments by the Third-Party Payors that the source of funds is lawful and independent of our Company, and that they shall not, under any circumstances, demand or seek repayment of such funds from us. Such acknowledgments are intended to establish a clear contractual record of the Third-Party Payors' understanding of the nature and purpose of the payment arrangements and their waiver of any recourse against us, reducing the risk of future refund claims or disputes. We have entered into the authorization letters with substantially all the Relevant Customers and Third-Party Payors, which confirmed that we will not be obliged to return the payments. We have also amended our standard sales and purchase agreements such that all payments are in principle required to be made directly by the customer, with third-party payment arrangements permitted only in limited circumstances where we know the identities of the Third-Party Payors and where the Relevant Customers are subject to strict foreign currency restrictions, and subject to our review, with written records maintained for all such reviews on a

BUSINESS

periodic basis. To further prevent fraud and money laundering and to ensure the accuracy and completeness of our accounting records, we have strengthened our know-your-customer procedures to gain a comprehensive understanding of our customers and conduct verification of payment details against our records to confirm compliance with agreed terms, with any detected abnormalities promptly escalated for verification and correction. In addition, our sales team holds regular meetings with customers to monitor their business operations and reduce the risk of involvement in fraudulent or money laundering activities.

We have implemented comprehensive internal control measures governing third-party payments through our Hailiang Shares Foreign Trade Product Sales and Payment Collection Management System, which has been updated to include dedicated provisions on the management and operation of third-party payments. As a core principle, customers are prohibited from authorizing third parties to make payments at the time of contract signing, and all third-party payment collections must strictly comply with applicable anti-money laundering and counter-terrorist financing laws and regulations in the relevant jurisdictions. Where a third-party payment arrangement is nonetheless required, business personnel must obtain a due diligence form on the background of the foreign third-party payor and a customer-executed letter of authorization in prescribed templates, and must complete an internal OA approval process before crediting any payment to the receivables of the corresponding customer order. All third-party payments must be made from a corporate account, and complete documentation of the transaction chain must be retained to ensure full traceability of business flow, contract flow, invoice flow, and fund flow. Abnormal payment practices, including split payments or frequent changes of payors, are prohibited and must be immediately escalated, and business personnel must refuse to credit any payment and suspend further order processing where documentation requirements are not satisfied or abnormal operations are identified. As of the Latest Practicable Date, a limited number of legacy third-party payment arrangements with certain longstanding overseas customers remained in place, as immediate termination or conversion to direct payment arrangements would significantly increase settlement complexity and could adversely affect these customers’ willingness to continue procuring from us. The primary reasons for such limited legacy third-party payment arrangements are to facilitate foreign exchange settlement for customers in certain emerging markets where access to foreign currency is subject to regulatory restrictions or quota limitations, as well as to enhance operational convenience in customs clearance.

We regularly monitor the effectiveness of these measures and promptly address any abnormalities identified. Our Directors are satisfied that the measures implemented are effective and adequate in identifying the sources of funds, ensuring the accuracy and completeness of our accounting records, and mitigating associated risks including money laundering and tax evasion risks, and consider that the rectification process has not had, and will not have, any material adverse effect on the Group, given that substantially all relevant customers have cooperated with the rectification process and that revenue attributable to third-party payment arrangements represented only a small portion of our overall revenue.

INFORMATION TECHNOLOGY

Our key information technology systems are set forth below: (i) an Enterprise Resource Planning (ERP) system that integrates core business processes including finance, procurement, inventory management, and production planning, enabling efficient resource allocation, cost control, accurate financial reporting, and regulatory compliance; (ii) a Customer Relationship Management (CRM) system that centralizes customer data and interactions to support sales pipeline tracking, customer inquiry management, purchasing behavior analysis, and targeted marketing initiatives; (iii) a Supplier Relationship Management (SRM) system that manages supplier interactions, evaluates performance, and optimizes procurement processes including supplier onboarding, contract management, and risk assessment to ensure supply chain reliability and quality compliance; (iv) a Commodity Trading and Risk Management (CTRM) system featuring automated deal capture, real-time analytics for monitoring market, credit and liquidity exposures, integrated logistics modules for tracking physical inventory and shipping schedules, and streamlined

BUSINESS

post-trade processing to support our hedging strategies and maintain operational resilience amid market volatility; (v) a Manufacturing Execution System (MES) that provides real-time monitoring and control of production activities including order scheduling, raw material management, quality assurance, and equipment maintenance to enhance manufacturing efficiency, traceability, and product consistency; and (vi) an Office Automation (OA) system that streamlines approvals, reporting, and inter-team collaboration workflows to reduce manual errors, enhance productivity, and maintain data security and audit trails.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any information technology system failure or downtime that had a material adverse effect on our business operations.

DATA PRIVACY AND PROTECTION

We have access to and collect certain demographic and transactional information from our customers, such as their addresses, contact information, and business information. We have established and implemented internal control measures to ensure that our collection, storage, processing, usage and disclosure of personal information and data, including customer data necessary for the purposes of transaction, are strictly in compliance with applicable laws, regulations, and prevailing industry standards. These measures include the following: (i) our in-house legal department and internal controls department, with assistance from external legal counsel, actively monitor the evolving legal and regulatory landscape regarding data security and privacy in the jurisdictions where we operate. We conduct regular reviews of our internal data privacy policies and operational procedures to ensure they remain up-to-date and fully compliant with the latest statutory requirements; (ii) we provide systematic training to our employees to enhance their awareness of our internal policies regarding data protection and cybersecurity. We enforce accountability mechanisms to prevent and address any potential violations of applicable laws or internal regulations; and (iii) we strictly adhere to notice and consent requirements by explicitly informing our customers of the purpose, scope and methods of our data collection and usage. We obtain express consent from data subjects prior to the collection and use of their personal information, ensuring they are fully apprised of how their data is utilized, including specific disclosures regarding the potential cross-border transfer of data from our subsidiaries to our headquarters in the PRC. Our Directors are of the view that these measures are adequate to protect data collected during our business operation and ensure our compliance with the applicable data security and privacy laws and regulations in the jurisdictions where we operate. We did not experience any material information security incidents, data breaches or leakages during the Track Record Period and up to the Latest Practicable Date.

The data we collect and generate in the course of our business operations primarily includes transactional data, business information, supplier information and customer information. We will not retain any data for longer than is necessary to fulfill the purposes for which it is obtained, and take reasonable steps to delete data that is no longer needed. We store the data collected and generated in the course of business operations locally and in cloud located in the jurisdictions where the data is generated without transferring data to other jurisdictions from the PRC. During our business operation, certain non-sensitive data, including employee data or contractual information may be transferred from our subsidiaries into the PRC in strict compliance with the applicable laws and regulations in the jurisdictions where we operate.

During the Track Record Period and up to the Latest Practicable Date, according to our PRC Legal Advisors, German Legal Advisors and Thai Legal Advisors, we are in compliance with applicable data privacy and security laws in the relevant jurisdictions in all material respects, and according to our U.S. Legal Advisors, based on our representations of facts, we were not found to be subject to any penalties or legal proceedings for violation or non-compliance with the applicable data privacy and security laws in the relevant states where we operate. Our Directors are also of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable data privacy and security laws in all jurisdictions we operate.

BUSINESS

INTELLECTUAL PROPERTY

Intellectual property rights are critical to our business. As of May 31, 2026, we had 951 patents and 217 trademarks around the world. We have implemented a multi-faceted approach to safeguarding our intellectual property through (i) patent protection, with a focus on developing invention patents related to product compositions in copper processing as a core component of our research institutes' IP portfolio-building efforts; (ii) process innovation safeguards, through in-house development and collaborative design of specialized equipment integral to our proprietary processes to ensure exclusivity and reduce replication risks; (iii) internal controls, including non-compete and confidentiality agreements as well as organizational segmentation whereby project stages are distributed across different locations to limit individual access to the full process; and (iv) hardware and data security measures, including monitored computers without external input ports, exclusive data storage on secured devices and cloud servers, and encrypted access to research institute servers, thereby preventing unauthorized access or leakage.

We have established a comprehensive internal control framework to prevent infringement of third-party intellectual property rights and to ensure compliance with applicable intellectual property laws and regulations. We maintain a centralized database documenting all of our intellectual property assets, including patents, trademarks, copyrights, design rights and trade secrets, and conduct systematic risk assessments having regard to factors such as geographic exposure, the competitive landscape and the level of intellectual property enforcement in relevant jurisdictions. On the basis of such assessments, we develop and implement risk management strategies encompassing the building of a robust intellectual property portfolio, the adoption of strict confidentiality measures and the securing of appropriate intellectual property rights across our operations. We deploy technical security measures to prevent intellectual property theft, conduct regular monitoring and audits of our intellectual property protection measures, and provide annual employee training on intellectual property risks and compliance obligations. We also procure intellectual property insurance covering legal costs and damages arising from disputes and engage external legal counsel on an ongoing basis to advise on litigation, regulatory compliance and the filing of patents and trademarks. In addition, we have put in place a documented incident response plan to enable prompt and coordinated action in the event that an intellectual property risk materializes, which has on certain occasions allowed us to manage actual disputes efficiently and with reduced cost and disruption. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material proceedings, disputes or claims of infringement of any IP rights.

COMPETITION

We operate in several sectors of the highly competitive copper-based materials industry, including copper processed products for HVAC and industrial applications, copper foils for lithium batteries and PCBs, and copper-processed products for AI applications. These sectors are defined by rigorous technical standards and evolving customer demands that arise from downstream industry applications. Industry players compete on various fronts, primarily technological innovation, scale advantages and supply chain integration, to enhance their competitiveness. We believe that our technical expertise cultivated from over two decades of industry experience, combined with continuous product innovation driven by our R&D efforts and an extensive global production network, provides a unique competitive edge that enables us to establish leadership across these sectors.

According to Frost & Sullivan, in 2025, the market size of copper-processed products in HVAC and industrial applications by shipment globally reached approximately 5,105.0 thousand tons, with the top five suppliers accounting for a combined market share of 59.6%, indicating a relatively concentrated market. The same year, the market size of global copper foils for lithium batteries industry by shipment volume reached approximately 1,468.0 thousand tons, with the top five global lithium battery copper foil suppliers collectively accounting for 31.9% of the market, indicating a relatively fragmented market. In the meantime, the global market size of copper-processed products for AIDC was approximately 418.0 thousand tons in 2025. Driven by accelerated capital investment in AI computing and deeper penetration of liquid cooling technologies, the market size is expected to reach 2,568.0 thousand tons by 2030, with a CAGR of approximately 43.8%.

BUSINESS

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

ESG Governance

We have established a top-down governance structure for Environmental, Social and Governance (“ESG”). The Board of Directors (the “Board”), as the highest decision-making body, is responsible for ESG decision-making. The Board reviews and approves the Company’s management principles, strategies, plans, targets, and annual work related to the assessment, prioritization, and management of material ESG issues, risks, and opportunities, and approval of ESG-related reports. The Board regularly monitors and supervises the performance and progress toward ESG and climate-related targets, conducts periodic Board discussions on ESG issues, and approves the annual ESG report. The directors have participated in the training sessions on the regulatory requirements for ESG-related disclosures under the HKEX regulations. The Company has established a Strategy and ESG Committee, composed of three directors including at least one independent director, which is required to convene at least one regular meeting annually. The Committee reports directly to the Board of Directors and is primarily responsible for researching on the Company’s long-term strategic development plans, identifying and assessing sustainability-related risks and opportunities, and monitoring sustainability-related work and progress.

Materiality Assessment

We have engaged an independent ESG consultant to assist in conducting a materiality assessment in accordance with Appendix C2 of the Main Board Listing Rules of the Stock Exchange. Based on the results of the materiality assessment, we have identified six highly material ESG issues, namely: (i) Product Quality and Safety: Currently, we have established a quality management system covering the entire process of design and development, production, sales, and service in compliance with the ISO 9001 Quality Management System. Additionally, we have set up an advanced testing laboratory (accredited by CNAS). Please refer to the section headed “Business — Supply Chain Management — Quality Control” for details; (ii) Internal Control, Compliance and Risk Management: We have constructed a three-level internal control system covering finance, operations, compliance, and risk management, the system enhances internal control, compliance, and risk management capabilities; (iii) Corporate Governance: We strictly fulfill information disclosure obligations and attach great importance to protecting the interests of investors; (iv) Data Security and Privacy Protection: Our information security framework follows the Information Security Management System (《信息安全管理制度》) and the ISO 27001 Information Security Management System standards; (v) Occupational Health and Safety: We govern the implementation and supervision of work safety through the Safety Management Manual (《安全管理手冊》); and (vi) Anti-Corruption: We have established the Integrity and Honesty Education System (《誠信廉正教育制度》) to provide anti-corruption education for all employees. We have formulated an accountability mechanism for major issues and risks, ensuring the sustainable and steady development of the company.

Environmental Management

Our operations are focused on the R&D, production, and sale of copper-based products. We do not engage in upstream, and environmentally intensive processes like copper mining or primary smelting. We have formulated a series of policies and procedures across our operations to promote the establishment of environmental management systems tailored to the operational characteristics and local regulations of each site. As of May 31, 2026, our production bases in Zhejiang, Shandong, Gansu, Shanghai, Zhongshan (Guangdong), Taishan (Guangdong), Anhui, Chongqing, Vietnam (copper operations), Thailand, and Indonesia had established environmental management systems that are certified as compliant with the ISO 14001 standard. Our PRC Legal Advisors, our German Legal Advisors and Thai Legal Advisors, and our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had complied, in all material respects, with the applicable laws and regulations relating to environmental protection. According to our U.S. Legal Advisors, based on our representations of facts, we had complied with applicable laws and regulations relating to environmental protection in all material respects, which, individually or taken as a whole, are likely to have a material and adverse effect on our business, financial condition or results of operations, in the states where we operate.

BUSINESS

Energy Conservation and Emission Reduction

Our primary energy sources include natural gas, diesel, and purchased electricity from the grid. To continuously reduce energy consumption and greenhouse gas (“GHG”) emissions, we replace energy-intensive models with high-efficiency equipment (such as upgrading the melting furnace at the Thailand Base); optimize energy consumption through data monitoring (such as introducing the MES system at the Taishan Base in Guangdong); and develop photovoltaic power generation projects at multiple bases. The Company continued to expand the scale of such applications during the Track Record Period. In 2023, 2024, for the year ended December 31, 2025 and for the five months ended May 31, 2026, the Company’s total photovoltaic power generation was 68.2 million kWh, 74.0 million kWh, 82.9 million kWh and 29.6 million kWh, respectively.

We have established and implemented green manufacturing and energy management policies across our major production bases, integrating energy conservation, emission reduction, renewable energy adoption, recycled material use, and full product lifecycle environmental management into our operational framework. Our production and operations are governed by an integrated quality, environmental, and occupational health and safety management system under which we systematically identify, control, and continuously improve environmental factors, energy use, and safety risks — with multiple production bases having obtained ISO 14001 environmental management system certification. We have further implemented energy efficiency improvements across major energy-consuming processes, including copper dissolution and electrolysis, supported by internal monitoring and regular management reviews. We have also initiated product carbon footprint management at the product and production-unit level, including through our subsidiary Gansu Hailiang New Energy Materials Co., Ltd., which has passed the product carbon footprint pilot certification organized by the State Administration for Market Regulation, while multiple bases in Anhui, Shandong, and other regions have obtained product carbon footprint certificates — collectively demonstrating that our green manufacturing policies are consistently implemented through a unified management system, targeted technical measures, and independent third-party verification.

Besides, we also prioritize exhaust gas management by equipping our global operations with dust removal systems, supplemented by oil-smoke filtration in certain production bases. All emissions are treated to comply with relevant local standards, including the Integrated Emission Standard of Air Pollutants (《大氣污染物綜合排放標準》).

Resource Utilization

We promote water conservation across our sites through facility inspections to prevent leaks, adoption of water-saving equipment, and water recycling and reuse initiatives — most notably at our Zhejiang Base, where a cooling water recycling system significantly reduces fresh water consumption. With respect to recycled materials, we strictly comply with national import management regulations governing recycled copper raw materials and have established dedicated internal management systems for assessing recycled copper usage proportions and inspecting recycled copper procurement, under which we have achieved a steadily increasing recycled copper usage rate of 14.4%, 21.11%, 22.70%, and 24.08% in 2023, 2024, for the year ended December 31, 2025 and for the five months ended May 31, 2026, respectively.

Solid Waste and Wastewater Management

Our operations generate non-hazardous waste, including office and recyclable waste, and hazardous waste, including chemical waste, waste mineral oil, and sludge, managed in strict compliance with applicable laws and regulations including the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. We operate a comprehensive waste management framework encompassing classified storage, compliant transportation, and staff training, under which recyclables are handed to qualified manufacturers, while hazardous waste is disposed of by qualified third parties using clearly labeled, leak-proof

BUSINESS

storage facilities with protective packaging during transportation. Our wastewater, comprising domestic sewage, smelting cooling water, and canteen effluent, is treated at stations across our domestic and overseas bases and either recycled internally or discharged into municipal pipelines in full compliance with local standards such as the Integrated Wastewater Discharge Standard, with recycled water repurposed for uses such as toilet flushing at our Vietnam base. Total wastewater discharge was 955,986.9 tonnes, 589,595.3 tonnes, 657,959.5 tonnes and 314,473.2 tonnes in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively.

Metrics

Direct greenhouse gas emissions that occur from sources controlled or owned by us are categorized as Scope 1 emissions. Scope 2 emissions are indirect emissions, stemming primarily from the consumption of purchased electricity. Scope 3 emissions include other indirect emissions from the Company’s value chain, including emissions from wastepaper disposal, freshwater and wastewater treatment, and air travel related to business activities. The following outlines the environmental key performance indicators for our Group’s offices and production facilities^{1,2}.

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Greenhouse (GHG) emission				
Scope 1 (Direct emission) (tCO ₂ e)	38,254.55	43,689.05	42,650.63	23,513.58
Scope 2 (Indirect emission) (tCO ₂ e)	590,822.38	774,485.39	818,226.25	430,407.66
Scope 3 (Other indirect emission) (tCO ₂ e)	537.78	1,243.26	556.20	166.12
Total GHG emission (tCO ₂ e)	629,614.72	819,417.70	861,433.08	454,087.36
Total GHG emission intensity (tCO ₂ e/tonne of product)	0.74	0.81	0.86	0.98
Resources Consumption				
Electricity consumption (MWh)	1,147,689.26	1,486,258.85	1,556,590.26	807,328.62
Electricity intensity (MWh/tonne of product)	1.34	1.47	1.56	1.75
Water (m ³)	2,347,512.88	2,825,539.34	3,263,309.68	1,421,003.10
Water intensity (m ³ /tonne of product)	2.74	2.79	3.27	3.07
Waste				
Non-hazardous waste (tonnes)	18,051.62	12,439.39	8,402.52	2,253.05
Non-hazardous waste intensity (tonnes/tonne of product)	0.02	0.01	0.01	<0.01
Hazardous waste (tonnes)	11,010.38	13,465.62	10,001.33	6,299.22
Hazardous waste intensity (tonnes/tonne of product)	0.01	0.01	0.01	0.01
Packaging materials (tonnes) ³	36,320.74	44,931.43	59,112.16	19,975.21
Packaging materials (tonnes/tonne of product)	0.04	0.04	0.06	0.04

- 1 As the Morocco operation base has not yet commenced production, it has not been included in the environmental data collection scope.
- 2 The intensity data for 2023 and 2024 has been updated to include production volume from aluminium-based products. The resulting change is minimal and the figures remain substantially unchanged.
- 3 We have adjusted the packaging material related data for 2023 and 2024 due to unified global statistical caliber and verification of unit conversion factors, to ensure the accuracy and consistency of the disclosed information.

BUSINESS

Since commencing copper foil production in 2022, we have experienced an increase in overall resource consumption and emission density, as the copper foil production process is more resource-intensive per unit of output than our other products. The commissioning of our Indonesian Base in 2024 and increased headcount across all bases have further contributed to fluctuations in energy and water consumption intensity. To address this, we have implemented targeted energy and water conservation measures in our copper foil operations, including optimizing the copper dissolution process, replacing equipment with high-efficiency rectifiers, adopting novel anode materials, and refining recirculation systems and liquid preparation processes, through which we continue to reduce resource consumption intensity. Our Indonesian Base has additionally established dedicated energy management and environmental protection management systems to strengthen energy metering, assessment, and daily conservation management. With respect to packaging materials (which include metals, wood, plastics, paper, textiles, composites, and packaging accessories), total usage has risen in line with increased production, though usage density has remained stable; we actively promote packaging recycling and reuse in cooperation with our clients and continue to explore the adoption of green packaging materials.

Targets

By reviewing our historical environmental data, we have established targets aimed at stabilizing or reducing our environmental footprint while maintaining operational efficiency. Using 2025 as our baseline year, we have set a goal to reduce each of our greenhouse gas emissions, electricity consumption, wastewater discharge, and hazardous waste generation per tonne of product by 5% by 2030.

Climate Change

The Board takes full responsibility for overseeing climate-related management. We have systematically identified and assessed climate-related risks and opportunities in the short term (within 5 years), medium term (5 to 15 years) and long term (over 15 years), and developed corresponding responses to mitigate them.

The main physical risks identified by us include typhoon, flood (with a medium to high risk level) and extreme heat (with a low risk level). To address potential production disruptions and rising costs caused by typhoons and floods, we ensure our operations through contingency plans, flood-prevention materials and diversified procurement. To address the increased energy consumption and health risks associated with extreme heat, we enhance our adaptive capacity through energy conservation systems, facility retrofit and safety training.

The main transition risks include policy and regulatory, technological, reputation and market risks, with an overall risk level of low in the medium to long term. To mitigate the impact, we monitor regulations and enhancing disclosures, assess low-carbon technologies to maintain competitiveness, improve transparency to address stakeholders’ concerns, and develop sustainable strategies and adopt recycled copper to meet market demand.

Compliant Recruitment

We have established the Recruitment Management Measures (《招聘管理辦法》) that standardizes recruitment channels, interview arrangements, and background-check procedures, and requires that domestic positions have age restrictions, prohibiting the employment of child labor. As of May 31, 2026, we have a total of 9,925 employees. Among them, female employees account for approximately 21.4%, while male employees make up about 78.6%.

BUSINESS

Remuneration and Benefits

We have established a comprehensive employee benefits framework that, in addition to statutory insurance and housing fund contributions, provides high-temperature subsidies, seniority allowances, festival benefits, and gifts or monetary rewards for occasions such as birthdays, marriages, and childbirths, as well as retirement benefits and annual health examinations. Our Attendance and Leave Management Measures govern various leave entitlements including marriage, bereavement, annual, maternity, breastfeeding, and public duty leave. We also conduct one annual organizational performance evaluation and semi-annual individual performance evaluations under our Performance Management System, which serves as the basis for bonus distribution, salary adjustments, promotions, and talent development. Further, our Talent Development System supports the progressive implementation of management echelon training and skills development programs across all levels of the organization.

Occupational Health and Safety

The Safety Management Manual (《安全管理手册》) has been established to govern the implementation and supervision of work safety at the headquarters, business divisions, and subsidiaries of the Company. We require that safety production and management personnel must undergo training and assessment by the government’s safety supervision department, and obtain safety management certificates. As of May 31, 2026, the occupational health and safety management systems at our sites in Zhejiang, Shanghai, Zhongshan (Guangdong), Taishan (Guangdong), Anhui, Chongqing, Shandong, Gansu, and Vietnam (copper operations) have all been certified to ISO 45001.

We conduct regular safety performance evaluations for employees. Each unit is required to organize a comprehensive safety inspection regularly. The inspection results must be reported back to the unit and shared during the regular safety meeting or through our information platform. For issues identified, each unit must analyze the reasons and make rectifications within a specified time limit. Those who fail to rectify in a timely manner or exhibit repeated problems will be held accountable.

During the Track Record Period, we recorded one work-related fatality in 2023 and 2024, respectively. The work-related fatality rate calculated as per 100 labour personnel was 0.0101 and 0.0095, respectively. According to the findings of our investigations into these two work-related fatality incidents, both incidents were primarily attributable to the failure of the employees involved to comply with the relevant operating procedures, together with certain deficiencies in our on-site safety management, which have since been fully rectified. Immediately following each incident, we activated our emergency response plan in accordance with applicable laws and regulations and our internal policies, reported the incident to the competent authorities within the prescribed time limits, and established a dedicated investigation team. In each case, we completed the incident investigation, root cause analysis and determination of accountability, and compiled investigation and handling reports. Following the investigations, we imposed disciplinary and accountability measures on the responsible operating units and personnel in accordance with our internal policies.

In connection with the 2023 incident, the Emergency Management Bureau of Zhuji City imposed an administrative fine of RMB475,000 on us in May 2023, and the incident was determined by the competent authorities to be a general work safety incident, being the lowest grade of work safety incident under the applicable PRC classification. In connection with the 2024 incident, the Emergency Management Bureau of Lanzhou New Area imposed an administrative fine of RMB500,000 on us in September 2024. We paid both fines in full and completed the rectification measures required by the relevant authorities. Additionally, in December 2025, the Emergency Management Bureau of Lanzhou New Area issued a written confirmation that the administrative penalty had been fully complied with, that the relevant non-compliance had been fully rectified, and that the penalty does not constitute a material violation. Save for the foregoing, no other penalty was imposed on the Group in connection with the two incidents.

BUSINESS

We reached compensation agreements with the families of the deceased employees in accordance with applicable laws and regulations, and had paid all agreed amounts in full as of the Latest Practicable Date. The compensation paid amounted to approximately RMB1.95 million for the 2023 incident and approximately RMB1.46 million for the 2024 incident. As of the Latest Practicable Date, there was no outstanding or threatened claim, dispute or legal proceeding against us in connection with either incident, and we were not subject to any outstanding administrative penalty, investigation or enforcement action in connection with either incident.

Our Directors are of the view, and our PRC Legal Advisors concur, that (i) the two work-related fatalities and the administrative penalties imposed in connection therewith did not constitute a material non-compliance or material violation of the applicable laws and regulations relating to work safety and occupational health having regard to, among other things, the classification of the incidents as general work safety incidents, the amounts of the fines, and the written confirmation issued by the competent authority referred to above; (ii) all fines and compensation payable in connection with the incidents have been settled in full and the relevant non-compliance has been fully rectified; and (iii) the incidents, the penalties and the compensation, individually and in aggregate, did not and are not expected to have any material adverse impact on our business operations and financial performance, having regard to, among other things, the aggregate amounts of the fines and compensation involved relative to our scale of operations, the absence of any suspension of production or other operational disruption, the absence of any outstanding claims or proceedings, and the full implementation of the corrective measures. Our PRC Legal Advisors are further of the view that the administrative penalties will not constitute a substantive legal impediment to the [REDACTED].

In response to these incidents, we have implemented a series of enhanced work safety measures, including (i) updating our position-specific risk registry and the risk registry for hazardous areas to strengthen the identification and assessment of operational hazards; (ii) upgrading physical and procedural controls over hazardous areas, including enhanced access restrictions, guarding and warning systems and additional warning signs and safety interlocking devices; (iii) carrying out safety modifications to the relevant equipment; (iv) strengthening safety training to reinforce employees’ adherence to operating procedures and requiring employees to pass dual assessments before taking up their posts; and (v) enhancing employees’ emergency response capabilities through regular drills.

Our PRC Legal Advisors, German Legal Advisors and Thai Legal Advisors, and our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we have complied, in all material respects, with the applicable laws and regulations relating to occupational health and safety. According to our U.S. Legal Advisors, based on our representations on the facts, we had complied with applicable laws and regulations in all material respects relating to occupational health and safety, which, individually or taken as a whole, are likely to have a material and adverse effect on our business, financial condition or results of operations, in the states where we operate.

Supply Chain Management

We require all suppliers to affirm that they have had no environmental violations, major safety accidents, child labor, or discriminatory practices within the past three years, and guaranteeing compliance with intellectual property rights and product quality standards, with the Group reserving the right to unconditionally terminate agreements in the event of a breach. We also collect information on production qualifications and management system certifications through a Supplier Survey Form, and conduct comprehensive evaluations based on production history, social reputation, and product trial results to select suppliers with strong ESG performance. Additionally, all suppliers must sign an Integrity Agreement prior to contract finalization, committing to prohibit bribery and improper gains, with verified violators blacklisted and business relations terminated. We maintain ongoing oversight through a reporting channel, annual visits, and regular performance reviews.

BUSINESS

Anti-bribery and Anti-corruption

To enhance employees’ awareness of ethical self-discipline and professional ethics, we have established the Integrity and Honesty Education System (《誠信廉正教育制度》). Integrity and honesty education is a compulsory course for all employees. New employees must receive specialized training on integrity and honesty upon onboarding, while existing employees must participate in at least one dedicated half-day training session on integrity and honesty every six months. We have outlined in the Reward and Accountability Management System (《獎勵與問責管理制度》) that any issues concerning integrity and honesty shall be submitted to our relevant integrity and compliance departments for joint investigation. We conduct training programs to enhance employees’ integrity awareness. Our PRC Legal Advisors, German Legal Advisors and Thai Legal Advisors, and our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we have complied, in all material respects, with the applicable laws and regulations relating to anti-bribery and anti-corruption. According to our U.S. Legal Advisors, based on our representations of facts, we had complied with applicable laws and regulations in all material respects relating to anti-bribery and anti-corruption, which, individually or taken as a whole, are likely to have a material and adverse effect on our business, financial condition or results of operations, in the states where we operate.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted a comprehensive risk management and internal control system designed to monitor and mitigate material risks that could adversely affect our operations, financial condition or reputation. Our internal control framework includes procurement protocols to manage supplier quality and raw material cost fluctuations, production monitoring procedures to track product quality, logistics coordination measures to ensure delivery timeliness, and inventory systems for tracking inventory turnover and obsolescence. In addition, we have established performance monitoring mechanisms that assess sales channel performance and flag abnormal sales trends for follow-up action.

Our management has designed and implemented targeted risk management policies and control procedures to address, among others, the following key risk areas: (i) raw material price volatility and supply risks. Given our reliance on copper and other key raw materials, we implement centralized procurement policies, approved supplier lists and pricing review mechanisms, and we closely monitor market price movements and inventory levels to mitigate the impact of price fluctuations and supply disruptions; (ii) production, quality control and operational safety risks. We adopt standardized production procedures, real-time production monitoring systems and quality inspection protocols across our production bases to ensure product consistency and compliance with customer and regulatory requirements. Preventive maintenance programs and safety management measures are implemented to reduce the risk of production interruptions, equipment failure and workplace incidents; (iii) overseas operations and geopolitical risks. In view of our expanding overseas production footprint and customer base, we have established management and reporting frameworks for overseas subsidiaries, enhanced compliance oversight for local regulatory requirements, and implemented internal reporting and escalation mechanisms to address risks arising from trade restrictions, tariffs, sanctions, geopolitical tensions and changes in local laws and policies; (iv) environmental, health and safety and regulatory compliance risks. We have adopted internal compliance policies covering environmental protection, occupational health and safety and regulatory licensing, supported by periodic compliance reviews and monitoring procedures to ensure ongoing compliance with applicable laws, regulations and permit requirements in the jurisdictions where we operate; (v) supply chain, logistics and inventory management risks. We implement logistics planning and coordination procedures, supplier and service provider assessments and inventory control systems to mitigate risks related to delivery delays, inventory imbalance and operational inefficiencies, particularly in cross-border logistics scenarios; (vi) information systems and internal reporting risks. We continue to enhance our digital management systems and internal reporting processes to support accurate data collection, timely management reporting and effective risk monitoring across business units, while strengthening access controls and data protection measures.

BUSINESS

Our audit and internal control personnel are responsible for conducting risk assessments and issuing recommendations for improvement. Identified issues are typically addressed through corrective action plans and system updates, which are implemented promptly after the detection. Our Board and senior management are responsible for overseeing the overall risk management and internal control. According to the internal control review conducted by our internal control consultant, our internal control system was assessed to be effective and compliant in all material respects with applicable laws, regulations and the Listing Rules requirements up to the Latest Practicable Date.

EMPLOYEES

As of May 31, 2026, we had 9,925 full-time employees located in China and overseas. The following table sets forth a breakdown of our employees by function:

Business Function	Number of Employees	Percent (%)
Production	7,037	70.9
Sales and Marketing	916	9.2
R&D	1,043	10.5
Finance	298	3.0
Administrative	631	6.4
Total	9,925	100.0

We recruit employees through recruitment channels such as internal referrals and external recruitment, which includes campus recruitment and social recruitment. We endeavor to motivate our employee by providing competitive salaries, comprehensive welfare packages and merit-based incentive schemes based on their performance.

We and our subsidiaries have established labor unions that protect employees’ rights, help fulfill our and our subsidiaries’ economic objectives, encourage employee participation in management decisions and assist in mediating disputes between us and union members. We did not have any material labor dispute during the Track Record Period and up to the Latest Practicable Date.

As required by PRC laws and regulations, we participate in social insurance and housing provident schemes in the PRC. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds using actual wages as the contribution basis. In 2023, 2024, 2025 and the five months ended May 31, 2026, the aggregate shortfall of social insurance contributions amounted to RMB50.7 million, RMB53.0 million, RMB40.6 million and RMB10.9 million, respectively, and the aggregate shortfall of housing provident fund contributions amounted to RMB7.6 million, RMB14.3 million, RMB12.6 million and RMB5.5 million, respectively. As advised by our PRC Legal Advisors, (i) with respect to an employer’s failure to pay social insurance contributions in full as required, according to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), if an employer fails to make social insurance contributions in full or on time, the social insurance premium collection authority may order the employer to pay the overdue contributions and impose a late payment fine of 0.05% per day on the overdue amount from the date on which payment became overdue. If the employer fails to make payment within the prescribed period, the relevant authority may impose a further fine of one to three times the overdue amount; and (ii) Pursuant to the Administrative Regulations on Housing Provident Funds (《住房公積金管理條例》), if an employer fails to make full or timely housing provident fund contributions, the housing provident fund management centre may order the employer to rectify the shortfall within a prescribed period, and may apply to the people’s court for compulsory enforcement if payment is not made within such period. As of the Latest Practicable Date, we had not received any notice from the relevant PRC authority imposing penalties related to social insurance and housing provident fund contributions.

BUSINESS

Furthermore, in light of the Article 19(1) of the New Judicial Interpretation, effective as of September 1, 2025, any agreement to waive the full payment of social insurance would be deemed invalid, and the employee is entitled to terminate the employment agreement and seek economic compensation from the employer. See “Regulatory Overview.” During the Track Record Period and up to the Latest Practicable Date, we did not enter such agreement with any of our employees, and we are not subject to the effects of the Article 19(1) of the New Judicial Interpretation. Our Directors are of the view, and the PRC Legal Advisors concur that the New Judicial Interpretation will not have a material adverse effect on our business, financial condition or results of operations, taking into account that (i) the implementation of the New Judicial Interpretation will not affect our compliance status, as the aforementioned judicial interpretation does not repeal the social insurance laws and regulations currently in force of the PRC; (ii) the New Judicial Interpretation does not create any new basis for reassessing contribution shortfalls or exposing us to increased penalties; and (iii) no pending litigation or arbitration of the Company is applicable to the aforementioned judicial interpretations.

According to our PRC Legal Advisors, having regard to (i) the absence of any administrative penalties imposed on us during the Track Record Period for non-compliance with social insurance or housing provident fund regulations, as confirmed by the Company, relevant credit reports and compliance certificates issued by competent authorities; (ii) various national policies expressly prohibiting local authorities from conducting concentrated collection campaigns in respect of historical social insurance arrears; (iii) the general two-year (or, in certain cases, five-year) statute of limitations for imposition of administrative penalties under the Administrative Penalty Law of the People’s Republic of China (《中華人民共和國行政處罰法》) and the Regulations on Labor Security Supervision (《勞動保障監察條例》); (iv) indications from inquiries with local authorities that historical shortfalls are generally not proactively pursued absent material employee complaints or reports; (v) the lack of any material employee complaints regarding contributions up to the end of the Track Record Period; and (vi) our undertaking to cooperate fully with authorities and rectify any shortfalls if required in the future, and on the premise that there are no material adverse changes to prevailing laws, regulations or local enforcement practices and no occurrence of material employee complaints, reports, labor arbitrations or litigation, the risk of us being ordered to settle historical shortfalls or being subject to material administrative penalties in respect of the above contributions is remote.

As of May 31, 2026, we had not made any provision in relation to the historical shortfalls in social insurance and housing provident fund contributions. No provision was made because, as advised by our PRC Legal Advisors in the aforementioned assessment, the risk of us being ordered to settle the historical shortfalls or being subject to material administrative penalties in respect of such contributions is remote. On this basis, our Directors consider that no provision was required under the applicable accounting standards.

We have adopted and implemented the following enhanced internal control measures to strengthen our compliance with the applicable social insurance and housing provident fund contribution requirements: (i) we have conducted a dedicated review and self-inspection of the social insurance and housing provident fund contribution status of our headquarters and subsidiaries, verified the issues identified during such review on an item-by-item basis and implemented corresponding rectification measures; (ii) we have standardized our employee onboarding, position transfer, internal transfer and departure management procedures, with clear allocation of responsibilities among the relevant departments and prescribed timelines for each step, to ensure that the enrollment, cessation and other relevant procedures for social insurance and housing provident fund contributions are handled in a timely and accurate manner; (iii) we have incorporated compliance management of social insurance and housing provident fund contributions into the routine work scope of our human resources function and established operational and review mechanisms covering employee identification, contribution base determination, declaration and payment; and (iv) we have required the relevant entities at each place of operation to monitor changes in local social insurance and housing provident fund policies and regulations and to assess the impact of such changes on our contribution arrangements in a timely manner.

BUSINESS

In addition, we plan to implement the following measures on an ongoing basis to monitor our continued compliance: (i) the relevant entities will regularly reconcile the number of insured employees, contribution bases and actual employment status within their respective scopes of responsibility, so as to ensure that all eligible employees are covered and any omissions are identified and rectified in a timely manner; (ii) we will regularly require our subsidiaries to report on, and will conduct inspections of, their social insurance and housing provident fund contribution status, promptly require rectification of any issues identified and monitor the implementation of such rectification to completion; (iii) the entities at each place of operation will continue to monitor local policy developments and report any material policy changes to our headquarters in a timely manner, and we will adjust our contribution arrangements in accordance with applicable regulatory requirements; and (iv) we will further include compliance with social insurance and housing provident fund contribution requirements within the scope of our internal supervision and inspection. Our Directors believe that the measures implemented, together with the measures to be implemented as described above, are adequate and effective to prevent recurrence of the historical non-compliance.

With respect to full contribution based on the applicable contribution bases going forward, we are in the process of establishing a standardized implementation plan for social insurance and housing provident fund contributions by improving our internal management systems and taking into account the applicable policies, laws and regulations in the localities where our operating entities are located. We will continue to monitor changes in regulatory policies and, having regard to the progress of the [REDACTED] and the actual status of our rectification measures, arrange and implement the relevant compliance enhancement work in phases. In particular, we undertake to gradually achieve compliant payment of social insurance contributions within five years after the [REDACTED] or a timeframe otherwise required by the competent authorities. Our housing provident fund contributions will continue to be made in accordance with our current contribution policy.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, according to our PRC Legal Advisors, German Legal Advisors and Thai Legal Advisors, we complied, in all material respects, with the applicable social security schemes in the relevant jurisdictions, and according to our U.S. Legal Advisors, based on our representations of facts, we had complied with, in all material respects of applicable social security schemes which, individually or taken as a whole, are likely to have a material and adverse effect on our business, financial condition or results of operations, in the states where we operate. Our Directors are of the view, and the Joint Sponsors concur that we had complied in all material respects with the applicable social security schemes in the jurisdictions in which we operate during the Track Record Period and up to the Latest Practicable Date. Our Directors are of the view that we have adopted appropriate measures to monitor and enhance our compliance with the applicable social security schemes in the relevant jurisdictions in which we operate, having taken into account, among others, (i) the self-inspection conducted by our PRC operating entities in respect of social insurance and housing provident fund contributions and the completion of rectification measures in respect of failures to make contributions where required; (ii) our plan to gradually achieve full payment of social insurance contributions in accordance with the requirements of the competent tax authorities in the relevant localities; (iii) the fact that our housing provident fund contributions will continue to be made in accordance with the current policies of our relevant operating entities; and (iv) the fact that our overseas operating entities have complied with the applicable local laws and regulations in respect of social security schemes.

INSURANCE

We maintain insurance coverage over our daily operations. Our principal insurance policies primarily include accident insurance, property insurance and liability insurance for senior management personnel, which we believe have covered major risks in our daily operations. In line with general market practices, we do not maintain certain policies that are not available in the locations wherein we operate, or that are not generally required by laws. See “Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not be sufficient.”

BUSINESS

We believe that our insurance coverage is adequate for our business and in line with industry standards and general market practice. We will continue to review and assess our risk portfolio and make necessary and appropriate adjustment to our insurance plans to align with our needs and with industry practice. During the Track Record Period, we did not make any material insurance claims in relation to our business.

PROPERTIES

Our headquarter office is located in Shaoxing, Zhejiang. We own and lease properties in the PRC and other countries and region. As of May 31, 2026, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of May 31, 2026, we owned 45 properties in the PRC with an aggregate gross floor area of approximately 1,171,033.1 sq.m., primarily for use as offices and production facilities. As of May 31, 2026, we owned 11 production base in the PRC with an aggregate gross floor area of approximately 1,497,894.2 sq.m. As of May 31, 2026, we owned the land use rights of 47 parcels of land in the PRC with an aggregate land area of approximately 2,613,550.6 sq.m. As of the same date, we had 10 properties overseas, with an aggregate gross floor area of approximately 613,648.52 sq.m., we had 11 production base overseas (excluding the production base under construction in Morocco), with an aggregate gross floor area of approximately 782,696.12 sq.m.. We confirm that we had obtained valid ownership certificates for all our properties overseas. As of May 31, 2026, we owned the land use rights of 9 parcels of land overseas with an aggregate land area of approximately 1,953,121.6 sq.m.

As of May 31, 2026, we did not obtain the real property ownership certificates for certain buildings owned by us. Specifically, the registration procedures for workshops and offices owned by Hailiang Alltop, with a gross floor area of approximately 28,014 sq.m., could not be completed due to adjustments in local land planning use. Similarly, we have not obtained certificates for certain ancillary buildings owned by Anhui Hailiang, with a gross floor area of approximately 2,738 sq.m. We have obtained a confirmation letter dated March 19, 2026 from the Tongling Shizishan High-tech Industrial Development Zone Planning and Construction Bureau confirming that the office building and ancillary facilities of our subsidiary Anhui Hailiang can continue to be used for production and operations and that no material non-compliance with land, planning, construction or real estate regulations has been identified. According to our PRC Legal Advisors, Tongling Shizishan High-tech Industrial Development Zone Planning and Construction Bureau is a competent authority. We are actively preparing the necessary documents and will apply for the real estate ownership certificates as soon as practicable. To prevent recurrence of similar issues relating to property ownership certificates and unregistered lease agreements, we have significantly strengthened our internal controls by implementing a centralized property management system, designating dedicated personnel with clear accountability for tracking and timely handling of title applications and lease registrations, establishing standardized operating procedures and approval workflows, conducting periodic compliance reviews and internal audits, and providing regular training to relevant employees on property management compliance. Regarding the substations and workshops owned by Guangdong Hailiang with a gross floor area of approximately 58,495 sq.m., the underlying construction project has not been fully completed, and we intend to apply for title certificates on a unified basis upon overall completion. Furthermore, the factories, R&D buildings, and other facilities owned by Gansu Hailiang, with a gross floor area of approximately 270,207 sq.m., are currently undergoing final acceptance procedures, and we will apply for the relevant certificates immediately upon the completion of such acceptance.

BUSINESS

Pursuant to the Property Rights Law of the People's Republic of China, the Urban Real Estate Administration Law of the People's Republic of China and related regulations, building owners are required to register their ownership and obtain the relevant title certificates. Failure to obtain such certificates may result in orders from the competent authorities to rectify the defect within a prescribed period, imposition of fines, or, in extreme cases, confiscation of illegal income or compulsory demolition.

According to our PRC Legal Advisors, having regard to (i) the written confirmation issued by the Housing and Urban-Rural Development Bureau of Huangpu Town, Zhongshan City, which is a competent authority, according to our PRC Legal Advisors, confirming that the relevant buildings of Hailiang Alltop may be put into production and use and that there is no record of administrative penalties for violation of laws and regulations relating to building construction and ownership management, (ii) the fact that the buildings of Anhui Hailiang are merely auxiliary facilities and their demolition or inability to use would not directly prevent the subsidiary from carrying on its business, (iii) the ongoing construction and acceptance procedures for the buildings of Guangdong Hailiang and Gansu Hailiang, (iv) our continuous possession and use of all the affected buildings during the Track Record Period without any ownership disputes, third-party claims, administrative penalties, orders to relocate or demolish, or investigations for violation of land or building regulations, and (v) publicly available information confirming the absence of any such disputes or penalties, the title defects described above will not have a material adverse impact on our business, financial condition or results of operations.

Leased Properties

As of May 31, 2026, we leased three properties in the PRC with an aggregate gross floor area of approximately 8,198.2 sq.m., which were primarily used for offices, production facilities and employee dormitories including a production base we leased in the PRC with an aggregate gross floor area of approximately 2,670 sq.m.. The leases generally have a term ranging from two to ten years. In addition, as of the Latest Practicable Date, we leased 17 properties overseas, with an aggregate gross floor area of approximately 102,830.6 sq.m. These leased properties were primarily used as warehouses, offices and ancillary production facilities to support our overseas operations. The lease terms of these properties vary across jurisdictions and generally include (i) fixed-term leases with a multi-year term, and (ii) indefinite-term leases that allow termination by giving advance written notice.

As of May 31, 2026, certain of our leased properties in the PRC had title defects, specifically: (i) our lessor could not provide the relevant land use rights certificate for one leased land parcel. However, we can secure suitable alternative premises meeting our operational needs within a reasonable timeframe in the event of any disruption or required location; and (ii) lease registration filing had not been completed for all three leased properties in the PRC. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties shall be filed with the relevant real estate administration bureaus in China. The relevant authorities may order rectification within a prescribed period and, in the event of non-compliance, impose fines ranging from RMB1,000 to RMB10,000 per lease agreement. In addition, where the lessor has not obtained the relevant land use rights or building ownership certificates, there is a risk that the authorities may impose penalties on the lessor or, in extreme cases, require demolition or confiscation, which could indirectly affect our continued use of the property. However, as advised by our PRC Legal Advisors, failure to complete such filing does not affect the validity or enforceability of the underlying lease agreements between the parties. Considering the abovementioned reasons, our PRC Legal Advisors are of the view that these title defects in respect of our leased properties will not have a material adverse effects to our business, financial condition and results of operation.

BUSINESS

LICENSES, PERMITS AND APPROVALS

We had duly obtained all requisite licenses, permits, approvals and certificates that are material to our operations in China and overseas. All such licenses, permits, approvals, and certificates were valid and subsisting during the Track Record Period and up to the Latest Practicable Date. We monitor the validity status of our licenses and manage the renewal procedures in a timely manner to ensure continuous compliance with applicable laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in renewing the licenses, approvals and permits that are material to our business operations, and currently we do not expect any material difficulties in such renewal.

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

License/Permit	Entity Holding the License/Permit	Grant Date	Expiration Date
Business License (營業執照)	Our Company	January 27, 2026	N/A
Zhejiang Provincial Hygienic License Approval for Domestic Products Involving Drinking Water Sanitation and Safety (浙江省國產涉及飲用水衛生安全產品衛生許可批件)	Our Company	November 3, 2025	November 2, 2029
Pollutant Discharge Permit (排污許可證)	Our Company	December 6, 2024	July 27, 2028

LEGAL PROCEEDINGS AND COMPLIANCE MATTERS

Legal Proceedings

As of May 31, 2026, we were involved in 10 litigations that arose in our ordinary course of business, of which two had been concluded and eight remained pending at the first-instance or appellate stage. We were the plaintiff in seven of these cases, the defendant in two cases and a third party in one case. These litigations involved renovation and construction works disputes, sales and purchase contract disputes, labor disputes and trademark infringement disputes arising in the ordinary course of our business, and the aggregate amount of claims involved was approximately RMB12.04 million, representing approximately 0.06% of our net assets as of May 31, 2026. According to our PRC Legal Advisors, such litigations arose from our ordinary course of operations, do not involve our core technology, core patents or principal assets, and will not have a material adverse effect on our future operations. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened against any member of our Group, and that the litigations referred to above did not have any material adverse impact on our business, financial condition or results of operations during the Track Record Period.

During the Track Record Period, we were involved in a number of domestic litigation and arbitration cases that arose in our ordinary course of business, in which we acted as plaintiff and defendant. Under Section 4 of the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (2025 Revision), a litigation or arbitration is treated as material where the amount involved exceeds RMB10 million and represents more than 10% of the absolute value of the listed company's latest audited net assets, where it seeks to revoke, confirm the non-existence of or invalidate a resolution of the shareholders' meeting or the board, or where it is a representative securities action, as well as any other case that may significantly affect the trading price of the shares. Our PRC Legal Advisors have verified that none of the cases involving us during the Track Record Period met these thresholds, and so none of them constituted a material litigation. The amounts involved were relatively small, the aggregate financial impact on us was immaterial in each year of the Track Record Period, and we do not expect any of these cases to give rise to any material exposure for us. Our Directors, our PRC Legal Advisors and the Joint Sponsors are each of the view that these litigation and arbitration cases have not had and are not expected to have any material adverse effect on our business, operations and financial performance.

BUSINESS

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that 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 or results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we were subject to eight administrative penalties, each carrying an insignificant fine and together amounting to RMB1,286,625. Three penalties were related to production safety. The Emergency Management Bureau of Tongguan District, Tongling City fined Anhui Hailiang RMB30,000 in March 2025 for deficiencies in the cooling water system of a shaft furnace. The Emergency Management Bureau of Lanzhou New Area fined Gansu Hailiang RMB500,000 in September 2024 for inadequately performing and supervising its production safety duties. The Emergency Management Bureau of Zhuji City fined Hailiang New Materials RMB475,000 in May 2023 following a general mechanical injury accident in February 2022. The remaining four penalties were related to customs and trade compliance. Taishan Customs fined Guangdong Hailiang RMB121,000 in April 2024 for a shortage of bonded imported copper. Zhongshan Customs fined Hailiang Alltop RMB25,000 in April 2023 for an inaccurate declaration. Beilun Customs fined Zhejiang Keyu RMB100,000 in June 2024 for declaring imported solid waste under the general trade category. The Pudong Maritime Safety Administration fined Zhejiang Hailiang International Trade RMB10,000 in November 2023 for consigning dangerous goods as ordinary cargo. One penalty was related to environmental protection. The City Bureau for Ecosystem and Environment of Liaocheng fined Shandong Hailiang for RMB25,625 in April 2026 for improper operation of pollution processing facilities. We have paid each fine in full and on time and have rectified all of the underlying conduct to the satisfaction of the relevant authorities, and we consider each penalty to be final and conclusive because the periods for applying for administrative reconsideration or bringing administrative proceedings have lapsed and no authority has sought to impose any further sanction.

We do not consider these penalties, whether individually or in aggregate, to amount to systematic non-compliance. The incidents arose separately across three distinct regulatory areas, namely production safety, customs administration and maritime safety, and none of them resulted from any deliberate or wilful misconduct by us or our management. The relevant authorities imposed each fine at or near the minimum statutory level for the contravention concerned and made no finding of serious circumstances or material violation. The aggregate fines represented a de minimis proportion of our revenue and total assets during the Track Record Period, and the applicable credit records show that none of the entities concerned appears on any list of seriously untrustworthy entities or carries any continuing adverse credit standing.

After these incidents we strengthened our internal controls by auditing the safety equipment and monitoring systems across our production facilities, enhancing our employee training and safety inspections, reviewing our customs declarations before we submit them, engaging external customs advisors and establishing oversight at the Group level to monitor compliance across our subsidiaries. Having regard to the nature, amount and circumstances of these penalties and to the measures we have taken, our Directors and our PRC Legal Advisors consider that the penalties neither constitute material non-compliance nor reflect systematic non-compliance and that we have established adequate internal controls to reduce the risk of similar incidents in the future.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, German Legal Advisors, Thai Legal Advisors, and U.S. Legal Advisors, we were in compliance with all applicable laws and regulations in the relevant jurisdictions in all material aspects, which, individually or taken as a whole, are likely to have a material effect on our business, financial condition or results of operations.

BUSINESS

Compliance with International Sanctions and Export Control Laws

Overview

We have engaged Sanctions Legal Advisors to assess our exposure to risks under applicable international sanctions and export control laws and regulations. Based on the assessment of the Sanctions Legal Advisors, we did not engage in any Primary or Secondary Sanctioned Activity for the purposes of the Chapter 4.4 of the Guide for New Listing Applicants during the Track Record Period.

Sales to Syria Pursuant to General License 25

We had one transaction with one customer in Syria (the “**Syrian Sales**”) in 2025, for the sale of copper tubes for HVAC, at a contract value of approximately RMB1.8 million, which represented approximately 0.002% of our total revenue for that year. We did not record any sales to customers in Syria in 2023, 2024 or the five months ended May 31, 2026.

At the time the Syrian Sales were conducted, Syria was subject to comprehensive U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”) under the Syrian Sanctions Regulations. The Syrian Sales were conducted after the issuance by OFAC of General License 25 on May 23, 2025, which authorized most of the transactions previously prohibited under the Syrian Sanctions Regulations. As the requisite general license authorization was in place at all relevant times, our Sanctions Legal Advisors are of the view that the Syrian Sales did not constitute Primary Sanctioned Activity or a violation of applicable U.S. sanctions laws. Subsequently, on June 30, 2025, the U.S. President issued Executive Order 14312, which revoked the six Executive Orders that formed the foundation of the U.S. Syria sanctions program and terminated the national emergency underlying those Executive Orders, effective July 1, 2025, and OFAC thereafter removed the Syrian Sanctions Regulations from the U.S. Code of Federal Regulations, effective on August 26, 2025. As of the Latest Practicable Date, the United States no longer maintains a comprehensive sanctions program with respect to Syria.

Payments Received from Designated Banks

During the Track Record Period, we received payments in respect of six sales transactions with Russian customers through banks designated by OFAC as Specially Designated Nationals (“**SDNs**”) under Executive Order 14024, namely MTS Bank and URALSIB Bank (the “**SDN Payment Transactions**”). These two banks acted solely as remitting banks of such Russian customers in these six transactions. The aggregate value of the SDN Payment Transactions was RMB4.4 million, representing approximately 0.001% of our total revenue during the Track Record Period, which is de minimis.

Our Sanctions Legal Advisors have advised that the SDN Payment Transactions lacked the U.S. nexus required to satisfy the jurisdictional element of the applicable primary sanctions measures and accordingly did not constitute Primary Sanctioned Activity. As Executive Order 14024 also authorizes the designation as SDNs of parties providing material or significant assistance to existing SDNs, the SDN Payment Transactions may potentially give rise to a risk of Secondary Sanctionable Activity. Our Sanctions Legal Advisors have concluded that the risk of secondary sanctions being imposed on our Group or any Relevant Person in connection with the SDN Payment Transactions is remote, on the basis that (i) in terms of size, number and frequency, the SDN Payment Transactions comprised a de minimis proportion of our business that is unlikely to be characterized by OFAC as material or significant; (ii) the payments were received as legitimate commercial consideration for bona fide, arm’s length sales transactions, and the underlying sales themselves did not violate any applicable U.S. sanctions measures; (iii) there is no evidence that any member of our management was aware that a designated bank was involved in the relevant payment transactions at the time of the transactions; (iv) the designated banks were selected by the relevant Russian customers as their own payment banks, and we had no direct relationship with either designated institution; (v) we generally received payments from Russian customers through non-sanctioned Russian banks; and (vi) there is no evidence of any deceptive practices on our part in connection with the SDN Payment Transactions.

BUSINESS

We terminated all of our business activities in Russia and Belarus with effect from January 28, 2026. As of the Latest Practicable Date, we did not conduct business with or generate revenue from customers in Russia or Belarus, and we have no intention of resuming any such activities. Save for the Syrian Sales and the sales to customers in Russia and Belarus, we did not generate revenue from customers in any other Sanctioned Country during the Track Record Period, and as of the Latest Practicable Date, we did not sell to customers in any Sanctioned Country.

Having considered the abovementioned assessment and the facts and circumstances described above, including (i) the authorization of the Syrian Sales under General License 25 and the subsequent revocation of the U.S. comprehensive sanctions program with respect to Syria; and (ii) the de minimis scale, bona fide commercial nature and absence of U.S. nexus of the SDN Payment Transactions, and the full termination of our business in Russia and Belarus, our Directors and our Sanctions Legal Advisors are of the view that we complied with the applicable sanctions and export control laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date, and that our exposure to sanctions-related risks does not and will not have a material adverse impact on our business, financial condition and results of operations. Based on the due diligence conducted by the Joint Sponsors, including (i) reviewing the assessment of the Sanctions Legal Advisors in respect of the Group’s exposure under the applicable sanctions and export control regimes; (ii) discussing with the Directors, the management of the Company and the Sanctions Legal Advisors the background to and nature of the relevant transactions and the bases for the conclusions reached; and (iii) reviewing the Group’s policies, procedures and internal control measures relating to sanctions and export control compliance, and having considered the facts and circumstances disclosed above and the views of the Sanctions Legal Advisors, the Joint Sponsors concur with the Directors’ view set out above.

Tariffs

We manufactured and sold copper-processed products, principally copper tubes, copper fittings, copper foils and brass rods, to certain customers in the United States from our subsidiaries located in other countries and regions. Revenue generated from our exports that are subject to the applicable U.S. tariffs comprises (i) the revenue generated from exports of our products originating from the Chinese Mainland, Thailand, Vietnam, Indonesia and Europe to our U.S. subsidiaries and non-subsidiary customers in the U.S.; and (ii) the revenue generated from sales by our other subsidiaries to our U.S. subsidiaries. Such revenue accounted for approximately 2.4%, 3.0%, 3.2%, 4.0% and 1.9% of our total revenue in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively, representing an immaterial proportion. Since early 2025, our U.S. exports have been affected by a series of U.S. tariff measures that have undergone significant change over a short period of time, including tariffs imposed under Section 232 of the Trade Expansion Act of 1962 (“Section 232”), Section 301 of the Trade Act of 1974 (“Section 301”), product-specific antidumping duty orders, and tariffs imposed under the International Emergency Economic Powers Act (“IEEPA”).

Our exports are subject to the applicable Most Favored Nation (“MFN”) rates under the U.S. Harmonized Tariff Schedule (“HTSUS”) as a baseline layer of U.S. customs duty. In addition, our copper tubes, copper fittings, copper foils and brass rods are subject to a 50% ad valorem Section 232 tariff applied to their full entered customs value, regardless of origin. This tariff was originally imposed by Presidential proclamation effective August 1, 2025, and was restructured by a further proclamation effective April 6, 2026, under which articles made entirely or almost entirely of copper remain subject to the 50% rate, derivative articles substantially made of copper attract a 25% rate, and products with 15% or less copper content are excluded from Section 232 coverage.

Our copper products originating from the PRC are additionally subject to Section 301 tariffs of 25% ad valorem on top of the applicable MFN rates and Section 232 tariffs, while our products from Thailand and Vietnam are not subject to Section 301 tariffs. Since we did not export any products from China to the U.S. during the period when tariffs imposed under Section 122 of the Trade Act of 1974 (“Section 122”) were in effect, and the products exported from our Vietnam and Thailand subsidiaries were copper products subject to tariffs under the Section 232 but not Section 122, our products exported to the U.S. were not subject to the tariffs under the Section 122. In addition, our copper-based products have been subject to Section 301 forced labor tariffs, which became effective on July 24, 2026.

BUSINESS

Moreover, our subsidiaries comprising Zhejiang Hailiang Co., Ltd., Shanghai Hailiang Copper Co., Ltd., Hong Kong Hailiang Metal Trading Limited and Hailiang (Anhui) Copper Co., Ltd. are subject to a 60.85% ad valorem antidumping duty cash deposit rate under U.S. antidumping duty order A-570-964, assessed on top of the applicable MFN, Section 232 and Section 301 rates. Our subsidiary Hailiang (Vietnam) Copper Manufacturing Company Limited and Hongkong Hailiang Metal Trading Limited is subject to a separate 8.35% ad valorem antidumping duty cash deposit rate under antidumping duty order A-552-831.

The IEEPA tariffs previously imposed by the U.S. President between February 2025 and February 2026, including Fentanyl Tariffs of up to 20% and Reciprocal Tariffs on PRC-origin products that escalated to a peak of 125%, are no longer in effect following the U.S. Supreme Court's ruling in February 2026 invalidating all IEEPA tariff measures as exceeding the President's statutory authority.

Taking all applicable tariff regimes into account, our copper product exports to the United States are subject to combined U.S. tariff rates ranging from approximately 51% to 137.35% as of the Latest Practicable Date. The lower end of this range applies to our Indonesia-origin exports, and the higher end applies to PRC-origin exports. During the Track Record Period, our sales to customers in the United States were primarily conducted on FOB, CIF or DDP terms. Under FOB (Free on Board) terms, we are responsible for delivering the products on board the vessel at the port of shipment, after which the customer bears the freight, insurance, import tariffs and other costs of bringing the products to their destination. Under CIF (Cost, Insurance and Freight) terms, we additionally arrange and pay for the freight and insurance to the destination port, but the customer remains responsible for import tariffs and customs clearance. Under DDP (Delivered Duty Paid) terms, we bear such costs, including the tariffs. Following the intensification of tariffs imposed by the U.S. government on imports of our products, we increasingly adopted DDP terms in certain sales agreements with U.S. customers and our U.S. subsidiaries, primarily to maintain our relationships with the affected customers by alleviating the tariff burden they would otherwise bear, including tariffs in connection with sales to both our U.S. subsidiaries and U.S. customers. As we bear the applicable import tariffs under DDP terms, the intensified U.S. tariffs increased our cost of sales attributable to products sold to the United States on such terms, which in turn exerted downward pressure on the gross profit margin of such sales, while we did not fully pass through the costs to our customers. The impact on our overall gross profit margin was limited, given the revenue contribution of the affected sales. We did not experience any material cancellations of orders from our U.S. customers as a result of the imposition of such tariffs, and our Directors confirm that such tariffs did not have any material adverse impact on our revenue, gross profit margin or overall results of operations during the Track Record Period and up to the Latest Practicable Date.

Notwithstanding these headline tariff rates, according to our Sanctions Legal Advisors, and our Directors believe, which is concurred by the Joint Sponsors, the U.S. tariff regime does not present a material risk to our business, as the overall financial impact of the applicable U.S. tariff measures on our business is de minimis. Our revenue exposure to the applicable U.S. tariff is insignificant, accounting for no more than 4% of our total revenue in each year/period of the Track Record Period, such that a reduction in the competitiveness of our U.S. exports would not have a material adverse effect on our overall financial performance. Furthermore, our multi-jurisdictional production footprint and expanding production in the U.S. provide us with the operational flexibility to adjust the origin composition of our U.S. exports and reallocate production capacity in response to evolving trade policy developments.

AWARDS AND RECOGNITIONS

We received a number of awards and accolades in recognition of our brand and products. The following table sets forth major awards and recognitions we received.

BUSINESS

Year	Awards and recognitions	Competent authority
2025	National Model Worker Innovation Studio	All-China Federation of Trade Unions
2025	The testing center of Gansu Hailiang New Energy Materials obtained the CNAS Accreditation Certificate	China National Accreditation Service for Conformity Assessment
2024	First Prize of the National Employee Safety Culture Development Award	China University of Labor Relations
2024	Zhejiang Industry Award	Zhejiang Enterprise Confederation
2024	Gansu Hailiang New Energy Materials was awarded Factory Benchmark of the Year, 2024 GG Gold Ball Award	Gaogong Industry Institute
2023	First Prize of China Nonferrous Metals Industry Science and Technology Award	China Nonferrous Metals Industry Association
2023	Fortune China 500	Fortune China
2023	Gansu Hailiang New Energy Materials’ High-Strength and High-Toughness Copper Foil Project Selected for Provincial-Level Major Science and Technology Special Project	Department of Science and Technology of Gansu Province
2023	Gansu Hailiang New Energy Material was awarded Gansu Province 2023 Technology Innovation Demonstration Enterprises	Department of Industry and Information Technology of Gansu Province
2022	China Grand Awards for Industry	China Federation of Industrial Economics