

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

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As of the Latest Practicable Date, Mr. Feng Hailiang (being the father of Mr. Feng) was interested in approximately 30.11% of our total issued share capital, comprising (1) 2.61% directly held by Mr. Feng Hailiang, (2) 26.96% held by Hai Liang Group, and (3) 0.54% held by Zhejiang Zhengmao. Both Hai Liang Group and Zhejiang Zhengmao are ultimately controlled by Mr. Feng Hailiang. Excluding 10,000,000 A Shares repurchased and held in the Company’s stock repurchase account as treasury shares as of the Latest Practicable Date, Mr. Feng Hailiang controlled approximately 30.24% of our voting rights. See “History, Development and Corporate Structure — Corporate Structure” in this document for details.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Feng Hailiang will, directly and indirectly through Hai Liang Group and Zhejiang Zhengmao, continue to be interested in aggregate approximately [REDACTED]% of our total share capital and will be entitled to exercise voting rights attaching to approximately [REDACTED]% of our total issued share capital (excluding the 10,000,000 A Shares repurchased by the Company and held as treasury shares in its share repurchase account as of the Latest Practicable Date) and will be our Single Largest Group of Shareholders.

DELINEATION OF BUSINESS AND COMPETITION

Our Principal Business

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. For further details of our business, please refer to the section headed “Business” in this document.

Principal Business of our Single Largest Shareholder

Hai Liang Group is a limited company incorporated under the laws of the PRC on August 9, 1996. Apart from our business, Hai Liang Group and its subsidiaries are engaged in the following business sectors: (i) non-ferrous metal trading, (ii) education, and (iii) industrial finance. Hai Liang Group is also the controlling shareholder of Shuoao International Holdings Limited, a limited liability company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 2336), which is principally engaged in the business of sale of metals and development and provision of electronic turnkey device solutions.

Business Delineation

While both our Group and the Hai Liang Group operate in metal trading businesses, we are of the view that there is clear delineation between our business and the business of the Hai Liang Group and there is no competition between us due to the following reasons:

Different business nature

Our Group is primarily engaged in high value-added copper production and processing activities. Our copper trading activities are ancillary in nature and arise as a by-product of our principal operations. Such trading activities primarily aim to: (i) maintain supply chain stability, (ii) enhance our raw material turnover efficiency and mitigate inventory backlog that may otherwise tie up working capital, and (iii) optimize our pricing efficiency in response to market conditions. Our Group does not intend to actively expand our trading operations beyond its ancillary role.

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Hai Liang Group and its subsidiaries are engaged in metal trading as their separate or principal business. The metal trading business typically is of a business model centered on large-scale, volume-driven transactions, generating profits through stable yet minimal price differentials. It is also noted that Hai Liang Group and its subsidiaries do not engage in any copper production and processing activities. Their operations are purely trading in nature, whereas our Group’s trading activities are ancillary to manufacturing.

Different geographical coverage

Our Group’s copper trading activities serve our global production strategy, with both procurement and sales centered around the international supply chain. During the Track Record Period, international procurement accounts for approximately 52.0%, 48.2%, 41.7% and 25.9% of our total copper trading purchases in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, while international sales represented approximately 38.1%, 49.6%, 36.7% and 11.9% of our total copper trading revenue for the same periods. This reflects our strategic focus on leveraging global resources to ensure supply chain stability and operational efficiency.

Hai Liang Group and its subsidiaries, apart from a limited portion of international transactions, primarily conduct domestic metal trading. They source metals primarily from domestic suppliers and conduct most of their trading within the PRC market. During the Track Record Period, international procurement represented approximately 0.12%, 0.9%, 1.22% and 0.63% of their total metal trading purchases in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, and international sales accounted for approximately 0.12%, 0.89%, 1.21% and 0.62% of their total metal trading revenue for the same periods.

Different customer base

Our Group’s principal copper trading customers are non-ferrous metal production and processing enterprises, some of which are existing suppliers of our production and manufacturing operations. These customers engaged in trading partnerships with us due to our long-established network of high-quality and stable suppliers both domestically and internationally, as well as our strong industry reputation. We conduct this business with the aim of balancing supply and demand, ensuring supply chain stability, and reinforcing supplier cooperation through supply chain advantages.

Hai Liang Group and its subsidiaries’ main customers are commodity trader. Their purchasing decisions are primarily driven by price competitiveness and financial security considerations, reflecting a business model focused on large-scale, volume-driven transactions rather than production or processing capabilities. These customers typically seek stable supply at favorable pricing terms without requiring the value-added services associated with manufacturing.

No Competing Interests

At the Latest Practicable Date, save as disclosed above, none of our Single Largest Shareholder or Directors had any interest in any business which competes with, or is likely to compete with, our principal business, whether directly or indirectly, which would otherwise require disclosure to be made under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from Single Largest Group of Shareholders and their respective close associates upon [REDACTED].

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Management Independence

Our Board consists of ten Directors, including five executive Directors, one non-executive Director and four independent non-executive Directors. Save for: (i) Mr. Feng (our executive Director and chairperson of the Board) who also serves a director of Hai Liang Group, and (ii) Dr. Wang Shuguang (王樹光) (our non-executive Director), who also serves as the president of Hai Liang Group, none of our Directors or members of senior management is a member of our Single Largest Group of Shareholders or their respective close associates. Notwithstanding Mr. Feng holds directorship in both companies, he was not directly involved in the day-to-day management of Hai Liang Group and has been devoted into the operation and management of our Company, together with our experienced management teams. Mr. Feng has been and will continue devoting sufficient time and resources to the management and operations of our Group. Save as disclosed in this section and the section headed “Directors and Senior Management” in this document, none of our Directors or members of our senior management team holds any position in our Single Largest Group of Shareholders or their respective close associates.

Our Directors consider that our Board and senior management team are able to manage our business independently from the Single Largest Group of Shareholders for the following reasons:

- (a) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management team, please refer to the section headed “Directors and Senior Management” in this document;
- (b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as our Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting;
- (c) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (i) our independent non-executive Directors are not associated with the Single Largest Group of Shareholders or each of their close associates; (ii) our independent non-executive Directors account for more than one-third of the Board; and (iii) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional advice to our Company. In conclusion, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgment to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole;
- (d) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and a Director or their respective close associate, the interested Director(s) is required to declare the nature of such interests before voting at the relevant Board meetings of our Company in respect of such transactions; and
- (e) we will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage potential conflicts of interest, if any, between our Group and Single Largest Group of Shareholders, which would support our independent management. For details, please see “— Corporate Governance” in this section.

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Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Company independently from our Single Largest Group of Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Our Group does not rely on our Single Largest Group of Shareholders and their close associates for our business development, staffing, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Single Largest Group of Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

Our Group has independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

In addition, we expect certain connected transactions of our Group with our Single Largest Group of Shareholders and/or their respective associates will continue after the [REDACTED], details of which are set out in “Connected Transactions” in this document. All such transactions will be conducted on arm’s length and on normal commercial terms in the ordinary and usual course of business of our Group in accordance with the requirements under Chapter 14A of the Listing Rules, and the pricing policy of our Group and our connected persons and not be prejudicial to the interests of any of the parties. Our Directors are of the view that such continuing connected transactions will not affect our operational independence as a whole.

Based on the above, our Directors believe that we are able to operate independently of our Single Largest Group of Shareholders and their close associates.

Financial Independence

Our Group has an independent financial system and make financial decisions according to our Group’s own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. As such, our Company’s financial functions, such as cash and accounting management, invoices and bills, operate independently from each member of our Single Largest Group of Shareholders and their close associates.

Save as disclosed in Appendix I to this document, we do not have any loans or guarantees provided by, or granted to, our Single Largest Group of Shareholders or their respective close associates. As of the date of the Latest Practicable Date, all guarantees previously provided by Hai Liang Group and/or its associates in connection with the loans and other credit facilities of our Group have been fully released. We do not expect to rely on our Single Largest Group of Shareholders or their close associates for financing after the [REDACTED] as we expect that our working capital will be funded by cash flows generated from operating activities, equity financing, bank loans with securities or guarantees to be provided by our Group as well as the net [REDACTED] from the [REDACTED].

Based on the above, our Directors believe that from a financial perspective, we are capable of carrying on our business independently of, and do not place undue reliance on our Single Largest Group of Shareholders and their respective close associates after the [REDACTED].

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CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. We will adopt the following measures to ensure good corporate governance standards and avoid potential conflicts of interest between our Group and the Single Largest Group of Shareholders:

- (a) where a Shareholders’ meeting is held for considering proposed transactions in which the Single Largest Group of Shareholders has a material interest, the Single Largest Group of Shareholders shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and the Single Largest Group of Shareholders, the Single Largest Group of Shareholders shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its interim and annual reports or by way of announcements;
- (d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company’s cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules;
- (e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders’ approval requirements (if applicable) under the Listing Rules; and
- (f) we have appointed Maxa Capital Limited as our Compliance Advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors’ duties and corporate governance.

Based on the above, our Directors are satisfied that the corporate governance measures are sufficient to manage conflicts of interest that may arise between our Group and the Single Largest Group of Shareholders, and to protect our minority Shareholders’ interests after the [REDACTED].