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Application Proof of

ZHE JIANG HAI LIANG CO., LTD.
浙江海亮股份有限公司

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

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ZHE JIANG HAI LIANG CO., LTD.
浙江海亮股份有限公司

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

[REDACTED]

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

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IMPORTANT

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IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

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SUMMARY

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

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

OVERVIEW

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. We have international footprint and extensive production scale, with 23 production bases spanning across Asia, Europe, North America and Africa as of May 31, 2026, serving a global customer base.

The following table sets forth our principal achievements.

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.

OUR STRENGTHS

We believe the following strengths have driven our success: (i) diverse copper-based products and technological expertise; (ii) global presence and localized operation; (iii) leading R&D system and continuous technological development; (iv) integrated risk management and robust cost control; and (v) young and professional management team.

OUR STRATEGIES

We have formulated the following strategies: (i) deepening global footprint with localized operations; (ii) continuous R&D to diversify product offerings; (iii) digital and intelligent transformation; (iv) adhering to ESG principles; and (v) strengthening talent development.

OUR PRODUCTS

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

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

		Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
Copper-processed products for HVAC and industrial applications.	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[(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.

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 *(RMB in thousand)*	47,479,068	54,997,598	51,973,184	21,786,590	26,713,717
	Sales Volume *(thousand tons)*	945.1	1,019.7	953.6	403.5	348.1
	Average Selling Price *(RMB in thousand/ton)*	50.2	53.9	54.5	54.0	76.8
Overseas[(1)]	Revenue *(RMB in thousand)*	28,057,953	32,357,921	31,189,131	12,968,656	13,702,446
	Sales Volume *(thousand tons)*	479.2	547.6	473.2	204.9	176.9
	Average Selling Price *(RMB in thousand/ton)*	58.6	59.1	65.9	63.3	77.5

Note:

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

RESEARCH AND DEVELOPMENT

We are committed to driving technological development and R&D excellence. As of May 31, 2026, we held a total of 951 patents, including 198 invention patents. We have established a comprehensive framework centered on our research institutes in Zhejiang and Gansu. 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.

OUR PRODUCTION

As of May 31, 2026, we had 11 production bases in China. In overseas markets, we had 12 production bases across Asia, Europe, North America and Africa. 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. We have deployed digital systems across production bases for real-time monitoring and management, alongside automotive equipment that optimizes production efficiency.

IMPACT OF FLUCTUATIONS IN COPPER PRICES

Copper cathode is the principal raw material of our products, and 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. 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. During the Track Record Period, our revenue and cost of sales generally moved in line with copper prices, as the selling price of each customer order comprises a raw material cost component referenced to prevailing benchmark copper prices and a processing fee determined independently of copper price fluctuations. Higher copper prices tended to dilute our gross profit margin by enlarging our revenue base, although changes in our gross profit and gross profit margin were primarily attributable to changes in customer mix and product mix, and rising copper prices also increased our working capital requirements.

We manage our exposure to copper price volatility through the cost pass-through structurally embedded in our pricing mechanism; our centralized hedging arrangements under which we match our physical net copper positions against copper futures traded in the PRC market and the LME, covering approximately 90% of our net copper exposure measured at each month-end or quarter-end during the Track Record Period; and our dynamic inventory management 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 we did not experience any material procurement difficulty arising from copper price fluctuations.

SALES, MARKETING AND CUSTOMER SERVICE

As of the Latest Practicable Date, we had cultivated robust long-term relationships with approximately 10,000 customers over 100 countries and regions. 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**

We primarily employ a direct sales model for both our domestic and overseas markets, which enables us to engage directly with customers, thereby gaining in-depth insights into their specific requirements, preferences and evolving needs. 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. We also 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% in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

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. 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

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. None of our Directors, their associates or any shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest suppliers in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively.

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 development, scale advantages and supply chain integration, to enhance their competitiveness.

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 tonnes, 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 tonnes, 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 tonnes 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 tonnes by 2030, with a CAGR of approximately 43.8%.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary of historical financial information for the years/periods or as of the dates indicated. Our historical financial information was prepared in accordance with IFRS Accounting Standards.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Consolidated statements of profit or loss

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	75,733,576	87,542,137	83,306,698	34,820,271	40,469,688
Cost of revenue	(72,641,532)	(84,638,920)	(80,172,127)	(33,484,694)	(38,707,481)
Gross profit	**3,092,044**	**2,903,217**	**3,134,571**	**1,335,577**	**1,762,207**
General and administrative expenses	(945,940)	(1,209,073)	(1,262,480)	(547,688)	(691,781)
Selling and marketing expenses	(210,236)	(241,014)	(283,476)	(120,200)	(125,810)

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Research and development expenses	(183,556)	(140,255)	(145,218)	(54,400)	(67,249)
Net impairment credit/(losses) on financial assets	8,331	(77,730)	(31,021)	(26,902)	(51,907)
Other income	306,701	299,866	320,455	89,189	137,550
Other (losses)/gains, net	(267,958)	(281,529)	97,017	30,159	58,159
Operating profit	**1,799,386**	**1,253,482**	**1,829,848**	**705,735**	**1,021,169**
Finance income	33,073	22,470	31,511	11,076	6,059
Finance costs	(567,792)	(717,837)	(711,954)	(296,269)	(311,977)
Finance costs, net	(534,719)	(695,367)	(680,443)	(285,193)	(305,918)
Share of profit of investments accounted for using the equity method	117,071	112,944	91,658	33,564	32,465
Profit before income tax	**1,381,738**	**671,059**	**1,241,063**	**454,106**	**747,716**
Income tax expense	(212,276)	(47,149)	(231,094)	(79,967)	(192,816)
Profit for the year/period	**1,169,462**	**623,910**	**1,009,969**	**374,139**	**554,900**
Attributable to:					
– Owners of the Company	1,125,549	715,816	961,639	398,054	405,275
– Non-controlling interests	43,913	(91,906)	48,330	(23,915)	149,625
	1,169,462	**623,910**	**1,009,969**	**374,139**	**554,900**
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)					
Basic	0.57	0.36	0.48	0.21	0.18
Diluted	0.52	0.36	0.47	0.20	0.18

Revenue

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (Unaudited)*	*%*	*RMB'000*	*%*
Sale of goods	75,537,021	99.7	87,355,519	99.8	83,162,315	99.8	34,755,246	99.8	40,416,163	99.9
Other revenue[(1)]	196,555	0.3	186,618	0.2	144,383	0.2	65,025	0.2	53,525	0.1
Total	**75,733,576**	**100.0**	**87,542,137**	**100.0**	**83,306,698**	**100.0**	**34,820,271**	**100.0**	**40,469,688**	**100.0**

Note (1): Other revenue represents interest income generated from a subsidiary of our Group and lease income for the corresponding periods.

Revenue from Sales of Goods by Business Line

The following table sets out the breakdown of our revenue from sales of goods by business line in absolute amount and as percentage of our revenue from sales of goods 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* *(Unaudited)*	*%*	*RMB'000*	*%*
Sale of goods										
Copper-processed products for HVAC and industrial applications	47,851,227	63.3	58,698,613	67.1	60,083,728	72.3	26,409,103	76.0	32,056,894	79.2
Copper foils for lithium batteries and PCBs	734,826	1.0	2,860,675	3.3	5,792,089	7.0	1,836,891	5.3	3,909,615	9.7
Copper-processed products for AI applications	125,996	0.2	235,926	0.3	591,797	0.7	147,075	0.4	307,846	0.8
Copper trade activities	26,464,685	35.0	25,133,293	28.8	16,253,923	19.5	6,227,003	17.9	3,990,472	9.9
Others[(1)]	360,287	0.5	427,012	0.5	440,778	0.5	135,174	0.4	151,336	0.4
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**

Note (1): Others primarily represents revenue from environmental material catalyst products and aluminum-based products.

Gross Profit and Gross Profit Margin

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)* *(Unaudited)*	*RMB'000*	*(%)*
Sales of goods	2,929,802	3.9	2,804,786	3.2	3,055,836	3.7	1,283,072	3.7	1,751,641	4.3
Other revenue	184,171	93.7	170,230	91.2	127,727	88.5	57,595	88.6	43,042	80.4
Impairment losses[(1)]	(21,929)	(N/A)	(71,799)	(N/A)	(48,992)	(N/A)	(5,090)	(N/A)	(32,476)	(N/A)
Total	**3,092,044**	**4.1**	**2,903,217**	**3.3**	**3,134,571**	**3.8**	**1,335,577**	**3.8**	**1,762,207**	**4.4**

Note (1): Impairment losses primarily comprises goodwill impairment, impairment losses on inventory, and impairment losses on property, plant and equipment.

Gross Profit and Gross Profit Margin from Sales of Goods by Business Line

The following table sets out a breakdown of our gross profit and gross profit margin from sales of goods by business line for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (Unaudited)*	*(%)*	*RMB'000*	*(%)*
Copper-processed products for HVAC and industrial applications	2,801,851	5.9	2,739,322	4.7	2,561,603	4.3	1,220,755	4.6	1,352,864	4.2
Copper foils for lithium batteries and PCBs	(177,760)	(24.2)	(185,715)	(6.5)	215,133	3.7	(8,982)	(0.5)	314,503	8.0
Copper-processed products for AI applications	13,408	10.6	26,140	11.1	79,951	13.5	17,673	12.0	38,477	12.5
Copper trade activities	241,879	0.9	176,973	0.7	159,815	1.0	44,104	0.7	27,492	0.7
Others	50,424	14.0	48,066	11.3	39,333	8.9	9,522	7.0	18,305	12.1
Total for Sales of Goods	**2,929,802**	**3.9**	**2,804,786**	**3.2**	**3,055,836**	**3.7**	**1,283,072**	**3.7**	**1,751,641**	**4.3**

Gross Profit and Gross Profit Margin by Geographic Locations

The following table sets out a breakdown of our gross profit and gross profit margin from sales of goods by geographic locations for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (Unaudited)*	*(%)*	*RMB'000*	*(%)*
China	1,527,266	3.2	1,371,390	2.5	1,263,967	2.4	519,083	2.4	807,685	3.0
Overseas[(1)]	1,402,536	5.0	1,433,396	4.4	1,791,869	5.7	763,989	5.9	943,955	6.9
Total	**2,929,802**	**3.9**	**2,804,786**	**3.2**	**3,055,836**	**3.7**	**1,283,072**	**3.7**	**1,751,641**	**4.3**

Note:

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

Profit for the Year/Period

Our profit for the year decreased from RMB1,169.5 million in 2023 to RMB623.9 million in 2024, primarily attributable to (i) an increase in general and administrative expenses from RMB945.9 million in 2023 to RMB1,209.1 million in 2024 driven by an increase in employee benefits and office expenses associated with the commencement of operations at new overseas sites, as well as increased professional service fees for advisory services; (ii) a decrease in our gross profit from RMB3,092.0 million in 2023 to RMB2,903.2 million in 2024, mainly driven by an increase in raw material price, together with adjustments to selling prices to maintain market presence as customer mix changes; and (iii) an increase in our net finance costs from RMB534.7 million in 2023 to RMB695.4 million in 2024, resulting from lower capitalized interest on projects funded by convertible bonds as most such projects were completed and transferred to fixed assets by the end of 2023. The decrease was partially offset by a reduction in income tax expenses from RMB212.3 million in 2023 to RMB47.1 million in 2024, primarily due to lower profits at certain subsidiaries and increased profit contributions from subsidiaries entitled to preferential tax treatments.

Our profit of the year increased from RMB623.9 million in 2024 to RMB1,010.0 million in 2025, primarily attributable to (i) an increase in our gross profit from RMB2,903.2 million in 2024 to RMB3,134.6 million in 2025 following the expanded production leading to economies of scale, higher yield and production efficiency, optimized product mix, and continued penetration into higher-margin markets and (ii) other losses of RMB281.5 million in 2024 turned into other gains of RMB97.0 million in 2025, mainly driven by a decreased losses on disposal of trade receivables due to lower discount rates, net foreign exchange gains amid exchange rate fluctuations, and reduced net losses on disposal of financial instruments partially offset by fair value losses on derivative financial instruments under our foreign exchange hedging strategies. The increase was partially offset by an increase in income tax expenses from RMB47.1 million in 2024 to RMB231.1 million in 2025, primarily due to the expiry of certain tax-preferential policies for some subsidiaries and the recognition of deferred tax assets on deductible tax losses of certain subsidiaries.

Our profit for the period increased from RMB374.1 million in the five months ended May 31, 2025 to RMB554.9 million in the five months ended May 31, 2026, primarily attributable to an increase in our gross profit of RMB1,335.6 million in the five months ended May 31, 2025 to RMB1,762.2 million in the same period in 2026, as our continued R&D and product development efforts enabled us to address customers' evolving technical requirements, optimize our product mix and capture a pricing premium for certain products, together with the continued ramp-up of production, which enhanced economies of scale and improved product yield and production efficiency. This increase was partially offset by an increase in general and administrative expenses of RMB547.7 million in the five months ended May 31, 2025 to RMB691.8 million in the same period in 2026, primarily attributable to an increase in employee benefits expenses, mainly reflecting statutory entitlements in connection with the workforce optimization of our EU subsidiaries, continued recruitment and enhanced compensation packages to support newly established and expanded production facilities, as well as increased office expenses and taxes and surcharges associated with digitalization initiatives and the growth of our export business.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	15,972,278	16,722,780	16,243,843	16,078,657
Total current assets	24,432,821	27,756,743	31,884,357	36,843,849
Total assets	40,405,099	44,479,523	48,128,200	52,922,506
Total non-current liabilities	8,798,313	5,497,312	7,413,290	7,530,435

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total current liabilities	14,768,075	22,034,605	21,307,102	26,014,549
Total liabilities	23,566,388	27,531,917	28,720,392	33,544,984
Net current assets	9,664,745	5,722,138	10,577,255	10,829,300
Net asset	16,838,711	16,947,606	19,407,808	19,377,522
Non-controlling interests	2,761,218	2,581,222	2,592,563	2,713,224

Our net assets remained relatively stable at RMB16,838.7 million as at December 31, 2023 and RMB16,947.6 million as at December 31, 2024, primarily attributable to (i) our profit of RMB623.9 million in 2024, (ii) other comprehensive income of RMB166.3 million, (iii) declaration of dividends of RMB427.8 million, and (iv) repurchase of ordinary shares of RMB253.5 million. Our net assets increased from RMB16,947.6 million as at December 31, 2024 to RMB19,407.8 million as at December 31, 2025, primarily attributable to (i) our profit of RMB1,010.0 million in 2025, (ii) conversion of convertible bonds of RMB2,694.1 million. The increase was partially offset by (i) declaration of dividends of RMB602.5 million, and (ii) repurchase of ordinary shares of RMB496.6 million. Our net assets remained relatively stable at RMB19,407.8 million as at December 31, 2025 and RMB19,377.5 million as of May 31, 2026.

Our net current assets decreased by 40.8% from RMB9,664.7 million as of December 31, 2023 to RMB5,722.1 million as of December 31, 2024, primarily attributable to (i) an increase in current borrowings; and (ii) a decrease in cash and cash equivalents. This decrease was partially offset by (i) an increase in trade and notes receivables following (a) the strong growth in downstream home appliance demand, and (b) the increased sales to certain customers whose prevailing market practices typically involve an extended credit terms, in conjunction with the rising copper price in the same period; and (ii) an increase in inventories following the commencement and ramp-up of certain production bases, as well as the rising copper price in the same period.

Our net current assets increased by 84.8% from RMB5,722.1 million as of December 31, 2024 to RMB10,577.3 million as of December 31, 2025, primarily attributable to (i) an increase in trade and notes receivables, primarily attributable to an increase in trade receivables mainly driven by an increase in sales volume of certain products such as copper foils products, coupled with higher copper price during the period which resulted in higher receivable balances, (ii) an increase in inventories driven by the (a) ramp-up of certain production sites, and (b) increased sales to certain customers whose prevailing market practice typically involve an extended revenue recognition cycle, as well as rise in international delivery volumes with extended logistical lead time, which was further supported by the increase in copper price that elevated the value of inventories, and (iii) a decrease in borrowings, primarily attributable to the conversion of Convertible Bonds which resulted in a corresponding reduction in bonds payables during the period. See Note 29(d) of Appendix I to this document.

Our net current assets remained relatively stable at RMB10,577.3 million as of December 31, 2025 and RMB10,829.3 million as of May 31, 2026.

See "Financial Information — Liquidity and Capital Resources — Net Current Assets."

Summary of Consolidated Cash Flow Statements

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash used in operating activities	(853,564)	(2,353,877)	(1,792,162)	(2,838,168)	(6,146,850)
Net cash (used in)/generated from investing activities	(2,378,448)	(1,039,866)	(588,125)	9,208	(265,664)
Net cash generated from financing activities	5,742,069	2,397,560	1,569,728	3,048,758	5,748,110
Net increase/(decrease) in cash and cash equivalents	2,510,057	(996,183)	(810,559)	219,798	(664,404)
Cash and cash equivalents at the end of each period	**5,103,349**	**4,010,530**	**3,435,887**	**4,258,016**	**2,738,811**

In the five months ended May 31, 2026, our net cash used in operating activities was RMB6,146.9 million, which was primarily attributable to our profit before income tax of RMB747.7 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising (a) depreciation and amortization of non-current assets of RMB410.8 million, and (b) finance costs of RMB312.0 million, partially offset by (c) fair value gains on financial assets of RMB106.3 million, and (d) gains on disposal of financial assets and liabilities of RMB91.6 million, and (ii) changes in working capital, which primarily comprised of (a) increase in inventories of RMB3,127.9 million, and (b) increase in receivables of RMB3,475.4 million.

In 2025, our net cash used in operating activities was RMB1,792.2 million, which was primarily attributable to our profit before income tax of RMB1,241.1 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising (a) depreciation and amortization of non-current assets of RMB952.6 million, and (b) finance costs of RMB712.0 million, partially offset by (c) foreign exchange gains other than those related to loans of RMB297.8 million, and (d) interest income of RMB131.2 million, and (ii) changes in working capital, which primarily comprised of (a) increase in inventories of RMB3,078.9 million, and (b) increase in receivables of RMB1,838.0 million.

In 2024, our net cash used in operating activities was RMB2,353.9 million, which was primarily attributed to our profit before income tax of RMB671.1 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising (a) depreciation and amortization of non-current assets of RMB844.1 million and (b) finance costs of RMB717.8 million, partially offset by (c) equity method investment income of RMB112.9 million and (d) interest income of RMB133.9 million; and (ii) changes in working capital, which primarily comprised of (a) increase in receivables of RMB2,596.7 million and (b) increase in inventories of RMB1,689.2 million.

In 2023, our net cash used in operating activities was RMB853.6 million, which was primarily attributed to our profit before income tax of RMB1,381.7 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising (a) finance costs of RMB567.8 million and (b) depreciation and amortization of non-current assets of RMB557.2 million, partially offset by (c) interest income of RMB197.9 million, and (d) equity method investment income of RMB117.1 million; and (ii) changes in working capital, which primarily comprised of (a) decrease in payables of RMB1,778.4 million and (b) increase in receivables of RMB1,117.9 million.

RISK FACTORS

Some of the major risks we face include: (i) the downturns and changes in our downstream markets; (ii) our failure to maintain competitiveness; (iii) failed R&D efforts; (iv) supply chain disruptions and volatility; (v) failure to effectively use our production bases; and (vi) failure to implement production expansion plans.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

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.

See "Relationship with Our Single Largest Group of Shareholders — Our Single Largest Group of Shareholders"

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the midpoint of the stated range of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**]. We intend to use the net [**REDACTED**] we expect to receive from the [**REDACTED**] for the purposes and in the amounts set out below: (i) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to advance the construction and expansion of our production bases in Morocco and Indonesia; (ii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to enhance our R&D in frontier copper-based products and strengthen our intelligent manufacturing capabilities; (iii) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to pursue strategic investment, merger and acquisition opportunities; (iv) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated for our international branding strategy and market promotion; and (v) approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated for working capital and general corporate purposes.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since May 31, 2026, being the end date of the periods reported in Appendix I to this document, and there is no event since May 31, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

RECENT DEVELOPMENT

Since May 31, 2026, we have continued to record growth across our core product lines and have made meaningful progress in product development. Our high-strength micro-alloy copper tubes, newly developed in 2025, were formally adopted for mass production by a leading air conditioning enterprise. Our high-efficiency finned tubes, serving commercial and industrial refrigeration, chemical, power, and data center cooling applications, have obtained certifications from key industry customers. Our HVLP copper foil has achieved full mass production capability, with core applications in AI server high-speed switches and advanced packaging. For the five months ended May 31, 2026, the sales volumes of our copper-processed products for HVAC and industrial applications, copper foils for lithium batteries and PCBs and copper-processed products for AI applications amounted to approximately 405.9 thousand tonnes, 37.8 thousand tonnes and 3.3 thousand tonnes, respectively. In the same period, the average selling prices of our copper-processed products for HVAC and industrial applications, copper foils for lithium batteries and PCBs, copper-processed products for AI applications were RMB79.0 thousand per tonne, RMB103.4 thousand per tonne and RMB93.3 thousand per tonne, respectively. In particular, the sales volumes of our copper-processed products for HVAC and industrial applications increased by 19.8% to 486.4 thousand tonnes in the six months ended June 30, 2026 as compared with the five months ended May 31, 2026; the sales volumes of our copper foils for lithium batteries and PCBs increased by 20.9% to 45.7 thousand tonnes in the same period; and the sales volumes of our copper-processed products for AI applications increased by 15.2% to 3.8 thousand tonnes in the same period. In June 2026, the average selling price of our copper-processed products for HVAC and industrial applications increased by 6.8% from RMB79.0 thousand per tonne in the five months ended May 31, 2026 to RMB84.4 thousand per tonne, primarily reflecting a higher copper price during the period. The average selling price of our copper foils for lithium batteries and PCBs remained relatively stable at RMB103.4 thousand per tonne in the five months ended May 31, 2026

and RMB107.1 thousand per tonne in June 2026, and the average selling price of our copper-processed products for AI applications remained relatively stable at RMB93.3 thousand per tonne in the five months ended May 31, 2026 and RMB89.7 thousand per tonne in June 2026. During the Track Record Period and up to the Latest Practicable Date, the regulatory and market environments of copper-based materials industry had not changed materially.

Subsequent to the Track Record Period and up to the Latest Practicable Date, copper prices continued to fluctuate within a relatively narrow range while generally remaining at an elevated level. Copper prices in the PRC market during the period from May 21, 2026 to August 11, 2026 range from approximately RMB101,160 to RMB108,790 per tonne, with an average price of approximately RMB104,898 per tonne. Copper prices of LME range from approximately RMB89,644 to RMB96,805 per tonne, with an average price of approximately RMB92,848 per tonne. Such fluctuations were primarily attributable to changes in global macroeconomic condition, market expectations regarding monetary policy and short-term movements in the supply-demand balance for refined copper, while continued demand for copper-processed products from sectors such as new energy vehicles, renewable energy and power infrastructure supported copper prices at relatively elevated levels.

On January 28, 2026, we entered into a real estate purchase agreement to acquire the land located at Via di Cassano Nos. 111-113, 15069 Serravalle Scrivia, Alessandria, Italy, which is currently used by our Italian subsidiary. The acquisition serves to optimize our overseas production layout, providing a stable physical foundation for capacity expansion, technical upgrades, and production line optimization in furtherance of our globalization strategy. The total purchase costs for the acquisition was approximately €19.0 million, which was financed by our own funds. The acquisition of the land will, over the longer term, enhance our operational flexibility and autonomy, support the scaling of European production capacity, and contribute to our sustained development. We do not consider the acquisition to have a material adverse impact on our overall financial condition or operations.

In April 2026, the Board approved final dividends of approximately RMB283.0 million in respect of the year ended December 31, 2025. This proposed dividend was subsequently approved by the shareholders at the annual meeting in May 2026, and a final dividend of approximately RMB283.0 million in respect of the year ended December 31, 2025 was paid in July 2026. In August 2026, the Board approved a proposed interim dividend of approximately RMB114.1 million for the six months ended June 30, 2026. The proposed interim dividend remains subject to approval by our shareholders at the sixth extraordinary general meeting.

In April 2026, we announced our plan to establish a joint venture to develop a manufacturing and processing facility for high-end copper products in Saudi Arabia, with a view to expanding our production of copper tubes, copper busbars, refined recycled copper products and copper foil. The project is expected to leverage the availability of local copper resources, competitive energy costs and favorable government policies and primarily serve markets in the Middle East, Europe and Africa. Through this project, we expect to enhance the resilience of our supply chain, improve operational efficiency and further strengthen our global manufacturing footprint. In addition, we announced the plan to reorganize our HME France Production Base to reorganize the production base to adjust its production activities and product mix in line with market demand. Under the plan, we intend to discontinue brass rods production at the production base and shift its production resources to products with growing regional demand. The plan involves a reduction in the workforce at the production base, which had been implemented in accordance with applicable French law in consultation with employee representatives and includes redeployment and outplacement support measures. The reorganization forms part of our broader strategy of optimizing capacity utilization across our European production bases through product specialization and coordination among facilities. We do not expect the reorganization to materially and adversely affect our overall production capacity, as the production capacity of the HME France Production Base will be reallocated among our other production bases in Europe, which have sufficient available capacity to absorb the relevant production. Our Directors are of the view that the reorganization will not have a material adverse effect on our business, financial condition or results of operations.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Since January 2008, our Company has been listed on the Shenzhen Stock Exchange. To the best knowledge of our Directors and as advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practical Date, we have complied with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in all material respects. To the best knowledge of our Directors, and having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [**REDACTED**] has been completed and [**REDACTED**] H Shares are [**REDACTED**] pursuant to the [**REDACTED**] and (ii) the [**REDACTED**] is not exercised.

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

Notes:

(1) The calculation of market capitalization is based on [**REDACTED**] H Shares expected to be in [**REDACTED**] immediately upon completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.

(2) [The calculation of market capitalization is based on (i) 2,281,755,274 A Shares (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 at the average closing price of the A Shares of the Company for the five trading days immediately preceding the Latest Practicable Date at RMB18.96 (or approximately HK$21.93) per Share, and (ii) the expected market capitalization of the Company's H Shares at [**REDACTED**], assuming the [**REDACTED**] is not exercised.]

(3) The unaudited [**REDACTED**] adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the Appendix II and on the basis that [**REDACTED**] (excluding 80,636,089 treasury shares) were in issue assuming that the [**REDACTED**] has been completed on May 31, 2026 but takes no account of any Shares which may be allotted and [**REDACTED**] by the Company pursuant to the exercise of the [**REDACTED**], any Shares that may be issued by the Company pursuant to the exercise of options or the vesting of restricted shares or other awards that have been or may be granted from time to time under the Employee Share Ownership Plan or any Shares which may be issued or repurchased by the Company after the Latest Practicable Date.

(4) Pursuant to the resolution passed by the Board of Directors on August 26, 2026, an interim dividend of RMB0.50 per 10 shares, totaling RMB114.09 million, has been proposed and approved, subject to further review and approval at the shareholders' meeting. This dividend is not recorded in the financial statements of the Company for the five months ended May 31, 2026 or this unaudited [**REDACTED**] financial information. Had this dividend been adjusted in the unaudited [**REDACTED**] financial information, the net tangible assets of the Group would decrease by RMB114.09 million and the net tangible assets per share would decrease by RMB[**REDACTED**] (equivalent to HK$[**REDACTED**]).

DIVIDEND

Pursuant to our dividend policy under the Articles of Association, in principle, we distribute cash dividends at least once a year. Our annual cash dividends shall not be less than 10% of the distributable profit realized in the current year. In addition, the cumulative cash dividends over any consecutive three-year period shall not be less than 30% of the average annual distributable profits realized during such three-year period. Any proposed distribution of dividends is subject to the discretion of our Board and approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after giving full consideration to our development plans, operating metrics, the scale of profitability, cash flow, capital requirements, and will also take into account the views of shareholders (particularly minority shareholders) and independent directors. We do not have a fixed dividend payout ratio.

In 2023, 2024, 2025 and the five months ended May 31, 2026, we declared or paid cash dividends to our shareholders of RMB159.2 million, RMB339.7 million, RMB566.8 million and RMB283.0 million, respectively. As of the Latest Practicable Date, we had paid these dividends in full.

[**REDACTED**]

[**REDACTED**] consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), comprising: (i) [**REDACTED**] of RMB[**REDACTED**] million (HK$[**REDACTED**] million); and (ii) non [**REDACTED**] expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] million (HK$[**REDACTED**] million); and (b) other fees and expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of which is expected to be charged to our combined statements of profit or loss, and approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of which is expected to be deducted from equity upon completion of the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. During the Track Record Period, the [**REDACTED**] charged to our consolidated statements of profit or loss were RMB[**REDACTED**] million. After the Track Record Period, approximately RMB[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2026.

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

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report from the reporting accountant of our Group, the text of which is set out in Appendix I to this document
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association"	the articles of association of our Company, conditionally adopted on January 26, 2026 with effect from the [**REDACTED**], a summary of which is set out in Appendix III — Summary of the Articles of Associations to this document
"Audit Committee"	the audit committee of the Board, the details of which are described in "Corporate Information" in this document
"Board"	the board of directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[**REDACTED**]

"Chengdu Bede"	Chengdu Bede Copper Industry Co., Ltd. (成都貝德銅業有限公司), a company established under the laws of the PRC with limited liability on April 6, 2007 and a wholly owned subsidiary of our Company
"China" or the "PRC"	the People's Republic of China, which for the purpose of this document and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan, China

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	ZHE JIANG HAI LIANG CO., LTD. (浙江海亮股份有限公司), a PRC company established on October 29, 2001, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 002203)
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSDC (Hong Kong)"	China Securities Depository and Clearing (Hong Kong) Company Limited
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[**REDACTED**]
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research consultant and an Independent Third Party
"Gansu Hailiang"	Gansu Hailiang New Energy Materials Co., Ltd. (甘肅海亮新能源材料有限公司), a company established under the laws of the PRC with limited liability on November 10, 2021 and a partially owned subsidiary of our Company
	[**REDACTED**]
"German Legal Advisor"	Noerr Partnerschaftsgesellschaft mbB, the German legal advisor to our Company

[**REDACTED**]

"Group," "our Group," "the Group," "we," "us" or "our"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such present subsidiaries and the businesses carried on by such present subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangdong Hailiang"	Guangdong Hailiang Copper Co., Ltd. (廣東海亮銅業有限公司), a company established under the laws of the PRC with limited liability on March 17, 2015 and a wholly owned subsidiary of our Company
"Guide for New Listing Applicants" or "Guide"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from January 1, 2024 (as amended, supplemented or otherwise modified from time to time)
"Hai Liang Group"	Hai Liang Group Company Limited (海亮集團有限公司), a company established under the laws of the PRC with limited liability on August 9, 1996 and a member of our single largest group of shareholders
"H Share(s)"	overseas [**REDACTED**] shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in HK dollars and are to be [**REDACTED**] on the Hong Kong Stock Exchange

[**REDACTED**]

"HK$", "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China

[**REDACTED**]

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

[**REDACTED**]

"IFRS Accounting Standards"	IFRS Accounting Standards as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the Listing Rules) of the Company

[**REDACTED**]

[**REDACTED**]

"Joint Sponsors"	the joint sponsors as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" of this document
"Latest Practicable Date"	August 21, 2026, being the latest practicable date for ascertaining certain information in this document before its publication

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination, Remuneration and Assessment Committee"	the Nomination, Remuneration and Assessment Committee of our Company, the details of which are described in "Corporate Information" in this document

[**REDACTED**]

"PBOC"	the People's Bank of China
"PRC Legal Advisor"	Grandall Law Firm (Hangzhou), the PRC legal advisor to our Company

[**REDACTED**]

"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR" or formerly known as "SAIC"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), and formerly known as State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Sanctions Legal Advisor"	DLA Piper Singapore Pte. Ltd., the legal advisor as to sanctions to our Company
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of a par value of RMB1.0 each of our Company, comprising Domestic Shares and H Shares
"Shareholder(s)"	holder(s) of our Shares

"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange (深圳證券交易所)

[**REDACTED**]

"State Council"	the PRC State Council (中華人民共和國國務院)
"Strategy and ESG Committee"	the strategy and ESG committee of our Company, the details of which are described in "Corporate Information" in this document
"subsidiary(ies)"	has the meaning ascribed to it under the Companies Ordinance
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Thai Legal Advisor"	DFDL (Thailand) Limited, the Thai legal advisor to our Company
"Track Record Period"	the period comprising the three years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2026

[**REDACTED**]

"United States", "U.S."or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"U.S. Legal Advisor" or "U.S. Legal Advisors"	Pagel, Davis & Hill, P.C., Potomac Law Group, PLLC, and BrownWinick Law Firm, each a U.S. legal advisor to our Company, and collectively, the U.S. legal advisors to our Company
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[**REDACTED**]

[**REDACTED**]

"Zhejiang Keyu"	Zhejiang Keyu Metal Materials Co., Ltd.(浙江科宇金屬材料有限公司), a company established under the laws of the PRC with limited liability on January 13, 1999 and a wholly owned subsidiary of our Company
"Zhejiang Research Institute"	Zhejiang Copper Processing Research Institute Co., Ltd., (浙江銅加工研究院有限公司), a company established under the laws of the PRC with limited liability on October 19, 2000 and a wholly owned subsidiary of our Company
"Zhejiang Zhengmao"	Zhejiang Zhengmao Venture Investment Co., Ltd. (浙江正茂創業投資有限公司), a company established under the laws of the PRC with limited liability on August 25, 2007
"%"	percent

In this document, the terms "associate(s)", "close associate(s)", "connected person(s)", "core connected person(s)", "connected transaction(s)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For the ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. The English translations of such Chinese names are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

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

"AIDC"	artificial intelligence data center, a specialized facility equipped with high-performance computing resources and infrastructure specifically designed to handle the intensive computational demands of artificial intelligence applications, including model training and inference
"annealing"	a heat treatment process used in copper processing in which the metal is heated to a controlled temperature and then cooled at a controlled rate to reduce hardness, relieve internal stresses and restore ductility for subsequent forming and fabrication
"ant-nest corrosion"	a localized corrosion phenomenon in air-conditioning copper tubes occurring in environments where water (H_2O), oxygen (O_2) and carboxylate ions ($COOH^-$) coexist, in which corrosion propagates irregularly in multiple directions over time, potentially penetrating the tube and forming ant-nest-like pinhole structures inside the tube
"anti-oxidation"	the property of copper or copper alloy products that enables them to resist the formation of oxide layers when exposed to oxygen, elevated temperatures, moisture or corrosive environments, thereby preserving surface quality, electrical and thermal conductivity, and overall mechanical performance
"billets"	semi-finished cylindrical copper castings used as starting material for further processing, such as extrusion or rolling
"CAGR"	the compound annual growth rate, meaning the average year-over-year rate at which a value grows over a period assuming the growth is compounded each year
"cathode drum"	a large, rotating titanium cylindrical component that serves as the cathode in the electrolytic copper foil production process, enabling continuous electrodeposition of copper ions from the electrolyte solution onto its polished surface to form a thin, uniform copper foil that is subsequently peeled off for further processing
"cold drawing"	a cold working process whereby a copper or copper alloy workpiece (such as a tube, rod, bar or wire) is pulled through a die at ambient temperature to reduce its cross-sectional area, elongate the material, and achieve improved dimensional accuracy, enhanced mechanical properties, including higher tensile strength and hardness, and superior surface finish without the application of heat

"cold plates"	direct-to-chip liquid cooling components, typically made from high-thermal-conductivity copper or copper alloys, that mount directly onto processors, including GPUs, CPUs and AI accelerators, in high-performance servers to efficiently dissipate heat via circulating coolant in dense AI infrastructure
"continuous casting"	a metallurgical process whereby molten copper or copper alloy is continuously poured into a water-cooled mold to solidify into a semi-finished strand, such as a billet, slab or rod, which is withdrawn at a controlled rate, enabling efficient high-volume production of material with uniform microstructure and superior internal quality for subsequent hot or cold working
"CRM"	customer relationship management, the system and processes used to manage interactions with current and potential customers
"CTRM"	commodity trading and risk management, the system used to manage trading, hedging and risk exposure for commodities such as copper
"cupronickel alloys"	a family of copper-based alloys containing nickel (typically 10-30%) as the primary alloying element, often with small additions of iron and manganese for enhanced properties, that are characterized by outstanding corrosion resistance, high strength, good ductility, thermal stability and inherent antimicrobial characteristics, making them widely used in marine engineering, heat exchangers, condensers, desalination plants, offshore platforms, coinage and piping systems
"die"	a precision-engineered tool, typically made of hardened steel, tungsten carbide or diamond, with a conical or specifically shaped aperture through which copper or copper alloy material is pulled or forced during drawing or extrusion processes to reduce cross-sectional area, achieve accurate dimensions, enhance mechanical properties, and impart a superior surface finish
"electrodeposition"	an electrochemical process whereby metal ions in an electrolyte solution are reduced and deposited as a uniform metallic layer onto a conductive cathode substrate through the application of an electric current, enabling the production of high-purity metal coatings, foils or components with controlled thickness and properties
"electrolyte"	aqueous solution that acts as the conductive medium in electrochemical processes such as copper refining or electrolytic copper foil production, enabling the migration and deposition of copper ions onto the cathode

GLOSSARY OF TECHNICAL TERMS

"ERP"	enterprise resource planning, the integrated software system used to manage core business processes including finance, procurement and production
"extrusion"	the process of forcing a copper or copper alloy billet under high pressure through a shaped die to produce continuous seamless tubes, rods, busbars or profiles with uniform cross-sections, precise dimensional tolerances, enhanced mechanical properties and superior surface finish
"GHG"	atmospheric gases, primarily carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and fluorinated gases, that absorb and emit infrared radiation, trapping heat in the Earth's atmosphere and contributing to the greenhouse effect and global climate change
"heat pipe"	a highly efficient passive heat transfer device consisting of a sealed copper tube containing a wick structure and a small amount of working fluid that transfers heat over long distances through repeated evaporation and condensation cycles, widely used in thermal management for electronics, AI servers and high-performance computing systems
"HVAC"	Heating, Ventilation, and Air Conditioning, referring to the integrated systems and technologies used to regulate indoor environmental comfort in residential, commercial, and industrial buildings by controlling temperature, humidity, air quality and airflow, commonly utilizing copper tubes, coils, and fittings for efficient refrigerant circulation and heat exchange in air conditioning and refrigeration applications
"HVLP"	Hyper Very Low Profile copper foil, copper foils with an exceptionally smooth surface, typically used in high-speed or high-frequency printed circuit boards to help reduce signal loss while still allowing the foil to bond reliably to the insulating substrate
"IATF 16949"	an internationally recognized quality management system standard for the automotive industry
"ISO 14001"	an internationally recognized environmental management system standard that sets requirements for an organization to identify, manage and continually improve how it controls its environmental impacts and meets applicable environmental requirements
"ISO 27001"	an internationally recognized information security management system standard that sets requirements for an organization to manage and protect its information and data

"ISO 45001"	an internationally recognized occupational health and safety management system standard that sets requirements for an organization to identify and control workplace safety risks and continually improve worker health and safety performance
"ISO 9001"	an internationally recognized quality management system standard
"liquid cooling"	cooling method that pumps a heat-absorbing liquid, such as water or a glycol mixture, through channels, pipes, or cold plates to remove heat from equipment more efficiently than air cooling
"lithium battery"	a rechargeable battery that stores and delivers electrical energy through the movement of lithium ions between the positive and negative electrodes during charging and discharging
"MES"	manufacturing execution system, the software used to monitor and control production processes on the factory floor
"micro-alloyed"	metal, such as copper, that has been intentionally modified by adding very small amounts of other elements to improve performance such as strength and resistance to softening while keeping the base metal essentially the same
"mother tube"	a semi-finished, thick-walled intermediate copper pipe or hollow billet, typically produced through continuous casting or extrusion processes, which are subsequently subjected to multiple stages of processing, including planetary rolling, cold-drawing, and annealing, to reduce their diameter and wall thickness and enhance their mechanical properties, ultimately resulting in finished products
"negative electrode current collector"	conductive materials, typically copper foil, that support the battery's negative electrode and provide a low-resistance path for electric current to flow between the electrode and the external circuit
"NEVs"	new energy vehicles, including battery electric vehicles and plug-in hybrids that utilize copper-intensive components
"OA"	office automation, the digital platform used for managing internal business and management workflows, approvals and document circulation
"OBM"	original brand manufacturer, a business model where the company designs, manufactures and sells products under its own brand

GLOSSARY OF TECHNICAL TERMS

"oxygen-free copper"	copper that contains neither cuprous oxide nor any residual deoxidizing agents, and is characterized by high purity and a low oxygen content
"passivation"	a surface treatment that creates a thin protective layer on a metal, such as copper, to make it less reactive and more resistant to corrosion
"PCBs"	printed circuit boards, flat boards made of insulating material with patterned copper circuits that support and electrically connect electronic components
"raw foil"	the untreated electrolytic copper foil produced directly from the electrodeposition process before surface treatment or slitting
"rolling"	a metalworking process that reduces thickness and shapes copper or other metals by passing them through rotating rollers to produce sheet, strip, or foil with controlled dimensions and properties
"RTF"	a type of copper foil for printed circuit boards in which the surface treatment is applied to the smooth side of the foil so the bonding side adheres well to the substrate while the exposed side remains smoother for finer circuit patterns and improved signal performance
"signal integrity"	the ability of an electrical signal to travel through a circuit or printed circuit board trace without excessive loss, distortion, or interference so that data is transmitted accurately and reliably
"skin effect"	the tendency in which alternating current tends to flow near the surface of a conductor at higher frequencies, reducing the effective cross-sectional area and increasing resistance and signal loss
"slitting"	cutting process that divides wide copper strip, sheet, or foil into narrower coils or rolls with specified widths and edge quality
"solid-state batteries"	rechargeable batteries that use a solid material instead of a liquid electrolyte to move lithium ions between electrodes, which may improve safety and enable higher energy density
"SRM"	supplier relationship management, the system and processes for managing interactions with suppliers
"vapor chamber"	a flat, sealed heat spreader, often made of copper, that uses a small amount of fluid that evaporates and condenses inside the chamber to quickly spread heat away from a hot spot

"wrought structure"	the grain structure of a metal that has been shaped by mechanical working such as rolling or forging rather than cast, typically producing refined, directionally aligned grains that provide more uniform strength and performance
"μm"	micrometer

FORWARD-LOOKING STATEMENTS

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

This document includes forward-looking statements. All statements other than statements of historical facts contained in this document, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;
- our dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and
- various business opportunities that we may pursue.

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

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

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

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

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

We face risks of supply chain disruption.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may fail to implement our production expansion plans.

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

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

We may fail to expand our product portfolio.

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

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

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

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

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

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

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

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

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

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

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

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

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

We may fail to maintain stable relationships with key customers.

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

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

We face risks associated with fluctuations in foreign exchange rates.

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

We are subject to inventory management risks.

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

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

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

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

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

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

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

We are exposed to the credit risks of our customers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may fail to defend our intellectual property rights.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of the Latest Practicable Date, we had not received any notification from the competent authorities imposing penalties in respect of social insurance or housing provident fund contributions. See "Business — Employees." If the relevant authorities were to require us to settle historical shortfalls, together with any applicable late charges, fines or enforcement costs, or if we otherwise become subject to administrative penalties in connection therewith, we may incur material liabilities, which could materially and adversely affect our financial condition and results of operations. Furthermore, under the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**", any arrangements to wavier social insurance contribution is deemed invalid and employees are entitled to terminate employment agreement and seek economic compensation. See "Regulatory Overview." As a result, we may be required by competent authorities to pay the outstanding amount, and could be subject to late payment penalties or enforcement application made to the court.

Our insurance coverage may not be sufficient.

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

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

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

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

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

RISKS RELATING TO CONDUCTING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

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

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

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

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

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

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

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

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

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

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

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

Pursuant to the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《中華人民共和國最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), effective from January 29, 2024 and promulgated by the Supreme People's Court, a party holding an enforceable final judgment from a designated people's court of the PRC or a designated court in Hong Kong in respect of civil and commercial cases (excluding certain specified types) and civil damages in criminal cases may apply for recognition and enforcement of that judgment in the relevant people's courts of the PRC or courts of Hong Kong.

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

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange; however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

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

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

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

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

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

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

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

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

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

For non-Chinese resident enterprises that do not have establishments or premises in China, and for those who have establishments or premises in China but whose income is not related to such establishments or premises under the EIT law, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of Shares are ordinarily subject to China enterprise income tax at a rate of 20%. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by Chinese Resident Enterprises on Dividends Paid to Overseas Non-Chinese Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通 知》) issued by the SAT, such tax rate has been reduced to 10%.

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

RISKS RELATING TO THE [REDACTED]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

Given that (i) our headquarters is based in the PRC; (ii) the substantial portion of the business operations of our Group are managed and conducted outside Hong Kong; and (iii) our executive Directors and senior management principally reside in the PRC where our Group is headquartered, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the sole purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules subject to the following conditions:

(a) We have appointed Dr. HE Wentian ("**Dr. He**") and Ms. TONG Yingying ("**Ms. Tong**") as our authorized representatives ("**Authorized Representatives**") pursuant to Rule 3.05 of the Listing Rules. The Authorized Representatives will act as our Company's principal channel of communication with the Hong Kong Stock Exchange. The Authorized Representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Hong Kong Stock Exchange, and will also be available to meet with the Hong Kong Stock Exchange to discuss any matter within a reasonable period of time upon request of the Hong Kong Stock Exchange;

(b) When the Hong Kong Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. Our Company will also inform the Hong Kong Stock Exchange promptly in respect of any changes of the authorized representatives. We have provided the Hong Kong Stock Exchange with the contact details (i.e. mobile phone number, office phone number and email address) of all Directors to facilitate communication with the Hong Kong Stock Exchange;

(c) All Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period upon the request of the Hong Kong Stock Exchange; and

(d) we have appointed Maxa Capital Limited as our compliance advisor (the "**Compliance Advisor**") in compliance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Listing Rules and act as additional channel of communication of our Company with the Stock Exchange during the period from the [**REDACTED**] to the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full

financial year immediately after the [**REDACTED**]. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as an additional channel of communication with the Stock Exchange when the Authorized Representatives are not available.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, a new applicant for listing on the Hong Kong Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of the company secretary.

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

In addition, pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Hong Kong Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Ms. Tong and Mr. CHOW Tsz Ho ("**Mr. Chow**"), as the joint company secretaries of our Company. Ms. Tong joined our Group in 2024 and is currently the board secretary of our Company. She has extensive experience in financial and business management and corporate governance matters, as well as a thorough understanding of the daily operations, internal administration and financial management of our Group. By virtue of Ms. Tong's experience and familiarity with our Group, our Company believes Ms. Tong is capable of discharging the duties as a joint company secretary of our Company and is a suitable person to act as a joint company secretary of our Company. Further, given that our main operation is in the PRC, we believe that it would be in the best interest of our Company and our corporate governance to have Ms. Tong with the relevant background and experience in the PRC to act as our joint company secretary. Ms. Tong presently does not possess the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on her own. Therefore, our Company has appointed Mr. Chow, an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators), who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and provide assistance to Ms. Tong for an initial period of three years from the [**REDACTED**]. For further details about Ms. Tong's and Mr. Chow's qualifications and experience, see "Directors and Senior Management" in this document.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules on the basis of the proposed arrangements below:

(a) Ms. Tong will endeavor to attend relevant training courses to familiarize herself with the Listing Rules and the duties required of a company secretary of a Hong Kong listed company;

(b) Each of Ms. Tong and Mr. Chow will be attending a total of no less than 15 hours of relevant professional training courses on the Listing Rules, corporate governance, information disclosure, investors relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;

(c) Mr. Chow will assist Ms. Tong to enable her to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as our company secretary;

(d) Mr. Chow will communicate regularly with Ms. Tong on matters relating to corporate governance, the Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Mr. Chow will work closely with, and provide assistance for, Ms. Tong in the discharge of her duties as a company secretary, including organizing our Board meetings and Shareholders' general meetings; and

(e) The Company has appointed Maxa Capital Limited as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules which will act as the additional communication channel with the Hong Kong Stock Exchange (for a period commencing on the [**REDACTED**] and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the [**REDACTED**], or until the engagement is terminated, whichever is earlier) and provide professional guidance and advice to the Company and Ms. Tong as to the compliance with the Listing Rules and all other applicable laws and regulations.

Such waiver will be revoked immediately if and when Mr. Chow ceases to provide such assistance, or if there are material breaches of the Listing Rules by our Company. Before the end of the three-year period, we shall demonstrate to the Stock Exchange's satisfaction and seek its confirmation that Ms. Tong, having had the benefit of Mr. Chow's assistance for three years, has attained the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver would not be necessary.

WAIVER IN RESPECT OF CONNECTED TRANSACTION

We have entered into and are expected to continue with certain transactions after the [**REDACTED**] which will constitute partially-exempt and non-exempt continuing connected transactions under Chapter 14A of Listing Rules. We have applied for, and the Stock Exchange [has granted] us, waivers from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in "Connected Transactions — Partially-exempt Continuing Connected Transaction" and "Connected Transactions — Non-Exempt Continuing Connected Transaction." For more information, see "Connected Transactions".

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[**REDACTED**]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. FENG Luming (馮櫓銘)	Building A, No. 382, Jiefang Road Diankou Town Zhuji City, Shaoxing Zhejiang Province PRC	Chinese
Mr. WU Changming (吳長明)	Room 201, Building 2 Zhushang Building, Dongjie Market Yuecheng District, Shaoxing Zhejiang Province PRC	Chinese
Dr. SU Hao (蘇浩)	Room 509, Building B Hailiang Rong'ai Xueyuan Diankou Town Zhuji City, Shaoxing Zhejiang Province PRC	Chinese
Dr. HE Wentian (何文天)	Room 101, No. 13 Lane 270, Maotai Road Changning District Shanghai PRC	Chinese
Dr. LUO Chong (羅沖)	Room 1201, Unit 3 Building 4, Ruiling Yayuan Taishan Road, Lanzhou New Area Lanzhou Gansu Province PRC	Chinese
Non-executive Director		
Dr. WANG Shuguang (王樹光)	Room 801, Unit 3 Building 4, Ruiling Yayuan Taishan Road, Lanzhou New Area Lanzhou Gansu Province PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Dr. LI Wengui (李文貴)	Room 202, Unit 3 Building 43, Jinsha Xuefu Qiantang District Hangzhou Zhejiang Province PRC	Chinese
Mr. WEN Xianjun (文獻軍)	Room 702, Unit 2, Building 1 Area A, Yuanyang Wanhecheng Chaoyang District Beijing PRC	Chinese
Mr. ZHENG Jindu (鄭金都)	Room 903, Building 7 Qizhen Mingyuan No. 12 Baochu North Road Hangzhou City Zhejiang Province PRC	Chinese
Mr. CHENG King Yip (鄭璟燁)	Flat F, 47/F, Block 8, Yoho Midtown 9 Yuen Lung Street Yuen Long Hong Kong	Chinese (Hong Kong)

For further details, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

GF Capital (Hong Kong) Limited
27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

[REDACTED]

[**REDACTED**]

Legal Advisors to our Company

As to Hong Kong law and U.S. law
Clifford Chance
27th Floor, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law
Grandall Law Firm (Hangzhou)
Grandall Building, No. 2 & No. 15
Block B, Baita Park, Old Fuxing Road
Hangzhou, Zhejiang
PRC

As to international sanction laws
DLA Piper Singapore Pte. Ltd.
80 Raffles Place
UOB Plaza 1, #48-01
Singapore

As to State of Texas law
Pagel, Davis & Hill, P.C.
1415 Louisiana
22nd Floor Houston, Texas 77002
U.S.

As to State of Delaware law
Potomac Law Group, PLLC
1717 Pennsylvania Avenue, NW, Suite 1025
Washington, D.C. 20006
U.S.

As to State of Iowa law
BrownWinick Law Firm
666 Grand Avenue, Suite 2000
Ruan Center, Des Moines
Iowa 50309
U.S.

	As to German law **Noerr Partnerschaftsgesellschaft mbB** Börsenstraße 1 60313 Frankfurt am Main Germany *As to Thailand Law* **DFDL (Thailand) Limited** No. 3, Rajanakarn Building, AA Floor South Sathorn Road, Yannawa Sub-District Sathorn District, Bangkok Metropolis Thailand
Legal Advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law and U.S. law* **Haiwen & Partners LLP** Suites 601-602 & 610-616, 6/F One International Finance Centre 1 Harbour View Street Central Hong Kong *As to PRC law* **Allbright Law Offices** 11/F and 12/F, Shanghai Tower 501 Yin Cheng Middle Road Pudong New Area Shanghai PRC
Auditor and Reporting Accountants	**Confucius International CPA Limited** Room 1501-8, 15th Floor, Tai Yau Building 181 Johnston Road Wanchai Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 2504 Wheelock Square 1717 Nanjing West Road Shanghai PRC
Transfer pricing consultant	**PricewaterhouseCoopers Consultants (Shenzhen) Limited Shanghai Branch** 42/F New Bund Center 588 Dongyu Road, Pudong Shanghai PRC

[REDACTED]

CORPORATE INFORMATION

Registered Office	Industrial Zone Diankou Town Zhuji City, Shaoxing Zhejiang Province PRC
Headquarters and Principal Place of Business in the PRC	Industrial Zone Diankou Town Zhuji City, Shaoxing Zhejiang Province PRC
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Company's Website	**www.hailiangstock.com** *(The information contained in this website does not form part of this Document)*
Joint Company Secretaries	**Ms. TONG Yingying** No. 201 Huamei Road Minhang District Shanghai PRC **Mr. CHOW Tsz Ho** 31/F, Tower Two, Times Square 1 Matheson Street, Causeway Bay Hong Kong
Authorized Representatives	**Dr. HE Wentian** Room 101, No. 13 Lane 270, Maotai Road Changning District Shanghai PRC **Ms. TONG Yingying** No. 201 Huamei Road Minhang District Shanghai PRC
Audit Committee	Dr. Li Wengui (*Chairman*) Mr. Wen Xianjun Dr. Wang Shuguang Mr. Cheng King Yip
Nomination, Remuneration and Assessment Committee	Mr. Zheng Jindu (*Chairman*) Dr. Li Wengui Mr. Wu Changming

Strategy and ESG Committee	Mr. Feng Luming (*Chairman*) Mr. Wen Xianjun Mr. Zheng Jindu
Compliance Advisor	**Maxa Capital Limited** Unit 2602, 26/F Golden Centre, 188 Des Voeux Road Central, Sheung Wan, Hong Kong

[**REDACTED**]

Principal Banks	**Industrial and Commercial Bank of China Zhuji Branch** 158 Jiyang Road Zhuji, Zhejiang Province PRC
	The Export-Import Bank of China Zhejiang Branch 18 Jiaochang Road Gongshu District Hangzhou, Zhejiang Province PRC

The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by us, and from various official government publications and other publicly available market research sources. The Company engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by the Joint Sponsors,* [**REDACTED**]*, any of their respective directors and advisors, or any other persons or parties (excluding Frost & Sullivan) involved in the* [**REDACTED**]*, and no representation is given as to its accuracy. For discussion of the risks relating to the industry in which the Group operates, please refer to the section headed "Risk Factors — Risks relating to our business and industry" in this document.*

OVERVIEW OF GLOBAL COPPER-PROCESSED PRODUCTS INDUSTRY

Overview of Ferrous and Non-ferrous Metals Industry

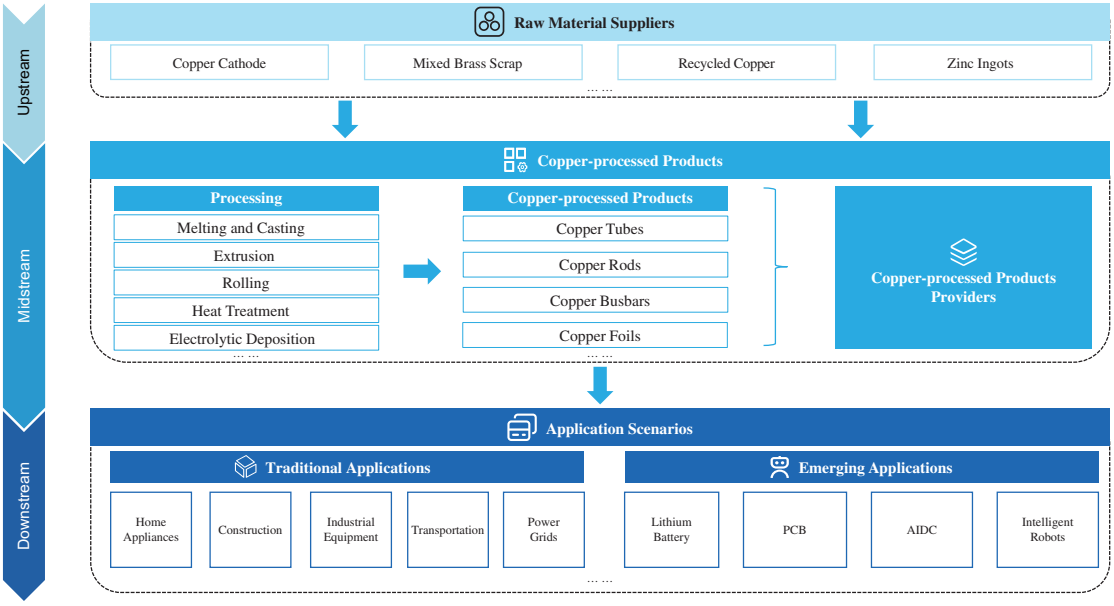
Ferrous metals are metals that contain iron and are generally strong, durable, and often magnetic but prone to rust and corrosion, making them ideal for construction, machinery, and automotive applications. Non-ferrous metals, on the other hand, do not contain significant iron and include metals such as copper; they are typically non-magnetic, corrosion-resistant, lighter, and may have special properties such as high electrical or thermal conductivity, making them suitable for aerospace, electronics, packaging, and other environments where rust resistance and lightweight materials are critical. The key differences between the two lie in iron content, magnetism, corrosion resistance, weight, and typical applications, with ferrous metals favoring strength and cost-effectiveness and non-ferrous metals providing versatility and resistance in demanding conditions.

Overview of Copper-processed Products Industry

As one of the most widely used and strategically significant non-ferrous metals globally, copper features high electrical conductivity, high thermal conductivity, superior ductility, corrosion resistance and recyclability, making it critical to electrical current transmission, thermal management and stable equipment operation. Copper is regarded as the "fossil fuels" of the AI era, supporting electrification, heat dissipation and energy use, thereby facilitating the development of AI infrastructure. Leveraging copper's physical and chemical properties, copper processing companies utilize advanced processes to develop high-performance copper-processed products. These products are widely applied in core industrial applications including home appliances, construction, industrial equipment, power grids, and transportation. At the same time, copper-processed products are rapidly expanding into high-value emerging sectors. Growth in new energy, 5G communications and the electronic information industry is driving demand for high-performance copper foils and components, particularly in lithium batteries and advanced circuit applications, to enhance energy efficiency and signal stability. In AI-driven fields, copper plays a critical role in electrical conduction and thermal management, supporting stable operation under high power density conditions. Against the backdrop of the global energy evolution and the proliferation of computing infrastructure, copper has become a sophisticated, high-performance material characterized by precision and low-carbon attributes. This evolution reinforces the strategic positioning of copper as the key to AI-driven sectors.

Value Chain Analysis of Copper-processed Products Industry

Value Chain of Copper-processed Products Industry



Sources: Frost & Sullivan

The upstream segment primarily consists of the supply of copper raw materials, which determine the cost structure and quality of copper-processed products. Leading companies bolster raw material security and price risk management capabilities by establishing recycled copper collection systems and international raw material trading networks, thereby achieving a low-carbon, stable supply chain. The midstream segment covers processing stages for core products such as copper tubes, copper rods, copper busbars and copper foils, including melting and casting, extrusion, rolling, heat treatment and electrolytic deposition. These processes define the electrical conductivity, thermal conductivity and mechanical properties of the products, creating critical value-add. The downstream segment encompasses wide-ranging applications across home appliances, construction, transportation, power grids and industrial equipment. Advanced copper-based products that feature high thermal and electrical conductivity play significant role in these applications.

Market Size Analysis of Global Copper-processed Products Industry

Copper-processed products' market demand is closely related to macroeconomic condition. Driven by stable growth in core applications and robust expansion in emerging applications, the global copper-processed products industry as a whole has experienced a sustained growth. The market size of global copper-processed products industry expanded from approximately 30,260.0 thousand tons in 2021 to around 32,862.0 thousand tons in 2025, representing a CAGR of 2.1% during this period. Driven by emerging sectors such as 5G communications and AI technology, demand for premium copper-processed products continues to rise. The global market is projected to reach 36,461.0 thousand tons by 2030, with a CAGR of 2.1% from 2025 to 2030.

Competitive Landscape Analysis of Global Copper-processed Products Industry

In 2025, global shipments of copper-processed products reached approximately 32,862.0 thousand tons. By shipment volume, the top five global providers of copper-processed products accounted for a combined market share of 20.1%, indicating a relatively fragmented market. The Group ranked third in 2025, with shipments of 993.0 thousand tons, representing a market share of 3.0%.

Ranking of the Top Five Providers of Global Copper-processed Products by Shipment Volume, 2025

Ranking	Company Name	Shipment Volume (Thousand Tons)	Market Share (%)	Headquarter
1	Company A	1,913.0	5.8%	China
2	Company B	1,906.0	5.8%	China
3	**The Group**	**993.0**	**3.0%**	**China**
4	Company C	930.0	2.8%	China
5	Company D	900.0	2.7%	The U.S
	Top Five	6,642.0	20.1%	
	Total	**32,862.0**		

Sources: China Non-Ferrous Metals Fabrication Industry Association (CNFA), Frost & Sullivan

Notes:

1. Company A, founded in 1979 and listed on the Hong Kong Stock Exchange, the London Stock Exchange, and the Shanghai Stock Exchange, is primarily engaged in the exploration, mining, beneficiation, smelting, and processing of copper and related non-ferrous metals.

2. Company B, founded in 1986 and listed on the Shanghai Stock Exchange, is primarily engaged in the R&D and production of copper and copper-alloy materials, providing comprehensive copper-processed products to support the development of strategic emerging industries such as 5G communications, new energy vehicles, rail transit, power IoT and smart cities.

3. Company C, founded in 1999 and listed on the Shenzhen Stock Exchange, is primarily engaged in advanced copper-processed products and military carbon materials, with products including precision copper strips, copper conductor materials, copper alloy wires, precision special steels, carbon fiber composite materials, and high-end thermal processing equipment.

4. Company D, founded in 1950, is primarily engaged in the production and processing of copper rod, copper wire and copper-processed cable products, with its products primarily used in power transmission and distribution.

OVERVIEW OF GLOBAL COPPER-PROCESSED PRODUCTS IN HVAC AND INDUSTRIAL APPLICATIONS INDUSTRY

Overview of Copper-processed Products in HVAC and Industrial Applications Industry

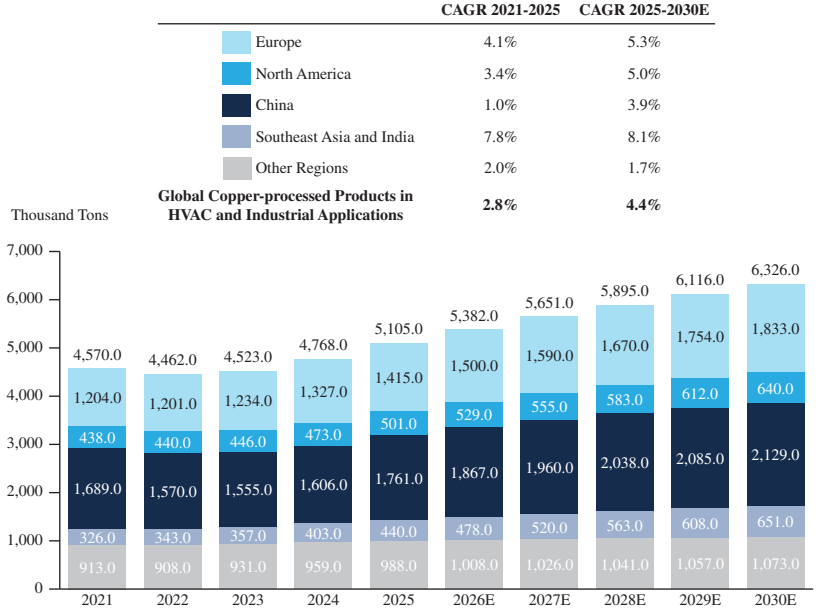
Copper-processed products in HVAC and industrial applications include copper tubes, copper rods, copper busbars and other copper-processed products to enable efficient transfer and distribution of thermal energy in refrigeration, heating and fluid circulation systems. Their core applications span HVAC equipment, building piping, sanitary systems, refrigeration appliances and industrial pipelines, supporting efficient energy utilization, construction of comfortable environments and stable industrial system operation. With accelerating global urbanization, rising industrial equipment energy efficiency standards and increasing living standards, the reliability,

energy efficiency and durability requirements for cooling, heating and fluid transport in building and industrial systems continue to grow. Leveraging copper's excellent thermal conductivity, ductility and corrosion resistance, copper-processed products have become the core for heat exchange systems in building piping, sanitary systems and refrigeration equipment, providing critical support for building energy-efficient retrofits, green appliance adoption and efficient industrial heat utilization. Driven by global demand expansion, copper-processed products in HVAC and industrial applications are evolving toward thin-walled designs, precision structures, corrosion-resistant copper alloys, and system integration, enabling upgrades to high-performance, enduring, and integrated energy management products, thereby supporting the efficient operation of energy-efficient buildings, green appliances and industrial equipment worldwide.

Market Size Analysis of Global Copper-processed Products in HVAC and Industrial Applications Industry

In 2021, the global market size for copper-processed products in HVAC and industrial applications was approximately 4,570.0 thousand tons, increasing to around 5,105.0 thousand tons in 2025, representing a CAGR of 2.8% from 2021 to 2025. Driven by factors such as the upgrade of energy efficiency standards, replacement of equipment and ongoing building energy retrofit initiatives, the market is expected to reach 6,326.0 thousand tons by 2030, representing to a CAGR of 4.4% from 2025 to 2030. While Europe, North America, Southeast Asia, and India demonstrate higher growth rates, China's historical and projected CAGR remains comparatively lower, largely due to the country's mature installed base of HVAC and industrial systems, gradual pace of energy-efficient building retrofits, and slower penetration of high-end, copper-intensive equipment in industrial sectors. Furthermore, construction-led demand in China is influenced by regionally staggered renovation cycles, limiting uniform market expansion, though ongoing urbanization and infrastructure modernization continue to sustain baseline consumption.

Market Size of Global Copper-processed Products in HVAC and Industrial Applications Industry, by Shipment Volume, Breakdown by Regions, 2021-2030E



Sources: International Copper Association (ICA), International Wrought Copper Council (IWCC), Turner & Townsend, Wood Mackenzie, Frost & Sullivan

Growth Drivers and Development Trends of Global Copper-processed Products in HVAC and Industrial Applications Industry

Expanding Downstream Industrial Applications

Driven by the high-efficiency construction, continuous expansion of new and renovated buildings, upgrades to energy efficiency regulations, and accelerated adoption of cooling and thermal management applications, market demand for copper-processed products continues to grow steadily. Various policies and regulations in the European Union and U.S. enhance the penetration of copper-based products. For instance, in the European Union, the recast Energy Performance of Buildings Directive (EU/2024/1275, EPBD) supports the energy-efficient renovation of existing buildings by considering the performance of technical building systems, including heating, cooling and domestic hot water, as well as the use of renewable energy. In the U.S., federal and state-level programs, including the Home Energy Rebates Program, NYS Clean Heat Program and TECH Clean California, incentivize whole-home retrofits and electrification measures such as heat pumps, heat pump water heaters, electrical wiring and load service center upgrades, supporting the market penetration of copper tubes, copper rods, copper busbars and other copper-processed products in renovation projects. In China, the State Council's 2024-2025 Energy Saving and Carbon Reduction Action Plan targets an increase of over 200 million square meters of retrofitted building area by 2025 compared with 2023, improving residential and public building energy efficiency by 30% and 20%, respectively, accelerating the renovation of aging residential complexes and urban renewal projects, and driving the replacement and upgrade of related copper-processed products.

In emerging markets such as Southeast Asia and India, growth is driven by new construction and infrastructure expansion. In Vietnam, sustained economic growth, as well as industrial facilities, residential and public building construction are boosting demand for HVAC systems and pipelines. In India, infrastructure investment, domestic manufacturing policies and urbanization support long-term growth in additional industrial and building demand. With regulatory improvements and rising expectations for comfort, safety and energy efficiency, copper-processed products are achieving higher penetration in HVAC systems, building pipelines, and sanitary systems, fueling the growth of the global copper-processed products industry.

Heightened Energy Efficiency and Reliability Requirements

Against the backdrop of rising energy efficiency standards in HVAC and industrial applications, copper-processed products are evolving toward high strength, high thermal conductivity and enhanced corrosion resistance. High-efficiency heat exchange products, such as internally threaded copper tubes, adopt smaller diameters, thinner walls and optimized structures to improve both mechanical performance and heat transfer efficiency, supporting overall system efficiency and cost optimization. Leading companies leverage mass production and intelligent manufacturing to achieve stable output and consistent quality of these complex products. At the same time, corrosion-resistant copper tubes have become a key innovation, utilizing optimized materials to extend equipment lifespan while maintaining thermal performance. Through automated production and quality traceability, industry leaders are able to balance high performance with scalable, green manufacturing, strengthening their competitiveness in the high-end component market.

Efficient, Low-Carbon and Intelligent Manufacturing

Leading companies adopt advanced algorithms and digital process control systems to implement intelligent management across the entire production and quality control process. Leveraging smart manufacturing platforms, they take the lead in achieving closed-loop process data management and automated quality inspection, significantly improving production efficiency and product consistency, while enhancing responsiveness to downstream customer customization requirements.

The industry is promoting large-scale application of recycled copper purification and energy-saving production processes. Technical pathways such as energy-efficient electrolysis, waste heat recovery, and clean energy substitution help reduce production energy consumption and carbon intensity of products. Leading companies integrate smart manufacturing with green processing to improve environmental performance while maintaining high product performance and stable supply. This approach meets the energy-saving requirements of building, refrigeration, and industrial systems, advancing the industry toward high-quality, sustainable development.

Globalization and Localized Operations

As global demand for copper-processed products in HVAC and industrial applications grows, the industry is accelerating toward global expansion and localized production. In Europe and North America, stricter energy efficiency regulations, certification requirements and supply chain expectations are driving customers to prefer suppliers with local production and service capabilities. Meanwhile, emerging markets such as Southeast Asia and India are generating sustained demand due to manufacturing relocation, infrastructure development and urbanization. Leading enterprises are establishing production bases and processing networks across key regions, enabling faster market response, lower logistics costs and stronger supply chain resilience. Through standardized processes, unified quality systems and global coordination, they ensure consistent product performance across regions while enhancing operational efficiency and service capabilities for multinational customers, thereby reinforcing their global competitiveness.

Competitive Landscape Analysis of Global Copper-processed Products in HVAC and Industrial Applications Industry

The Group led the industry in 2025, with shipments of 918.1 thousand tons of copper-processed products in HVAC and industrial applications, representing a market share of 18.0%.

Ranking of the Top Five Providers of Copper-processed Products in HVAC and Industrial Applications by Shipment Volume, 2025

Ranking	Company Name	Shipment Volume (Thousand Tons)	Market Share (%)	Headquarter
1	**The Group**	**918.1**	**18.0%**	**China**
2	Company B	756.0	14.8%	China
3	Company E	600.0	11.8%	China
4	Company F	400.0	7.8%	Germany
5	Company G	367.0	7.2%	Germany
	Top Five	3,041.1	59.6%	
	Total	**5,105.0**		

Sources: China Non-Ferrous Metals Fabrication Industry Association (CNFA), Frost & Sullivan

Notes:

1. Company E, founded in 2000, is mainly involved in the R&D and production of copper tubes and copper-alloy products, applied across multiple industrial sectors.

2. Company F, founded in 1866 and listed on the Frankfurt Stock Exchange, mainly operates in copper smelting, copper-processed product manufacturing, precious metal refining and scrap copper recycling.

3. Company G, founded in 1820, is primarily engaged in the production and sale of copper strips, sheets, rods, wires, tubes, sliding bearings, and other components.

OVERVIEW OF GLOBAL COPPER FOILS FOR LITHIUM BATTERIES AND PCBs INDUSTRY

Overview of Copper Foils for Lithium Batteries and PCBs

Copper foil products for lithium batteries and PCBs are high-conductivity, high-ductility materials that serve as key components for current conduction and signal transmission, widely applied in NEVs, energy storage, consumer electronics and semiconductors. They support the efficient energy transfer and reliable integration of energy systems and electronic information systems.

Copper foil is a core component material of lithium batteries, responsible for carrying the anode material and transporting electrons within the cell. Its selection directly affects the energy density, safety performance, and lifespan of the battery. Against the backdrop of the accelerated development of the new energy industry, the increasing penetration rate of NEVs, the expansion of renewable energy installations, and the large-scale application of energy storage systems are driving rapid growth in battery demand. Driven by this trend, the demand for copper foils for lithium batteries continues to expand, while stricter requirements are imposed on copper foil thickness, surface quality, consistency of physical properties, and stability during long-term use. With advances in silicon-carbon cathode batteries, lithium batteries, solid-state batteries, fast-charging batteries and high-power-density technologies, the industry increasingly focuses on industrial innovation of copper foils that are high-strength and high-ductility, interface-stable, lithium-philic and thermally and chemically stable, further expanding the performance boundaries and application scenarios of copper foils for lithium batteries.

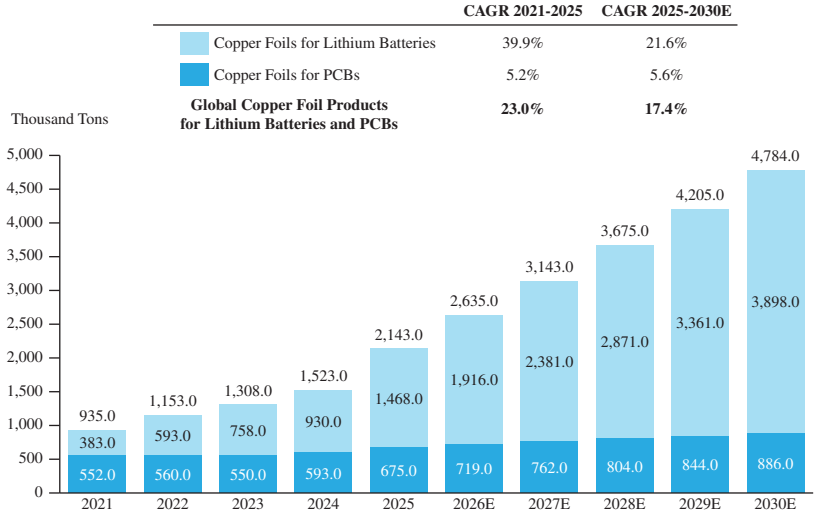
Copper foils serve as the conductive backbone of PCBs, enabling signal transmission and electromagnetic shielding. The growth of 5G communications, high-throughput computing and advanced packaging is driving demand for high-performance PCB copper foils, which offer low roughness, strong adhesion and excellent conductivity, improving high-frequency signal stability. As a result, these materials have become critical for advanced PCB and semiconductor packaging, with the segment continuing to evolve toward high-frequency, high-speed, low-loss and high-reliability applications.

Market Size Analysis of Global Copper Foils for Lithium Batteries and PCBs

The global market size for lithium battery and PCB copper foils increased from approximately 935.0 thousand tons in 2021 to 2,143.0 thousand tons in 2025. With the rapid development of downstream markets, the global market size for lithium battery and PCB copper foils is expected to reach 4,784.0 thousand tons by 2030.

The market size of copper foils for lithium batteries by shipment volume grew from 383.0 thousand tons in 2021 to 1,468.0 thousand tons in 2025. This growth was driven by the continued expansion of NEVs, large-scale deployment of energy storage systems, and a increasing demand for smart devices. The market size is projected to reach 3,898.0 thousand tons by 2030. The market size of copper foils for PCBs by shipment volume, driven by upgrades in high-frequency and high-speed circuit requirements driven by 5G communications and AI computing is expected to reach 886.0 thousand tons by 2030.

Market Size of Global Copper Foils for Lithium Batteries and PCBs, by Shipment Volume, Breakdown by Products, 2021-2030E



Sources: International Copper Association (ICA), International Wrought Copper Council (IWCC), Copper Foil Materials Subcommittee of the China Electronic Materials Industry Association (CCFA), Frost & Sullivan

Analysis of the Growth Drivers and Development Trends of Global Copper Foils for Lithium Batteries and PCBs Industry

Growing Global Demand for Lithium Batteries

Copper foils are a critical carrier for anode material support and electron transport, directly affecting battery energy density and service life. NEV penetration in China, Europe, and the U.S. is expected to exceed 65%, 25%, and 15% by 2030, respectively, encouraging demand for lithium battery copper foils. Additionally, the accelerating PV-storage integration, enhanced energy storage system efficiency, and the growing demand for large-scale stable power supply in energy-consuming infrastructure drives the demand for lithium battery copper foils. Global new installations of lithium-ion energy storage systems are projected to reach 1,164.7 GWh by 2030, stimulating demand for lithium battery copper foil. Emerging consumer electronics applications, such as AR/VR devices and foldable devices, are further driving the market demand for copper foils for lithium batteries.

Technological Advancement Toward Premium and Differentiated Products

The solid-state lithium battery is entering into the commercialization stage, with an expected penetration rate exceeding 10% by 2030. The solid-state battery imposes higher standards on the negative electrode current collector in terms of strength, ductility, heat and chemical resistance, and interface stability. Ultra-thin copper foil, in particular, faces stricter performance requirements for compression, tensile strength, powdering resistance and interface adhesion. In response, leading enterprises leverage grain structure refinement and surface functionalization processes to continually enhance copper foils' comprehensive mechanical performance under extreme thinness, and are deploying nickel-plated copper foil, double-sided roughened copper foil, nickel foil, and microporous copper foil for solid-state batteries and silicon-carbon anode applications.

The rapid development of 5G communications, AI servers, and semiconductor packaging drives the adoption of premium copper foils for PCBs with ultra-low roughness and excellent signal integrity, significantly reducing high-frequency loss, making it a key material for high-speed circuits and advanced packaging.

Green and Intelligent Manufacturing and Global Localization Layouts

With the global expansion of NEVs, energy storage systems and electronic manufacturing industry, downstream customers increasingly demand supply stability, delivery efficiency and localized support capability. Against this backdrop, leading Chinese copper foil companies have taken the lead in establishing and commissioning overseas production bases of copper foils, marking a substantial breakthrough for Chinese copper foil manufacturers in overseas markets.

To align with global trends in green, low-carbon processing and intelligent digital manufacturing, the copper foil industry is accelerating the development of high-efficiency, low-carbon, automated and intelligent production systems. Leading enterprises, centered on the manufacturing needs of new energy materials, are systematically promoting the use of recycled raw materials, the replacement of energy-saving equipment, process energy efficiency optimization, and water resource recycling, while establishing closed-loop systems for the recycling, maintenance and reuse of major packaging materials. At the same time, companies are introducing highly automated and digitalized copper foil manufacturing lines, equipped with charge-coupled device (CCD) inspection systems, online thickness measurement, intelligent logistics, smart warehousing, and integrated distributed control system (DCS), manufacturing execution system (MES), enterprise resource planning (ERP), customer relationship management (CRM), learning management system (LMS), warehouse management system (WMS), intelligent security and digital twin systems, enabling intelligent collaboration and refined control across key processes from electrolysis and post-processing to slitting and packaging.

Competitive Landscape Analysis of Global Copper Foils for Lithium Batteries and PCBs Industry

The Group's 2025 copper foil products for lithium batteries shipments reached 62.5 thousand tons, ranking fifth globally with a market share of 4.3%. The Group's copper foils for lithium batteries experienced rapid growth, with shipment volume increasing from 34.0 thousand tons in 2024 to 62.5 thousand tons in 2025, representing a growth rate of 83.8% over the period. This is the fastest growth among the top five global copper foil products for lithium batteries providers, significantly exceeding the industry average growth rate of 57.9%.

The Group is the first Chinese company to successfully establish and commission a large-scale copper foil production base overseas, marking a substantive breakthrough for Chinese copper foil manufacturers in overseas plant construction and becoming an industry benchmark project. The Group has ranked first among Chinese copper foil suppliers in overseas production capacity and established a significant first-mover advantage in overseas markets.

Ranking of the Top Five Providers of Global Copper Foils for Lithium Batteries by Shipment Volume, 2025

Ranking	Company Name	Shipment Volume (Thousand Tons)	Market Share (%)	2024-2025 YoY (%)	Headquarter
1	Company H	112.0	7.6%	23.7%	China
2	Company I	110.0	7.5%	55.8%	China
3	Company J	94.0	6.4%	60.3%	China
4	Company K	90.0	6.1%	40.6%	China
5	**The Group**	**62.5**	**4.3%**	**83.8%**	**China**
Top Five		468.5	31.9%		
Total		**1,468.0**			

Sources: Copper Foil Materials Subcommittee of the China Electronic Materials Industry Association (CCFA), China Non-Ferrous Metals Fabrication Industry Association (CNFA), Frost & Sullivan's interviews with industry experts, Frost & Sullivan

Notes:

1. Company H was established in 1996, focusing on the R&D and manufacturing of high-end lithium battery copper foil, while also serving the power equipment, smart metering, and new energy solutions sectors.

2. Company I was established in 1985 and is listed on the Shenzhen Stock Exchange. It primarily engages in the R&D, production, and sales of various high-performance electrolytic copper foils.

3. Company J was established in 2016, mainly focusing on the R&D, production, and sales of lithium battery copper foil, applied in NEV power batteries, digital batteries, and energy storage batteries.

4. Company K was established in 2001 and is listed on the Shanghai Stock Exchange. Its main business includes the R&D, manufacturing, and sales of high-performance electrolytic copper foil, composite copper foil, and high-performance, high-precision copper alloy wire products.

OVERVIEW OF GLOBAL COPPER-PROCESSED PRODUCTS FOR AI APPLICATIONS INDUSTRY

Overview of Copper-processed Products for AI Applications Industry

Driven by the rapid growth in AI-driven sectors, copper-processed products have emerged as a core enabler in the AI era due to their high electrical conductivity, high thermal conductivity, excellent ductility and structural stability. In particular, copper busbars and copper tubes leverage their advantages in high current-carrying capacity and efficient heat dissipation to empower the power supply, power transmission and thermal management systems of AIDC and intelligent robots, continuously driving technological upgrades and market demand expansion of copper-processed products.

With the continuous development of global AI computing, cloud computing, IoT, and 5G applications, the load capacity and power density of data centers have increased significantly. Copper-processed products are primarily used to ensure high-efficiency current transmission and stable power supply for high-power computing equipment, serving as critical components for power quality, supply continuity and safe operation of data centers. Meanwhile, the increased heat flux density in high-power density servers will drive the gradual adoption of liquid cooling systems as the mainstream thermal management architecture. Copper-processed products, owing to their superior thermal conductivity, ductility and structural stability, enable efficient heat management providing reliable support for systems under high-load, long-duration operating conditions.

At the same time, the rapid development of intelligent robots, particularly humanoid robots, is further diving the market demand for copper-processed products. The market size of humanoid robot is expected to exceed USD15 billion by 2030, with a CAGR of over 47% from 2025 onward. As computing configurations, joint drive power and system integration continue to increase, intelligent robots place stringent requirements on efficient current transmission, stable power supply and effective thermal dissipation within compact spaces. Copper-processed products play a critical role in efficient current conduction and thermal balancing. As intelligent robots evolve toward higher power, higher integration and long-duration continuous operation, the copper-processed products in ensuring overall system reliability becomes increasingly important, thereby driving the steady growth of market demand.

At the current stage, copper-processed products for AI applications remain at an early stage of commercialization, with evolving technical standards and relatively limited large-scale deployment.

Market Size Analysis of Global Copper-processed Products for AI Applications

In 2021, the global market size of copper-processed products for AIDC was approximately 69.0 thousand tons, growing to 418.0 thousand tons in 2025, representing a CAGR of 56.9%. 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%.

Copper-processed products are a critical foundation for ensuring stable power supply to high-power drive systems and efficient overall thermal management in intelligent robots. Their shipment volume has gradually expanded alongside the acceleration of industry adoption. In 2021, the global market size for copper-processed products for intelligent robots by shipment volume was approximately 276.0 thousand tons, growing to 473.0 thousand tons in 2025, representing a CAGR of 14.4%. Driven by increasing computing power configurations, rising joint drive power, and the advancement of large-scale production, the market is expected to reach 1,101.0 thousand tons by 2030, with a CAGR of approximately 18.4%.

Analysis of the Growth Drivers and Development Trends of Global Copper-processed Products for AI Applications

Increasing Global Demand for Computing

As global compute demand and capital investment continue to rise, high-throughput computing equipment is rapidly proliferating in AIDC, intelligent robots and other scenarios. In the AIDC field, high-power servers are driving accelerated adoption of liquid cooling products to meet overall system requirements for heat dissipation efficiency and energy performance. In intelligent robots field, high-power processors, motor drives, and actuators operate in confined spaces, imposing strict requirements for efficient heat dissipation and stable power delivery. Copper-processed products, as critical conductive materials in high-current-density power supply systems, also serve functions in heat transfer and thermal equalization. With the accelerated adoption of liquid cooling architectures, high-voltage power systems, and high-integration system, the demand for copper-processed products with high electrical conductivity, high thermal conductivity, high strength, and corrosion resistance is expected to continue growing.

Technological Advancement in Thermal Management Products

As data centers evolve toward larger scales and higher power densities, copper-processed products face higher demands for thermal conductivity, structural stability, and long-term reliability. In high-power-density racks and complex cooling piping environments, heat-dissipating copper materials must ensure efficient heat transfer while maintaining mechanical stability under long-term cyclic operation. In intelligent robots and high-load joint modules, the ongoing miniaturization and rising power density of servo motors and power control units similarly impose stringent requirements on copper-processed heat-dissipating and structural products, particularly in terms of thermal management and reliability under continuous, high-frequency operating conditions.

Additionally, to cope with high temperatures, high pressure, and long-term cyclic operation, companies are advancing the R&D of micro-alloyed copper, bronze, and cupronickel, optimizing material composition, microstructure, and post-treatment processes. This approach achieves simultaneous improvements in high-temperature resistance, corrosion resistance, and mechanical performance, promoting the evolution of copper-processed products from single components to integrated system applications, thereby increasing product value and application depth.

Advanced and Intelligent Manufacturing

Leading companies use AI algorithms and data-driven management to achieve full-process intelligent control of production lines. In liquid cooling applications and heat dissipation, leading companies are expanding from copper-processed products supply to liquid cooling modules and full system copper-processed products. At the same time, leading companies develop high-precision manufacturing equipment in-house, capable of high consistency, and microstructure processing. Combined with the adoption of recycled material refining and waste heat recovery technologies, this enables low-carbon, efficient manufacturing of copper-processed products while maintaining high performance.

OVERVIEW OF GLOBAL ALUMINUM-PROCESSED PRODUCTS INDUSTRY

The aluminum-processed products industry involves producing a variety of products, including aluminum sheets, strips, foils, rods, and profiles, using aluminum and aluminum alloys as raw materials through processes such as casting, rolling, extrusion, drawing, and heat treatment. Leveraging advantages such as light weight and ease of processing, aluminum-processed products have become essential components for structural parts, heat-conductive elements, packaging materials, and system-level application.

Aluminum-processed products are widely applied across transportation, power grids, building structures, consumer electronics, and new energy sectors. In industrial and infrastructure applications, aluminum serves as a core material due to its excellent strength-to-weight ratio and cost balance. In areas such as NEVs and energy storage systems, aluminum's lightweight, electrical conductivity, and thermal conductivity make it a critical carrier for energy transition. Driven by the rapid growth of the new energy sector, demand for aluminum-processed products continues to expand, with the industry evolving toward high-performance, high-value-added deep-processing and system-level products. The market size of aluminum-processed products industry has increased from 74,000.0 thousand tons in 2021 to 85,500.0 thousand tons in 2025 with a CAGR of 3.7%, and is expected to reach over 99,000.0 thousand tons in 2030, representing a CAGR of 3.0%.

ENTRY BARRIER ANALYSIS

The industry has high entry barriers, mainly in technology, globalization, and production scale. Technologically, leading companies leverage intelligent manufacturing and high-end equipment to achieve stable mass production of high-conductivity, high-thermal copper-processed products and provide customized products for high-value applications like AIDC and new energy, supported by industry-academia collaboration for continuous iteration. Globally, leading companies establish localized production and service networks covering R&D, logistics, and after-sales, enhancing market responsiveness, mitigating geopolitical risks, and optimizing resource allocation. In production scale, leading companies benefit from large-scale capacity and cross-regional coordination, gaining advantages in equipment investment, green upgrades, supply stability, and cost control. In contrast, new entrants face notable gaps in integrated process capabilities, global service networks, and scale-driven cost efficiency, limiting their competitiveness in high-end markets.

PRICE ANALYSIS OF RAW MATERIAL

Copper cathode is the core material of copper-processed products industry. As a highly standardized commodity with relatively strong liquidity, its average price is primarily influenced by macroeconomic conditions, supply—demand dynamics, policy guidance, and global market price trends. Between 2021 and 2025, the average price of LME copper cathode rose from USD9,313 per ton to USD9,939 per ton, while the SHFE copper cathode price rose from RMB67,729 per ton to RMB79,859 per ton, representing a CAGR of 1.6% and 4.2%, respectively. This price increase was driven mainly by two factors: first, the post-pandemic economic recovery spurred rapid rebound in industrial metal demand; second, energy consumption control policies constrained certain production capacities, further pushing up metal prices. For example, China's 2021 Dual Control of Energy Consumption policy (《完善能源消費強度和總量雙控制度方案》) led certain local governments to impose power rationing and production curtailments on energy-intensive industries, including non-ferrous metal smelting. These measures reduced refined metal supply and tightened market conditions, thereby exerting upward pressure on metal prices. The average price of LME copper cathode declined from 2021 to 2023 primarily due to weaker global demand, amid COVID-19 lockdowns and slower economic growth. Additionally, a stronger US dollar and rising macroeconomic uncertainties, including higher interest rates and inflation, reduced speculative investment in base metals, collectively putting downward pressure on copper prices.

Given that copper cathode constitutes the principal raw material of the Group's products, fluctuations in copper prices have directly affected the historical selling prices of the Group's final products through a cost-plus pricing mechanism. Looking ahead, long-term demand drivers such as electrification, renewable energy deployment and infrastructure investment are expected to support a relatively elevated price trend for copper cathode. Leading companies have effectively mitigated the impact of raw material price volatility on costs by implementing refined inventory management, applying raw material hedging methods, and establishing recycled copper circular systems, thereby providing a more controllable and stable cost environment for business operations.

For aluminum-processed products industry, the average price of SMM aluminum exhibited a generally upward but volatile trend from 2021 to 2025, increasing from approximately RMB18,910 per ton in 2021 to approximately RMB20,708 per ton in 2025. Price rose by 5.3% from 2021 to 2022, driven by global economic recovery, growing demand from the NEV and renewable energy sectors, and rising energy costs. Unlike copper, aluminum prices in China are primarily driven by supply-side constraints under strict capacity and energy consumption controls, which limited the impact of cyclical demand weakness during 2021 and 2022. In 2023, price declined due to a slowdown in global economic growth and temporary downstream demand adjustments, before gradually rebounding alongside improving market demand. From 2024 to 2025, the average price of SMM aluminum increased by approximately 4.2%. Looking ahead, as downstream demand stabilizes, aluminum price is expected to remain relatively stable.

SOURCE OF INFORMATION

The Group commissioned Frost & Sullivan to conduct market research on global copper-processed products and aluminum-processed products industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. The Group has contracted to pay RMB590,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

Our Directors and the Joint Sponsors have exercised reasonable care in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring no material omission of the information.

This section sets forth a summary of the most significant laws and regulations that affect our business activities in China.

PRINCIPAL REGULATORY AUTHORITIES

We are mainly engaged in R&D, manufacturing and sale of copper tubes, copper rods, copper foils, copper fittings, conductor materials, aluminum profiles and other products. Our production and operation activities within the PRC are mainly subject to macro management and industrial self-discipline management respectively by the relevant competent governmental departments and industrial associations. The macro-administration authorities of the industry shall include the National Development and Reform Commission of the People's Republic of China, the Ministry of Industry and Information Technology of the People's Republic of China (the "**MIIT**") and the State Administration for Market Regulation; the NDRC shall be mainly responsible for the study and formulation of industry policies, proposing medium and long-term industry development guidelines and guiding opinions, project examination and approval etc; the MIIT shall formulate industry technical norms and standards, formulate industry development plans and industry policies; the State Administration for Market Regulation shall be responsible for formulating the relevant rules, policies and standards, drafting and organizing the implementation of the relevant plans, and be responsible for the supervision and administration of product quality and safety.

The national industrial self-disciplinary organization of the industry is the China Non-ferrous Metals Industry Association, which is mainly responsible for formulating industrial development plans, industrial policies, relevant laws and regulations, and putting forward opinions and suggestions for the government; assisting the competent governmental departments in formulating and revising industrial national standards, and being responsible for the formulation, revision and implementation supervision of industrial standards; and carrying out industrial statistical surveys according to the authorization and entrustment of the competent governmental departments, and collecting, sorting out, processing, analyzing and releasing industrial information. The CNFA under the China Non-ferrous Metals Industry Association shall be mainly responsible for providing industrial services to enterprises in the industry, and shall be entrusted by the relevant authorities to carry out industrial administration, carry out industrial statistical investigation and analysis, release industrial information, assist the government in formulation of industrial policies and medium and long-term development plans for the industry, and be responsible for formulation of industrial product quality standards, etc.

MAJOR INDUSTRY POLICIES

According to the Classification Catalogue of Industrial Strategic Emerging Industries (2023) (《工業戰略性新興產業分類目錄(2023)》) issued in December 2023 by the Office of the Leading Group of the State Council for the Fifth National Economic Census, it is proposed to include materials such as high-performance copper alloys and high-strength and high-conductivity copper alloys used for electronics into industrial strategic emerging industries.

According to the Action Plan for Optimizing and Upgrading the Raw Material Industry under the Guidance of Upgrading Standards (2025-2027) (《標準提升引領原材料工業優化升級行動方案(2025-2027年)》) jointly issued by four departments including the MIIT in December 2024, it is proposed to strengthen the cultivation of standards for new materials and products, and focus on the formulation and revision of standards for advanced basic materials such as non-ferrous metals, including superalloys, corrosion-resistant alloys, advanced aluminum, magnesium, copper, titanium and nickel, and high-performance fiber composite materials.

According to the Implementing Proposals for High-Quality Development of the Copper Industry (2025-2027) (《銅產業高質量發展實施方案(2025-2027年)》) jointly issued by eleven departments including the MIIT in February 2025, it is proposed to optimize the industrial layout and support the cultivation of advanced manufacturing clusters in copper intensive processing industries.

REGULATIONS ON FOREIGN INVESTMENT

The operations in China by foreign-invested companies are principally governed by the Company Law of the PRC (《中華人民共和國公司法》), the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) and the Regulations for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》), and their specific investment activities are mainly subject to the relevant provisions of the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) and the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》).

According to the Company Law of the PRC (the "**Company Law**"), which was adopted by the Standing Committee of the National People's Congress (the "**SCNPC**") on December 29, 1993 and implemented on July 1, 1994, and last revised on December 29, 2023, and came into effect on July 1, 2024, companies established in the PRC may take form of company of limited liability or company limited by shares, and each company has the status of a legal person. The Company Law also applies to foreign-invested companies, where laws on foreign investment have other stipulations, such stipulations shall prevail.

According to the Foreign Investment Law of the PRC, which was adopted by the National People's Congress (the "**NPC**") on March 15, 2019 and took effect on January 1, 2020, the Regulations for Implementing the Foreign Investment Law of the PRC, which was promulgated by the State Council on December 26, 2019 and took effect on January 1, 2020, and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Foreign Investment Law of the PRC (《最高人民法院關於適用<中華人民共和國外商投資法>若干問題的解釋》), which was adopted by the Supreme People's Court on December 26, 2019 and took effect on January 1, 2020, the PRC shall implement the management systems of pre-establishment national treatment and negative list for foreign investment. The pre-establishment national treatment refers to granting to foreign investors and their investments, in the stage of investment access, the treatment no less favorable than that granted to domestic investors and their investments; the negative list refers to special administrative measures for access of foreign investment in specific fields or industries, including restricted or prohibited fields or industries. The PRC accords national treatment to foreign investment outside of the negative list. Foreign investors shall not invest in fields that are prohibited in the negative list. Foreign investors shall meet the conditions stipulated in the negative list in order to invest in the fields that are categorized by the negative list as a restricted category. Foreign investors shall follow the same principle as domestic investors in order to invest in fields that are not on the negative list.

According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**2024 Negative List**"), which was promulgated by the MOFCOM and the NDRC on September 6, 2024 and took effect on November 1, 2024, and the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》), which was jointly promulgated by the MOFCOM and the NDRC on October 26, 2022 and took effect on January 1, 2023, foreign investments in domestic industries are divided into three categories: encouraged, restricted, and prohibited. Industries not listed in the negative list are deemed permitted for foreign investments. The industry in which we operate is not included in the 2024 Negative List.

REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), which was promulgated by the SCNPC on February 22, 1993, last revised on December 29, 2018, and came into effect on the same date, producers shall be responsible for the quality of the products they produce, which shall not present an unreasonable risk of endangering the safety of persons or property, and which shall have the performance for use and indicate on the product or its packaging the product standards adopted. Where a defective product causes physical injury to a person or damage to another person's property, the victim may claim compensation from the producer or from

the seller of the product. Producers or sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products illegally produced or sold and be fined. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked. If it constitutes a crime, criminal responsibility will be pursued according to the laws.

REGULATIONS ON IMPORT AND EXPORT OF GOODS

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987, which was last amended on April 29, 2021 and came into effect on the same date, and the Provisions on the Recordation of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021, which came into effect on January 1, 2022, a customs declaration entity is the consignee or consignor of imported or exported goods or a customs declaration enterprise, as filed with the customs in accordance with these provisions. Where the consignee or consignor of imported or exported goods or a customs declaration enterprise applies for recordation, it shall obtain the qualification of a market entity; particularly where the consignee or consignor of imported or exported goods applies for recordation, it shall also be filed as a foreign trade business operator. According to the Notice of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《關於進出口貨物收發貨人備案有關事宜的通知》) promulgated and implemented by the Department of Enterprise Management and Audit-Based Control of the General Administration of Customs on January 3, 2023, consignees and consignors of imported and exported goods applying for recordation shall obtain the qualification of market entities, and do not need to obtain the recordation of the foreign trade business operators.

REGULATIONS ON PRODUCTION SAFETY AND FIRE SAFETY

Production Safety

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002, latest amended on June 10, 2021 and came into effect on September 1, 2021, production and business operation entities shall establish and perfect the system of responsibility for production safety and rules and regulations for production safety for all employees, meet the production safety conditions stipulated by laws and regulations, national standards or industry standards, and those who do not meet the production conditions are not allowed to engage in production and business operation activities. Production and business operation entities shall carry out education and training on production safety to employees, and ensure that employees have necessary knowledge on production safety and are familiar with relevant rules and regulations on production safety and safety operating procedures. The producers and operators who violate the Work Safety Law of the PRC may be subject to penalties, suspension of operation, an order to cease operation, or even criminal liability if causes serious consequences.

Fire Safety

According to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, last amended on April 29, 2021 and came into effect on the same date, and the Interim Provisions on the Administration of Fire Protection Design Review and Acceptance Check of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on April 1, 2020, latest amended on August 21, 2023 and came into effect on October 30, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction, and shall be governed by the fire protection design review and acceptance check system for construction projects. If a construction project fails

to pass the fire safety inspection before it is put into use, or fails to meet the fire safety requirements after the inspection, it will be ordered to stop construction, stop use or stop production or business, and be fined, and if it constitutes a crime, it will be held criminally liable in accordance with the law.

REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

General Provisions

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) adopted by the SCNPC on December 26, 1989, latest amended on April 24, 2014 and came into effect on January 1, 2015, enterprises, public institutions, and other businesses that discharge pollutants shall adopt measures to prevent and control pollution and damage to the environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation, electromagnetic radiation, and other substances generated in their production, construction, and other activities. The state shall, according to the law, apply a licensing management system to the discharge of pollutants. Enterprises, public institutions, and other businesses subject to pollutant discharge licensing management shall discharge pollutants according to the requirements of their respective pollutant discharge licenses; and those without a pollutant discharge license may not discharge pollutants.

Regulations relating to the Environmental Impact Assessment of Construction Projects and Inspection and Acceptance of Environmental Protection for Completed Projects

According to the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) promulgated by the SCNPC on October 28, 2002, latest amended on December 29, 2018 and came into effect on the same date, the Regulations on Environmental Management of Construction Project (《建設項目環境保護管理條例》) promulgated by the State Council on November 29, 1998, latest amended on July 16, 2017 and effective on October 1, 2017, the Regulations on Graded Approval of Environmental Impact Assessment Documents for Construction Projects (《建設項目環境影響評價文件分級審批規定》) promulgated by the Ministry of Environmental Protection of the PRC (later renamed as the Ministry of Ecology and Environment) on November 1, 2002, amended on January 16, 2009 and implemented on March 1, 2009, and the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) promulgated by the Ministry of Environmental Protection of the PRC (later renamed as the Ministry of Ecology and Environment) on November 20, 2017 and implemented on the same date, China implements an environmental impact assessment system for construction projects. After the completion of the construction projects for which the environmental impact report and environmental impact report form were prepared, a construction unit shall, according to the standards and procedures formulated by the competent administrative department for environment protection under the State Council, conduct inspection and acceptance of supplementary environmental protection facilities, and prepare an inspection and acceptance report. No supplementary environmental protection facilities of such projects may be put into production or use until such facilities pass inspection and acceptance; no supplementary facilities that failed to undergo or pass the inspection and acceptance procedure may be put into production or use. For construction projects that are constructed, put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases.

Regulations relating to Pollutant Discharge Permits

According to the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021, the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on April 1, 2024 and implemented on July 1, 2024, and the Guidance for the Discharge Registration of Stationary

Pollution Sources (Trial) (《固定污染源排污登記工作指南(試行)》) promulgated by the Ministry of Ecology and Environment on January 6, 2020 and implemented on the same date, enterprises, public institutions and other producers or operators that are subject to the administration of permitting of pollutant discharges shall apply for a pollutant discharge permit in accordance with the provisions, and may not discharge pollutants, if a pollutant discharge permit fails to be obtained. Enterprises, public institutions and other producers and operators that produce and discharge pollutants in small volumes and affect the environment at a small level shall file a pollutant discharging registration form and are exempted from being required to obtain a pollutant discharge permit.

REGULATIONS ON ENERGY CONSERVATION

According to the Measures for the Energy Conservation Examination of Fixed-Asset Investment Projects (《固定資產投資項目節能審查辦法》) promulgated by the NDRC on March 28, 2023 and came into effect on June 1, 2023, the opinions on energy conservation examination of fixed-asset investment projects are an important basis for the commencement of construction, completion and acceptance, and operation and management of the projects. For government-invested projects, the construction entity is required to obtain an energy conservation examination opinion from the energy conservation examination authority before submitting the feasibility study report of the project. For enterprise-invested projects, the construction entity is required to obtain an energy conservation examination opinion from the energy conservation examination authority before commencing the construction. For projects that have not conducted an energy conservation examination, or have not passed the energy conservation examination, the construction entity shall not commence the construction.

REGULATIONS ON INTELLECTUAL PROPERTY

Patent Rights

According to the Patent Law of the PRC (《中華人民共和國專利法》), which was promulgated by the SCNPC on March 12, 1984, latest amended on October 17, 2020 and came into effect on June 1, 2021, and the Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), which was promulgated by the State Council on June 15, 2001, latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents, namely invention patents, utility model patents and design patents. Invention patents are valid for twenty years, while utility model patents and design patents are valid for ten years and fifteen years, respectively, all calculated from the date of application.

Copyright

In accordance with the Copyright Law of the PRC (《中華人民共和國著作權法》), which was promulgated by the SCNPC on September 7, 1990, latest amended on November 11, 2020, and came into effect on June 1, 2021, copyrights include personal rights such as the right of publication and that of authorship, as well as property rights such as the right of reproduction and that of distribution, and copyright protection is extended to Internet activities, products disseminated over the Internet and software products. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the relevant copyright owner would constitute an infringement of copyright, unless otherwise provided in the Copyright Law of the PRC. The infringer shall bear civil liabilities such as ceasing the infringement, eliminating the impacts, making an apology, and compensating for the loss.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was promulgated by the National Copyright Administration on February 20, 2002, and the Regulation on Computers Software Protection (《計算機軟件保護條例》), as amended by the State Council on January 30, 2013 and came into effect on March 1, 2013, the National

Copyright Administration is primarily responsible for the registration and management of national software copyrights and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant registration certificates to computer software copyright applicants that conform to the provisions of both the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

Trademark Rights

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and took effect on November 1, 2019, and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and took effect on May 1, 2014, in China, registered trademarks include goods trademarks, service trademarks, collective trademarks and certification trademarks. The valid period of a registered trademark shall be 10 years, commencing from the date of approval of the registration. Where a registered trademark needs to continue to be used after the expiration of the validity, the trademark registrant shall go through the formalities for renewal within 12 months prior to the expiration of the validity in accordance with the regulations. Each renewal of the registration shall be valid for ten years, commencing from the day after the expiration of the previous validity of the trademark.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and took effect on November 1, 2017, and the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》) promulgated by the MIIT on November 27, 2017 and took effect on January 1, 2018, the MIIT supervises and manages the domain name services nationwide. The domain name used by an Internet information service provider in providing Internet information services must be registered and owned by such provider in accordance with the laws and regulations. Registrations of domain names are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Trade Secret

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993, last amended on June 27, 2025 and took effect on October 15, 2025, and the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Infringements upon Trade Secrets (《最高人民法院關於審理侵犯商業秘密民事案件適用法律若干問題的規定》) promulgated by the Supreme People's Court on September 10, 2020 and took effect on September 12, 2020, trade secret refers to the technical information, operating information and other business information that is not known to the public, has commercial value, and has been subject to appropriate confidentiality measures taken by the obligee. Business operators shall not commit the following acts of infringement of trade secrets: (1) acquiring a trade secret from the obligee by theft, bribery, fraud, coercion, electronic intrusion or other illicit means; (2) disclosing, using or allowing another person to use a trade secret acquired from the obligee by any means as specified in the item (1) above; (3) disclosing, using or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the obligee for keeping the trade secret confidential; (4) abetting, tempting or aiding another person in acquiring, disclosing, using or allowing another person to use the trade secret of the obligee in violation of his or her confidentiality obligation or the requirements of the obligee for keeping the trade secret confidential.

REGULATIONS ON LABOR EMPLOYMENT, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor Contract

Pursuant to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, last amended on December 29, 2018 and took effect on the same date, and the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, last amended on December 28, 2012 and took effect on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated by the State Council on September 18, 2008 and implemented on the same date, employers shall enter into written labor contracts with their employees to establish labor relations. Employers are prohibited from forcing employees to work overtime, and where the employers arrange overtime work, they shall pay employees for overtime work in accordance with relevant national regulations. The remuneration of each employee shall be no less than the local standard on minimum wages. If the employer fails to comply with the above laws and regulations, the labor administrative department has the right to give a warning, order to rectify, fine, require suspending business for rectification and take other measures; If any harm is caused to employees, the employer shall be liable for compensation; If the relevant illegal action constitutes a crime, criminal responsibility shall also be investigated.

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010, last amended on December 29, 2018 and took effect on the same date, and other relevant provisions, employers and individuals within the PRC shall pay social insurance contributions in accordance with the law. If an employer fails to make full and timely payment of social insurance contributions, the social insurance collection authority has the right to order the employer to pay or make up the amount within a prescribed time limit, and impose a surcharge for overdue payment calculated on a daily basis from the date the payment is due. If the employer fails to pay within the prescribed time limit, the relevant administrative authorities shall impose a fine.

Pursuant to the Interpretation (II) of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) enacted by the Supreme People's Court on July 31, 2025 and took effect on September 1, 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be deemed as void by the people's court.

Housing Provident Fund

According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, last amended on March 24, 2019 and took effect on the same day, employers shall register with the competent housing provident fund management center and deposit the housing provident fund for their employees. Where the employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident management center shall order it to make the payment and deposit within a prescribed time limit; if the employer fails to pay within the prescribed time limit, the housing provident management center may apply for compulsory enforcement to the people's court.

REGULATIONS ON TAX

Corporate Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) promulgated by the NPC on March 16, 2007, last amended on December 29, 2018 and took effect on the same date, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and took effect on January 20, 2025, domestic enterprises established in China according to the law shall be regarded as resident enterprises. Resident enterprises shall pay the enterprise income tax at the rate of 25% on their income derived from sources within or outside China, the enterprise income tax shall be levied at the reduced rate of 20% for qualified small and low-profit enterprises, and 15% for qualified high-tech enterprises.

Value-added Tax

According to the Value-added Tax Law of the PRC (《中華人民共和國增值税法》) promulgated by the SCNPC on December 25, 2024 and implemented on January 1, 2026, for taxpayers who sell goods, and provide processing, repair and replacement services and rental services of tangible movable properties as well as import goods, unless otherwise stipulated by the above regulations, the tax rate shall be 13%. For taxpayers who sell transportation, postal, basic telecommunications, construction, or immovable properties leasing services, sell immovable properties, transfer land use rights, or sell or import the following goods, unless otherwise stipulated by the above regulations, the tax rate shall be 9%.

REGULATIONS ON ANTI-UNFAIR COMPETITION AND ANTI-MONOPOLY

According to the Anti-Monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC on August 30, 2007, last amended on June 24, 2022, and took effect on August 1, 2022, prohibited monopolistic conducts include monopoly agreements reached between undertakings, abuse of dominant market position by undertakings and concentration of undertakings that lead, or may lead to elimination or restriction of competition. The authorities responsible for enforcement of the Anti-Monopoly Law specified by the State Council shall be in charge of such enforcement in accordance with the provisions of this Law. Where an undertaking violates the provisions of the Anti-Monopoly Law, the authority for enforcement of the Anti-Monopoly Law shall order it to discontinue such violation and impose on it a fine.

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by the SCNPC on September 2, 1993, last amended on June 27, 2025 and took effect on October 15, 2025, undertakings shall, in their production and operation activities, abide by the principles of voluntariness, equality, fairness and good faith, and comply with laws and business ethics. Undertakings shall not disturb the market competition order or impair the lawful rights and interests of other undertakings and consumers. Any undertaking who violates the Anti-Unfair Competition Law of the PRC by engaging in the foregoing unfair competition activities shall be subject to civil, administrative and criminal liabilities. Where its property is insufficient to make the payments, they shall be used first to bear civil liabilities.

Protection of Consumer Rights and Interests

On October 31, 1993, the SCNPC promulgated the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) (the "**Law on the Protection of Consumer Rights and Interests**"), which was last amended on October 25, 2013 and took effect on March 15, 2014. On March 15, 2024, the State Council promulgated the Regulations for Implementation of the Law of the PRC on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法實施條例》), which came into effect on July 1, 2024. Pursuant to

the Law on the Protection of Consumer Rights and Interests, consumers shall, in their purchasing and using commodities or receiving services, enjoy the right of the inviolability of their personal and property safety. Business operators shall guarantee that the commodities and services they supply (including providing commodities or services free of charge in the form of rewards, gifts, or trials) meet the requirements for personal or property safety. Where business operators provide commodities or services in violation of the Law on the Protection of Consumer Rights and Interests and relevant implementation regulations, thereby infringing upon the legitimate rights and interests of consumers, they shall bear civil liability in accordance with the law.

Advertisement

On October 27, 1994, the SCNPC promulgated the Advertisement Law of the PRC (《中華人民共和國廣告法》) (the "**Advertisement Law**"), which was last amended on April 29, 2021 and took effect on the same date. According to the Advertisement Law, advertisements shall not contain any false or misleading content, and shall not deceive or mislead consumers. Advertisers shall be responsible for the authenticity of the content of advertisements. Where any false advertisement is published, the market supervision and administration department shall order the cessation of the publication of the advertisement and order the advertiser to eliminate the influence within a corresponding scope, and a fine shall be imposed. Where a false advertisement causes damage to the legitimate rights and interests of consumers who purchase commodities or receive services, the advertiser shall bear civil liability in accordance with the law.

REGULATIONS ON CYBERSECURITY AND DATA PROTECTION

Regulations on Cybersecurity

Pursuant to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), which was promulgated by the SCNPC on November 7, 2016, amended on October 28, 2025 and came into effect on January 1, 2026, the PRC has implemented a hierarchical network security protection system, and network operators shall comply with the provisions of laws and regulations as well as the mandatory requirements of the national and industry standards, formulate an internal security management system, and adopt technical measures and other necessary measures to protect the security and stable operation of the network. Personal information and important data collected and generated by the critical information infrastructures during their operations shall be stored within the PRC. Where it is necessary to provide them to overseas recipients due to business needs, security assessments shall be conducted in accordance with the requirements of the relevant departments. Network operators violating the provisions of such law shall be subject to penalties, including being ordered to rectify, issued a warning, fines, confiscation of illegal gains, ordered to suspend business, suspension for rectification, shutting down the website, revocation of business license and others.

Regulations on Data Protection

Pursuant to the Measures on Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》) promulgated by the Cyberspace Administration of China (the "**CAC**") on July 7, 2022 and came into effect on September 1, 2022, the Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》) implemented on June 1, 2023, the Announcement on the Implementation of Personal Information Protection Certification (《關於實施個人信息保護認證的公告》) implemented on November 4, 2022, and the Regulations on Promoting and Standardizing Cross-border Data Flows (《促進和規範數據跨境流動規定》) issued by the CAC on March 22, 2024, data processors that transfer data overseas shall, unless they satisfy exemption conditions, perform relevant regulatory procedures for cross-border data transfer in accordance with the provisions of relevant laws and regulations.

According to the Regulations on Promoting and Standardizing Cross-border Data Flows, under any of the following circumstances, a data processor shall undergo a security assessment by the CAC before transferring important data and personal information overseas: (1) where a critical information infrastructure operator intends to provide important data or personal information overseas; (2) where a data processor other than a critical information infrastructure operator intends to provide important data overseas; (3) where a data processor other than a critical information infrastructure operator, which has cumulatively provided personal information (excluding sensitive personal information) of at least 1 million individuals or sensitive personal information of at least 10,000 individuals to overseas recipients since January 1 of any given calendar year, intends to provide personal information overseas; and (4) other circumstances where a security assessment for outbound data transfer is required as prescribed by the CAC.

REGULATIONS ON OVERSEAS INVESTMENTS BY DOMESTIC ENTERPRISES

Regulations of the Development and Reform Commission on Overseas Investment by Domestic Enterprise

According to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated on December 26, 2017 and took effect on March 1, 2018, when domestic enterprises conduct overseas investment, they should fulfill the procedures for approving and filing overseas investment projects, report relevant information, and cooperate with supervision and inspection. The scope of approval management includes sensitive projects carried out by the investment entity directly or through its controlled overseas enterprises, which specifically include projects involving sensitive countries and regions and sensitive industries. The scope of filing administration is non-sensitive projects directly carried out by the investment entity, i.e., non-sensitive projects where the investment entity directly commits assets, equity or provides financing or guarantees.

Regulations of the Commerce Department on Overseas Investment by Domestic Enterprises

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated on September 6, 2014 and came into effect on October 6, 2014, the MOFCOM and the competent provincial departments of commerce shall be responsible for the filing registration and approval respectively, depending on different circumstances of overseas investment by the enterprise. Overseas investment involving sensitive countries and regions as well as sensitive industries, shall be subject to approval administration; overseas investment that falls under any other circumstances shall be subject to filing administration.

Regulations of the Foreign Exchange Administration on Overseas Investment by Domestic Enterprises

According to the Circular on Further Simplifying and Improving Policies for Foreign Exchange Administration for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015 and came into effect on June 1, 2015, it has cancelled the registration and verification of foreign exchange under overseas direct investment, instead, banks shall, in accordance with this Circular and the Operating Guidelines for Foreign Exchange Transactions for Direct Investment (《直接投資外匯業務操作指引》), directly verify and handle the registration of foreign exchange under overseas direct investment, while the SAFE and its branches shall conduct through banks indirect regulation over registration of foreign exchange for direct investment.

REGULATIONS ON OVERSEAS OFFERING AND LISTING OF DOMESTIC ENTERPRISES

Regulations Relating to Overseas Listing

According to the Securities Law of the PRC (《中華人民共和國證券法》) promulgated by the SCNPC on December 29, 1998, last amended on December 28, 2019 and came into effect on March 1, 2020, domestic enterprises that directly or indirectly issue securities overseas or list their securities for trading overseas must comply with the relevant regulations of the State Council.

Regulations Relating to Foreign Exchange Administration of Overseas Listing

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning Foreign Exchange Administration for Overseas Listings (Huifa [2014] No. 54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》(匯發[2014]54號)) promulgated on December 26, 2014, where a joint stock limited company incorporated in the PRC issues shares overseas and is publicly listed and traded on overseas stock exchanges upon the approval by the CSRC, it shall, within 15 working days after the date of the conclusion of its overseas issuance, register the overseas listing with the foreign exchange authority at the place of its establishment, and present its registration certificate for overseas listing to open a special foreign exchange account for its overseas listing at a domestic bank to handle the exchange, remittance and transfer of funds for the business concerned.

The Guidelines on Foreign Exchange Business under the Capital Account (2024 Edition) (《資本項目外匯業務指引(2024年版)》) stipulate guidelines for securities investment management and other related foreign exchange business, providing guidance on foreign exchange procedures for new registration, alteration and cancellation of registration, registration of domestic shareholders' shareholdings, full circulation and other related matters of domestic companies' overseas listings.

OVERVIEW OF GERMAN LAWS AND REGULATIONS

This section sets out a summary of certain aspects of laws and regulations of Germany and/or the EU, which are relevant to our business and operations in Germany. It does not claim to provide a complete and comprehensive presentation of all relevant legal regulations.

Product Liability and Consumer Protection

Manufacturers and sellers placing their products into the European or German market must ensure that their products are designed, manufactured and provided with appropriate user information so that any hazardous situation during product use can be avoided. Products that do not comply with the regulations on product safety may not be placed on the market or made available on the market in Germany or the EU. The most important legal framework relating to product safety and compliance are currently the European General Product Safety Regulation ("**GPSR**") together with the German Product Safety Act (*Produktsicherheitsgesetz*; "**ProdSG**"), the German Act on Liability for Defective Products (*Produkthaftungsgesetz*; "**ProdHaftG**") and the German Civil Code (*Bürgerliches Gesetzbuch* — "**BGB**"). These rules and regulations are compulsory and cannot be excluded nor modified by contractual agreement. Other than that, a product could be subject to further specific product safety legislation or other legal requirements imposing formal requirements on the economic operators.

Product Liability Law

Under the ProdHaftG, either the seller or the producer, or both jointly, can be held liable if a product turns out to be defective. The harmed person may assert claims arising from product liability, producer liability, and warranty for defects. If a product has caused injury to persons or

damage to items (other than the defective product itself), the producer is strictly liable pursuant to the ProdHaftG. Liability under the ProdHaftG can neither be restricted nor excluded contractually in advance. The ProdHaftG applies if the defective product was placed on the German market and (i) the harmed person has his habitual residence in Germany, or (ii) the defective product was bought in Germany or (iii) the harm arose in Germany. It is sufficient that the producer could reasonably foresee that a product might be placed on the German market by another market participant, e.g. one of its customers, to be liable under the ProdHaftG. Thus, it is not necessary that the defective product was imported to Germany by the producer. Comparable regulations also apply in the other member States of the EU.

On December 8, 2024, the new EU Product Liability Directive (2024/2853) came into force, repealing the former Product Liability Directive (85/374/EEC). The new Product Liability Directive modernizes the European product liability regime to adapt it to advancing technologies and the globalization of supply chains. It also seeks to remove obstacles for consumers in claiming damages for defective products. The new Product Liability Directive therefore will significantly change the current liability landscape for economic operators who manufacture or distribute products in the EU. This new Product Liability Directive must be implemented in the member states by December 9, 2026. The old Product Liability Directive 85/237/EEC will continue to apply even after that date to products that have already been placed on the market before December 9, 2026.

Additionally, the German law recognizes an additional manufacturer liability under tort (so-called manufacturer's liability under Sec. 823 (1) BGB (*Produzentenhaftung*)).

Product Safety Law

The General Product Safety Regulation (EU) 2023/988 (General Product Safety Regulation, "**GPSR**"), which has been directly applicable since December 13, 2024, focuses on regulating the safety-related requirements and obligations regarding consumer products (B2C products) that are not subject to other specific product safety legislation. The aim of European product safety legislation remains to ensure that only 'safe' products are placed or made available on the European market. The aim remains to improve the functioning of the internal market while ensuring a high level of consumer protection. To achieve a high level of consumer protection, the GPSR is particularly aimed at countering new product- and distribution-related hazards and closing corresponding regulatory gaps in a digitalised and globalised product world. New technologies and the digitalisation of products and distribution channels have been identified as the specific challenges that have ultimately provided the impetus and legal policy background for the revision of product safety law. The GPSR also covers new product phenomena that are not separately regulated based on a risk-based concept that is open to technology, thereby acting as a catch-all. The stated aim was therefore to optimize the interaction of GPSR as a general part of European product safety law with the specific (sectoral) product safety regulations. In doing so, the declared aim was to achieve improved coherence, particularly regarding European harmonisation legislation and the so-called EU Market Surveillance Regulation (EU) 2019/1020.

In other words, the existing EU regulations for product safety will remain in force (see Art. 2 of the GPSR: "**Scope**"). The GPSR is therefore aimed primarily at products that have not been subject to specific EU harmonisation legislation intended for consumers or — and this could be important with regard to drill burs, milling tools or brushes, for example — used by them and for which there are no special requirements in separate legal acts, such as the Machinery Directive. However, there are also individual new provisions that apply to projects, that have been subject to specific EU harmonisation legislation, such as the provisions on the right to information and to remedy (see Chapter VIII GPSR).

It should also be noted that large parts of the former national ProdSG have been superseded as a result of the directly applicable European regulation, and the Member States' scope for decision-making in those areas has therefore been considerably reduced. While the ProdSG continues to apply where the GPSR does not intervene, its role today is largely confined to

implementing national provisions, including administrative and enforcement rules (such as fines) for breaches of GPSR obligations that must be established under national law. In this context, it should be noted that an updated legislative draft to amend the Product Safety Act and other product safety regulations was presented by the Federal Government in October 2025 (as part of the ongoing law-making process to bring national product safety law in line with the GPSR. And this draft continues to be under parliamentary consideration. Until such amendments are formally adopted and enter into force, the ProdSG remains in effect in its currently applicable version alongside the GPSR.

Sales Law under the German Civil Code

The sale of products in Germany is governed by German sales law (§§ 433 et seq. BGB). Under these provisions, the seller is obliged to deliver goods that are free from material and legal defects and to transfer ownership to the buyer, while the buyer is required to pay the agreed purchase price and accept the goods. In the event of defects, statutory warranty rights apply, including the right to subsequent performance, withdrawal from the contract, reduction of the purchase price, or compensation for damage. In commercial transactions, the buyer is also subject to inspection and notification obligations pursuant to § 377 German Commercial Code (*Handelsgesetzbuch*). Ownership and risk typically transfer according to the agreed Incoterms or, absent such agreement, according to statutory rules.

REACH, SCIP and Related Chemicals Laws

REACH Regulation

Under Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals ("**REACH**"), products made of copper and copper alloys in the form of pressed and drawn tubes, rods and profiles qualify as "articles" within the meaning of Article 3(3) REACH. As such, they are neither substances nor mixtures within the meaning of Regulation (EC) No. 1272/2008 on Classification, Labelling and Packaging ("**CLP**"), which implements the UN Globally Harmonized System for the classification and labelling of chemicals ("**GHS**"). Nevertheless, manufacturers, importers and downstream users of copper and copper alloy articles are subject to specific obligations under REACH. These include compliance with the communication obligations for substances of very high concern (SVHC) in articles pursuant to Article 33 REACH, any applicable notification obligations for SVHCs under Article 7(2) REACH and the restriction on substances laid down in Annex XVII REACH. Depending on the manufacturing process, authorization or other REACH obligations may apply to the use of substances during production, even though the finished articles themselves are not subject to authorization.

Packaging and Waste/ELV/WEEE

EU packaging rules (Directive 94/62/EC) and waste rules (Directive 2008/98/EC) govern packaging composition, recyclability, and waste notifications. End-of-life vehicle rules ("**ELV**") and the Waste Electrical and Electronic Equipment Directive ("**WEEE**"), which regulates the collection, recycling, and recovery of electrical and electronic equipment at the end of its life. For semi-finished products, the WEEE Directive is not applicable. Companies must comply with packaging obligations and with SCIP-related obligations, where SCIP (Substances of Concern In articles, as such or in complex objects) is the EU database operated by the (ECHA) under Directive 2008/98/EC, which collects information on Substances of Very High Concern in articles to support safe waste management and the circular economy.

The EU packaging rule (Directive 94/62/EG) was replaced by packaging and packaging waste Regulation ("**PPWR**") (EU 2025/40) as of 12 August 2026, and implemented EU-wide mandatory sustainability requirements for packaging. The regulation addresses inter alia material bans, mandatory recyclability based on performance levels, minimum recycled content requirements, packaging minimization goals, prohibited packaging formats, harmonized labeling and a formal conformity assessment procedure. The PPWR redefines the roles of the companies involved, includes more stakeholders, and assigns material, labeling, and documentation obligations to the respective responsible companies depending on their stage in the supply and distribution chain, distinguishing between producers, suppliers, importers, distributors, and manufacturers.

EURATOM/Radiation Checks

Directive 2013/59/EURATOM sets basic safety standards for protection from ionizing radiation. Articles produced from recycled metals must be checked for possible residual radiation prior to leaving the factory, in line with EURATOM obligations.

Environmental Permits

The operation of production facilities in Germany requires an environmental permit in accordance with the Federal Immission Control Act (*Bundes-Immissionsschutzgesetz, BImSchG*) if the facility falls under the types specified in the Fourth Federal Immission Control Ordinance (*Vierte Verordnung zur Durchführung des Bundes-Immissionsschutzgesetzes*). Such permits are typically subject to numerous ancillary conditions that regulate and balance the interests of the public and surrounding area, including the protection of neighbors from noise, air, or odor emissions and the safeguarding of protected areas and species. Even after a permit has been granted, authorities may impose operational restrictions or additional requirements in subsequent orders to ensure ongoing compliance with state-of-the-art standards and the principle of proportionality.

Where applicable, the permit application process for facilities may involve public participation, including the opportunity for local residents and environmental NGOs to submit objections. This involvement can delay or complicate permit procedures and may open the process to legal challenges from third parties in accordance with the EU public participation directive and its German implementation (*Umweltrechtsbehelfsgesetz*).

Non-compliance with the requirements of such permits and their ancillary conditions may result in administrative measures, including orders for information provision, monitoring, sample submission, restoration, or technical modifications to processes, as well as administrative fines. Responsible individuals may also be subject to personal liability in the event of violations.

Antitrust and Competition laws

Companies are subject to national and European antitrust and competition laws, which protect free and fair competition. Authorities such as the German Federal Cartel Office (*Bundeskartellamt*) and the European Commission monitor compliance and may initiate investigations in cases of suspected violations, including anti-competitive agreements or abuse of a dominant market position.

Regulations Relating to Personal Privacy and Personal Information Protection

The processing, including the collection and other use, of personal data is extensively regulated by European and national legislation, especially by Regulation (EU) 2016/679 (General Data Protection Regulation, "**GDPR**") and the German Federal Data Protection Act (*Bundesdatenschutzgesetz*, "**BDSG**"). In general, European data protection and data privacy laws regulate the processing of personal data in the European Union including its collection, storage, transfer and use. Under the GDPR, the concept of "personal data" is very broad and covers any information relating to an identified or identifiable individual, i.e., the related data subject.

Generally, processing under the GDPR is only lawful if and to the extent it can be supported by a specific legal basis for such processing, e.g., in case of a consent by the respective data subject or where processing is necessary for the performance of a contract to which the data subject is a party, for compliance with a legal obligation to which the controller is subject to or for the purposes of the legitimate interests pursued by the controller, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require the protection of the personal data.

Non-compliance with the GDPR may result in severe fines. Depending on the individual infringement, fines of up to 4% of the annual worldwide turnover for the last year or up to EUR 20.0 million may be imposed, whichever is higher. In addition, the GDPR grants individual data subjects the right to claim damages for violations of their rights under the GDPR.

Labor and Employment Laws

The most important specific laws regarding the German employment relationships are, among others, the following:

German Protection Against Unfair Dismissal Act

An employer's ability to (unilaterally) terminate an employment relationship is substantially restricted by the German Protection Against Unfair Dismissal Act (*Kündigungsschutzgesetz*; "**KSchG**"). The KSchG is applicable if an operating business location employs more than 10 full-time equivalent employees and the employee to be dismissed has been employed for more than 6 months. Under the KSchG, an ordinary dismissal (i.e. with notice) can only become effective if it is based on one of the three reasons for termination explicitly permitted by the KSchG. These include conduct-related dismissal, dismissal for reasons connected with the individual employee and dismissal for operational reasons.

Federal Vacation Act

The Federal Vacation Act (*Bundesurlaubsgesetz*; "**BUrlG**") sets forth the rules regarding the minimum vacation entitlement of employees, the granting of vacation as well as the expiry of vacation entitlement.

German Part-Time and Limited Term Employment Act

The German Part-Time and Limited Term Employment Act (*Teilzeit- und Befristungsgesetz*; "**TzBfG**") sets forth rules to promote part-time work, to define the requirements for the permissibility of employment agreements for part-time and limited terms and to prevent discrimination against part-time and limited term employees.

German Works Constitution Act

The German Works Constitution Act (*Betriebsverfassungsgesetz*; "**BetrVG**") stipulates employee codetermination within an operating business location. The most important codetermination body under the BetrVG is the works council, an elected employee representative body which has rights of its own towards the employer. It exercises most of the code-termination rights governed by the BetrVG for the employees.

German Collective Bargaining Agreements Act

The German Collective Bargaining Agreements Act (*Tarifvertragsgesetz*) regulates the right to and content of collective bargaining agreements. Collective bargaining agreement, *inter alia*, set forth a minimum standard for working conditions, such as remuneration, working hours and vacation entitlement.

Regulations Relating to Health and Safety at Work

Under German and European provisions, German companies must take measures related to health and safety at work. Inter alia, German companies are subject to EU regulations on occupational health and safety, in particular Council Directive 89/391/EEC of June 12, 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work, as amended and Council Directive 91/383/EEC of June 25, 1991 supplementing the measures to

encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship, as amended. These rules require employers to provide for their employees' safety. The applicable occupational safety regulatory regime also includes various other EU directives. In Germany, these directives were transposed into German law by the German Act on Occupational Protection (*Arbeitsschutzgesetz*) and the German Act on Occupational Safety (*Arbeitssicherheitsgesetz*). The general obligation to provide for the employees' safety is substantiated in several ordinances under the respective laws, which are further detailed in technical guidelines. The applicable occupational safety regulatory regime also includes the German Ordinance on Facility Safety (*Betriebssicherheitsverordnung*), the German Ordinance on Requirements for Workplaces (*Arbeitsstättenverordnung*) and several technical guidelines enacted under these ordinances. In general, compliance with employment safety regulations is subject to regulatory supervision.

Tax Laws

The German tax system comprises two basic categories, namely direct and indirect taxes. For direct taxes, the taxable entities bear the ultimate tax burden, e.g. income tax, corporation tax and trade tax. For indirect taxes, the tax debtor transfers the tax burden to another party.

Direct tax

The taxation of German companies depends on the entity's legal form. Corporations are treated as non-transparent for tax purposes, i.e. that the taxable profit is subject to taxation at the level of the corporation itself. Profits of corporations are subject to corporation tax (Kör*perschaftssteuergesetz*; "**KStG**"), solidarity surcharge and trade tax (*Gewerbesteuergesetz*; "**GewStG**").

(a) Corporation Tax Act (KStG)

Corporation tax is the income tax for corporations such as a liability limited company (*Gesellschaft mit beschränkter Haftung*; "**GmbH**") or a stock corporation (*Aktiengesellschaft*, "**AG**"). The tax is calculated based on the taxable income earned during the calendar year. Corporation tax is levied at the rate of 15% on taxable profits. In addition, a solidarity surcharge of 5.5% is applied to the corporation tax, resulting in an effective total tax rate of 15.825%.

(b) Trade Tax Act (GewStG)

All commercial businesses operating in Germany are also subject to trade tax (*Gewerbesteuer*). A business is considered to operate in Germany if it maintains a permanent establishment, i.e. a place of business, in the country. The activities of a corporation such as a GmbH are always regarded as commercial business operations. Trade tax is assessed and collected by the relevant local authority, which also sets the applicable tax rate. Consequently, rates vary by municipality, ranging from approximately 13 % to 18 % of taxable business income, with smaller towns generally applying lower rates and larger cities higher rates.

Indirect tax, Value Added Tax

In addition, all sales of goods and services are subject to value-added tax (VAT). Standard VAT under the Value Added Tax Act (*Umsatzsteuergesetz*; "**UStG**") in Germany is 19%, with a reduced rate of 7% applicable to certain goods and services. Intra-EU deliveries and exports are subject to special VAT rules to ensure proper tax treatment across borders.

Regulations on the Importation and Distribution of Products in Germany

Imports and exports of goods such as copper and copper alloy semi-finished products are subject to German and EU foreign-trade and customs law (notably the Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*) and the Foreign Trade and Payments Ordinance (*Außenwirtschaftsverordnung*) and the Union Customs Code), which provide for permit, notification and documentation obligations and may impose restrictions or controls for certain goods or countries. Failure to comply with these rules can lead to administrative measures, delays and additional costs.

Regulations Relating to Intellectual Property Rights

Patents

German companies can protect new inventions that involve an inventive step and are industrially applicable through German patents under the German Patent Act (*Patentgesetz*), granted by the German Patent and Trademark Office (*Deutsches Patent- und Markenamt* — "**DPMA**"). Companies may also apply for European patents via the European Patent Office, which can provide protection in selected contracting states of the European Patent Convention. In addition, German companies can also file for protection in the form of European patents with unitary effect ("**Unitary Patents**"). Unitary Patents grant the right holder one single patent right covering all states that ratified the Agreement on a Unified Patent Court, instead of a bundle of national patents.

The term of protection for German, European and Unitary patents is 20 years.

Utility Models

Technical inventions can additionally be protected via German utility models under the Utility Model Act (*Gebrauchsmustergesetz*). These rights are effective upon registration with the DPMA and are faster and less costly than patents, but not examined for novelty or inventive step, making them easier to challenge. The protection lasts 10 years.

Designs

The appearance of products of German companies is protected and regulated by the German Act on the Legal Protection of Designs (*Gesetz über den rechtlichen Schutz von Design*). To obtain protection, German companies may apply for the registration of design rights with the DPMA if the designs are new and of individual character. Design rights registered with the DPMA are only valid in Germany.

For EU-wide coverage, German companies may file an EU design application to the European Union Intellectual Property Office ("**EUIPO**"). An EU design offers protection in all member states of the EU. The protection of EU designs is regulated by the European Union Design Regulation (Regulation (EU) No. 2024/2822). The term of protection is up to 25 years (renewable in 5-year increments).

Trademarks

Trademarks, business names, and geographical indications can be protected in Germany under the German Trademark Act (*Markengesetz*) via the DPMA. For EU-wide protection, companies may register EU trademarks under the EU Trade Mark Regulation (Regulation (EU) 2017/1001) with the EUIPO covering all EU member states. Applications are examined for distinctiveness and descriptiveness. Registered trademarks grant exclusive rights for the designated goods or services for an initial term of 10 years, renewable indefinitely in 10-year periods. Third parties may oppose or seek cancellation; infringement claims are handled by national courts with EU-wide effect, while validity disputes are addressed by the EUIPO.

U.S. LAWS AND REGULATIONS

Regulations on Tariff

The U.S. government, under various legal authorities, maintains different tariff programs. These measures include, but are not limited to tariff measures imposed under: (i) Section 301 of the Trade Act of 1974 (the "**Section 301 Tariffs**"); (ii) Section 232 of the Trade Expansion Act of 1962 (the "**Section 232 Tariffs**"); and (iii) the International Emergency Economic Powers Act ("**IEEPA**") addressing the synthetic opioid supply chain ("**Fentanyl Tariffs**") and persistent U.S. trade deficits ("**Reciprocal Tariffs**") (collectively, the "**Executive Branch Tariffs**").

U.S. Section 301 Tariffs

On August 24, 2017, the Office of the United States Trade Representative ("**USTR**") initiated an investigation under Section 301 of the Trade Act of 1974 into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property and Innovation. On April 6, 2018, the USTR determined these practices were unreasonable or discriminatory and burdened U.S. commerce. As a result, the USTR imposed tariffs through a series of actions: the July 6, 2018, action (List 1) and the August 23, 2018, action (List 2), which applied 25% tariffs on certain Chinese products. Subsequent modifications introduced List 3, initially subject to a 10% tariff effective September 24, 2018, later increased to 25% on May 10, 2019, and Lists 4A and 4B, which imposed a 15% tariff effective September 1, 2019, later reduced to 7.5% on February 14, 2020. Tariffs that were to be imposed under List 4B and take effect on December 15, 2019 were suspended on December 13, 2019, pursuant to the Economic and Trade Agreement Between the Government of the United States of America and the Government of the People's Republic of China (the "**Phase One Agreement**").

As the four-year statutory review approached in 2022, the USTR commenced a reassessment of the Section 301 actions, after which the USTR recommended maintaining and strengthening Section 301 tariffs. On May 14, 2024, President Biden directed the USTR to maintain existing tariffs and increase rates on certain strategic products. On May 28, 2024, the USTR proposed modifications, including higher tariffs and five statistical reporting numbers. On September 18, 2024, the USTR issued a notice imposing additional duties or increasing existing rates on products in strategic sectors. Further, on October 24, 2025, the USTR announced a new Section 301 investigation into China's implementation of the Phase One Agreement.

U.S. Section 232 Tariffs on Copper Products

Section 232 of the Trade Expansion Act of 1962 authorizes the U.S. President to impose tariffs or other trade restrictions on imports that threaten to impair U.S. national security. Before such measures can be implemented, the U.S. Department of Commerce (the "**Commerce**") must investigate and determine whether imports pose a risk to national security. If the Commerce makes an affirmative finding in its report to the President, the President has 90 days to decide on appropriate actions, which may include tariffs, quotas, or exclusions, and must implement them within 15 days.

Under Section 232, significant actions have been taken in recent years. Following the conclusion of a Section 232 investigation into The Effects of Imports of Copper on National Security initiated on March 10, 2025, the United States imposed a tariff of 50% on certain copper imports via Proclamation 10962 on July 30, 2025. The tariff, effective with respect to goods entered for consumption or withdrawn from warehouse for consumption, on or after 12:01 a.m. EST on August 1, 2025, applies to U.S. imports of semi-finished copper products and intensive copper derivative products as described in the Annex to Proclamation 10962. Further, while Proclamation 10962 ordered that the Commerce Secretary establish an inclusions process for derivative copper products to be included within the scope of the 50% tariff, the Administration has not yet launched such a process.

U.S. Fentanyl Tariffs

In early 2025, the U.S. government introduced a new tariff regime targeting China under IEEPA as part of efforts to combat the fentanyl crisis. On February 1, 2025, President Trump issued an executive order declaring a national emergency and imposing an additional 10% ad valorem tariff on all Chinese-origin goods ("**Fentanyl Tariffs**"). This measure was intended to disrupt supply chains for fentanyl precursors and signal a strong policy response to synthetic opioid trafficking.

The Fentanyl Tariffs became effective on February 4, 2025 on imports from China at a rate of 10%. On March 3, 2025, the U.S. government increased the Fentanyl Tariffs to 20%. On October 30, 2025, following an agreement reached between the United States and China on various trade-related measures, the U.S. government announced in Executive Order 14357 that the Fentanyl Tariffs would be reduced to 10% until further modified, effective November 10, 2025.

U.S. Reciprocal Tariffs

On April 2, 2025, the U.S. government launched its "Reciprocal Tariffs" initiative through Executive Order 14257, "Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits", finding that persistent trade deficits posed an extraordinary threat to U.S. national security and economic stability. This order established a baseline reciprocal tariff of 10% on imports from most countries, effective April 5, 2025. Annex I of Executive Order 14257 set forth an additional ad valorem tariff for 57 countries, including a rate of 34% for China. Since the U.S. government announced the Reciprocal Tariffs policy in April 2025, the tariff rates applied to different countries have undergone multiple adjustments. Negotiations between the United States and China are ongoing. Subject to any new development, and pursuant to the agreement between the United States and China on October 30, 2025, the applicable Reciprocal Tariffs rate for China remains at 10% until November 10, 2026.

Regulations on Labor and Employment

Labor and employment laws in the United States stem from a combination of federal, state, and local laws and regulations. Federal statutes generally establish baseline requirements applicable to covered employers and employees, while state and local laws supplement these requirements by addressing matters not covered at the federal level or by providing heightened protections. Key federal laws include, among others, Title VII of the Civil Rights Act ("**Title VII**"), the Americans with Disabilities Act ("**ADA**"), the Age Discrimination in Employment Act ("**ADEA**"), the Fair Labor Standards Act ("**FLSA**"), the Family and Medical Leave Act ("**FMLA**"), the Occupational Safety and Health Act ("**OSH Act**"), the National Labor Relations Act ("**NLRA**"), the Genetic Information Nondiscrimination Act ("**GINA**"), the Equal Pay Act ("**EPA**"), and the Pregnant Workers Fairness Act ("**PWFA**") together with relevant state and local laws.

Employment discrimination laws, such as Title VII, ADA, GINA, EPA, and ADEA, prohibit various forms of discrimination based on protected characteristics including race, sex (including sexual orientation and gender identity), age, religion, color, national origin, genetic information, and disability, among others. Various federal and state laws prohibit retaliation against employees for engaging in protected activity. The FLSA establishes nationwide minimum wage and overtime rules for covered, nonexempt employees. The FMLA grants eligible employees of covered employers unpaid, job-protected leave for specified family and medical reasons. Employee privacy rights are governed by a combination of federal and state laws, with applicable requirements varying by jurisdiction and context. The OSH Act sets workplace safety and health standards, while the NLRA regulates labor-management relations and employees' rights to organize, bargain collectively, and engage in certain protected concerted activities. State right-to-work laws generally prohibit agreements requiring employees to join a union or pay union dues or fees as a condition of employment. Harassment and retaliation are also prohibited under various federal and state anti-discrimination laws. Restrictive covenant agreements are primarily governed by state law, and the applicable requirements and restrictions vary significantly by state. With respect to the foregoing, state and local laws may impose additional requirements on a state-by-state basis.

OVERVIEW OF THAI LAWS AND REGULATIONS

Regulation on Foreign Business in Thailand

The primary legislation governing foreign participation in business activities in Thailand is the Foreign Business Act, B.E. 2542 (1999) ("**FBA**") which restricts the rights of foreigners to engage in certain business activities in Thailand. In order for a foreigner to conduct operations in the business categories specified under the FBA, it must first obtain a Foreign Business License ("**FBL**").

The FBA categorizes restricted business activities into the following three (3) lists:

List 1: Businesses in which foreigners are strictly prohibited from operating for special reasons. No permission shall be granted under any circumstances.

List 2: Businesses related to national safety or security, businesses affecting arts, culture, traditions, customs and folk handicrafts, or businesses affecting natural resources or the environment, in which foreigners are prohibited from operating unless they obtain an FBL from the Minister of Commerce ("MOC") with the approval of the Cabinet. In order for a foreign legal entity to operate businesses under List 2, the FBA further requires that Thai nationals or non-foreign legal entities hold not less than 40% of the capital of such foreign legal entity and that at least two-fifths of the total number of directors be Thai nationals.

List 3: Businesses in which foreigners are prohibited from operating on the basis that Thai nationals are not yet ready to compete with foreigners, unless such foreigners obtain an FBL from the Director-General of the Department of Business Development under the MOC.

Under the FBA, the following categories of natural persons and juristic persons are classified as' foreigner' and are therefore subject to the restrictions set forth therein:

(i) a natural person who does not possess Thai nationality;

(ii) a juristic person not registered in Thailand;

(iii) a juristic person registered in Thailand in which at least one-half of the share capital is held by persons described in (i) or (ii) above; and

(iv) a juristic person registered in Thailand in which at least one-half of the share capital is held by persons described in (i), (ii), or (iii) above.

Notwithstanding the foregoing, foreigners may be exempted from the FBL requirements if they are able to secure:

(i) an investment promotion certificate from the Board of Investment ("**BOI**") under the Investment Promotion Act, B.E. 2520 (1977) ("**IPA"**);

(ii) a permit allowing foreigners to carry on an industry or trade for export under the Industrial Estate Authority of Thailand Act, B.E. 2522 (1979) ("**IEAT Act**"); or

(iii) the benefit of a treaty or international trade agreement to which Thailand is a party or by which it is bound, including the ASEAN Framework Agreement in Services ("**AFAS**"), the Treaty of Amity and Economic Relations between Thailand and the

United States of America ("**Thai-US Treaty**"), the ASEAN Comprehensive Investment Agreement ("**ACIA**"), the Thailand-Australia Free Trade Agreement ("**TAFTA**"), and the Japan-Thailand Economic Partnership Agreement ("**JTEPA**")) (collectively, the "**FBL Exemptions**").

A foreigner who operates any restricted business activity under the FBA without first obtaining an FBL from the MOC shall be subject to imprisonment for a term not exceeding 3 (three) years or a fine ranging from THB 100,000 (approximately USD3,100) to THB 1,000,000 (approximately USD31,000), or both. The court may also order the cessation of such restricted business operations or the divestiture of shareholding, as applicable. In the event of non-compliance with such court order, the foreigner shall be subject to a daily fine ranging from THB 10,000 (approximately USD310) to THB 50,000 (approximately USD1,600) for the duration of such non-compliance.

Where the foreigner committing such offence is a juristic person, any director or authorized representative of such juristic person who connived in the commission of such offence or failed to take reasonable steps to prevent such offence shall be subject to imprisonment for a term not exceeding 3 (three) years or to a fine of THB 100,000 (approximately USD3,100) to THB 1,000,000 (approximately USD31,000) or to both.

Regulations on Investment

The BOI operates under the Office of the Prime Minister and is the principal government agency responsible for promoting investment in Thailand. Eligible business categories include those that are (i) important and beneficial to the economic and social development, and security of the country, (ii) involve production for export, (iii) have a high content of capital, labor, or services, or (iv) utilize agricultural produce or natural resources as raw materials.

Under the IPA, the BOI grants tax incentives to BOI-promoted persons, which vary depending on the applicable BOI-promoted business category. In addition, the BOI grants non-tax incentives, such as permission to own land, permission to take out or remit money abroad in foreign currency, and the issuance of work permits and visas for foreign nationals working on the BOI-promoted project without being subject to the quota and minimum capital requirements typically applicable to private limited companies, which otherwise mandate the employment of 4 (four) Thai nationals for every 1 (one) foreign national employed.

By securing an investment promotion certificate from the BOI under the IPA, a BOI-promoted person that is a foreigner is granted an exemption from the FBL requirements and is permitted to be wholly foreign-owned under the FBA.

BOI-promoted persons are required to comply with the conditions set forth in their respective investment promotion certificates, including, but not limited to, restrictions on the use of machinery, the permitted scope of business activities, applicable environmental standards, and periodic reporting obligations to the BOI. Failure to comply with such conditions may result in the partial or full revocation of the incentives granted under the IPA.

Operational Licenses on Manufacturing

1. Factory License

The Factory Act B.E. 2535 (1992) ("**FA**") governs factory operations in Thailand. Under this FA, a "factory" is defined as a building, location, or vehicle that either: (i) uses machinery with a combined capacity of 50 (fifty) horsepower or more (or its equivalent), or (ii) employs 50 (fifty) or more workers, regardless of machinery use.

The FA classifies factories into 3 (three) categories based on operational requirements:

(i) Type 1 Factories: No prior notification or permission is required for operation.

(ii) Type 2 Factories: Operators must notify the relevant authorities before commencing operations.

(iii) Type 3 Factories: Operators must secure a license from the relevant authorities prior to operation.

Non-compliance with these requirements may result in penalties, including fines and/or imprisonment, depending on the type of factory and the nature of the violation.

Under Ministerial Regulation issued by virtue of the FA, a factory engaged in operations of smelting, alloying, refining, melting, casting, rolling, drawing, or the primary production of metals other than iron or steel is classified as a Type 3 Factory under Factory Category No. 60, and the factory operator is required to obtain a Type 3 Factory License from the Department of Industrial Works ("**DIW**").

Factory operators are also obligated to comply with regulations issued by the Ministry of Industry or the Department of Industrial Works. These regulations, established under the authority of the Factory Act, are designed to regulate and oversee various aspects of factory operations. The specific requirements vary based on industry types and factory sizes. They may include provisions related to the location and surrounding environment of the factory, the types or specifications of machinery used, the qualifications of personnel or workers employed, and standards and methods for waste management, among other factors.

Key compliance obligations for license holders of Type 3 Factory License include obtaining prior approval before making significant changes to operations, implementing proper environmental and safety measures, conducting regular inspections and maintenance, and submitting periodic reports to the DIW. They must also ensure compliance with relevant environmental in respect to water, soil and groundwater, air, industrial waste, personnel, and safety.

Failure to comply with these requirements or regulations can result in penalties, such as fines being imposed on the factory operator.

2. Business Detrimental to Health License

Under the Public Health Act B.E. 2535 (1992) and the Notification of the Ministry of Public Health Re: Detrimental to Health Business, B.E. 2558 (2015), businesses involved in smelting ore and melting or casting metals must obtain a License for Operating Business Detrimental to Health from local authorities (i.e., district office or municipality) where the business is located.

Key compliance obligations for the license holder of License for Operating Business Detrimental to Health include maintaining a safe and orderly workplace by controlling dust, noise, waste, and air pollution, ensuring proper ventilation, providing personal protective equipment, managing raw materials, and offering occupational health education. Other obligations shall be subject to the local regulations depending on the area of operation.

If the business which is subject to the License for Operating Business Detrimental to Health is operated without this license, the business operator can be subject to a fine of up to THB 50,000 (approximately USD1,594) or an imprisonment of up to 6 months, or both, and can be subject to a penalty prescribed by local authorities where the business is located, as the case may be. In addition, if the business fails to comply with the obligations as prescribed by the Ministry of Public Health, it can be subject to a fine of up to THB 50,000 (approximately USD1,594) and can be subject to a penalty prescribed by local authorities where the business is located, as the case may be.

3. Import and Export Registration

Under Thai law, the importation and exportation of certain categories of goods is subject to control or restriction, and a specific registration, permit or license may be required. The relevant legislation includes the Export and Import of Goods Act B.E. 2522 (1979) and ministerial notifications issued thereunder.

To import or export products into or from Thailand, the importer/exporter must register with the Customs Department of Thailand as an importer/exporter and comply with customs clearance procedures, including the preparation and submission of a Goods Declaration, payment of applicable duties and taxes, and completion of cargo inspection and release processes.

In the case of exportation, exporters must also consider the laws and regulations of the jurisdictions of destination, including any import restrictions or product standards applicable in those jurisdictions. Exporters are responsible for obtaining the necessary licenses and ensuring compliance with customs, tariff and documentation requirements. Failure to comply with applicable export control laws may result in penalties such as fines, confiscation of goods or revocation of export privileges.

4. Industrial Standards

In Thailand, the regulation of industrial product standards is governed by the Industrial Product Standards Act B.E. 2511 (1968) ("**IPS Act"**) and its subsequent amendments, administered by the Thai Industrial Standards Institute ("**TISI**") under the Ministry of Industry. The IPS Act authorizes the TISI to establish and enforce Thailand Industrial Standards ("**TIS**"), which apply to both mandatory and voluntary product standards to ensure the safety, quality, and performance of industrial products within the country.

Under the IPS Act, there are 2 (two) types of standards:

(a) Mandatory Thailand Industrial Standards:

These standards apply to industrial products that are subject to a Royal Decree issued under the authority of the IPS Act. Such products must comply with the relevant TIS and obtain a mandatory TIS mark before they are manufactured, imported, or sold in Thailand. Manufacturers and importers of these products are required to obtain a license from TISI prior to the production or importation of these goods.

Failure to comply with the mandatory standards can result in penalties, including fines of up to THB 2 million (approximately USD63,000), imprisonment for up to 2 (two) years, or both, depending on the severity of the violation.

(b) Voluntary Thailand Industrial Standards:

These standards apply to industrial products that are not explicitly subject to a Royal Decree. Manufacturers may voluntarily choose to comply with TIS and apply for a voluntary TIS mark if they believe their products meet the applicable standards. While compliance with voluntary standards is not legally required, obtaining a voluntary TIS mark can enhance a product's credibility and market competitiveness.

5. Hazardous Substances

Under the Hazardous Substance Act B.E. 2535 (1992) ("**HSA**"), any person who wishes to produce, import, export, possess or order a regulated hazardous substance into Thailand is subject to compliance with the criteria and conditions as stipulated by the responsible Minister of Ministry of Industry.

Regulated hazardous substances are divided into 4 (four) categories under Section 18 of the HSA as follows:

(a) Category 1: production, importation, exportation or possession of which shall be in accordance with the prescribed criteria and procedure;

(b) Category 2: production, importation, exportation or possession of which requires an advance notification to be made to the competent officer, and shall be in accordance with prescribed criteria and procedures;

(c) Category 3: production, importation, exportation, or possession of which requires license; and

(d) Category 4: production, importation, exportation, or possession of which is prohibited.

Notifications of the Ministry of Industry prescribe the lists of hazardous substances, which are classified under Categories 1 – 4 as mentioned above and are subject to regulations and supervision under the specific governmental agencies being responsible governmental authorities or agencies overseeing, supervising, and controlling the production, importation/exportation or possession of such regulated hazardous substances. For instance, where Notification of the Ministry of Industry Re: List of Hazardous Substance specifies that certain controlled substances are under regulation of Department of Agriculture, Ministry of Agriculture and Cooperative, the Department of Agriculture would be the responsible governmental agencies in overseeing the production, importation/exportation, or possession of such controlled substances.

If the hazardous substances which are regulated under the HSA are produced, imported, exported, or possessed without complying with the prescribed criteria and procedure, registration, or licensing requirements, the penalty, such as a fine, an imprisonment, or both, can be imposed. The penalty varies, depending on the category of hazardous substances and the severity of the violation.

Environmental Requirements

For the business of manufacturing copper and copper products, the relevant environmental reporting requirements would be as follows, (i) environmental impact assessment ("**EIA**"); (ii) environmental and health impact assessment ("**EHIA**"); (iii) environmental safety assessment ("**ESA**").

1. EIA

The EIA requirements fall under the supervision of the Office of Natural Resources and Environmental Policy and Planning of Thailand ("**ONEP**"), by virtue of the Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992) ("**Environment Quality Act**").

Only certain types of projects are subject to the EIA requirements. Where an EIA is required, the operator must prepare and submit the EIA report to ONEP at the Ministry of Environment and Natural Resources. ONEP will preliminarily review the EIA report and, if ONEP is of the view that the EIA report is complete, it will submit the report to the Expert Committee for further review.

The EIA must be prepared by a licensed environmental specialist and approved by ONEP prior to applying for other relevant permits and licences, including building construction permits and operational licences applicable to the project.

However, business which is already subject to the EHIA requirement, as further elaborated below, is exempted from the EIA reporting requirement.

2. EHIA

Under the Environment Quality Act, an EHIA report is required for the operation of the determined projects which could have severe impact on environment health, sanitation and quality of life of the community. These determined projects include, among others, smelting or melting metals in the size as prescribed by ONEP.

The approval procedures for EHIA are similar to those of the EIA, whereby the application must be submitted to and approved by ONEP prior to the submission of any application of the operational licenses applicable to the project.

3. ESA

An ESA is an environmental impact assessment specifically required for operation of certain types of regulated factories under the FA. The applicable types of factories include Type 3 Factory under Category No. 60 only for factories which operate mineral smelting, ore dressing, or metal melting industries, excluding iron or steel industries, with a production capacity of 25 to less than 50 tons per day.

If an ESA is required, the ESA report must be submitted at the time of applying for the Factory License. The factory operator must submit a draft ESA report together with the factory license application and other supporting documents to the relevant authority, namely, the Provincial Industry Office for factories located outside Bangkok, or the DIW for factories located in Bangkok.

Regulations on Employment and Labour

The primary legislation governing employment and labor in Thailand includes the following, together with their respective amendments:

Civil and Commercial Code ("CCC") and Labor Protection Act B.E. 2541 (1998) ("LPA")

The CCC and the LPA constitute the 2 (two) principal legislative frameworks governing employment matters in Thailand. The CCC sets forth general provisions governing and defining the hire of services contract (i.e., the employment contract), while the LPA prescribes more specific regulations imposing obligations on employers and establishing minimum entitlements for employees in Thailand, including provisions concerning minimum entitlements relating to working hours, overtime, holidays, severance pay, and other fundamental employee rights.

Social Security Act B.E. 2533 (1990) ("SSA") and Workmen's Compensation Act B.E. 2537 (1994) ("WCA")

The SSA and the WCA establish frameworks for the provision of pension, welfare including healthcare, and compensation to employees who sustain injuries or illnesses arising out of or in the course of their employment. Employers are required to make contributions to both the Social Security Fund and the Workmen's Compensation Fund in order to ensure the provision of benefits to employees and to mitigate the financial risks associated with workplace injuries and occupational illnesses. Non-compliance with these contribution obligations constitutes a criminal offence, and may subject the employer to fines, imprisonment, or both.

Labour Skill Development Act B.E. 2545 (2002) ("LSDA")

The LSDA establishes a framework for the development and enhancement of labour skills in Thailand. Employers having 100 (one hundred) or more employees are required to provide skills development trainings to not less than 50% of their total workforce annually. Employers who fail

to meet this training requirement are obligated to make financial contribution to the Skills Development Fund at the rate prescribed by law. Non-compliance with the contribution obligations under the LSDA may result in the imposition of surcharges and penalties.

Occupational Safety, Health and Environment Act B.E. 2554 (2011) ("OSHEA")

The OSHEA establishes a framework for occupational safety, health, and environmental standards in the workplace. Employers are required to maintain safe working conditions, implement appropriate safety measures, and ensure compliance with ministerial regulations issued thereunder. Employers with the prescribed number of employees are required to appoint qualified safety officers and establish occupational safety committees. In addition, employers are obligated to conduct workplace risk assessments, provide occupational safety and health training to employees, and report certain workplace accidents and incidents to the relevant authorities. Non-compliance with the requirements under the OSHEA may result in penalties, including fines and, in serious cases, imprisonment of responsible persons.

Promotion of the Quality of Life of Persons with Disabilities Act B.E. 2550 (2007) ("PQLPDA")

The PQLPDA establishes a framework to promote equal employment opportunities for persons with disabilities in Thailand. Employers having 100 (one hundred) or more employees are required to employ persons with disabilities at a ratio of not less than 1 (one) person with disabilities for every 100 (one hundred) employees. Employers who do not meet this employment quota may alternatively make financial contribution to the Fund for the Empowerment of Persons with Disabilities at the prescribed rate for each person with disabilities not employed. Employers who fail to comply with the employment quota requirement and do not fulfill the compliance may be subject to penalties and surcharges as prescribed under the PQLPDA.

Regulations on Tax

The principal legislation governing taxation and tax compliance in Thailand is the Thai Revenue Code ("**TRC**"), together with ministerial regulations, revenue rulings and notifications issued thereunder.

A company incorporated in Thailand is generally subject to corporate income tax ("**CIT**") on its net taxable profits at the prevailing statutory rate of 20%. Companies that are promoted by the BOI may be granted exemptions from CIT for a specified period, subject to compliance with the conditions stipulated in the relevant BOI promotion certificate.

Under the TRC, a company is required to deduct and remit withholding tax ("**WHT**") on certain categories of payments, including but not limited to service fees, interest, royalties and rental payments. The applicable WHT rates vary depending on the nature of the payment and the tax residency and status of the income recipient.

Value Added Tax ("**VAT**") is imposed on the sale of goods, the provision of services in Thailand and the importation of goods at the reduced statutory rate of 7%. The export of goods from Thailand is subject to VAT at a 0%. A business operator with annual turnover of THB 1.8 million or more is required to register as a VAT registrant under the TRC. Once registered, a VAT registrant is required to file monthly VAT returns regardless of whether VAT is payable for the relevant tax period.

Stamp duty is imposed on certain instruments expressly listed in the stamp duty schedule to the TRC, with the applicable rates determined by reference to the type and value of the instrument. Instruments not specified in the stamp duty schedule, including sale of goods agreements, are not subject to stamp duty under Thai law. Stamp duty is payable on the share transfer documents at the rate of 0.1% on the greater of paid-up value of shares or share consideration.

OVERVIEW

Our history can be traced back to August 2000 when business was founded by Mr. Feng Hailiang under Zhuji Panguan Co., Ltd. (海亮集團諸暨盤管有限公司) ("**Zhuji Panguan**"), with an initial focus on copper tubes and copper rods. With over 25 years of operations, the Company has developed and grown into a global provider of copper-based products, delivering advanced thermal management and conductive materials that empower customers worldwide to achieve enhanced energy efficiency. In January 2008, the A Shares of our Company were listed on the Shenzhen Stock Exchange (stock code: 002203). As of the Latest Practicable Date, Mr. Feng Hailiang is, directly and indirectly (through Hai Liang Group and Zhejiang Zhengmao), interested in approximately 30.11% of our total issued share capital and controlled 30.24% of our voting rights (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).

OUR MILESTONES

The following is a summary of our Group's key business development milestones:

2000	We expanded into overseas markets, began exporting our products abroad.
2001	Our Company was converted into a joint stock company with limited liability, with copper tubes and copper rods as our core products, laying the foundation for our main copper processing business.
2005	We establish our production base in Shanghai.
2007	We established our subsidiary and production base in Vietnam, expanding our production capacity overseas.
2008	Our A Shares were listed on the Shenzhen Stock Exchange (stock code: 002203).
2009	We established our subsidiary in the U.S. and tapped into the North American market.
2010	We established our production base in Anhui Province.
2015	We established our production base in Guangdong Province.
2016	We acquired JMF Company, enhancing our sales network in the North American market. We founded Zhejiang Hailiang New Material Co., Ltd. ("浙江海亮新材料有限公司") with an focus on the research, development and manufacturing of aluminum tubes, and have continued to deepen our presence in the metal materials industry.
2017	We commenced operation of our copper busbar production line in Zhuji City, Zhejiang Province. We acquired Luvata Heating Cooling Technologies (Thailand) Ltd., including its production bases in Thailand and Zhongshan City, Guangdong Province, expanding our copper heat management product line.

2018	We acquired Chengdu Bede, rapidly expanding our copper busbar business.
	We established our production base in Chongqing, further enhancing our production capacity coverage in Southwest China to meet the needs of the home appliance and automotive industries.
2019	We acquired three copper alloy rod manufacturing companies of KME Germany GmbH & Co. KG located in Germany, France, and Italy, as well as two copper tube production bases in Germany and Spain, enabling us to quickly gain production capacity and customer resources in the European market.
	We began construction of our copper tube production line in Texas, U.S., marking our official entry into local manufacturing in the North America.
2021	We established Gansu Hailiang, entering the electrolytic copper foil sector and expanding into the NEVs and semiconductor industries.
2023	We established PT Hailiang Nova Material Indonesia, launching overseas copper foil capacity planning to support the global expansion of China's new energy industry chain.
2024	We established Hailiang Morocco Enterprise to enhance our market coverage in Europe, the Middle East and Africa.
2025	We will establish our subsidiary focused on precision technology, providing thermal management products for the technology industry, including computing chips and data centers, serving the artificial intelligence sector.

OUR MAJOR SUBSIDIARIES

Our business operations have been carried out by our Company and our network of subsidiaries. The following sets forth information about our Major Subsidiaries as of the Latest Practicable Date:

Name	Place of establishment	Date of establishment	Principal business activities
Shanghai Hailiang Copper Industry Co., Ltd. (上海海亮銅業有限公司)	PRC	July 19, 2005	Production and sales of non-ferrous metal composite materials and new alloy materials
Ningbo Hailiang Copper Industry Co., Ltd. (寧波海亮銅業有限公司) . .	PRC	September 5, 2016	Sales of metallic materials
Hailiang (Anhui) Copper Industry Co., Ltd. (海亮(安徽)銅業有限公司)	PRC	July 8, 2010	Production and sales of copper and copper alloy pipes, fittings and metal products
Guangdong Hailiang Copper Industry Co., Ltd. (廣東海亮銅業有限公司)	PRC	March 17, 2015	Production and sales of non-ferrous metal alloys and processed metal materials

Name	Place of establishment	Date of establishment	Principal business activities
Gansu Hailiang New Energy Materials Co., Ltd. (甘肅海亮新能源材料有限公司)	PRC	November 10, 2021	Testing and inspection services and research, development, manufacturing and sales of electronic special materials and metallic materials
Hailiang Copper Texas Inc	U.S.	October 19, 2018	Production and sales of copper and brass products
HME Copper Germany GmbH	German	October 15, 2018	Production, sales and processing services of copper pipes for industrial and piping products
Loyal Hailiang Copper (Thailand) Co., Ltd.	Thailand	October 26, 1999	Production and sales of high-performance seamless air conditioning refrigerant pipes
HAILIANG (SINGAPORE) PTE. LTD.	Singapore	December 21, 2016	Sales of metals and metal ores
HAILIANG (VIETNAM) COPPER MANUFACTURING COMPANY LIMITED	Vietnam	August 8, 2008	Production of copper or copper alloy products and recycling of metal waste
HAILIANG (VIETNAM) METAL PRODUCTS CO., LTD	Vietnam	January 23, 2007	Production, processing and sales of copper and copper alloy products, and recycling of scrap metal
JMF Company	U.S.	March 18, 1968	Processing and distribution of insulation pipes, air conditioning and refrigeration and plumbing building materials
PT HAILIANG NOVA MATERIAL INDONESIA	Indonesia	March 1, 2023	Production, processing and sales of non-ferrous metals and related products
HAILIANG MOROCCO ENTERPRISE	Morocco	September 19, 2024	Production, processing and sales of precision brass bars and precision copper alloy tubing
HONG KONG HAILIANG METAL TRADING LIMITED (香港海亮銅貿易有限公司)	Hong Kong	December 9, 2006	Import and export of metallic materials and their products

CORPORATE DEVELOPMENT

The following sets forth the major shareholding changes and increase in the share capital of our Company.

Establishment and Conversion into Joint Stock Limited Company

Our predecessor, Zhuji Panguan, was founded in August 2000 and converted into a joint stock company with limited liability under the name of ZHE JIANG HAI LIANG CO., LTD. (浙江海亮股份有限公司) in October 2001, with a registered capital of RMB106,318,000 divided into 106,318,000 Shares of a nominal value of RMB1.00 each. Upon completion of the establishment and conversion, our Company was owned as to approximately 57.74% by Hai Liang Group, 2.17%

by Shaoxing Zhongyu Metal Materials Co., Ltd. (紹興市中宇金屬物資有限公司) ("**Shaoxing Zhongyu**"), which is an Independent Third Party, and 40.09% by other 34 individual Shareholders. Save for Mr. Zhu Zhangquan (朱張泉), Mr. Chen Dong (陳東), Mr. Jiang Lirong (蔣利榮), who serve as directors of our subsidiaries and Ms. Shang Feiyan (賞飛燕), who serves as a supervisor of our subsidiary, each of the remaining 30 individuals is an Independent Third Party.

A Share Offering and Listing on the Shenzhen Stock Exchange

After a series of shareholding changes and capital increases immediately prior to our Company's listing on the Shenzhen Stock Exchange, our total issued share capital increased from RMB106,318,000 to RMB345,100,000 divided into 345,100,000 Shares, and our Company was owned as to approximately 48.53% by Hai Liang Group, 34.86% by Z&P ENTERPRISES LLC ("**Z&P**"), 1.14% by Shaoxing Zhongyu and 15.47% by ten other individual Shareholders, who were our then Director, Supervisors, senior management and other core employees. Each of Z&P and Shaoxing Zhongyu is an Independent Third Party.

On January 16, 2008, as approved by the CSRC, our A Shares were listed on the Shenzhen Stock Exchange under the stock code of 002203.SZ, with 55,000,000 new Shares issued to the public. Upon completion of our A Share offering, our total share capital was RMB400,100,000 divided into 400,100,000 A Shares, with a nominal value of RMB1.00 each.

In December 2011, our Company placed and issued 115,912,209 A Shares to all then existing Shareholders on a pro-rata basis at the consideration of RMB6.66 per Share. Upon completion of the placing, our share capital increased to 516,012,209 A Shares. In May 2012 and September 2014, our Company converted our capital reserves into share capital and our total issued Shares further increased to 1,548,036,626 A Shares.

Placing of A Shares to Acquire Hai Liang EM in 2015

Zhejiang Hai Liang Environmental Materials Co., Ltd. (浙江海亮環境材料有限公司) ("**Hai Liang EM**") is a limited company incorporated under the laws of PRC and primarily engages in research, development, manufacturing, and sales of environmental materials. Prior to the acquisition by our Company, Hai Liang EM was owned as to approximately (i) 90.00% by Hai Liang Group and (ii) 10.00% by Zhejiang Zhengmao.

In June 2015, upon approval by the CSRC, our Company acquired the entire interest of Hai Liang EM at a total consideration of RMB660.0 million. The consideration was determined after arm's length negotiations with reference to the appraised valuation of Hai Liang EM, and was settled by our placing of 111,028,038 and 12,336,449 A Shares to Hai Liang Group and Zhejiang Zhengmao, then shareholders of Hai Lang EM, respectively at an issue price of RMB5.35 per A Share. Upon completion of the acquisition and placing, Hai Liang EM became our wholly owned subsidiary and our total issued Shares increased to 1,671,401,113 A Shares.

Restricted Shares Incentive Plan and Employee Stock Ownership Plan

In order to enhance our Company's competitiveness in the talent market, comprehensively address our growing needs for talent and build a high-quality workforce, we have adopted the 2016 Restricted Shares Incentive Plan, 2018 Employee Stock Ownership Plan, 2021 Employee Stock Ownership Plan and 2026 Employee Stock Ownership Plan.

Under the 2016 Restricted Shares Incentive Plan, 20,716,000 restricted A Shares and 3,900,000 restricted A Shares were granted to 190 and 163 grantees in two tranches, including Directors, senior management and other employees of our Company, in September 2016 and September 2017, respectively. Following the completion of the registration of the restricted A Shares granted under the 2016 Restricted Shares Incentive Plan, our total issued Shares increased to 1,696,017,113 A Shares. As of the Latest Practicable Date, there was no outstanding restricted

A Shares granted under the 2016 Restricted Shares Incentive Plan and the restricted A Shares granted pursuant to the 2016 Restricted Shares Incentive Plan have all been released from the lock-up period and have become A Shares without restrictive conditions of sale.

Pursuant to the 2018 Employee Stock Ownership Plan, our Company granted an aggregate of 12,519,688 A Shares to 426 participants through repurchase from the secondary market. As of the Latest Practicable Date, all the 12,519,688 A Shares under the 2018 Employee Stock Ownership Plan was fully granted and vested of and there is no outstanding shares under such plan.

From December 2017 to September 2021, our Company repurchase and canceled 946,400 A Shares under the 2016 Restricted Shares Incentive Plan.

Our Company has adopted the 2021 Employee Stock Ownership Plan and the 2026 Employee Stock Ownership Plan in April 2021 and January 2026, respectively. As of the Latest Practicable Date, the total number of A Shares held by the 2021 Employee Stock Ownership Plan was 5,600,044 for 118 participants and the total number of A Shares held by the 2026 Employee Stock Ownership Plan was 70,636,089 for 300 participants. See "Appendix IV — Statutory and General Information — Employee Stock Ownership Plans" for details.

Placing of A Shares in 2018

In September 2018, following the approval of our shareholders and CSRC, we were approved for a non-public offering of A Shares. In November 2018, we issued 256,860,319 A Shares to four qualified subscribers, namely Hai Liang Group, Huarong Ruitong Equity Investment Management Co., Ltd. (華融瑞通股權投資管理有限公司), Hua'an Property & Casualty Asset Management Co., Ltd. (華安財保資產管理有限責任公司) and Huian Fund Management Co., Ltd. (匯安基金管理有限責任公司), subscribing for 61,804,697, 28,430,160, 90,234,857 and 76,390,605 A Shares, respectively. Save as Hai Liang Group, each of the other three subscribers was an Independent Third Party. After the completion of this non-public offering, our total issued Shares increased to 1,952,458,432 A Shares.

Issuance of Convertible Bonds, Conversion and Redemption

In November 2019, we conducted a public issuance of convertible bonds of RMB3.15 billion at a par value of RMB100 (the "**Convertible Bonds**") to satisfy the Company's funding needs primarily for the construction of copper production base. The Convertible Bonds were listed on Shenzhen Stock Exchange (bond code: 128081) on December 16, 2019. The period for conversion of the Convertible Bonds into A Shares is from the date of the issuance of the Convertible Bonds to November 21, 2025, with an initial conversion price of RMB9.83 per A Share.

During May 2020 to September 2025, a total of 339,824,242 A Shares were converted from the Convertible Bonds and our total issued share capital increased to 2,291,755,274 A Shares in September 2025. The Convertible Bonds were delisted from the Shenzhen Stock Exchange on October 15, 2025.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

PUBLIC FLOAT

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3 billion.

Our A Shares are listed on the Shenzhen Stock Exchange. The total number of the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] represents [**REDACTED**]% of the total issued share capital of our Company (assuming the [**REDACTED**] is not exercised), which is higher than the prescribed percentage of H Shares required to be held in public hands of 10% under Rule 19A.13A(2)(a) of the Listing Rules, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

FREE FLOAT

Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of [**REDACTED**], this will normally mean that the portion of H shares for which [**REDACTED**] is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of [**REDACTED**], must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of [**REDACTED**] (excluding treasury shares), with an expected market value at the time of [**REDACTED**] of not less than HK$[**REDACTED**]; or (b) have an expected market value at the time of [**REDACTED**] of not less than HK$[**REDACTED**]. The Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

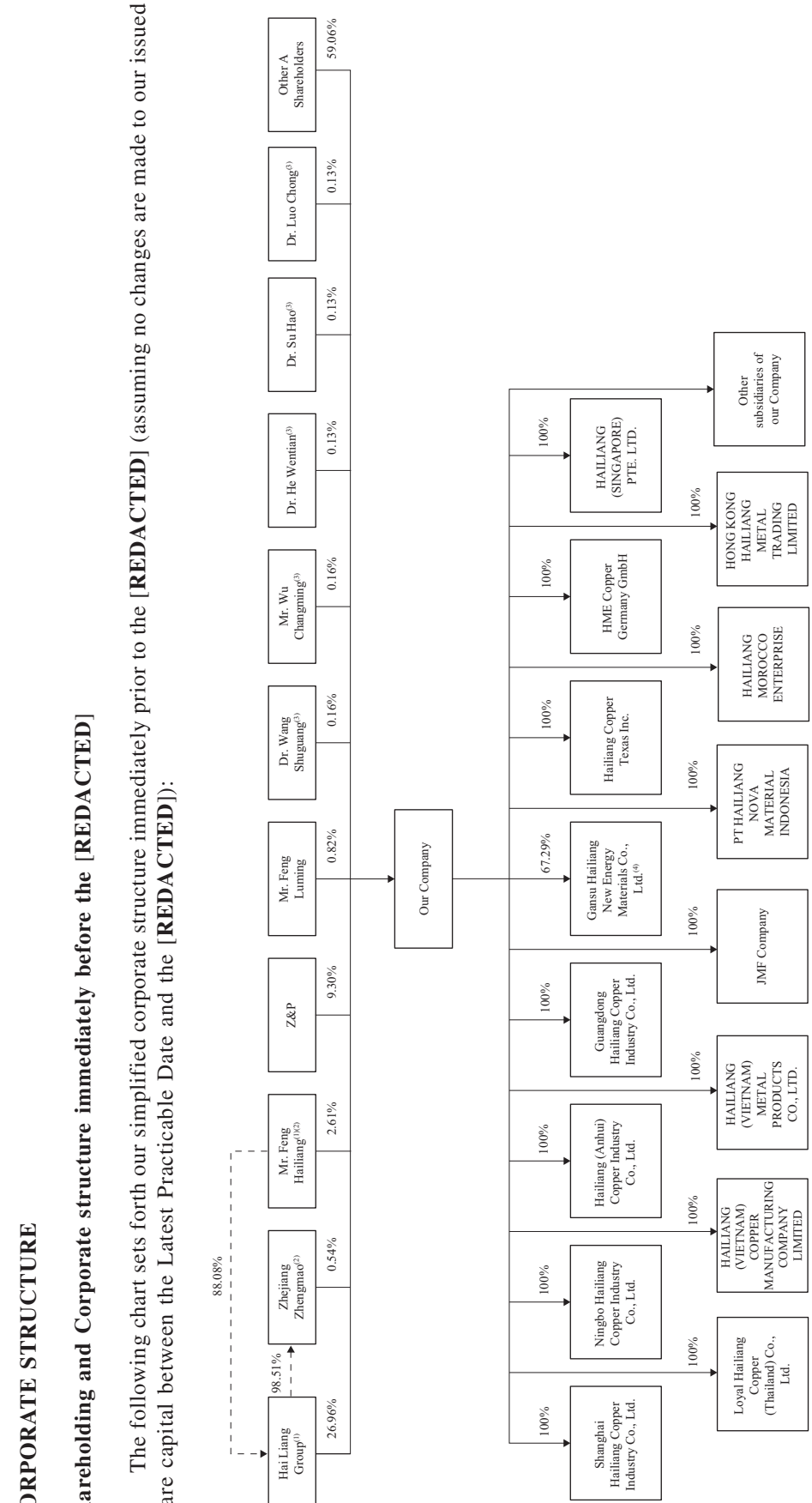
Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC, and, to the best knowledge of our Directors and having made all reasonable enquiries, there was no material matter that should be brought to the [**REDACTED**] attention in relation to our compliance record on the Shenzhen Stock Exchange. To the best knowledge of our Directors and as advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practical Date, we have complied with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in all material respects. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to promote our globalization strategy, improve our international brand image and competitiveness. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" for more details.

CORPORATE STRUCTURE

Shareholding and Corporate structure immediately before the [REDACTED]

The following chart sets forth our simplified corporate structure immediately prior to the [**REDACTED**] (assuming no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**]):



Notes:

(1) As of the Latest Practicable Date, Hai Liang Group was owned as to (i) 41.24% by Mr. Feng Hailiang, (ii) 38.05% by Ningbo Zhetao Investment Holding Co., Ltd. (寧波哲韜投資控股有限公司) ("**Ningbo Zhetao**"), (iii) 8.79% by Ningbo Dunshi Investment Co., Ltd. (寧波敦士投資有限公司) ("**Ningbo Dunshi**"), (iv) 2.85% by Mr. Tang Lu (唐魯), the nephew of Mr. Feng Hailiang, (v) 1.10% and 1.10% by Mr. Jiang Lirong (蔣利榮) and Mr. Zhu Zhangquan (朱張泉), respectively, each of whom is the director of our subsidiaries and (vi) 6.87% by other shareholders, each of whom is an Independent Third Party.

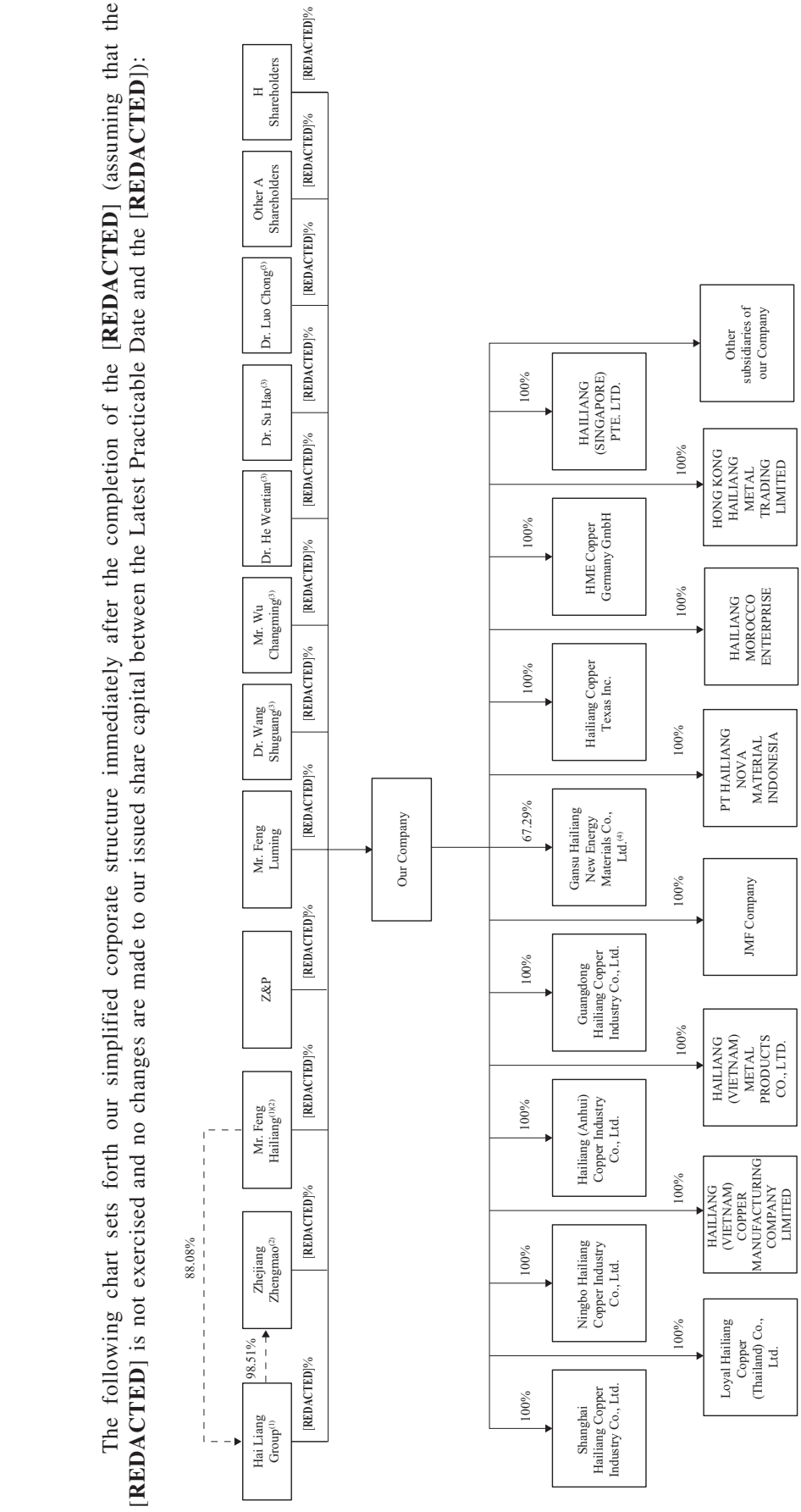
Ningbo Dunshi is owned as to 96.65% by Mr. Feng Hailiang. Ningbo Zhetao is owned as to 58.84% by Mr. Feng Hailiang and 31.60% by Zhejiang Beize Group Co., Ltd. (浙江貝澤集團有限公司), which is in turn controlled by Mr. Feng Hailiang.

(2) As of the Latest Practicable Date, Zhejiang Zhengmao was owned as to (i) 58.47% by Hai Liang Group, (ii) 40.04% by Hailiang Metal Trade Group Co., Ltd. (海亮金屬貿易集團有限公司), which is a wholly owned subsidiary of Hai Liang Group and (iii) 1.49% by Zhejiang Jiaxing Charity Foundation (浙江嘉行慈善基金會), which is an Independent Third Party.

(3) Representing the Shares in which the Directors were interested under the 2021 Employee Stock Ownership Plan and 2026 Employee Stock Ownership Plan.

(4) As of the Latest Practicable Date, the remaining interest of Gansu Hailiang New Energy Materials Co., Ltd. (甘肅海亮新能源材料有限公司) ("**Gansu Hailiang**") was held as to (i) 23.36% by Shenchuangtou Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥)) ("**Shenchuangtou Fund**"), (ii) 4.67% by Hai Liang Group and (iii) 4.67% by Gongrong Jintou (Beijing) Emerging Industries Equity Investment Fund Partnership (Limited Partnership) (工融金投(北京)新興產業股權投資基金合夥企業(有限合夥)) ("**Gongrong Jintou**"). Each of Shenchuangtou Fund and Gongrong Jintou is an Independent Third Party.

The following chart sets forth our simplified corporate structure immediately after the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised and no changes are made to our issued share capital between the Latest Practicable Date and the [**REDACTED**]):



Notes (1) to (4): Please refer to the details contained in the preceding page.

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:

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.

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

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

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.

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.

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.

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 *(RMB in thousand)*	47,479,068	54,997,598	51,973,184	21,786,590	26,713,717
	Sales Volume *(thousand tons)*	945.1	1,019.7	953.6	403.5	348.1
	Average Selling Price *(RMB in thousand/ton)*	50.2	53.9	54.5	54.0	76.8
Overseas[(1)]	Revenue *(RMB in thousand)*	28,057,953	32,357,921	31,189,131	12,968,656	13,702,446
	Sales Volume *(thousand tons)*	479.2	547.6	473.2	204.9	176.9
	Average Selling Price *(RMB in thousand/ton)*	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

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

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.

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.

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.

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.

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

	Production Bases	Products manufactured	Approximate Gross Floor Area	Supplying Region	Origin	Year of commencing production/ business registration
			(sq.m.)			
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**]."

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			2025			2026		
	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]
	(thousand tons)	*(thousand tons)*	*(%)*	*(thousand tons)*	*(thousand tons)*	*(%)*	*(thousand tons)*	*(thousand tons)*	*(%)*	*(thousand tons)*	*(thousand tons)*	*(%)*	*(thousand tons)*	*(thousand tons)*	*(%)*
Asia															
China[4]	828.0	605.2	73.1	909.0	718.6	79.1	936.0	706.0	75.4	390.0	309.0	79.2	390.0	331.0	84.9
Indonesia[5]	–	–	–	10	1.5	14.9	12.5	7.1	56.4	5.2	3.2	61.6	10.4	4.7	45.2
Thailand[6]	50.0	33.9	67.8	70.0	35.7	51.0	70.0	38.4	54.8	29.2	18.9	64.8	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	40.0	95.9	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	11.4	34.1	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	30.1	49.9	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	25.3	57.7	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	0.5	59.6	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	45.5	37.5	15.5	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.

(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.

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			2024			2025			2025			2026		
	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]
	(thousand tons)	*(thousand tons)*	*(%)*	*(thousand tons)*	*(thousand tons)*	*(%)*	*(thousand tons)*	*(thousand tons)*	*(%)*	*(thousand tons)*	*(thousand tons)*	*(%)*	*(thousand tons)*	*(thousand tons)*	*(%)*
Copper tubes[4]	803.0	631.5	78.6	894.0	724.9	81.1	981.0	669.4	68.2	390.0	319.5	81.9	408.8	307.8	75.3
Copper rods[5]	390.0	173.7	44.5	380.0	207.9	54.7	380.0	209.5	55.1	158.3	80.6	50.9	158.3	87.8	55.5
Copper busbars[6]	38.0	34.2	90.0	62.0	39.4	63.5	67.0	45.9	68.5	27.9	17.6	62.9	32.1	20.6	64.2
Copper foils[7]	50.0	11.3	22.6	85.0	37.3	43.8	102.5	69.4	67.7	36.5	24.0	66.0	43.8	44.0	100.5
Aluminum-based products[8]	10.0	4.5	44.5	10.0	4.6	45.8	10.0	5.1	51.1	4.2	2.3	54.3	4.2	2.1	49.3

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 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.

(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 volume divided by the designed production capacity during the same year/period.

(4) 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.

(5) 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.

(6) 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.

(7) 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.

(8) 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.

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

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.

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.

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

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.

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.

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,

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.

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.

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."

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.

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.

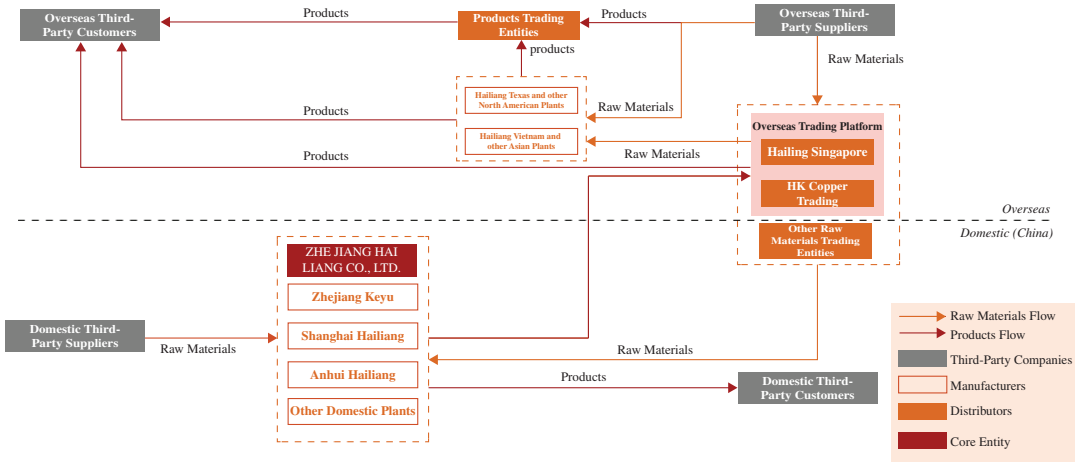
TRANSFER PRICING

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.

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.



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%**

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:

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%	

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.

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%			

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%			

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%			

Five Months Ended May 31, 2026

Customer	Background	Products provided	Revenue	Percentage of Total Revenue	Year Business Relationship Started	Credit period	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	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**			

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	% 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	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

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

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

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

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.

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.

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.

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.

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

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

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.

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%.

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.

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

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_2e)	38,254.55	43,689.05	42,650.63	23,513.58
Scope 2 (Indirect emission) (tCO_2e)	590,822.38	774,485.39	818,226.25	430,407.66
Scope 3 (Other indirect emission) (tCO_2e)	537.78	1,243.26	556.20	166.12
Total GHG emission (tCO_2e)	629,614.72	819,417.70	861,433.08	454,087.36
Total GHG emission intensity (tCO_2e/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.

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%.

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 (《安全管理手冊》) 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.

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 ESGperformance. 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.

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.

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.

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.

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."

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.

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.

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.

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.

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.

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.

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.

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

OVERVIEW

Our Board consists of ten Directors, including five executive Directors, one non-executive Director and four independent non-executive Directors. Save for one employee representative director who is elected by the employees' representative meeting, all Directors are elected by the general meeting for a term of three years, which is renewable upon re-election. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings and investment plans of the Group, determining the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

DIRECTORS

The following table sets forth certain information of our Directors:

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Executive Directors					
Mr. FENG Luming (馮櫓銘)	39	Chairman of the Board, executive Director and president	August 2016	February 2023	Responsible for the formulation of the overall strategic planning of our Group and presiding over the Board affairs
Mr. WU Changming (吳長明)	49	Executive Director and vice president	August 2000	July 2025	Responsible for business development and marketing strategies of our Group
Dr. SU Hao (蘇浩)	33	Executive Director	June 2022	July 2025	Responsible for the operation and management of the overseas business of our Group
Dr. HE Wentian (何文天)	34	Executive Director	August 2023	July 2025	Responsible for the operation and management of emerging business of our Group
Dr. LUO Chong (羅沖)	35	Executive Director	July 2020	July 2025	Responsible for overseeing and managing our Group's new energy business, and performing the duties of an employee Director in compliance with the Articles of Association and applicable laws
Non-executive Director					
Dr. WANG Shuguang (王樹光)	40	Non-executive Director	September 2020	October 2020	Responsible for the strategic planing and development of the new energy business of our Group
Independent non-executive Directors					
Dr. LI Wengui (李文貴)	43	Independent non-executive Director	January 2025	January 2025	Responsible for providing independent advice and judgment on the operation and management to our Board

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Mr. WEN Xianjun (文獻軍)	63	Independent non-executive Director	September 2021	September 2021	Responsible for providing independent advice and judgment on the operation and management to our Board
Mr. ZHENG Jindu (鄭金都)	61	Independent non-executive Director	July 2025	July 2025	Responsible for providing independent advice and judgment on the operation and management to our Board
Mr. CHENG King Yip (鄭璟燁) . .	37	Independent non-executive Director	[**REDACTED**]	[**REDACTED**]	Responsible for providing independent advice and judgment on the operation and management to our Board

Executive Directors

Mr. Feng Luming (**馮櫓銘**), aged 39, is the chairman of the Board, executive Director and president of our Company. Mr. Feng joined our Group as a director in August 2016 and rejoined our Group as a Director and president of our Company in February 2023 and was appointed as the chairman of the Board in July 2025. Mr. Feng was re-designated as an executive Director in January 2026 and he is primarily responsible for the formulation of the overall strategic planning of our Group and presiding over the Board affairs.

Mr. Feng is a seasoned executive with strong leadership capabilities and a well established foundation in enterprise management and corporate governance, recognized for his ability to steer organizations across diverse sectors with clarity and steady judgment. Mr. Feng has over 10 years of experience in enterprise management and corporate governance. From August 2014 to March 2019, he served as the vice president of Hai Liang Group and has been serving as its director since March 2016. He has held or currently holds directorships in several companies across various industries, including an executive director of Zhejiang Hailiang Healthy Food Group Ltd. (浙江海亮健康食品集團有限公司) since August 2014, an executive director of Zhejiang Hailiang E-commerce Co., Ltd. (浙江海亮電子商務有限公司) since October 2015, an executive director of Hangzhou Puying Trading Limited (杭州璞熒貿易有限公司) from December 2015 to December 2023, an executive director of Shuoao International Holdings Limited (碩奧國際控股有限公司) (a company listed on the Stock Exchange, stock code: 2336) since May 2017, and a director of Hangzhou Hailiang Early Childhood Education Group Co., Ltd. (杭州海亮學前教育集團有限公司) from July 2017 to January 2025.

Mr. Feng currently holds a number of important social and industry positions, including the vice chairman of the Copper Branch of the China Nonferrous Metals Industry Association (中國有色金屬工業協會銅業分會), vice chairman of the China Nonferrous Metals Processing Industry Association (中國有色金屬加工工業協會), vice president of the Zhejiang Young Entrepreneurs Association (浙江省青年企業家協會), vice president of the Zhejiang New Generation Entrepreneurs Association (浙江省新生代企業家聯誼會), executive chairman of the Young Entrepreneurs Committee of the Zhejiang Chamber of Commerce (浙商總會青年企業家委員會).

Mr. Feng obtained a bachelor's degree in entrepreneurship and innovation and a master's degree in global entrepreneurship and management from University of San Francisco in the United States in May 2013 and August 2014, respectively. He obtained a master's degree in business administration from Columbia University, London Business School and the University of Hong Kong in June 2021.

Mr. Wu Changming (吳長明), aged 49, is an executive Director and vice president of our Company. Mr. Wu joined our Group in August 2000 and has served as a vice president since February 2023 and as a Director since July 2025. Mr. Wu was re-designated as an executive Director in January 2026. In addition to these roles, Mr. Wu currently holds directorships at five subsidiaries within our Group. He is responsible for business development and marketing strategies of the Group.

Mr. Wu has over 20 years of experience in sales and business operations. Mr. Wu joined our Group in August 2000 and has successively served as salesperson, sales director, general manager, and vice president of our Group. His professional journey has been firmly rooted in our organization, allowing him to build deep expertise in our sales system, a strong understanding of our business dynamics, and the ability to drive commercial growth from the frontline to senior management.

Mr. Wu obtained an associate degree in electrical technology from Zhejiang University of Technology (浙江工業大學) in the PRC in July 1998.

Dr. Su Hao (蘇浩), aged 33, is an executive Director. Dr. Su joined our Group in June 2022 and has served as a Director since July 2025 and was re-designated as an executive Director in January 2026. He is responsible for the operation and management of the overseas business of our Group.

Dr. Su has relevant experience in engineering as well as corporate management and operations. From June 2022 to February 2025, he successively served as an assistant manager, a deputy general manager and general manager of Zhejiang Hailiang New Materials Co., Ltd. (浙江海亮新材料有限公司), a wholly-owned subsidiary of our Company.

Dr. Su obtained a bachelor's degree in mechanical design, manufacturing and automation from Northwestern Polytechnical University (西北工業大學) in the PRC in July 2014. He obtained a master's degree in astronautical engineering in Beijing University of Aeronautics and Astronautics (北京航空航天大學) and a doctorate degree in mechanical engineering from Tsinghua University (清華大學) in the PRC in March 2018 and June 2022 respectively.

Dr. He Wentian (何文天), aged 34, is an executive Director. Dr. He joined our Group as an assistant president in August 2023 and served as a Director since July 2025. He was re-designated as an executive Director in January 2026. He is responsible for the operation and management of the emerging businesses of our Group.

Dr. He served as the rotating president of Hai Liang Group from December 2023 to January 2026, primarily responsible for management of human resource, digital transformation and daily management. His experience accumulated in Hai Liang Group has brought our Group enhanced management capabilities, particularly in organizational development and digital transformation.

Dr. He obtained a bachelor' degree in international business economics from University of Nottingham Ningbo China (寧波諾丁漢大學) in the PRC in July 2014, a master's degree in management, information systems and digital innovation from The London School of Economics and Political Science in the United Kingdom in November 2015 and a doctorate degree in business management from Tsinghua University (清華大學) in the PRC in August 2022.

Dr. Luo Chong (羅沖), aged 35, is an executive Director. Dr. Luo joined our Group as an assistant to the chairman of the Board in July 2020 and served as a director since July 2025 and was re-designated as an executive Director in January 2026. He is primarily responsible for overseeing and managing our Group's new energy business, and performing the duties of an employee Director in compliance with the Articles of Association and applicable laws.

Dr. Luo has successively assumed several positions across our Group, including: (i) the assistant to the chairman of the Board from July 2020 to August 2021, (ii) employee representative supervisor from September 2022 to July 2025, (iii) the vice chairman of the labor union committee of our Company since June 2025, and (iv) the assistant to the general manager of Zhejiang Keyu from August 2021 to June 2022 and Gansu Hailiang from July 2022 to October 2024, each a subsidiary of our Company. His experience accumulated from these roles, primarily overseeing production and sales management, has further strengthened our Group's operational capabilities.

Dr. Luo is recognized as a senior engineer (associate senior) in materials forming and control engineering by Lanzhou New Area Professional Title Reform Office of Gansu Province (甘肅省蘭州新區職稱改革辦公室) in April 2023. He is also awarded the first prize in the third innovation and entrepreneurship competition of Lanzhou New Area by Lanzhou New Area Science and Technology Development Bureau of Gansu Province (甘肅省蘭州新區科技發展局) in July 2022, first prize of 2024 Gansu science and technology progress award in metallurgical and nonferrous industries by Gansu Society for Metals (甘肅省金屬學會) in December 2024 and first prize in the 13th China innovation and entrepreneurship competition (Gansu Division) by Gansu Department of Science and Technology (甘肅省科學技術廳) in December 2024.

Dr. Luo obtained a bachelor's degree in materials forming and control engineering from Northwestern Polytechnical University (西北工業大學) in PRC in July 2014 and a doctorate degree in mechanical engineering from Tsinghua University (清華大學) in PRC in July 2019.

Non-executive Director

Dr. Wang Shuguang (王樹光), aged 40, is a non-executive Director. Dr. Wang joined our Group in September 2020 and has been served as a director since then and was re-designated as a non-executive Director in January 2026. He also served as the president of Hai Liang Group since January 2026. He is primarily responsible for the strategic planing and development of the new energy materials sector.

Dr. Wang has over 10 years of experience in financial management and risk management. From July 2011 to October 2013, Dr. Wang served as the head of the Treasury Division of the Finance Bureau of Urumqi High-tech Industrial Development Zone (Xinshi District) (烏魯木齊高新技術產業開發區(新市區)財政局國庫科). He subsequently served as the director of the State-owned Assets Management Center of Urumqi High-tech Industrial Development Zone (Xinshi District) (烏魯木齊高新技術產業開發區(新市區)國有資產管理中心) from November 2013 to August 2017, and as the director of the Finance and Economic Affairs Office (Financial Affairs Office) of Urumqi High-tech Industrial Development Zone (Xinshi District) (烏魯木齊高新技術產業開發區(新市區)財經辦(金融辦)) from September 2017 to February 2019. He then served as the deputy director of the District Committee Office of Urumqi High-tech Industrial Development Zone (Xinshi District) (烏魯木齊高新技術產業開發區(新市區)區委辦公室) from March 2019 to August 2020. He also served as a director of Xinjiang Zhongke Yuanjiang Innovation and Entrepreneurship Private Equity Fund Management Co., Ltd. (新疆中科援疆創新創業私募基金管理有限公司) from October 2015 to November 2019 and served as the chairman of the board of Xinjiang High-tech CMB Fund Management Co., Ltd. (新疆高新招銀基金有限公司) from March 2016 to September 2020.

Dr. Wang obtained a bachelor's degree in trade economy, master's degree in public administration and doctorate degree of public administration from Renmin University of China (中國人民大學) in the PRC in June 2009, June 2011 and December 2018, respectively.

Independent non-executive Directors

Dr. Li Wengui (李文貴), aged 43, is an independent non-executive Director. Dr. Li was appointed as an independent Director in January 2025 and was re-designated as an independent non-executive Director in January 2026. She is mainly responsible for providing independent advice and judgment on the operation and management to our Board.

Dr. Li has over 10 years of experience in accounting, investment and financing. She served as an independent director of ZOY Home Furnishing Co., Ltd (中源家居股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603709) from December 2015 to September 2018, Mclon Jewellery Co., Ltd. (浙江曼卡龍珠寶股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300945) from November 2015 to December 2021 and Ningbo Tip Rubber Technology Co., Ltd (寧波天普橡膠科技股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 605255) from August 2018 to September 2024. She currently serves as an independent director of Hangzhou Fortune Gas Cryogenic Group Co., Ltd. (杭州福斯達深冷裝備股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603173) and Ningbo Daye Garden Machinery Co., Ltd (寧波大葉園林設備股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300879) since October 2020 and January 2023, respectively.

Dr. Li obtained a bachelor's degree in human resource management from China University of Mining and Technology (中國礦業大學) in PRC in July 2003, a master's degree in accounting from Sun Yat-sen University (中山大學) in PRC in June 2005 and a doctorate degree in accounting from Wuhan University (武漢大學) in PRC in June 2014.

Mr. Wen Xianjun (文獻軍), aged 63, is an independent non-executive Director. Mr. Wen was appointed as an independent Director in September 2021 and was re-designated as an independent non-executive Director in January 2026. He is mainly responsible for providing independent advice and judgment on the operation and management to our Board.

Mr. Wen has over 40 years of experience in research and application of non-ferrous metals. He served as an associate engineer of Beijing Non-Ferrous Research Institute (北京有色金屬研究總院) from 1984 to 1987, an engineer of the Science and Technology Bureau of China National Non-ferrous Metals Industry Corporation (中國有色金屬工業總公司) from 1990 to 1992. He served as the deputy director and senior engineer of the China Nonferrous Metals Industry Technology Development and Exchange Center (中國有色金屬工業技術開發交流中心) from 1992 to 1996, and as the deputy director and senior engineer of the Investment Operation Department of China National Non-ferrous Metals Industry Corporation (中國有色金屬工業總公司投資經營部) from 1996 until 1998. He then served as a deputy director of the Administration Division, a researcher at the department head level and a senior engineer of the State Nonferrous Metals Industry Administration of China (國家有色金屬工業局行業管理司) from 1998 to 2000 and a senior engineer (professor-level), deputy director of China Nonferrous Metals Industry Association (中國有色金屬工業協會) from April 2001 to April 2021.

Mr. Wen has also served as an independent director in various listed companies. He served as an independent director of Henan Zhongfu Industrial Co., Ltd. (河南中孚實業股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600595) from October 2009 to November 2014, Ningxia Orient Tantalum Industry Co., Ltd. (寧夏東方鉭業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000962) from April 2011 to October 2014, Zhejiang Dongliang New Material Co., Ltd. (浙江棟樑新材股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002082) from May 2011 to September 2013, Jiaozuo Wanfang Aluminum Manufacturing Co., Ltd. (焦作萬方鋁業股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000612) from July 2013 to February 2016, Suzhou Lopsking Aluminium Co. Ltd. (蘇州羅普斯金鋁業股份有限公司) (a company listed on the

Shenzhen Stock Exchange, stock code: 002333) from October 2013 to December 2014. He also served as the independent non-executive director of as China Zhongwang Holdings Limited (中國忠旺控股有限公司) (a company listed on the Stock Exchange, stock code: 1333) from August 2008 to July 2021.

He currently serves as an independent director of Henan Shenhuo Coal & Power Co., Ltd. (河南神火煤電股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000933) since May 2020, China Hongqiao Group Limited (中國宏橋集團有限公司) (a company listed on the Stock Exchange, stock code: 1378) since March 2021, Xingfa Aluminum Holdings Limited (興發鋁業控股有限公司) (a company listed on the Stock Exchange, stock code: 0098) since August 2021, Henan Zhongfu Industrial Co., Ltd (河南中孚實業股份有限公司) (a company listed on Shanghai Stock Exchange, stock code: 600595) since November 2021. He currently also served as the independent non-executive director of Nanshan Aluminum International Holdings Limited (南山鋁業國際股份有限公司) (a company listed on the Stock Exchange, stock code: 2610) since March 2025.

Mr. Wen obtained his bachelor's degree in metallic materials from Central South University (中南大學) (formerly known as Central-South Institute of Mining and Metallurgy (中南礦冶學院)) in PRC in July 1984 and his master's degree in metallic materials from Beijing General Research Institute of Nonferrous Metals (北京有色金屬研究總院) in PRC in July 1990.

Mr. Zheng Jindu (鄭金都), aged 61, is an independent non-executive Director. Mr. Zheng was appointed as an independent Director in July 2025 and was re-designated as an independent non-executive Director in January 2026. He is mainly responsible for providing independent advice and judgment on the operation and management to our Board.

Mr. Zheng has over 35 years of experience in compliance management and corporate governance. Mr. Zheng served as a lecturer in Zhejiang University (浙江大學) (formerly known as Hangzhou University (杭州大學)) from January 1992 to June 1996. From June 1996 to November 1998, he served as the vice director and lawyer of Hangzhou Guoqiang LLP (杭州國強律師事務所). From November 1998 to February 2024, he served as the director and lawyer of Zhejiang Liuhe LLP (浙江六和律師事務所). He currently serves as a chief partner and lawyer of Zhejiang Liuhe LLP.

Mr. Zheng has also served as an independent director and supervisor in various listed companies. He served as an independent director of Chang Jiang & Jing Gong Steel Building (Group) Co., Ltd (長江精工鋼結構(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600496) from July 2009 and July 2015 and Hangzhou Shenhao Technology Co., Ltd (杭州申昊科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300853) from August 2014 and September 2020. He currently serves as an independent director of Mclon Jewellery Co., Ltd. (浙江曼卡龍珠寶股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300945) since December 2024 and Hangzhou Weiguang Electronic Co., Ltd. (杭州微光電子股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002801) since December 2024 and a supervisor of Bank of Hangzhou Co., Ltd (杭州銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600926) since July 2023.

Mr. Zheng obtained his bachelor's degree in economic law from Zhejiang University (浙江大學) (formerly known as Hangzhou University (杭州大學)) in PRC in July 1986 and obtained his master's degree in law from China University of Political Science and Law (中國政法大學） in July 1989.

Mr. Cheng King Yip (鄭璟燁), aged 37, has been appointed as an independent non-executive Director with effect from the [**REDACTED**]. He is mainly responsible for providing independent advice and judgment on the operation and management to our Board.

Mr. Cheng has over 15 years of experience in sustainability advisory, ESG compliance, corporate governance, and risk management. Mr. Cheng served as an assistant manager of audit at KPMG (畢馬威會計師事務所) from December 2010 to July 2013. He served as the senior internal auditor of Chuangxin Industries Holdings Limited (創新實業集團有限公司) (a company listed on the Stock Exchange, stock code: 2788) from July 2013 to January 2015. He served as a project leader of risk advisory at Deloitte Advisory (Hong Kong) Limited (德勤諮詢(香港)有限公司) from January 2015 to July 2017. He served as financial controller at Success Dragon International Holdings Limited (勝龍國際控股有限公司) (a company listed on the Stock Exchange, stock code: 1182) from August 2017 to April 2018, and director at Roma Risk Consulting Limited (羅馬風險諮詢有限公司) from March 2022 to April 2023.

Mr. Cheng has also served as an independent non-executive director and supervisor in various listed companies. He served as an independent non-executive director of Summi (Group) Holdings Limited (森美(集團)有限公司) (a company listed on the Stock Exchange , stock code: 0756) from July 2022 to September 2022. He currently serves as an independent non-executive director of Hua Lien International (Holding) Co. Ltd (華聯國際(控股)有限公司) (a company listed on the Stock Exchange, stock code: 0969) since August 2025. He also serves as founding partner and director at PAL Advisory Limited (上邦永晉諮詢有限公司). He is a Chartered Accountant (ACA, England and Wales) and Certified ESG Analyst (CESGA) with Hong Kong Institute of Certified Public Accountants membership.

Mr. Cheng obtained a bachelor's degree in business administration (Honours) from City University of Hong Kong (香港城市大學) in Hong Kong in July 2010 and is currently pursuing a master's degree in Sustainable Development from The Hong Kong Polytechnic University (香港理工大學).

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day operations and management of the business of our Group. The following table sets out information regarding the members of senior management of our Company:

Name	Age	Position(s)	Time of joining our Group	Date of appointment as senior management	Roles and responsibilities
Mr. FENG Luming (馮櫓銘)	39	Chairman of the Board, executive Director and president	August 2016	February 2023	Responsible for the formulation of the overall strategic planning of our Group and presiding over the Board affairs
Mr. WU Changming (吳長明)	49	Executive Director and vice president	August 2000	February 2023	Responsible for overall development and marketing strategies of our Group
Mr. WANG Sheng (王盛)	56	Vice president	April 2015	April 2018	Responsible for daily operations and strategic implementation of our Group
Mr. CHEN Dong (陳東)	57	Chief financial officer	October 2001	August 2025	Responsible for the financial management and accounting of our Group
Ms. TONG Yingying (童瑩瑩)	45	Board secretary	August 2024	January 2025	Responsible for corporate governance and management of the investor relations of our Group

For details of the biographies of Mr. Feng Luming and Mr. Wu Changming, see "— Directors."

Mr. Wang Sheng (王盛), aged 56, is the vice president of our Company. He joined our Group in April 2015 and has been a vice president since April 2018. He is primarily responsible for the Group's daily operations and strategic implementation.

Mr. Wang has extensive experience in the copper industry. Prior to joining our Group, Mr. Wang worked in Jiangsu Taicang Copper Factory Co., Ltd. (江蘇太倉銅材廠有限公司) from July 1992 to July 2002 where he last served as a deputy factory director, and served as the deputy general manager of Shanghai Longyang Precision Composite Copper Tube Co., Ltd. (上海龍陽精密複合銅管有限公司) from August 2002 to August 2005. He also served as the general manager of Jiangxi Naile Copper Industry Co., Ltd. (江西耐樂銅業有限公司) from August 2005 to October 2014.

Mr. Wang obtained his bachelor's degree in metal pressure processing from Jiangxi University of Science and Technology (江西理工大學) (formerly known as Southern Institute of Metallurgy (南方冶金學院) in PRC in July 1992.

In June 2020, Mr. Wang received a caution letter (the "**Caution Letter**") from Zhejiang Bureau of the China Securities Regulatory Commission. According to the Caution Letter, Mr. Wang disposed of 96,375 A Shares on the secondary market in September 2019 with a total transaction amount of RMB1,030,800, which violated the Measures for the Administration of Information Disclosure by Listed Companies (《上市公司信息披露管理辦法》) and Certain Provisions on the Disposal of Shares Held by Shareholders, Directors, Supervisors, and Senior Management of Listed Companies (《上市公司股東、董監高減持股份的若干規定》). As of the Latest Practicable Date, save for the receipt of the Caution Letter, Mr. Wang has not been imposed any further penalties or involved in any other investigation, hearing or proceeding brought or instituted by any securities regulatory authority or stock exchange, relating to the Caution Letter. As advised by our PRC Legal Advisor, the Caution Letter does not constitute a major or severe administrative regulatory measure pursuant to applicable PRC laws and regulations, and would not impair the suitability of Mr. Wang to serve as a senior management of the Company. The Company has adopted internal control measures, including, among others, strengthened training for Directors, Supervisors and senior management on relevant securities laws and compliance requirements to prevent reoccurrence of similar non-compliance, and the Company will arrange to send notice to all Directors and relevant employees to remind them of the blackout period and the trading restrictions required by the Listing Rules after the [**REDACTED**].

Mr. Chen Dong (陳東), aged 57, is the chief financial officer of our Company. He joined our Group in October 2001 and served as the chief financial officer until April 2012. He rejoined our Group in September 2013 and served as the chief financial officer until August 2023, and he has resumed the position of chief financial officer since July 2025. He is primarily responsible for the financial management and accounting of our Group.

Mr. Chen has substantial experience in financial management. Prior to joining our Group, Mr. Chen served as the head of financial settlement center of Hai Liang Group from May 2012 and chief financial officer of Hailiang Group Finance Co., Ltd. (海亮集團財務有限公司) from February 2013. Since October 2001, he successively held several positions in various subsidiaries across our Group, including the director, chief financial officer and director of internal control audit center.

Mr. Chen obtained his bachelor's degree in tea studies from Zhejiang Agriculture University (浙江農業大學), which was later merged into Zhejiang University (浙江大學), in PRC in July 1990. Mr. Chen is recognized as a senior accountant by Zhejiang Human Resources and Social Security Department (浙江省人力資源和社會保障廳) in August 2008.

Ms. Tong Yingying (童瑩瑩), aged 45, is the Board secretary of our Company. She joined our Group in August 2024 and has been the Board secretary since January 2025. She is primarily responsible for corporate governance and management of the investor relations of our Group.

Prior to joining our Group, Ms. Tong served as the board secretary of Xiamen Hexing Packaging Printing Co., Ltd (廈門合興包裝印刷股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002228) and Sanxiang Impression Co., Ltd. (三湘印象股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000863) from January 2007 to December 2011 and September 2020 to June 2021, respectively.

Ms. Tong obtained a bachelor's degree in Finance and Economics from Xiamen University (廈門大學) in PRC in July 2001 and a master's degree in business administration from Fudan University (復旦大學) in PRC in June 2021.

INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

Saved as disclosed above, none of our Directors and senior management had been a director of any public company the securities of which were listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this document. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders, nor is there any information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Tong Yingying (童瑩瑩) has been the Board secretary since January 2025 and one of our joint company secretaries of our Company since January 7, 2026. See "— Senior Management" in this section for her biographical details.

Mr. Chow Tsz Ho (周梓浩) was appointed as a joint company secretary of our Company on January 7, 2026. Mr. Chow is an assistant manager of the Listing Services Department of TMF Hong Kong Limited and has about seven years of experience in the company secretarial field. Mr. Chow obtained a bachelor's degree in business administration (honour) from Hong Kong Shue Yan University in July 2018 and is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Company has established three Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the corporate governance practice under the Listing Rules, namely the Audit Committee, the Nomination, Remuneration and Assessment Committee and the Strategy and ESG Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Audit Committee of our Company consists of four Directors, namely Dr. Li Wengui, Mr. Wen Xianjun, Dr. Wang Shuguang and Mr. Cheng King Yip. Mr. Cheng King Yip serves as the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

- auditing the Company's financial information and its disclosure, supervising and evaluating internal and external audits and internal controls;

- reviewing the Company's finances and monitoring the conduct of the company's directors and senior management; and

- reviewing the Company's financial accounting reports and providing opinions on their truthfulness, accuracy, and completeness.

Nomination, Remuneration and Assessment Committee Committee

We have established the Nomination, Remuneration and Assessment Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Nomination, Remuneration and Assessment Committee of our Company consists of three Directors, namely Mr. Zheng Jindu, Dr. Li Wengui and Mr. Wu Changming. Mr. Zheng serves as the chairperson of the committee. The primary duties of the Nomination, Remuneration and Assessment Committee include, but are not limited to, the following:

- formulating selection criteria and procedures, performance evaluation standards, and conducting performance evaluations for Directors and senior management;

- formulating and reviewing the remuneration policies and plans for Directors and senior management; and

- making recommendations to the Board of Directors regarding the nomination or removal of directors.

Strategy and ESG Committee

We have established a Strategy and ESG Committee with written terms of reference. The Strategy and ESG Committee of our Company consists of three Directors, namely Mr. Feng Luming, Mr. Wen Xianjun and Mr. Zheng Jindu. Mr. Feng serves as the chairperson of the committee. The primary duties of the Strategy and ESG Committee include, but are not limited to, the following:

- conducting research on the company's long-term development strategic plan and making suggestions;

- conducting research on major investment and financing plans and making suggestions;

- conducting research on major capital operations and asset management projects and making suggestions; and

- conducting research on company's sustainability-related risks and ESG matters and making suggestions.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors, former supervisors of the Company (the "**Supervisors**") and senior management members receive remuneration in the forms of wages, salaries and bonuses, social security contributions, defined contribution plans, annuities, service fees and other benefits in kind.

The aggregate amount of remuneration paid to our Directors and Supervisors for the three years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026 were approximately RMB8.7 million, RMB9.7 million, RMB9.9 million and RMB2.8 million, respectively. Under the arrangement currently in force, we estimate the total remuneration before taxation, including estimated share-based payment expenses, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB12.92 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

The five highest paid employees during the three years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026 included one, one, three and three Directors, respectively. The aggregate amount of remuneration paid to remaining highest paid employees for the three years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026 were approximately RMB9.1 million, RMB6.5 million, RMB3.3 million and RMB0.9 million, respectively.

During the Track Record Period, there was no remuneration paid or payable by our Company to our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. During the Track Record Period, there was no compensation paid or payable by our Company to our Directors, former Directors or the five highest-paid individuals for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

During the Track Record Period, none of our Directors has waived or agreed to waive any remuneration or benefits in kind for the past three years. Save as disclosed above, there were no other payments paid or payable by our Company or any of our subsidiaries to our Directors or the five highest-paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [**REDACTED**].

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. We do not have a separate chairman of our Board and president, and Mr. Feng currently performs these two roles. Our Board believes that vesting the roles of both chairman of our Board and president in the same person has the benefit of (i) ensuring consistent leadership within our Group, (ii) enabling more effective and efficient overall strategic planning for our Group, and (iii) facilitating the flow of information between the management and our Board. In particular, given the Group's current strategic development stage and the fast-changing industry landscape in which it operates, the Board considers that the close alignment between strategic planning and operational execution remains important to the Group's business development.

Our Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable our Company to make and implement decisions promptly and effectively, given that: (i) our Board comprises four independent non-executive Directors, and we believe there is sufficient check and balance in our Board to protect the interests of our Group and the Shareholders; (ii) Mr. Feng and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Our Board will continue to review and consider splitting the roles of chairman of our Board and the president of our Company at a time when it is appropriate by taking into account the circumstances of our Group as a whole, including the Group's development stage, management structure and succession planning.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. We will also consider our own business model and special needs. The ultimate selection of Director candidates will be based on merits of the candidates and contribution that the candidates will bring to our Board.

Our Board currently consists of five executive Directors, one non-executive Director and four independent non-executive Directors including one female Director, with a diverse age and gender representation. The members of our Board obtained degrees in various majors including metallic materials, mechanical engineering, business management and economics. We consider that our Board has a balanced mix of skill set, experience, expertise, and diversity which enhances decision-making capability and the overall effectiveness of the Board in achieving sustainable business operation and enhancing shareholder value. We consider that our Board satisfies our Board Diversity Policy.

The Nomination, Remuneration and Assessment Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the [**REDACTED**], the Nomination, Remuneration and Assessment Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The Nomination, Remuneration and Assessment Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors (other than our independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on January 7, 2026, and (ii) understands the requirements under the Listing Rules that are applicable to him or her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of our Company or its subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his independence at the time of his or her appointments.

COMPLIANCE ADVISOR

We have appointed Maxa Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

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

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this Document or where our business activities, developments or results deviate from any forecast, estimate or other information in this Document; and

(d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or [**REDACTED**] volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment of our Compliance Advisor will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

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 engage 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.

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**].

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.

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**].

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**].

OVERVIEW

Upon [**REDACTED**], transaction between members of our Group and our connected person will constitute continuing connected transaction of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSON

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Hai Liang Group will hold approximately [**REDACTED**]% of our total issued [**REDACTED**]. Accordingly, Hai Liang Group will continue to be our substantial Shareholder upon the completion of the [**REDACTED**]. Therefore, Hai Liang Group and associates are our connected persons upon [**REDACTED**]. We have entered into certain transactions in the ordinary and normal course of our business with Hai Liang Group and associates, which will constitute continuing connected transactions upon [**REDACTED**].

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of our continuing connected transactions:

Nature of transactions	Applicable Listing Rules	Waiver Sought
Fully-Exempt Continuing Connected Transaction		
Procurement of Products from Hai Liang Group and its associates	14A.76(1)(a)	N/A
Partially-exempt Continuing Connected Transaction		
Procurement of Services from Hai Liang Group and its associates	14A.35, 14A.76(2) and 14A.105	Announcement requirement
Non-Exempt Continuing Connected Transaction		
Financial Services Framework Agreement	14A.35, 14A.36, 14A.90 and 14A.105	Announcement and independent Shareholders' approval requirement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In our ordinary and usual course of business, we have entered into a series of transactions with Hai Liang Group and certain associates on normal commercial terms, which will continue after the [**REDACTED**]. As our Directors currently expect, the highest applicable percentage ratio of such transactions calculated for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Under Rule 14A.76(1)(a) of the Listing Rules, these transactions are fully exempt from reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Procurement of Products from Hai Liang Group and its associates

Principal terms

We entered into a framework agreement with Hai Liang Group and its associates on [●] ("**Hai Liang Group Products Procurement Framework Agreement**"), pursuant to which Hai Liang Group and its certain associates will provide us with a range of administrative supplies, including food products, administrative office supplies, as well as other ancillary supplies necessary and other related consumables. Such transactions were conducted on normal commercial terms in the ordinary and usual course of our business and are expected to continue after the [**REDACTED**]. The pricing of the products procured from Hai Liang Group and its associates is determined on normal commercial terms and negotiated on an arm's length basis, having regard to factors including product type, quantity, quality and the prevailing market prices of similar products.

The initial term of Hai Liang Group Products Procurement Framework Agreement will commence on the [**REDACTED**] and will end on December 31, 2028 (both days inclusive), subject to renewal upon the mutual agreement of both parties thereto. Relevant parties under the Hai Liang Group Products Procurement Framework Agreement will enter into separate underlying agreements and/or orders which will set out the specific terms and conditions according to the principles.

Historical amounts

The historical transaction amounts in respect of the procurement of products from Hai Liang Group and its associates for the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026 were RMB4,519,501.31, RMB5,308,215.89, RMB6,676,643.10 and RMB3,097,569.73, respectively.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Procurement of Services from Hai Liang Group and its associates

Principal terms

We entered into framework agreement with Hai Liang Group and its associates on [●] ("**Hai Liang Group Services Procurement Framework Agreement**"), pursuant to which Hai Liang Group and its certain associates will provide us with a range of comprehensive operational support services for our business operation purposes, including catering services, information technology and related information services, property leasing and rental services, construction management services, education and training services, health consultation and medical examination services, advanced payment services, as well as various employee-benefit-related services and administrative expenses for daily business hospitality. Such agreements were entered into on normal commercial terms in the ordinary and usual course of our business and are expected to continue after the [**REDACTED**].

The initial term of Hai Liang Group Services Procurement Framework Agreement will commence on the [**REDACTED**] and will end on December 31, 2028 (both days inclusive), subject to renewal upon the mutual agreement of both parties thereto. Relevant parties under the Hai Liang Group Services Procurement Framework Agreement will enter into separate underlying agreements and/or orders which will set out the specific terms and conditions according to the principles.

Reasons for the transaction

The Group entered into the Hai Liang Group Service Procurement Framework Agreement with Hai Liang Group and its associates to procure various ancillary operational support services required for its day-to-day operations, including employee welfare-related services and administrative support services, which are not part of the Group's core business but are necessary for its ordinary course of business.

In addition to such ancillary services, the Group's demand for construction management services has increased since 2026. Such increase is primarily attributable to the expansion of the Group's copper foil business, which results in the Group's preparation for optimizing the layout of its domestic and overseas production bases. In addition, the Group has adjusted its production capacity plans and project arrangements accordingly, resulting in (i) the acceleration of certain existing projects which were previously planned to be deferred or progressed at a slower pace, and (ii) the initiation of new production facility construction and related infrastructure projects. These projects involve, among others, plant construction, installation and relocation of production lines, and other supporting works, which have led to an increase in the Group's demand for construction management services.

Hai Liang Group possesses the requisite resources and infrastructure to provide such services, and the Group is able to conveniently leverage these existing resources. This enables the Group to secure stable and efficient service support without engaging multiple external providers for relatively small-scale and ancillary service needs.

The Directors consider that the transactions are conducted on normal commercial terms in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pricing policies

The pricing of the services procured from Hai Liang Group and its associates is determined on normal commercial terms and negotiated on an arm's length basis, taking into account, among others, the nature and scope of the services required, the historical prices offered by Hailiang Group, the prevailing market prices for comparable services provided by Independent Third Parties, the quality and reliability of service delivery and the Company's actual operational needs.

Historical amounts

The historical transaction amounts in respect of the procurement of services from Hai Liang Group and its associates for the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026 were RMB16,996,143.95, RMB12,566,340.53, RMB60,107,974.00 and RMB21,953,100.17, respectively.

Annual caps and basis of annual caps

The transaction amounts in respect of our procurement of the above services under the Hai Liang Group Service Procurement Framework Agreement for the three years ending December 31, 2028 shall not exceed RMB386 million, RMB386 million and RMB386 million, respectively.

The above proposed annual caps are determined with reference to:

(i) the historical transaction amounts in respect of the procurement of services from Hai Liang Group and its associates. In particular, the historical transaction amount for 2025 increased significantly primarily because, from October 2025, Hengzhongda Construction Co., Ltd. (恒中達建築有限公司) ("**Hengzhongda**") became a connected person of the Group as a result of a 30% equity interest in Hengzhongda being acquired by a wholly-owned subsidiary of Hai Liang Group. Accordingly, although the Group had been conducting transactions relating to construction project entrusted management services with Hengzhongda prior to it becoming a connected person (with annual transaction amounts of approximately RMB100–200 million during the Track Record Period), only the transaction amounts incurred from October 2025 onwards were included in the historical transaction amounts in respect of the procurement of services from Hai Liang Group and its associates. As a result, the historical transaction amounts disclosed for the Track Record Period appeared relatively low prior to such inclusion, whereas only approximately two months of the relevant transactions were captured in 2025 for the purpose of the above historical transaction amounts;

(ii) the expected demand for (a) ancillary operational support services in light of the Group's business development and operational needs, including potential changes in employee numbers, employee welfare arrangements and office requirements; and (b) construction project entrusted management services arising from the expansion of the Group's copper foil business, including the acceleration of certain existing projects and the initiation of new production facility and supporting infrastructure projects across its domestic and overseas production bases;

(iii) the payment and settlement features of construction project entrusted management services. Payments and settlements for such services may not be incurred evenly over time and may be accelerated, deferred or concentrated in a particular year depending on factors including the progress of the relevant projects, completion and acceptance status, final settlement or audit timing, invoice issuance and internal payment approval procedures; and

(iv) the Group's expected production base development and expansion needs over the three years ending December 31, 2028. In particular, the Group may continue to undertake new, continuing or modified production facility and supporting infrastructure projects across its domestic and overseas production bases, and the annual transaction amount may fluctuate depending on the timing at which sizeable construction and project management-related items become payable.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions contemplated under the Hai Liang Group Service Procurement Framework Agreement for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis, pursuant to Rule 14A.76(2) of the Listing Rules, such transactions will, upon [**REDACTED**], constitute continuing connected transactions of our Company subject to the annual reporting and annual review requirements under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules, but exempt from the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Financial Services Framework Agreement

Principal terms

On April 24, 2025, our Company entered into a financial services framework agreement (the "**Financial Services Framework Agreement**") with Hailiang Group Finance Co., Ltd. (海亮集團財務有限責任公司) ("**Hailiang Finance**"), a subsidiary of Hai Liang Group and a finance company approved by the relevant regulatory authorities in the PRC. Hailiang Finance is licensed to provide finance company services to corporate groups, including deposit-taking from group member entities, provision of loans and bill discounting services to group member entities, fund settlement and payment services among group member entities, non-financing guarantees, bill acceptance and other financial management services within the group. Pursuant to the Financial Services Framework Agreement, Hailiang Finance will, from time to time, provide the following services to our Company:

(a) Deposit Services

Our Company may deposit cash with Hailiang Finance. The deposit interest rate offered by Hailiang Finance to our Company shall not be lower than the benchmark interest rate for deposits of the same type and term as promulgated by the People's Bank of China and the rates offered by other independent commercial banks in the PRC.

(b) Loan Services

Hailiang Finance may provide loan services to our Company. The loan interest rate charged by Hailiang Finance to our Company shall, in principle, not exceed the rate offered to Our Company by other major financial institutions in the PRC under similar conditions.

(c) Other Financial Services

Hailiang Finance may provide other financial services, such as payment and settlement services, bill discounting and acceptance, entrusted loan services, bond underwriting, non-financing guarantees, financial advisory and credit advisory services. The fees charged by Hailiang Finance for such services shall not exceed the standard rates set by the People's Bank of China and those charged by other independent commercial banks in the PRC. Hailiang Finance will provide all settlement services to our Company free of charge until December 31, 2027.

Reasons for the transaction

Hailiang Finance is a finance company duly approved by the relevant regulatory authorities in the PRC to provide financial services to corporate groups. The interest rates on deposits and loans, as well as the service fees for other financial services offered by Hailiang Finance, are no less favourable than those available from major commercial banks in the PRC. This ensures that the Group is able to access competitive terms, thereby reducing overall financing costs and improving returns on surplus funds. broaden the Group's financing channels, optimise financial management, enhance capital utilisation efficiency, reduce financing costs and risks, and provide stable funding support for the Group's long-term development.

Pricing policies

In terms of deposit services, any deposit services provided by Hailiang Finance under the Financial Services Framework Agreement will be on terms and conditions no less favorable than those offered by independent commercial banks in China for similar deposit services. The deposit interest rate(s) offered by Hailiang Finance will not be lower than (i) the benchmark interest rate(s) for deposits of the same type and tenor published by the PBOC, (ii) the interest rate(s) offered by other independent commercial banks in China for comparable deposits and (iii) the interest rate(s) it offers to independent third parties.

In terms of loan services, the interest rate for any loan facilities provided by Hailiang Finance under the Financial Services Framework Agreement will, subject to compliance with the relevant requirements of the PBOC, not be higher than the loan interest rate(s) offered to the Group by other major financial institutions in China for comparable loan services. The loan services constitute financial assistance provided to our Group by connected persons for the benefit of our Group under Rule 14A.90 of the Listing Rules. As the loan services are provided on normal commercial terms or better to our Group and are not secured by the assets of our Group, the receipt of such loan services is fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In terms of other financial services, the fees to be charged by Hailiang Finance for (i) the provision of settlement services shall not exceed the standard fee rates for the same type of services prescribed by the PBOC (where applicable) and those charged by independent commercial banks in the PRC for comparable services; and (ii) other financial services shall be charged at fees which do not exceed the fair market rates or the level of fees charged by independent commercial banks in the PRC for similar services. As the highest applicable percentage ratios in respect of the relevant annual service fees payable by the Group to Hailiang Finance in aggregate are expected to be below 0.1%, the provision of such financial services by Hailiang Finance to the Group will be fully exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Historical amounts

The historical transaction amounts in respect of the deposit, loan and other financial services with Hailiang Finance for the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026 are as follows:

	For the year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	(RMB'000)			
Maximum daily balance (including interests) of our Group's deposit services with Hailiang Finance	2,452,862.1	3,364,073.1	2,783,845.0	1,755,899.6
Loan services	–	1,000	1,000	1,000
Other financial services	115,000	115,408.1	116,284	115,539.8

Annual caps and basis of annual caps

The total transaction amount in respect of the deposit, loan and other financial services with Hailiang Finance for the three years ending December 31, 2026, 2027, and 2028 shall not exceed the proposed annual caps as set out below:

	For the year ending December 31,		
	2026	2027	2028
	(RMB'000)		
Maximum daily balance (including interests) of our Group's deposit services with Hailiang Finance	3,000,000	3,000,000	3,000,000
Loan services	1,000	1,000	1,000
Other financial services	150,000	150,000	150,000

The above proposed annual caps are determined with reference to: (a) the historical transaction amounts during the Track Record Period; (b) the current and expected future cash flow position of our Group in light of our estimated scale of business operation, leading to larger operational cash inflows to our Group, hence driving up the needs for our Group's deposit services with Hailiang Finance; and (c) the liquidity of our Group, including the cash and cash equivalents of our Group as of May 31, 2026.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the transactions under the Financial Services Framework Agreement are expected to exceed 5% on an annual basis, such transactions will, upon the [**REDACTED**], be subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

As the continuing connected transactions under "— Partially-Exempt Continuing Connected Transactions" and "— Non-exempt Continuing Connected Transaction" in this section are expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that strict compliance with the announcement and independent shareholders' approval requirements under the Listing Rules would be impractical and unduly burdensome and would lead to unnecessary administrative costs upon us.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waivers pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement and shareholders' approval requirement under Rules 14A.35 and 14A.36 of the Listing Rules in respect of transactions as disclosed in "— Partially-Exempt Continuing Connected Transactions" and "— Non-exempt Continuing Connected Transaction" in this section, provided that the total amount of such transactions for the three years ending December 31, 2026, 2027 and 2028 shall not exceed the proposed annual caps as set out in this section.

Apart from the announcement and shareholders' approval requirement from which a waiver is sought, the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that the partially-exempt and non-exempt continuing connected transactions as set out above have been and will be carried out in the ordinary and usual course of business of our Company and on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

(a) our Group has approved internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules;

(b) our Company will provide information and supporting documents to the independent non-executive Directors and the auditors of the Company in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors and the auditors of our Company will review the continuing connected transactions on an annual basis and confirm in our annual reports as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap; and

(c) When considering any renewal or revisions to the agreements after the [**REDACTED**], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transaction under rule 14A.35 of the Listing Rules.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (and assuming the [**REDACTED**] is not exercised), the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

				Assuming that the [REDACTED] is not exercised		Assuming that the [REDACTED] is fully exercised	
Name of Shareholder	**Nature of Interest**	**Number and Description of Shares[1]**	**Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date**	**Approximate percentage of shareholding in our A Shares immediately after the [REDACTED]**	**Approximate percentage of shareholding in the total share capital of our Company immediately after the [REDACTED]**	**Approximate percentage of shareholding in our A Shares immediately after the [REDACTED]**	**Approximate percentage of shareholding in the total share capital of our Company immediately after the [REDACTED]**
Mr. Feng Hailiang[2][3]	Beneficial owner	59,840,466 A Shares	2.61%	2.61%	[REDACTED]%	2.61%	[REDACTED]%
	Interest held by controlled corporation	630,194,088 A Shares	27.50%	27.50%	[REDACTED]%	27.50%	[REDACTED]%
Hai Liang Group[2][3][4]	Beneficial owner	617,857,639 A Shares	26.96%	26.96%	[REDACTED]%	26.96%	[REDACTED]%
	Interest held by controlled corporation	12,336,449 A Shares	0.54%	0.54%	[REDACTED]%	0.54%	[REDACTED]%
Z&P[5]	Beneficial owner	213,213,964 A Shares	9.30%	9.30%	[REDACTED]%	9.30%	[REDACTED]%

Notes:

(1) All interests are long positions.

(2) As of the Latest Practicable Date, Hai Liang Group was owned as to (i) 41.24% by Mr. Feng Hailiang, (ii) 38.05% by Ningbo Zhetao Investment Holding Co., Ltd. (寧波哲韜投資控股有限公司), which was owned as to 58.84% by Mr. Feng Hailiang and 31.60% by Zhejiang Beize Group Co., Ltd. (浙江貝澤集團有限公司), which is in turn controlled by Mr. Feng Hailiang and (iii) 8.79% by Ningbo Dunshi Investment Co., Ltd. (寧波敦士投資有限公司), which was controlled by Mr. Feng Hailiang. Therefore, under the SFO, Mr. Feng Hailiang is deemed to be interested in the entire Shares held by Hai Liang Group.

(3) As of the Latest Practicable Date, Zhejiang Zhengmao was owned as to (i) 58.47% by Hai Liang Group and (ii) 40.04% by Hailiang Metal Trade Group Co., Ltd. (海亮金屬貿易集團有限公司), which is a wholly owned subsidiary of Hai Liang Group. Therefore, under the SFO, each of Mr. Feng Hailiang, and Hai Liang Group is deemed to be interested in the entire Shares held by Zhejiang Zhengmao.

(4) As at the Latest Practicable Date, Hai Liang Group has pledged 148,050,000 A Shares, representing approximately 6.46% of the total issued share capital of our Company, as security in favour of certain PRC financial institutions in order to obtain external financing. As of the Latest Practicable Date, apart from holding A Shares in our Company, Hai Liang Group held sizeable amount of liquid assets which can be used to repay its indebtedness as and when it falls due, including cash and cash equivalent, financial products issued by financial institutions and equity investments in a number of companies with revenue-generating business operations, and has been able to obtain financing through a variety of financing channels, and there has not been any adverse credit records against Hai Liang Group in respect of any breach of repayment obligations under its indebtedness.

(5) As of the Latest Practicable Date, Z&P was a wholly owned subsidiary of Maxida International Company Limited ("**Maxida Limited**"), which is wholly owned by HU Yuanqing. Therefore, under the SFO, each of HU Yuanqing and Maxida Limited is deemed to be interested in the entire Shares held by Z&P.

Saved as disclosed above and in section headed "Appendix IV — Statutory and General Information", our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

OUR SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

Immediately before the [**REDACTED**]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB2,291,755,274, comprising 2,291,755,274 A Shares (including the 10,000,000 A Shares repurchased and held as treasury shares in our share repurchase account) of nominal value RMB1.00 each, which are all listed on the Shenzhen Stock Exchange.

Upon the Completion of the [**REDACTED**]

Immediately following completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	2,291,755,274	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

Immediately following completion of the [**REDACTED**], assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
A Shares in issue	2,291,755,274	[**REDACTED**]
H Shares to be [**REDACTED**] pursuant to the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	**100.00**

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

OUR SHARES

Our H Shares in [**REDACTED**] upon completion of the [**REDACTED**], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese [**REDACTED**], qualified foreign institutional [**REDACTED**] or qualified foreign strategic [**REDACTED**] and must be [**REDACTED**] in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. Our H Shares can be [**REDACTED**] for or [**REDACTED**] by Hong Kong and other overseas [**REDACTED**] and qualified domestic institutional [**REDACTED**]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [**REDACTED**] for and [**REDACTED**] by mainland Chinese [**REDACTED**] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of the A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of H Shares will receive share dividends in the form of H Shares, and holders of A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR [REDACTED] AND [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [**REDACTED**]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dual [**REDACTED**] in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [**REDACTED**] and [**REDACTED**] on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to [**REDACTED**] H Shares and seek the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on January 26, 2026 and is subject to the following conditions:

(1) Size of the [REDACTED]

The proposed number of H Shares to be [**REDACTED**] initially shall not exceed approximately [**REDACTED**]% of the total issued number of shares as enlarged by the H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (before the exercise of the [**REDACTED**]). The number of H Shares to be [**REDACTED**] pursuant to the full exercise of the [**REDACTED**] shall not exceed [**REDACTED**]% of the total number of H Shares to be [**REDACTED**] initially pursuant to the [**REDACTED**].

(2) Method of [REDACTED]

The method of [**REDACTED**] shall be by way of [**REDACTED**] for [**REDACTED**] in Hong Kong and an [**REDACTED**] to institutional and professional [**REDACTED**].

(3) Target [REDACTED]

The H Shares shall be [**REDACTED**] to public [**REDACTED**] in Hong Kong under the [**REDACTED**] and international [**REDACTED**], qualified domestic institutional [**REDACTED**] and other domestic eligible [**REDACTED**] entitled to [**REDACTED**] in securities abroad pursuant to relevant PRC laws and regulations in the [**REDACTED**].

(4) [REDACTED] determination basis

The [**REDACTED**] of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of our Company, the acceptance of [**REDACTED**] and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

The [**REDACTED**] of H Shares and [**REDACTED**] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the general meeting was held on January 26, 2026. If we obtain the approval for the [**REDACTED**] from relevant regulatory authorities within the validity period, the validity period shall be automatically extended to the completion date of the [**REDACTED**].

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

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

You should read the following discussion and analysis with our historical financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a global provider of copper-based products, delivering advanced thermal management and conductive materials that empower customers worldwide. 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 and other AI applications. Our revenue increased by 15.6% from RMB75,733.6 million in 2023 to RMB87,542.1 million in 2024, and remained relatively stable at RMB83,306.7 million in 2025. Our revenue further increased from RMB34,820.3 million the five months ended May 31, 2025 to RMB40,469.7 million the five months ended May 31, 2026. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, we recorded net profits of RMB1,169.5 million, RMB623.9 million, RMB1,010.0 million, RMB374.1 million and RMB554.9 million, respectively. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our gross profit margin was 4.1%, 3.3%, 3.8%, 3.8% and 4.4%, respectively.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss ("FVPL") and financial assets measured at fair value through other comprehensive income ("FVOCI"). For more information on the basis of preparation of the Historical Financial Information, see Note 2.1 of Appendix I to this document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which may be beyond our control, including (i) relevant laws and regulations, governmental policies and initiatives; (ii) the growth and competition environment of copper-based materials industry; (iii) overall economic conditions and political environment; and

(iv) occurrence of force majeure events, outbreak of public health incidents, acts of war, social and economic chaos and natural disasters. In addition to the foregoing general factors, we believe our results of operations are also affected by a number of key factors specific to our Group, including the following:

Raw Material Price Fluctuations

Our profitability, cash flow, and working capital management are sensitive to fluctuations in raw material prices, in particular, copper price. We operate under a pricing model that combines raw material costs and processing fee, where processing fees (determined by market practice, product specifications and process complexity) remained relatively stable, while the copper component is typically based on prevailing market prices at the time of settlement, which is subject to volatility. Copper price and primary copper product (including copper cathode) price demonstrated variability. Between 2020 and 2025, the average price of LME copper cathode rose from USD6,167 per ton to USD9,939 per ton, while the average price of the SHFE copper cathode rose from RMB48,238 per ton to RMB79,859 per ton, representing a CAGR of 10.0% and 10.6%, respectively. Such volatility may create uncertainty in cost forecasting and margin stability. Furthermore, the time lag between raw material procurement and product settlement may result in profit fluctuations. An increase in copper price would raise procurement costs, elevate working capital requirements and intensify financing needs, thereby exerting additional pressure on liquidity. Due to the predominance of raw material costs in our cost structure, our financial position is particularly sensitive to copper price movements. Although we employ hedging futures strategies to mitigate risks associated with procurement and sales transactions, these measures cannot fully offset the impact of copper price volatility on our profitability, cash flow and working capital. We expect that our revenue and cost of revenue will continue to be influenced by fluctuations in the price of copper.

Downstream Market Performance

Copper processed products are widely used in traditional sectors such as electrical engineering, and we have established a solid foundation in this industry. Furthermore, as demand from emerging sectors such as the new energy industry including new energy vehicles, advanced electronics and energy storage, as well as AI driven by the expansion of computing power requirements, continues to grow rapidly, demand for our related products has expanded significantly. This shift in demand structure has driven overall sales growth during the Track Record Period. On the other hand, the performance, cyclicality and seasonality of downstream industries also exert influence on our sales. For example, we generally observe higher sales of copper tubes in the first half of the year, primarily due to the surging demand for cooling systems in the summer season, while copper foil sales tend to increase in the second half, primarily due to the consumption cycle of copper products in manufacturing activities of end markets. This fluctuation may result in inventory accumulation and heightened pressure on trade receivable collection in the event of a slowdown in downstream demand or cyclical fluctuations, thereby affecting capital turnover efficiency. We consider optimization of product portfolio, implementation of market diversification strategies and adoption of strategic inventory management policies to be essential for mitigating the impact of fluctuations in any single industry on our overall performance.

Our Global Expansion

Our operating results are closely linked to our international expansion strategy. Through sustained overseas development and localized operations, we have built a broad global presence and achieved stable growth in our overseas business. Our extensive global layout spans across the entire value chain, encompassing raw material procurement, production, sales and operations. We have established localized production facilities, sales and service networks, and supply chain, which helps us realize localized operations and maintain high operational efficiency. We plan to continue strengthening and expanding our global presence to diversify market exposure, mitigate concentration risks and enhance our ability to respond to regional market fluctuations. We believe this diversified global footprint positions us to better address customer needs across different markets and supports the sustainable growth of our business over the long term.

Our Research and Development Capabilities

We believe that R&D capabilities are critical to our long-term competitiveness and success. To better align with the rapid evolution of downstream markets, our R&D initiatives are integrated with our global expansion and emerging business strategies. During the Track Record Period, we proactively allocated resources to frontier areas such as AI thermal management and copper foils for solid-state battery, reinforcing our product portfolio in copper foils for lithium batteries and PCBs products, as well as copper-processed products for AI applications, enabling us to respond swiftly to dynamic market trends and emerging customer needs and secure early-mover advantages in high-growth sectors. Furthermore, R&D also plays a pivotal role in improving production efficiency and optimizing cost management. During the Track Record Period, we strategically focused on production equipment R&D, high-efficiency thermal materials, high-precision conductive materials and advanced alloy development to achieve process optimization and higher levels of automation and resource utilization. These advancements are expected to reduce unit production costs, enhance capacity efficiency and strengthen our competitive edge in a cost-sensitive market. We expect our ability to choose the optimal direction for R&D with great potential to address evolving market demand and manufacturing efficiency targets will have a material impact on our overall operational performance and cost structure.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are relevant to the preparation of our consolidated financial statements. Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are deemed to be reasonable under the circumstances. There has not been any material deviation from our management's estimates or assumptions and actual results and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future. Our significant accounting policies, estimates, assumptions and judgments are set forth in Notes 4 and 46 of Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets out a summary of our results of operations for the years/periods indicated:

Consolidated statements of profit or loss

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	75,733,576	87,542,137	83,306,698	34,820,271	40,469,688
Cost of revenue	(72,641,532)	(84,638,920)	(80,172,127)	(33,484,694)	(38,707,481)
Gross profit	**3,092,044**	**2,903,217**	**3,134,571**	**1,335,577**	**1,762,207**
General and administrative expenses	(945,940)	(1,209,073)	(1,262,480)	(547,688)	(691,781)
Selling and marketing expenses	(210,236)	(241,014)	(283,476)	(120,200)	(125,810)
Research and development expenses	(183,556)	(140,255)	(145,218)	(54,400)	(67,249)
Net impairment credit/(losses) on financial assets	8,331	(77,730)	(31,021)	(26,902)	(51,907)
Other income	306,701	299,866	320,455	89,189	137,550
Other (losses)/gains, net	(267,958)	(281,529)	97,017	30,159	58,159
Operating profit	**1,799,386**	**1,253,482**	**1,829,848**	**705,735**	**1,021,169**
Finance income	33,073	22,470	31,511	11,076	6,059

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Finance costs	(567,792)	(717,837)	(711,954)	(296,269)	(311,977)
Finance costs, net	(534,719)	(695,367)	(680,443)	(285,193)	(305,918)
Share of profit of investments accounted for using the equity method	117,071	112,944	91,658	33,564	32,465
Profit before income tax	**1,381,738**	**671,059**	**1,241,063**	**454,106**	**747,716**
Income tax expense	(212,276)	(47,149)	(231,094)	(79,967)	(192,816)
Profit for the year/period	**1,169,462**	**623,910**	**1,009,969**	**374,139**	**554,900**
Attributable to:					
– Owners of the Company	1,125,549	715,816	961,639	398,054	405,275
– Non-controlling interests	43,913	(91,906)	48,330	(23,915)	149,625
	1,169,462	**623,910**	**1,009,969**	**374,139**	**554,900**
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)					
Basic	0.57	0.36	0.48	0.21	0.18
Diluted	0.52	0.36	0.47	0.20	0.18

Consolidated statements of comprehensive income

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit for the year/period	**1,169,462**	**623,910**	**1,009,969**	**374,139**	**554,900**
Other comprehensive income/(loss)					
Items that will not be reclassified to profit or loss, net of tax:					
– Changes arising from remeasurement of defined benefit plan, net of tax	(9,477)	958	7,650	–	969
– Changes in fair value of equity instruments at fair value through other comprehensive income	–	168,300	–	–	(22,831)
Items that may be reclassified to profit or loss in subsequent periods, net of tax:					
– Share of other comprehensive income of associates	987	9,491	(14,237)	(8,007)	2,687
– Exchange differences on translation of foreign operations	140,081	(12,441)	(137,189)	23,218	(254,024)
Other comprehensive income for the year/period, net of tax	**131,591**	**166,308**	**(143,776)**	**15,211**	**(273,199)**
Attributable to:					
– Owners of the Company	131,591	166,308	(143,776)	15,211	(273,199)
– Non-controlling interests	–	–	–	–	–
Total comprehensive income for the year/period	**1,301,053**	**790,218**	**866,193**	**389,350**	**281,701**
Attributable to:					
– Owners of the Company	1,257,140	882,124	817,863	413,265	132,076
– Non-controlling interests	43,913	(91,906)	48,330	(23,915)	149,625
	1,301,053	**790,218**	**866,193**	**389,350**	**281,701**

Revenue

A majority of our revenue was from sale of goods. Our revenue attributable to distributorship accounted for less than 3% in each year/period of 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* (*Unaudited*)	*%*	*RMB'000*	*%*
Sale of goods	75,537,021	99.7	87,355,519	99.8	83,162,315	99.8	34,755,246	99.8	40,416,163	99.9
Other revenue[(1)]	196,555	0.3	186,618	0.2	144,383	0.2	65,025	0.2	53,525	0.1
Total	**75,733,576**	**100.0**	**87,542,137**	**100.0**	**83,306,698**	**100.0**	**34,820,271**	**100.0**	**40,469,688**	**100.0**

Note (1): Other revenue represents interest income generated from a subsidiary of our Group and lease income for the corresponding periods.

Revenue from Sales of Goods by Business Line

During the Track Record Period, our revenue mainly generated from (i) the sales of goods, including copper processed products for HVAC and industrial applications, copper foils for lithium batteries and PCBs, copper-processed products for AI applications, copper trading activities and others, and (ii) other revenue, representing the interest income from a subsidiary and our lease incomes. See "Business — Our Products." We primarily generate revenue from copper-processed products for HVAC and industrial applications. The following table sets out the breakdown of our revenue from sales of goods by business line in absolute amount and as percentage of our revenue from sales of goods for the year/period indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*Unaudited*)	*%*	*RMB'000*	*%*
Sale of goods										
Copper-processed products for HVAC and industrial applications	47,851,227	63.3	58,698,613	67.1	60,083,728	72.3	26,409,103	76.0	32,056,894	79.2
Copper foils for lithium batteries and PCBs	734,826	1.0	2,860,675	3.3	5,792,089	7.0	1,836,891	5.3	3,909,615	9.7
Copper-processed products for AI applications	125,996	0.2	235,926	0.3	591,797	0.7	147,075	0.4	307,846	0.8
Copper trade activities	26,464,685	35.0	25,133,293	28.8	16,253,923	19.5	6,227,003	17.9	3,990,472	9.9
Others[(1)]	360,287	0.5	427,012	0.5	440,778	0.5	135,174	0.4	151,336	0.4
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**

Note (1): Others primarily represents revenue from environmental material catalyst products and aluminum-based products.

Revenue from Sales of Goods by Geographic Region

During the Track Record Period, we generated revenue from China and overseas markets. The following table sets out our revenue from sales of goods breakdown by geographic region in absolute amount and as percentage of our revenue from sales of goods 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*	*%*
							(Unaudited)			
China	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**

Cost of Revenue

During the Track Record Period, our cost of revenue primarily consisted of raw materials. The following table sets out a breakdown of our cost of revenue by nature in absolute amount and as percentage of our total cost of revenue 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*	*%*
							(Unaudited)			
Raw materials	70,071,123	96.5	81,270,336	96.0	76,272,184	95.2	31,780,087	94.9	36,902,203	95.3
Employee benefit expenses	896,513	1.2	1,051,983	1.2	1,078,106	1.3	470,634	1.4	493,106	1.3
Depreciation and amortization	468,126	0.6	749,541	0.9	826,883	1.0	340,405	1.0	356,066	0.9
Other expenses[(1)]	1,183,841	1.7	1,495,261	1.8	1,945,962	2.4	888,478	2.7	923,630	2.4
Impairment losses[(2)]	21,929	–	71,799	0.1	48,992	0.1	5,090	–	32,476	0.1
Total	**72,641,532**	**100.0**	**84,638,920**	**100.0**	**80,172,127**	**100.0**	**33,484,694**	**100.0**	**38,707,481**	**100.0**

Notes:

(1) Other expenses primarily include energy, auxiliary materials and other manufacturing costs incurred during the production process, as well as transportation expenses.

(2) Impairment losses primarily comprises goodwill impairment, impairment losses on inventory, and impairment losses on property, plant and equipment.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of revenue, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (Unaudited)*	*%*	*RMB'000*	*%*
Sales of goods	2,929,802	3.9	2,804,786	3.2	3,055,836	3.7	1,283,072	3.7	1,751,641	4.3
Other revenue	184,171	93.7	170,230	91.2	127,727	88.5	57,595	88.6	43,042	80.4
Impairment losses[(1)]	(21,929)	(N/A)	(71,799)	(N/A)	(48,992)	(N/A)	(5,090)	(N/A)	(32,476)	(N/A)
Total	**3,092,044**	**4.1**	**2,903,217**	**3.3**	**3,134,571**	**3.8**	**1,335,577**	**3.8**	**1,762,207**	**4.4**

Note (1): Impairment losses primarily comprises goodwill impairment, impairment losses on inventory, and impairment losses on property, plant and equipment.

Gross Profit and Gross Profit Margin from Sales of Goods by Business Line

The following table sets out a breakdown of our gross profit and gross profit margin from sales of goods by business line for the years/periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (Unaudited)*	*%*	*RMB'000*	*%*
Copper-processed products for HVAC and industrial applications	2,801,851	5.9	2,739,322	4.7	2,561,603	4.3	1,220,755	4.6	1,352,864	4.2
Copper foils for lithium batteries and PCBs	(177,760)	(24.2)	(185,715)	(6.5)	215,133	3.7	(8,982)	(0.5)	314,503	8.0
Copper-processed products for AI applications	13,408	10.6	26,140	11.1	79,951	13.5	17,673	12.0	38,477	12.5
Copper trade activities	241,879	0.9	176,973	0.7	159,815	1.0	44,104	0.7	27,492	0.7
Others	50,424	14.0	48,066	11.3	39,333	8.9	9,522	7.0	18,305	12.1
Total for Sales of Goods	**2,929,802**	**3.9**	**2,804,786**	**3.2**	**3,055,836**	**3.7**	**1,283,072**	**3.7**	**1,751,641**	**4.3**

Gross Profit and Gross Profit Margin by Geographic Locations

The following table sets out a breakdown of our gross profit and gross profit margin from sales of goods by geographic locations for the years/periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (Unaudited)*	*(%)*	*RMB'000*	*(%)*
China	1,527,266	3.2	1,371,390	2.5	1,263,967	2.4	519,083	2.4	807,685	3.0
Overseas[(1)]	1,402,536	5.0	1,433,396	4.4	1,791,869	5.7	763,989	5.9	943,955	6.9
Total	**2,929,802**	**3.9**	**2,804,786**	**3.2**	**3,055,836**	**3.7**	**1,283,072**	**3.7**	**1,751,641**	**4.3**

Note:

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

General and Administrative Expenses

Our general and administrative expenses primarily consisted of (i) employee benefits expenses, mainly representing salaries, bonuses and other benefits relating to our administrating staff, (ii) taxes and surcharges, (iii) professional service fees, mainly representing consulting services, including legal advisory and audit services, and (iv) depreciation and amortization, mainly representing the allocation of the cost of office assets over their useful life. The following table sets out a breakdown of our general and administrative expenses in absolute amount and as percentage of our total general and administrative expenses 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 (Unaudited)*	*%*	*RMB'000*	*%*
Employee benefits expenses	497,524	52.7	633,688	52.4	645,061	51.2	298,483	54.6	409,676	59.3
Taxes and surcharges	124,494	13.2	138,348	11.4	168,421	13.3	61,362	11.2	72,585	10.5
Professional service fee	70,429	7.4	115,320	9.5	109,457	8.7	44,475	8.1	46,541	6.7
Depreciation and amortization	67,440	7.1	84,048	7.0	100,993	8.0	41,752	7.6	45,696	6.6
Office expenses	63,658	6.7	98,638	8.2	100,173	7.9	39,447	7.2	48,536	7.0
Handling fee	26,923	2.8	31,576	2.6	32,083	2.5	17,105	3.1	15,439	2.2
Traveling expenses	15,058	1.6	18,285	1.5	15,356	1.2	6,930	1.3	8,394	1.2
Rental expenses	13,253	1.4	10,461	0.9	15,035	1.2	8,375	1.5	6,694	1.0
[**REDACTED**]	–	–	–	–	496	–	–	–	1,598	0.2
Others[(1)]	67,161	7.1	78,709	6.5	75,405	6.0	29,759	5.4	36,622	5.3
Total	**945,940**	**100.0**	**1,209,073**	**100.0**	**1,262,480**	**100.0**	**547,688**	**100.0**	**691,781**	**100.0**

Note (1): Others primarily consisted of property management fees, utilities expenses and business development fees.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consisted of (i) employee benefits expenses, mainly representing salaries, bonuses and other benefits relating to our sales and marketing staff, (ii) sales commissions (iii) business development expenses, mainly representing costs incurred for client-facing activities, and (iv) traveling expenses. The following table sets out a breakdown of our selling and marketing expenses in absolute amounts and as percentage of our total selling and marketing expenses 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 (Unaudited)*	*%*	*RMB'000*	*%*
Employee benefits expenses	130,824	62.2	153,144	63.5	162,006	57.2	69,969	58.2	70,979	56.4
Sales commissions	26,515	12.6	29,379	12.2	45,245	16.0	16,541	13.8	20,003	15.9
Business development expenses	10,884	5.2	14,788	6.1	17,382	6.1	8,330	6.9	8,411	6.7
Traveling expenses	8,850	4.2	11,510	4.8	11,016	3.9	4,499	3.7	4,661	3.7
Office expenses	3,378	1.6	7,540	3.1	10,311	3.6	5,263	4.4	3,779	3.0
Warehouse expenses	2,557	1.2	5,065	2.1	5,382	1.9	2,485	2.1	2,723	2.2
Others[(1)]	27,228	13.0	19,588	8.2	32,134	11.3	13,113	10.9	15,254	12.1
Total	**210,236**	**100.0**	**241,014**	**100.0**	**283,476**	**100.0**	**120,200**	**100.0**	**125,810**	**100.0**

Note (1): Others primarily consisted of depreciation and amortization and material expenses.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) employee benefits expenses, mainly representing salaries, bonuses and other benefits relating to our research and development staff, and (ii) material and power expenses, mainly representing the costs of materials and power directly used for research and development. The following table sets out a breakdown of our research and development expenses in absolute amount and as percentage of our total research and development expenses 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 (Unaudited)*	*%*	*RMB'000*	*%*
Employee benefits expenses	78,204	42.6	62,647	44.7	68,751	47.3	25,909	47.6	26,490	39.4
Material and power expenses	82,279	44.8	66,749	47.6	58,474	40.3	22,392	41.2	35,259	52.4
Others[(1)]	23,073	12.6	10,859	7.7	17,993	12.4	6,099	11.2	5,500	8.2
Total	**183,556**	**100.0**	**140,255**	**100.0**	**145,218**	**100.0**	**54,400**	**100.0**	**67,249**	**100.0**

Note (1): Others primarily include depreciation and amortization.

Net Impairment Credit or Losses on Financial Assets

Our net impairment credit/losses on financial assets are primarily related to trade and notes receivables, trade and notes receivables at FVOCI, loans receivables and other receivables. We had net impairment credit on financial assets of RMB8.3 million in 2023 and net impairment losses on financial assets of RMB77.7 million, RMB31.0 million, RMB26.9 million and RMB51.9 million in 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. The impairment losses recognized in 2024, 2025 and the five months ended May 31, 2025 and 2026 primarily represent the expected credit losses on trade receivables and loans receivables.

Other Income

During the Track Record Period, our other income primarily consisted of (i) government grants, primarily representing subsidies provided by local governments to support our daily operating activities, and (ii) interest income, primarily representing interest earned on our term deposits classified as financial assets at amortized cost. Certain government grants received by us are subject to specific conditions, such as project completion progress, which have been satisfied. A portion of the government grants are non-recurring in nature or subject to periodic review and renewal by the relevant authorities. Furthermore, the availability, scope and amount of government grants are subject to local governmental policies and may be updated from time to time. We expect to continue undertaking research and development, production and financing activities in the ordinary course of business, which may qualify us for such government grants or other government incentivites. The following table sets out a breakdown of our other income 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 (Unaudited)*	*RMB'000*
Government grants	140,295	164,272	227,463	57,212	47,357
Interest income	164,789	111,381	99,716	30,301	30,450
Exception and additional deduction for VAT	1,237	12,492	(7,534)	927	59,000
Dividend income	–	11,210	–	–	–
Others	380	511	810	749	743
Total	**306,701**	**299,866**	**320,455**	**89,189**	**137,550**

Other Losses or Gains, Net

During the Track Record Period, our other losses or gains primarily consisted of (i) net losses on disposal of financial instruments, mainly representing realized gains or losses from the settlement of foreign exchange contracts upon closing, (ii) net foreign exchange differences, mainly representing exchange differences excluding those related to foreign currency borrowings, see "— Financial Risk Disclosure — Foreign Exchange Risk," (iii) loss on disposal of trade receivables financing, mainly representing interest expenses on receivables financing recognized upon discounting, and (iv) fair value changes on derivative financial instruments primarily representing floating gains or losses on foreign exchange contracts during the respective years/periods. The following table sets out a breakdown of our other losses or gains 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 (Unaudited)*	*RMB'000*
Net losses on disposal of financial instruments	(308,672)	(63,774)	(27,336)	(12,008)	91,557

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fair value changes on derivative financial instruments	29,551	60,058	(48,049)	(70,690)	106,260
Net foreign exchange differences	109,465	(174,821)	297,775	149,672	(81,964)
Net gains/(losses) on disposal of property, plant and equipment and other non-current assets	(16,475)	2,841	(25,126)	271	(2,583)
Loss on disposal of trade and notes receivables	(92,628)	(155,232)	(110,056)	(51,539)	(58,515)
Trade payables written-off	118	34,527	2,763	746	56
Fines, penalties and liquidated damages income	6,629	15,553	17,042	14,285	2,599
Others	4,054	(681)	(9,996)	(578)	749
	(267,958)	**(281,529)**	**97,017**	**30,159**	**58,159**

Finance Costs, Net

Our finance costs, net mainly consisted of (i) interest expenses on borrowings, and (ii) net exchange gain or losses on foreign currency borrowings. See "— Indebtedness — Borrowings." The following table sets out a breakdown of our finance costs, net 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 (Unaudited)*	*RMB'000*
Finance income:					
Interest income from financial assets held for cash management purposes	33,073	22,470	31,511	11,076	6,059
Finance costs:					
Interest expenses on borrowings	(688,084)	(693,362)	(677,423)	(302,079)	(279,231)
Interest expenses on lease liabilities	(4,976)	(4,178)	(4,709)	(1,798)	(1,675)
Net exchange (losses)/gains on foreign currency borrowings	(24,387)	(33,245)	(54,102)	2,376	(44,040)
Others	(2,380)	(1,361)	(1,849)	(44)	25
Less: capitalized finance costs	152,035	14,309	26,129	5,276	12,944
Finance costs total	**(567,792)**	**(717,837)**	**(711,954)**	**(296,269)**	**(311,977)**
Finance costs, net	**(534,719)**	**(695,367)**	**(680,443)**	**(285,193)**	**(305,918)**

Share of Profit of Investments Accounted for Using the Equity Method

We recorded share of profit or loss of investments accounted for using the equity method of RMB117.1 million, RMB112.9 million, RMB91.7 million, RMB33.6 million and RMB32.5 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. Our share of profits and losses of investments accounted for using the equity method primarily relates to our investments in our associates, see "— Discussion of Certain Key Balance Sheet Items — Investments in Associates" and Note 14 of Appendix I to this document.

Income Tax Expenses or Credit

We recorded income tax expense of RMB212.3 million, RMB47.1 million, RMB231.1 million, RMB80.0 million and RMB192.8 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. During the Track Record Period, our income tax expenses or credit consisted of the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax. See Note 11 of Appendix I to this document. During the Track Record Period and up to the Latest Practicable Date, we had made all required tax filings with the relevant tax authorities, and we were not aware of any outstanding or potential disputes with such tax authorities.

Profit for the Year

As a result of the foregoing, we recorded net profit of RMB1,169.5 million, RMB623.9 million, RMB1,010.0 million, RMB374.1 million and RMB554.9 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months ended May 31, 2026 Compared with Five Months ended May 31, 2025

Revenue

Our revenue increased by 16.2% from RMB34,820.3 million in the five months ended May 31, 2025 to RMB40,469.7 million in the five months ended May 31, 2026.

Copper-processed products for HVAC and industrial applications. Our revenue generated from copper processed products for HVAC and industrial applications increased by 21.4% from RMB26,409.1 million in the five months ended May 31, 2025 to RMB32,056.9 million in the five months ended May 31, 2026, primarily attributable to a higher copper price in the period.

Copper foils for lithium batteries and PCBs. Our revenue generated from copper foils for lithium batteries and PCBs increased significantly from RMB1,836.9 million in the five months ended May 31, 2025 to RMB3,909.6 million in the five months ended May 31, 2026, primarily attributable to increased product sales volume driven by growing downstream demand, and supplemented by the ramp-up of our copper foil production bases (including the Lanzhou Production Base and Indonesia Production Base) that enables us to better address such demand. In particular, our sales volume for copper foils for lithium batteries and PCBs rose from 22.0 thousand tons in the five months ended May 31, 2025 to 37.8 thousand tons in the five months ended May 31, 2026. This increase was further supported by higher copper price and processing fee premiums in the period.

Copper-processed products for AI applications. Our revenue generated from copper processed products for AI applications increased significantly from RMB147.1 million in the five months ended May 31, 2025 to RMB307.8 million in the five months ended May 31, 2026, primarily attributable to the growing demand from related AI applications, which drove higher sales volume and increased processing fee premiums for advanced copper-processed products. As

downstream customers continued to raise their requirements for performance specifications, our continuous R&D and product development efforts enabled us to meet such evolving technical requirements and capture the resulting market opportunities. In particular, our sales volume for copper-processed products for AI applications rose from 2.0 thousand tons in the five months ended May 31, 2025 to 3.3 thousand tons in the five months ended May 31, 2026. This increase was further supported by higher copper price in the period.

In addition, our revenue generated from copper trade activities decreased by 35.9% from RMB6,227.0 million in the five months ended May 31, 2025 to RMB3,990.5 million in the five months ended May 31, 2026, primarily attributable to the adjustment in business portfolio with incremental downsizing of the copper trade activities to align with our core operational needs and enhanced working capital efficiency.

Cost of Revenue

Our cost of revenue increased by 15.6% from RMB33,484.7 million in the five months ended May 31, 2025 to RMB38,707.5 million in the five months ended May 31, 2026, which was generally in line with our revenue growth.

Gross Profit and Gross Profit Margin

Our gross profit increased by 31.9% from RMB1,335.6 million in the five months ended May 31, 2025 to RMB1,762.2 million in the five months ended May 31, 2026, and our gross profit margin increased from 3.8% in the five months ended May 31, 2025 to 4.4% in the five months ended May 31, 2026, primarily because the gross loss margin for copper foils for lithium batteries and PCBs changed to a gross profit margin in the five months ended May 31, 2026.

Copper-processed products for HVAC and industrial applications. Our gross profit generated from copper processed products for HVAC and industrial applications increased by 10.8% from RMB1,220.8 million in the five months ended May 31, 2025 to RMB1,352.9 million in the five months ended May 31, 2026, and our gross profit margin from copper processed products for HVAC and industrial applications slightly decreased from 4.6% in the five months ended May 31, 2025 to 4.2% in the five months ended May 31, 2026, primarily attributable to the higher raw material prices, particularly copper price during the period, coupled with our strategic selling price adjustments for certain key customers to strengthen our market presence, partially offset by increased contribution from our overseas production bases (such as Texas Production Site) following production ramp-up, as well as increased sales of advanced products commanding higher processing fee premiums.

Copper foils for lithium batteries and PCBs. Our gross loss due to copper foils for lithium batteries and PCBs of RMB9.0 million in the five months ended May 31, 2025 changed to gross profit of RMB314.5 million in the five months ended May 31, 2026, and our gross loss margin from copper foils for lithium batteries and PCBs of 0.5% in the five months ended May 31, 2025 changed to gross profit margin of 8.0% in the five months ended May 31, 2026, primarily attributable to the continued ramp-up of our copper foil production facilities, which reduced unit production cost through enhanced economies of scale, improved product yield and production efficiency, while also enabling us to further optimize our product mix.

Copper-processed products for AI applications. Our gross profit generated from copper processed products for AI applications increased significantly from RMB17.7 million in the five months ended May 31, 2025 to RMB38.5 million in the five months ended May 31, 2026, and our gross profit margin from copper processed products for AI applications remained relatively stable at 12.0% in the five months ended May 31, 2025 and 12.5% in the five months ended May 31, 2026.

In addition, our gross profit generated from copper trade activities decreased by 37.7% from RMB44.1 million in the five months ended May 31, 2025 to RMB27.5 million in the five months ended May 31, 2026, and our gross profit margin from copper trade activities remained stable at 0.7% in the five months ended May 31, 2025 and 2026.

General and Administrative Expenses

Our general and administrative expenses increased by 26.3% from RMB547.7 million in the five months ended May 31, 2025 to RMB691.8 million in the five months ended May 31, 2026, primarily attributable to (i) an increase in employee benefits expenses, reflecting costs associated with statutory entitlements in connection with the workforce optimization of our subsidiaries in the EU, as well as our continued recruitment of and enhanced compensation packages for skilled personnel to support our newly established or expanded production facilities; (ii) an increase in taxes and surcharges, mainly reflecting an increase in stamp duty expenses during the period; and (iii) an increase in office expenses following the implementation of digitalization initiatives across several production sites.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB120.2 million and the five months ended May 31, 2025 to RMB125.8 million in the five months ended May 31, 2026.

Research and Development Expenses

Our research and development expenses increased by 23.6% from RMB54.4 million in the five months ended May 31, 2025 to RMB67.2 million in the five months ended May 31, 2026, primarily attributable to an increase in material and power associated with materials the R&D activities for the development of high-performance copper-processed products.

Net Impairment Losses on Financial Asset

Our net impairment losses on financial asset increased significantly from RMB26.9 million in the five months ended May 31, 2025 to RMB51.9 million in the five months ended May 31, 2026, primarily attributable to an increase in loss allowances for trade receivables, reflecting higher outstanding trade receivable balances driven by higher sales volumes and copper price. See "— Discussion of Certain Key Balance Sheet Items — Trade and Notes Receivables" and Note 3.2 of Appendix I to this document.

Other Income

Our other income increased by 54.2% from RMB89.2 million in the five months ended May 31, 2025 to RMB137.6 million in the five months ended May 31, 2026, primarily attributable to an increase in exception and additional deduction for VAT, mainly arising from the additional VAT deduction policy enjoyed by our subsidiary, Gansu Hailing, as an advanced manufacturing enterprise during the period.

Other Gains, net

Our other gains, net increased significantly from RMB30.2 million in the five months ended May 31, 2025 to RMB58.2 million in the five months ended May 31, 2026, primarily attributable to a change from net losses on disposal of financial instruments to net gains from disposal of financial instruments and gains from fair value changes on derivative financial instruments, reflecting gains on our forward exchange agreements and other hedging instruments under our foreign exchange hedging strategies, which was partially offset by losses from foreign exchange differences arising from movements in exchange rates between Renminbi and other currencies used in our operations. These movements primarily reflected the combined effects of exchange rate fluctuations and our foreign exchange hedging arrangements.

Finance Costs, Net

Our net finance costs increased by 7.3% from RMB285.2 million in the five months ended May 31, 2025 to RMB305.9 million in the five months ended May 31, 2026, primarily attributable to a change from exchange gains on foreign currency borrowings to exchange losses on foreign currency borrowings, as a result of movements in exchange rates between Renminbi and other currencies used in our operations, which was partially offset by a decrease in interest expenses on borrowings, see "— Indebtedness — Borrowings."

Share of Profit of Investments accounted for Using the Equity Method

Our share of profit or loss of investments accounted for using the equity method remained relatively stable at RMB33.6 million in the five months ended May 31, 2025 and RMB32.5 million in the five months ended May 31, 2026.

Income Tax Expense

Our income tax expenses increased significantly from RMB80.0 million in the five months ended May 31, 2025 to RMB192.8 million in the five months ended May 31, 2026, primarily attributable to the increase in our profit before tax, coupled with a higher effective tax rate during the period driven by an increase in unrecognized deferred tax assets.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 48.3% from RMB374.1 million in the five months ended May 31, 2025 to RMB554.9 million in the five months ended May 31, 2026.

Year ended December 31, 2025 Compared with the Year Ended December 31, 2024

Revenue

Our total revenue remained relatively stable at RMB87,542.1 million in 2024 and RMB83,306.7 million in 2025.

Copper-processed products for HVAC and industrial applications. Our revenue generated from copper processed products for HVAC and industrial applications remained relatively stable at RMB58,698.6 million in 2024 and RMB60,083.7 million in 2025. Specifically, 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 attributable to the global economic downturns and inflation, which resulted in decrease in the market demand for our downstream HVAC and industrial applications.

Copper foils for lithium batteries and PCBs. Our revenue generated from copper foils for lithium batteries and PCBs significantly increased from RMB2,860.7 million in 2024 to RMB5,792.1 million in 2025, primarily attributable to a significant increase in product sales volume driven by the strong growth in downstream demand from lithium battery applications. In response to this demand, we expanded production following the ramp-up of our copper foil production bases (including the Lanzhou Production Base and Indonesia Production Base). In particular, our sales volume for copper foils for lithium batteries and PCBs rose from 36.8 thousand tons in 2024 to 67.6 thousands tons in 2025. This increase was further supported by higher copper price and processing fee premiums in the same period.

Copper-processed products for AI applications. Our revenue generated from copper-processed products for AI applications significantly increased from RMB235.9 million in 2024 to RMB591.8 million in 2025, primarily attributable to a significant growth in product sales volume, as our R&D development enabled us to penetrate new markets, which in turn positioning us to capture the strong downstream demand arising from the advancement of the AI industry. In particular, our sales volume for copper-processed products for AI applications rose from 3.2 thousand tons in 2024 to 7.3 thousand tons in 2025. This increase was supported further by higher copper price as well as rising processing fee premiums as downstream customers continued to raise their requirements for performance specifications and processing precision.

In addition, our revenue generated from copper trade activities decreased from RMB25,133.3 million in 2024 to RMB16,253.9 million in 2025, primarily attributable to the adjustment in business portfolio with incremental downsizing of the copper trade activities to align with our core operational needs and enhanced working capital efficiency.

Cost of Revenue

Our cost of revenue decreased by 5.3% from RMB84,638.9 million in 2024 to RMB80,172.1 million in 2025, primarily attributable to a decrease in the cost of raw materials, mainly driven by the adjustment in business portfolio with incremental downsizing of the copper trade activities to align with our core operational needs.

Gross Profit/Loss and Gross Profit/Loss Margin

Our gross profit increased by 8.0% from RMB2,903.2 million in 2024 to RMB3,134.6 million in 2025, and our gross profit margin remained relatively stable at 3.3% in 2024 and 3.8% in 2025.

Copper-processed products for HVAC and industrial applications. Our gross profit generated from copper processed products for HVAC and industrial applications decreased by 6.5% from RMB2,739.3 million in 2024 to RMB2,561.6 million in 2025, and our gross profit margin from copper processed products for HVAC and industrial applications slightly decreased from 4.7% in 2024 and 4.3% in 2025, primarily attributable to our adoption of volume-based pricing strategies for strategic customers to strengthen our global customer base, increase market share and optimize our key customer mix, which resulted in adjustments of processing margins, coupled with the increase in copper price in the same period.

Copper foils for lithium batteries and PCBs. Our gross loss of RMB185.7 million incurred from copper foils for lithium batteries and PCBs in 2024 changed to gross profit of RMB215.1 million in 2025, and our gross loss margin of 6.5% from copper foils for lithium batteries and PCBs in 2024 changed to gross profit margin of 3.7% in 2025, primarily attributable to (i) our continued product mix optimization, with a higher proportion of sales contributed by higher-value-added copper foil products with more advanced technical specifications, which drove an increase in the overall average selling price; and (ii) the gradual ramp-up of our expanded production capacity, which enhanced economies of scale, improved production yield, equipment utilization and operational efficiency, and thereby reduced fixed manufacturing costs per unit.

Copper-processed products for AI applications. Our gross profit generated from copper-processed products for AI applications significantly increased from RMB26.1 million in 2024 to RMB80.0 million in 2025, and our gross profit margin from copper-processed products for AI applications increased from 11.1% in 2024 to 13.5% in 2025, primarily attributable to (i) our continued penetration into higher-margin markets, particularly more mature overseas AI markets, which drove both an optimized customer mix and increased sales to existing high-margin customers; (ii) demand growth and supply shortage in emerging AI markets, which enabled us to optimize our product mix and increase the proportion of higher value-added products in our overall sales, and (iii) our production expansion, which improved cost efficiency through fixed-cost dilution.

In addition, our gross profit generated from copper trade activities decreased from RMB177.0 million in 2024 to RMB159.8 million in 2025, and our gross profit margin remained relatively stable at 0.7% in 2024 and 1.0% in 2025.

General and Administrative Expenses

Our general and administrative expenses remained relatively stable at RMB1,209.1 million in 2024 and RMB1,262.5 million in 2025.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 17.6% from RMB241.0 million in 2024 to RMB283.5 million in 2025, primarily attributable to (i) an increase in employee benefits expenses following our ongoing recruitment of skilled talent and optimization of the structure of our sales and marketing team as we expanded in existing markets and entered new markets, and (ii) an increase in sales commissions and business development engagement expenses as we continued to attract higher sales volumes.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB140.3 million in 2024 and RMB145.2 million in 2025.

Net Impairment Losses on Financial Asset

Our net impairment losses on financial asset decreased by 60.1% from RMB77.7 million in 2024 to RMB31.0 million in 2025, primarily attributable to the decrease in overall scale of loans and advances to customers, and the non-recurrence of the relatively higher impairment provisions and portfolio write-offs recorded in the prior-year period. See "— Discussion of Certain Key Balance Sheet Items — Loans Receivables."

Other Income

Our other income increased by 6.9% from RMB299.9 million in 2024 and RMB320.5 million in 2025, primarily attributable to an increase in government grants, mainly represents incentives for our production and R&D activities.

Other Losses and Gains, Net

Our other losses of 281.5 million in 2024 changed to other gains of RMB97.0 million in 2025, primarily attributable to (i) a decrease in loss on disposal of trade receivables resulting from a decline in discount rates, (ii) net gains from foreign exchange differences, as well as a decrease in net losses on disposal of financial instruments; this improvement mainly reflected the reversal of overall foreign exchange market trends between 2024 and 2025. This increase was partially offset by losses from fair value changes on derivative financial instruments representing movements in the fair value of our forward exchange agreements and other instruments primarily driven by the performance of hedging instruments under our foreign-exchange hedging strategies.

Finance Costs, Net

Our net finance costs remained relatively stable at RMB695.4 million in 2024 and RMB680.4 million in 2025.

Share of Profit or Loss of Investments accounted for Using the Equity Method

Our share of profit or loss of investments accounted for using the equity method decreased by 18.8% from RMB112.9 million in 2024 to RMB91.7 million in 2025, primarily attributable to the decreased profits in our associates, which correspondingly led to a decline in our equity-accounted investment income.

Income Tax Expense

We had income tax expenses of RMB47.1 million in 2024 and RMB231.1 million in 2025, primarily attributable to (i) the expiration of certain tax-preferential policies applicable to some of our subsidiaries, and (ii) the recognition of deferred tax assets on deductible tax losses of certain subsidiaries as of December 31, 2024.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 61.9% from RMB623.9 million in 2024 to RMB1,010.0 million in 2025.

Year ended December 31, 2024 Compared with the Year Ended December 31, 2023

Revenue

Our total revenue increased by 15.6% from RMB75,733.6 million in 2023 to RMB87,542.1 million in 2024, primarily attributable to the increase in the revenue from sale of goods.

Copper-processed products for HVAC and industrial applications. Our revenue generated from copper-processed products for HVAC and industrial applications increased by 22.7% from RMB47,851.2 million in 2023 to RMB58,698.6 million in 2024, primarily attributable to (i) a stronger downstream home appliance demand, and (ii) our expansion in overseas markets, which collectively supported continued growth in demand for copper-processed products in HVAC and industrial applications. In particular, our sales volume of copper-processed products for HVAC and industrial applications rose from 839.9 thousand tons in 2023 to 966.1 thousand tons in 2024. This increase was supported further by higher copper prices.

Copper foils for lithium batteries and PCBs. Our revenue generated from copper foils for lithium batteries and PCBs significantly increased by 289.3% from RMB734.8 million in 2023 to RMB2,860.7 million in 2024, primarily attributable to the strong growth in downstream demand from lithium battery applications and an expanded customer bases. In response to this demand, we released new production capacity for copper foil products following the ramp-up of our bases (including the Lanzhou Production Base and Indonesia Production Base). In particular, our sales volume for copper foils for lithium batteries and PCBs rose from 11.0 thousand tons in 2023 to 36.8 thousand tons in 2024. This increase was supported further by higher copper price in the same period.

Copper-processed products for AI applications. Our revenue generated from copper-processed products for AI applications increased by 87.2% from RMB126.0 million in 2023 to RMB235.9 million in 2024, primarily attributable to a significant growth in product sales volume as our R&D development enabled us to penetrate new application scenarios and expand our customer base, which in turn positioning us to capture the strong downstream demand arising from the advancement of the AI industry. In particular, our sales volume for copper-processed products for AI applications rose from 1.9 thousand tons in 2023 to 3.2 thousand tons in 2024. This increase was supported further by higher copper price in the same period.

In addition, our revenue generated from copper trade activities remained relatively stable at RMB26,464.7 million in 2023 and RMB25,133.3 million in 2024.

Cost of Revenue

Our cost of revenue increased by 16.5% from RMB72,641.5 million in 2023 to RMB84,638.9 million in 2024, primarily attributable to the increase in the cost of raw materials which was driven by higher sales volume and rising raw material costs.

Gross Profit/Loss and Gross Profit/Loss Margin

As a result of the foregoing, our gross profit decreased by 6.1% from RMB3,092.0 million in 2023 to RMB2,903.2 million in 2024, and our gross profit margin decreased from 4.1% in 2023 to 3.3% in 2024, primarily attributable to the decrease in the gross profit margin from copper processed products for HVAC and industrial applications, which was partially offset by the decrease in gross loss margin from copper foils for lithium batteries and PCBs. The increase in copper price during the period also contributed to the decrease in gross profit margin from certain product offerings.

Copper-processed products for HVAC and industrial applications. Our gross profit generated from copper-processed products for HVAC and industrial applications remained relatively stable at RMB2,801.9 million in 2023 and RMB2,739.3 million in 2024. Our gross profit margin from copper-processed products for HVAC and industrial applications decreased from 5.9% in 2023 to 4.7% in 2024, primarily attributable to an increase in raw materials costs including copper price, coupled with a shift in our customer mix coupled with adjusted selling price to certain leading customer to secure our market presence.

Copper foils for lithium batteries and PCBs. Our gross loss generated from copper foils for lithium batteries and PCBs remained relatively stable at RMB177.8 million in 2023 and RMB185.7 million in 2024, and our gross loss margin from copper foils for lithium batteries and PCBs decreased from 24.3% in 2023 to 6.5% in 2024, primarily attributable to reduced unit production costs resulting from economies of scale brought by the expansion of our copper foil production lines, which improved efficiency and enhanced yield, thereby partially offsetting the adverse impact of rising copper price. We generated gross loss from copper foils for lithium batteries and PCBs in 2023 and 2024, primarily because our copper foil production bases are at early ramp-up stage, during which production capacity utilization and yield rates were still in the progress of gradual improvement, and unit production costs remained relatively high. As our copper foil production lines scaled up and economies of scale progressively materialized, the unit production costs for copper foils for lithium batteries and PCBs declined, and production efficiency and yield was further improved. In addition, our product mix was further optimized with a higher proportion of advanced products. As a result, the gross loss margin of copper foils for lithium batteries and PCBs decreased significantly from 24.3% in 2023 to 6.5% in 2024, and turned profitable in 2025.

Copper-processed products for AI applications. Our gross profit generated from copper-processed products for AI applications increased from RMB13.4 million in 2023 to RMB26.1 million in 2024, and our gross profit margin from copper-processed products for AI applications remained relatively stable at 10.6% in 2023 and 11.1% in 2024. As (i) advanced products accounted for a higher proportion of our copper-processed products for AI applications and generally carried higher gross profit margins, benefiting from pricing premiums supported by higher technical requirements and application-specific features, and (ii) our unit production costs decreased mildly, the adverse impact of rising copper price was partially offset.

In addition, our gross profit generated from copper trade activities decreased from RMB241.9 million in 2023 to RMB177.0 million in 2024, and our gross profit margin remained relatively stable at 0.9% in 2023 and 0.7% in 2024.

General and Administrative Expenses

Our general and administrative expenses increased by 27.8% from RMB945.9 million in 2023 to RMB1,209.1 million in 2024, primarily attributable to (i) an increase in employee benefits expenses and office expenses driven by the commencement of operations at our new sites including the production sites in Indonesia and the United States, as well as the site under construction in Morocco, which required additional management personnel to support operations, as well as the recruitment of high-caliber talent to optimize our workforce structure; and (ii) an increase in professional service fee incurred for a one-off legal advisory engagement for a trademark opposition and litigation proceeding which the parties involved agreed to dismiss with no damages or penalties involved.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 14.6% from RMB210.2 million in 2023 to RMB241.0 million in 2024, primarily attributable to (i) the increase in employee benefits expenses following our ongoing recruitment of skilled talent and optimization of the structure of our sales and marketing team as we expanded in existing markets and entered new markets, and (ii) the increase in sales commissions, business engagement expenses and travel expenses as we continued to attract higher sales volumes.

Research and Development Expenses

Our research and development expenses decreased by 23.6% from RMB183.6 million in 2023 to RMB140.3 million in the 2024, primarily attributable to (i) a decrease in material and power expenses as we shift from material-intensive trial production research to focused foundational theoretical research, reducing raw material consumption, and (ii) a decrease in employee benefits expenses reflecting our optimized R&D management for certain multi-function technical staff, balancing their time between production optimization and theoretical research to align with our strategic emphasis on high-tech and foundational research. The changes collectively illustrate our strategic shift from resource-driven to innovation-driven foundational R&D activities.

Net Impairment Credit or Losses on Financial Asset

Our net impairment credit or losses on financial asset transformed from net impairment credit of RMB8.3 million in 2023 to net impairment losses of RMB77.7 million in 2024, primarily attributable to the increased provision for loan receivables following an one-off non-recurring credit loss recognized on a prudent basis regarding management's updated assessment of recoverability, coupled with the increased provision for trade receivables in line with the growth in our sales volume. See "— Discussion of Certain Key Balance Sheet Items — Loans Receivables."

Other Income

Our other income remained relatively stable at RMB306.7 million in 2023 and RMB299.9 million in 2024.

Other Losses

Our other losses, net increased by 5.1% from RMB268.0 million in 2023 to RMB281.5 million in 2024, primarily attributable to (i) the losses from transfer in foreign exchange differences, which was partially offset by an increase in net losses on disposal of financial instruments, both of which were primarily driven by the performance of our hedging instruments amid foreign exchange rate fluctuations; and (ii) an increase in discount loss on receivables financing as we expanded our use of discounting in light of the relatively favorable discounting rates; we typically conduct such discounting on a non-recourse basis.

Finance Costs, Net

Our net finance costs increased by 30.0% from RMB534.7 million in 2023 to RMB695.4 million in 2024, primarily attributable to a reduction in capitalized interest on convertible bond-funded projects, as most of these projects were completed and transferred to fixed assets by the end of 2023.

Share of Profit and Loss of Investments accounted for Using the Equity Method

Our share of profit and loss of investments accounted for using the equity method remained relatively stable RMB117.1 million in 2023 and RMB112.9 million in 2024.

Income Tax Expense

Our income tax expense decreased by 77.8% from RMB212.3 million in 2023 to RMB47.1 million in 2024, primarily attributable (i) reduced profit of certain subsidiaries in this period; and (ii) an increased contribution to our overall profit from subsidiaries that are entitled to preferential tax treatments.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 46.6% from RMB1,169.5 million in 2023 to RMB623.9 million in 2024.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	10,489,338	11,125,938	11,221,106	11,488,014
Investment properties	248,363	260,883	254,638	161,179
Loan receivables	7,840	666	–	3,920
Right-of-use assets	955,818	1,099,493	1,090,569	1,048,304
Deferred tax assets	302,255	495,141	608,244	612,970
Intangible assets	380,070	368,845	380,841	383,304
Investments in associates	2,057,575	2,023,179	2,023,768	2,010,920
Equity investments at fair value through other comprehensive income	916,000	1,140,400	100,000	69,559
Other non-current assets	615,019	208,235	564,677	300,487
Total non-current assets	**15,972,278**	**16,722,780**	**16,243,843**	**16,078,657**
Current assets				
Cash and cash equivalents	5,103,349	4,010,530	3,435,887	2,738,811
Restricted cash and term deposits	2,618,144	2,425,482	2,534,885	1,340,970
Derivative financial instruments	31,351	153,919	69,505	99,958
Trade and notes receivables	5,670,001	8,244,089	9,414,690	12,900,962
Trade and notes receivables at fair value through other comprehensive income	1,071,509	1,287,484	916,427	1,717,362
Prepayments and other receivables	1,334,917	1,315,679	1,834,010	1,859,051
Inventories	7,087,091	8,755,132	11,791,919	14,897,918
Loans receivables	1,109,143	908,158	727,716	646,748
Other current assets	407,316	656,270	1,159,318	642,069
Total current assets	**24,432,821**	**27,756,743**	**31,884,357**	**36,843,849**
Total assets	**40,405,099**	**44,479,523**	**48,128,200**	**52,922,506**
LIABILITIES				
Current liabilities				
Borrowings	10,102,643	17,338,782	15,930,875	21,766,741
Contract liabilities	414,429	467,709	680,701	404,269
Rental and interest received in advance	2,908	5,387	4,710	4,240
Lease liabilities	33,462	32,709	33,493	28,178
Current income tax liabilities	184,539	171,887	189,458	168,694
Trade and notes payables	3,114,891	3,103,705	2,753,597	2,341,183
Accruals and other payables	693,735	626,333	675,976	1,016,493
Derivative financial instruments	66,573	129,094	902,666	130,585

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other current liabilities	154,895	158,999	135,626	154,166
Total current liabilities	**14,768,075**	**22,034,605**	**21,307,102**	**26,014,549**
Net current assets	**9,664,745**	**5,722,138**	**10,577,255**	**10,829,300**
Non-current liabilities				
Borrowings	8,188,692	4,855,671	6,651,342	6,803,866
Lease liabilities	59,326	33,071	46,668	35,568
Deferred tax liabilities	186,615	220,594	239,386	215,660
Deferred income	241,846	273,256	363,173	365,796
Accruals and other payables	121,834	114,720	112,721	109,545
Total non-current liabilities	**8,798,313**	**5,497,312**	**7,413,290**	**7,530,435**

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of (i) machinery, (ii) construction in progress, (iii) buildings, (iv) other equipment, and (v) solar power equipment. The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	2,352,473	3,186,732	3,253,747	3,370,339
Machinery	4,805,093	6,199,651	6,042,893	5,863,806
Motor vehicles	7,167	12,621	17,579	19,030
Solar power equipment	110,765	104,640	99,400	103,662
Freehold lands	–	–	152,987	178,863
Other equipment	132,336	153,425	155,256	151,798
Construction in progress	3,080,890	1,468,300	1,496,654	1,797,676
Leasehold improvement	614	569	2,590	2,840
Total	**10,489,338**	**11,125,938**	**11,221,106**	**11,488,014**

Our property, plant and equipment increased by 6.1% from RMB10,489.3 million as of December 31, 2023 to RMB11,125.9 million as of December 31, 2024, primarily attributable to (i) an increase in machinery following the completion of certain construction projects and production line upgrades, with related production equipment transferred to fixed assets, and (ii) increase in buildings following the capitalization of construction projects for copper foil production sites, including the Indonesia Production Base and the Lanzhou Production Base projects. This increase in buildings was partially offset by a decrease in construction in progress as these projects were transferred to fixed assets and commenced depreciation. Our property, plant and equipment remained relatively stable at RMB11,125.9 million as of December 31, 2024 and RMB11,221.1 million as of December 31, 2025. Our property, plant and equipment remained relatively stable at RMB11,221.1 million as of December 31, 2025 and RMB11,488.0 million as of May 31, 2026.

Loans Receivables

Our loans receivables under non-current portion during the Track Record Period consisted of working capital loans offered to independent third-party small-scale borrowers such as self-employed business owners and small and micro-sized enterprises. These loans were typically

collateralized and structured with tenors of approximately one year. Our loans and advances under current portion during the Track Record Period consisted of interest on loans receivables to customers. As of December 31, 2023, 2024, 2025 and May 31, 2026, the credit loss allowances for loans receivables were RMB82.2 million, RMB79.6 million, RMB81.4 million and RMB80.9 million, respectively. See Note 3.2 of Appendix I to this document. The following table sets out the breakdown of our loans receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Loans receivables	8,000	680	–	4,000
Less: allowances for impairment losses	(160)	(14)	–	(80)
	7,840	**666**	**–**	**3,920**
Current				
Loans receivables	1,190,452	986,899	806,218	724,671
Interest on loans receivables	729	888	2,875	2,857
Less: allowances for impairment losses	(82,038)	(79,629)	(81,377)	(80,780)
	1,109,143	**908,158**	**727,716**	**646,748**
Total	**1,116,983**	**908,824**	**727,716**	**650,668**

The following table sets out our loans receivables by type of security as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Collateralized loans	1,000,112	887,291	733,830	690,450
Guaranteed loans	193,439	96,358	70,258	36,474
Unsecured loans	31	25	18	17
Accrued interest	4,870	3,905	2,112	1,730
	1,198,452	**987,579**	**806,218**	**728,671**
Interest on loans receivables	729	888	2,875	2,857
Less: allowances for impairment losses	(82,198)	(79,643)	(81,377)	(80,860)
	1,116,983	**908,824**	**727,716**	**650,668**

Our loans receivables to customers decreased from RMB1,117.0 million as of December 31, 2023 to RMB908.8 million as of December 31, 2024, RMB727.7 million as of December 31, 2025, and further decreased to RMB650.7 million as of May 31, 2026, primarily attributable to a decrease in loan receivables, mainly because we reduced loan scale to control risks and funding costs. We have proactively established a structured credit risk control framework for our loans and advances to customers, including (i) conducting preliminary document review, on-site due diligence and borrower assessment, obtaining approval from our credit committee and verifying approved credit limits and borrower information prior to loan disbursement; (ii) implementing ongoing risk management measures such as issuing reminders at least 15 days before loan maturity, arranging renewal assessments for existing customers and coordinating repayment or rollover arrangements where appropriate; and (iii) initiating legal actions in accordance with our credit risk policies if

repeated collection efforts are unsuccessful, to safeguard the quality and security of our credit assets. We will continue to adjust loan limits and strengthen portfolio management in line with our credit risk control policies to enhance the overall quality of our loan portfolio.

Right-of-use Assets

Our right-of-use assets during the Track Record Period consisted of (i) land use rights, and (ii) rights to leased buildings, mainly representing our production bases and office buildings. Our right-of-use assets increased by 15.0% from RMB955.8 million as of December 31, 2023 to RMB1,099.5 million as of December 31, 2024, primarily attributable to an increase in land use rights, mainly representing our newly acquired properties associated with the business operation of the Indonesia Production Base. Our right-of-use assets remained relatively stable at RMB1,099.5 million as of December 31, 2024 and RMB1,090.6 million as of December 31, 2025. Our right-of-use assets remained relatively stable at RMB1,090.6 million as of December 31, 2025 and RMB1,048.3 million as of May 31, 2026. The following table sets forth a breakdown of our right-of-use assets as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	867,911	1,040,910	1,017,628	988,055
Buildings	87,907	58,583	72,941	60,249
Total	**955,818**	**1,099,493**	**1,090,569**	**1,048,304**

Intangible Assets

Our intangible assets primarily consisted of (i) goodwill, and (ii) software. The following table sets forth a breakdown of our intangible assets as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Goodwill	326,122	268,870	229,499	228,391
Software	53,948	99,975	151,342	149,915
Patent technology	–	–	–	4,998
Total	**380,070**	**368,845**	**380,841**	**383,304**

Our intangible assets remained relatively stable at RMB380.1 million as of December 31, 2023, RMB368.8 million as of December 31, 2024, and RMB380.8 million as of December 31, 2025. Our intangible assets remained relatively stable at RMB380.8 million as of December 31, 2025 and RMB383.3 million as of May 31, 2026.

Impairment testing of goodwill

Impairment review on the goodwill of our Group have been conducted by the management as of December 31, 2023, 2024, 2025 and May 31, 2026, according to IAS 36 Impairment of assets. See Notes 18(b) and 18(c) of Appendix I to this document. The following table sets out the key assumptions for the cash-generating units ("CGU") or group of CGUs that have goodwill allocated to them:

Year ended December 31, 2023

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-8.94% to 0.97%	46.00% to 47.00%	1.00%	5.95%
HME	1.00% to 10.23%	1.92% to 2.46%	0.00%	12.07%
JMF	2.00% to 3.50%	1.95% to 2.04%	0.00%	11.56%
Chengdu Bede	2.00% to 7.19%	1.19% to 1.23%	0.00%	11.93%
Guangdong Alltop	-6.99% to 5.00%	2.21% to 2.25%	0.00%	11.98%
Thailand Hailiang	1.00% to 2.00%	3.20% to 3.32%	0.00%	14.50%

Year ended December 31, 2024

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-31.05% to -0.3%	50.74% to 53.68%	0.40%	7.18%
HME	0.00% to 7.20%	1.57% to 2.71%	0.00%	12.40%
JMF	-15.39% to 2.00%	2.05% to 2.08%	0.00%	11.47%
Chengdu Bede	2.13% to 7.63%	0.90% to 0.92%	0.00%	9.93%
Guangdong Alltop	-10.95% to 0.93%	1.90% to 2.01%	0.00%	10.34%
Thailand Hailiang	0.00% to 2.39%	3.33% to 3.36%	0.00%	14.83%

Year ended December 31, 2025

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-13.07% to 0.29%	53.65% to 57.75%	0.40%	7.08%
HME	-2.94% to 9.51%	0.96% to 2.93%	0.00%	14.74%
JMF	2.00% to 5.00%	2.21% to 2.23%	0.00%	12.56%
Chengdu Bede	1.00% to 4.00%	0.73% to 0.82%	0.00%	12.46%
Guangdong Alltop	1.00% to 4.27%	1.83% to 1.85%	0.00%	12.97%
Thailand Hailiang	-1.49% to 3.59%	2.18% to 2.21%	0.00%	16.67%

Five months ended May 31, 2026

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-13.48% to 0.02%	55.46% to 58.78%	0.40%	6.74%
HME	-1.55% to 7.96%	0.09% to 2.90%	0.00%	14.92%
JMF	2.00% to 6.00%	2.22% to 2.62%	0.00%	12.33%
Chengdu Bede	1.00% to 2.99%	0.45% to 0.79%	0.00%	13.09%
Guangdong Alltop	0.88% to 2.76%	0.68% to 1.69%	0.00%	13.39%
Thailand Hailiang	0.79% to 3.50%	1.29% to 1.66%	0.00%	17.25%
Huizhou Jiaye	3.00% to 102.91%	-8.53% to 6.34%	0.00%	16.42%

(i) We determine the parameters such as revenue growth rate, profit margin for the forecast period, as well as growth rate and profit margin for the stable period within the forecast, based on the operating results of historical years, market competition and development plans.

Management has determined the recoverable amount measured at the present value of estimated future cash flows, with a budget horizon of 5 years, and the key assumptions based on as follows:

Revenue annual growth rates	Revenue growth rate is estimated over the five-year forecast period. The management of our Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
(Net) Profit margin	Based on past performance and management's expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.
Pre-tax discount rates	Estimated by using the weighted average cost of capital ("WACC") method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

Sensitivity analysis has been performed based on the assumptions that revenue annual growth rates, operating profit margin and pre-tax discount rates has been changed. Had the estimated key assumptions during the forecast period been changed as shown below, while other parameters remain constant, the headroom of the CGUs would be as follows:

Year ended December 31, 2023

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%[(1)]	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	360,314	361,106	361,578	357,576
HME	N/A	N/A	N/A	N/A
JMF	35,579	66,085	N/A	68,830
Chengdu Bede	51,232	80,367	N/A	80,704
Guangdong Alltop	15,969	62,425	N/A	63,580
Thailand Hailiang	552,799	643,515	N/A	645,213

Year ended December 31, 2024

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(1)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	N/A	N/A	N/A	N/A
HME	N/A	N/A	N/A	N/A
JMF	21,684	53,412	N/A	55,217
Chengdu Bede	28,778	66,081	N/A	66,525
Guangdong Alltop	N/A	N/A	N/A	N/A
Thailand Hailiang	514,978	616,795	N/A	619,038

Year ended December 31, 2025

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(1)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	N/A	N/A	N/A	N/A
HME	N/A	N/A	N/A	N/A
JMF	77,032	82,280	N/A	82,648
Chengdu Bede	18,935	22,108	N/A	22,135
Guangdong Alltop	10,124	15,240	N/A	15,370
Thailand Hailiang	327,773	339,363	N/A	339,545

Five months ended May 31, 2026

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(1)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	37,933	38,175	38,805	36,519
HME	N/A	N/A	N/A	N/A
JMF	20,750	74,345	N/A	77,862
Chengdu Bede	(14,701)	15,062	N/A	15,275
Guangdong Alltop	(48,142)	683	N/A	1,667
Thailand Hailiang	55,654	171,643	N/A	172,924
Huizhou Jiaye	415	1,594	N/A	1,739

(1) For CGUs adopted nil perpetual annual growth rate in the impairment test, no sensitivity analysis has been performed.

Impact of possible changes in key assumptions

Based on the results of impairment test, for the CGUs that were not impaired during the years ended December 31, 2023, 2024 and 2025, and May 31, 2026, these recoverable amount of the CGUs is significantly above the carrying amount of our Group. Management of our Group believes that any reasonably possible change in any of the key assumptions would not result in impairment.

The recoverable amounts of the CGUs would be equal to their carrying amounts if the key assumptions were increased/decreased by the percentage of figures used to determine the current recoverable amounts as follows:

Year ended December 31, 2023:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	-53.12%	-86.69%	30.70%
HME	N/A	N/A	N/A
JMF	-0.62%	-6.22%	48.26%
Chengdu Bede	-0.82%	-37.21%	212.64%
Guangdong Alltop	-0.40%	-9.23%	25.26%
Thailand Hailiang	-2.04%	-44.87%	171.25%

Year ended December 31, 2024:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	N/A	N/A	N/A
HME	N/A	N/A	N/A
JMF	-0.49%	-7.01%	38.44%
Chengdu Bede	-0.53%	-26.33%	143.03%
Guangdong Alltop	N/A	N/A	N/A
Thailand Hailiang	-1.74%	-36.31%	130.00%

Year ended December 31, 2025:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	N/A	N/A	N/A
HME	N/A	N/A	N/A
JMF	-0.44%	-5.44%	30.79%
Chengdu Bede	-0.21%	-14.19%	45.44%
Guangdong Alltop	-0.09%	-2.45%	6.59%
Thailand Hailiang	-0.85%	-26.32%	74.05%

Five months ended May 31, 2026:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	-11.57%	-15.21%	5.08%
HME	N/A	N/A	N/A
JMF	-0.41%	-5.09%	26.11%
Chengdu Bede	-0.15%	-11.22%	29.49%
Guangdong Alltop	-0.01%	-0.42%	1.04%
Thailand Hailiang	-0.44%	-17.59%	41.80%
Huizhou Jiaye	-0.39%	-2.27%	5.94%

Investments in Associates

Our investments in associates primarily consisted of our investments in our associates, namely Hailiang Group Finance Co., Ltd. and Bank of Ningxia Co., Ltd. Our investments in associates remained relatively stable at RMB2,057.6 million as of December 31, 2023, RMB2,023.2 million as of December 31, 2024, RMB2,023.8 million as of December 31, 2025, and RMB2,010.9 million as of May 31, 2026, respectively.

Equity Investments at Fair Value through Other Comprehensive Income

Our equity investments at fair value through other comprehensive income consisted of our equity interests in unlisted companies. We estimate the fair value by comprehensively considering methods such as market approach, which we consider as reasonable estimates. Our equity investments at fair value through other comprehensive income increased by 24.5% from RMB916.0 million as of December 31, 2023 to RMB1,140.4 million as of December 31, 2024, primarily attributable to the remeasurement of an equity investment as determined by the consideration stipulated under the disposal agreement. Our Equity investments at fair value through other comprehensive income significantly decreased from RMB1,140.4 million as of December 31, 2024 to RMB100.0 million as of December 31, 2025, primarily attributable to the disposal of an equity investment. Our equity investments at fair value through other comprehensive income decreased from RMB100.0 million as of December 31, 2025 to RMB69.6 million as of May 31, 2026, primarily attributable to an adjustment to the fair value of the relevant unlisted company with reference to a recent market-based financing transaction.

Prepayments and Other Receivables

Our prepayments and other receivables primarily consisted of (i) prepayment for goods, mainly including raw materials used in production, (ii) deposits and guarantees, mainly representing futures deposits, and (iii) prepayment for expenses. The following table sets out a breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments:				
Trade prepayments	1,085,222	954,218	1,021,819	818,631
Prepayment for operating expense	90,293	73,738	78,131	108,303
	1,175,515	**1,027,956**	**1,099,950**	**926,934**
Other receivables:				
Receivables from disposal of equity investments measured at FVOCI	–	–	329,052	418,241
Deposits and guarantees	113,884	199,743	360,377	451,404
Receivables from government authorities	49,851	87,329	52,132	56,382
Reimbursable advances	42,857	42,445	41,209	44,098
Others	11,329	14,347	14,681	26,131
Less: provision for impairment	(58,519)	(56,141)	(63,391)	(64,139)
	159,402	**287,723**	**734,060**	**932,117**
Total	**1,334,917**	**1,315,679**	**1,834,010**	**1,859,051**

Our prepayments and other receivables remained relatively stable at RMB1,334.9 million as of December 31, 2023 and RMB1,315.7 million as of December 31, 2024. Our prepayments and other receivables increased by 39.4% from RMB1,315.7 million as of December 31, 2024 to

RMB1,834.0 million as of December 31, 2025, primarily attributable to (i) an increase in receivables from disposal of equity interests at FVOCI, representing our consideration receivables in connection with our disposal of an equity investment, and (ii) an increase in deposits and guarantees, due to our increased futures deposits. Our prepayments and other receivables remained relatively stable at RMB1,834.0 million as of December 31, 2025 and RMB1,859.1 million as of May 31, 2026.

As of June 30, 2026, RMB897.6 million or approximately 48.3% of our prepayments and other receivables as of May 31, 2026 had been settled.

Inventories

Our inventories primarily consisted of (i) raw materials, (ii) work in progress, and (iii) finished goods. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	2,700,099	3,170,157	4,052,539	5,500,869
Work in progress	1,836,621	2,023,655	2,846,827	3,194,166
Finished goods	1,851,525	2,600,828	3,615,230	4,450,569
Goods in transit	443,594	686,363	975,015	1,380,141
Consumable materials	274,582	306,467	340,008	420,388
	7,106,421	**8,787,470**	**11,829,619**	**14,946,133**
Less: provision for impairment	(19,330)	(32,338)	(37,700)	(48,215)
Total	**7,087,091**	**8,755,132**	**11,791,919**	**14,897,918**

Our inventories increased by 23.5% from RMB7,087.1 million as of December 31, 2023 to RMB8,755.1 million as of December 31, 2024, primarily attributable to an increase in finished goods and raw materials following the commencement or expansion of several production sites including our copper foils facilities, which expanded production capacity and led to higher inventory levels. This increase was further supported by the increase in copper price that elevated the value of finished goods and raw materials.

Our inventories increased by 34.7% from RMB8,755.1 million to RMB11,791.9 million as of December 31, 2025, primarily attributable to an increase in finished goods and work in progress, mainly driven by the ramp-up of production at our manufacturing sites, including the Texas Production Base. This increase was further supported by the increase in copper price that elevated the value of finished goods, work in progress and goods in transit.

Our inventories further increased by 26.3% from RMB11,791.9 million as of December 31, 2025 to RMB14,897.9 million as of May 31, 2026, primarily attributable to an increase in raw materials, finished goods and work in progress in anticipation of the peak selling season typically occurring in the second quarter of the year, as well as an increased procurement demand from our overseas production bases, including the Texas Base, in line with the expansion of our overseas operations. This increase was further supported by higher copper prices, which increased the carrying value of our raw materials, finished goods and work in progress.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	7,008,196	8,659,561	11,693,269	14,798,674
1 to 2 years	39,556	71,746	54,798	59,376
Over 2 years	58,669	56,163	81,552	88,083
Total	**7,106,421**	**8,787,470**	**11,829,619**	**14,946,133**

The following table sets out the turnover days of our inventories for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Inventories turnover days[(1)]	34.6	33.7	46.1	52.1

Note (1): Inventory turnover days for a period equal the average of the opening and ending inventory balance (net of allowance) divided by cost of revenue for the relevant period and multiplied by the number of days in the relevant period, which is 360 days for each year ended December 31, 2023, 2024 and 2025 and 151 days for the five months ended May 31, 2026.

Our inventory turnover days remained relatively stable at 34.6 days in 2023 and 33.7 days in 2024, and increased to 46.1 days in 2025. This increase was primarily attributable to (i) the increased sales to certain customers of copper foil for lithium batteries and PCBs that typically requires longer stocking cycle, and (ii) our moderate expansion of inventory levels to support the ramp-up of production capacity following the commencement or expansion of our production sites, in order to meet anticipated demand and ensure timely fulfillment, particularly for expanded overseas markets that typically require longer lead times and shipping cycles.

Our inventory turnover days further increased from 46.1 days in 2025 to 52.1 days in the five months ended May 31, 2026, primarily attributable to a shift in customer mix with a greater proportion of sales attributable to customers of copper foils for lithium batteries and PCBs, which generally require longer inventory holding and stocking cycles.

As of June 30, 2026, approximately RMB12,391.8 million or 82.9% of our inventories as of May 31, 2026 had been consumed.

Trade and Notes Receivables

Our trade and notes receivables during the Track Record Period primarily consisted of (i) trade receivables and (ii) notes receivables, mainly from customers purchasing our copper processed products for HVAC and industrial application, and copper foils for lithium batteries and PCBs. The following table sets out the breakdown of our trade and notes receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	5,509,494	7,978,444	9,446,388	12,410,765
Notes receivables	266,840	399,812	123,264	692,845
Less: credit loss allowance	(106,333)	(134,167)	(154,962)	(202,648)
Total	**5,670,001**	**8,244,089**	**9,414,690**	**12,900,962**

Our trade and notes receivables increased by 45.4% from RMB5,670.0 million as of December 31, 2023 to RMB8,244.1 million as of December 31, 2024, primarily attributed to the increase to trade receivables driven by (i) the strong growth in downstream home appliance demand, in conjunction with rising raw material price in the same period, (ii) increased sales to certain overseas customers and customers of copper foils for lithium batteries and PCBs in emerging downstream sectors (such as the NEVs and energy storage markets), whose prevailing market practices typically involve extended credit terms which we accommodated as part of our efforts to strengthen our market position in these evolving markets.

Our trade and notes receivables increased by 14.2% from RMB8,244.1 million as of December 31, 2024 to RMB9,414.7 million as of December 31, 2025, primarily attributed to an increase in trade receivables driven by an increase in sales volume of certain products, such as copper foil products. This increase was further supported by higher copper price during the period which resulted in higher receivable balances.

Our trade and notes receivables further increased by 37.0% from RMB9,414.7 million as of December 31, 2025 to RMB12,901.0 million as of May 31, 2026, primarily attributable to (i) an increase in trade receivables driven by higher sales volumes, particularly to certain overseas customers and major customers of copper foils for lithium batteries and PCBs, as well as higher copper price, which increased the value of outstanding receivables, and (ii) an increase in notes receivables, primarily reflecting increased sales to certain customers settled through bank acceptance notes in order to accommodate their settlement preferences as part of our efforts to strengthen our market position in the evolving market.

The following table sets out the aging analysis of our trade receivables based on the invoice date as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	5,442,493	7,897,002	9,355,293	12,310,663
1 to 2 years	27,284	38,881	44,851	53,457
2 to 3 years	4,870	15,724	16,524	16,281
Over 3 years	34,847	26,837	29,720	30,364
Total	**5,509,494**	**7,978,444**	**9,446,388**	**12,410,765**

We typically offer major customers a credit term of within 120 days. We maintain strict control over outstanding trade and notes receivables through established policies that ensure credit terms are extended only to counterparties with an appropriate credit history. Our management performs ongoing credit evaluations and implements continuous monitoring procedures to ensure timely collection. Follow-up actions are taken promptly to recover any overdue amounts. During the Track Record Period, substantially all of our trade and notes receivables, being 98.8%, 99.0%, 99.0% and 99.2% as of December 31, 2023, 2024, December 31, 2025 and May 31, 2026, respectively, were aged within one year.

The following table sets out our trade and notes receivables turnover days for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Trade and notes receivables turnover days[(1)]	25.3	29.1	38.8	42.3

Note (1): Trade and notes receivables turnover days equals to the average of opening and ending balance of trade and notes receivables divided by revenue for the relevant period and multiplied by the number of days in the relevant period, which is 360 days for each year ended December 31, 2023, 2024 and 2025 and 151 days for the five months ended May 31, 2026.

Our trade and notes receivables turnover days increased from 25.3 days in 2023 to 29.1 days in 2024, and further increased to 38.8 days in 2025, and further increased to 42.3 days in the five months ended May 31, 2026, primarily attributable to (i) increased sales to certain overseas customers and customers of copper foils for lithium batteries and PCBs in emerging downstream sectors (such as the NEVs and energy storage markets), whose prevailing market practices typically involve an extended credit terms which we accommodated as part of our efforts to strengthen our market position in these evolving markets, and (ii) the adjustment in business portfolio with incremental downsizing of the copper trade activities to align with our core operational needs, which operate with shorter turnover periods.

As of June 30, 2026, approximately RMB6,862.5 million or 52.4% of our trade and notes receivables as of May 31, 2026 had been settled.

Trade and Notes Receivable at Fair Value through Other Comprehensive Income

Our trade and notes receivable at fair value through other comprehensive income during the Track Record Period primarily comprising bank acceptance notes and other commercial notes. Our trade and notes receivables at fair value through other comprehensive income were RMB1,071.5 million, RMB1,287.5 million, RMB916.4 million and RMB1,717.4 million as of December 31, 2023, 2024, 2025 and May 31, 2026.

Accruals and other payables

Accruals and Other Payables under Non-current Portion

Our accruals and other payables under non-current portion during the Track Record Period primarily comprised long-term salaries, wages and bonuses associated with pension obligations. Our accruals and other payables under non-current portion decreased by 5.8% from RMB121.8 million as of December 31, 2023 to RMB114.7 million as of December 31, 2024, primarily attributable to a decrease in pension obligations mainly driven by a shift in foreign currency translation differences from the portion of pension obligations denominated in foreign currencies. Our accruals and other payables under non-current portion remained stable at RMB114.7 million and RMB112.7 million as of December 31, 2024 and 2025, respectively. Our accruals and other payables under non-current portion further remained relatively stable at RMB112.7 million as of December 31, 2025 and RMB109.5 million as of May 31, 2026.

Accruals and Other Payables under Current Portion

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividends payable	–	–	–	283,023
Salaries, wages and benefits	322,042	300,609	298,714	362,962
Accrued expenses	109,918	109,971	101,644	117,448
Temporary deposits received	78,330	44,357	44,592	72,271
Deposits payables	81,265	64,006	72,362	59,868
Other tax payables	80,424	70,010	108,004	84,823
[**REDACTED**] payables	–	–	4,655	1,429
Others	21,756	37,380	46,005	34,669
Total	**693,735**	**626,333**	**675,976**	**1,016,493**

Our accruals and other payables under current portion during the Track Record Period primarily consisted of (i) salaries, wages and benefits, (ii) accrued expenses, mainly representing accrued expenses recognized on an accrual basis, including transportation fees, warehousing charges and utility electricity expenses, (iii) temporary deposits received, mainly representing temporary advances and amounts payable by our Company, (iv) deposits payables, mainly representing security deposits payable to external third parties such as our suppliers, and (v) dividend payables, mainly representing dividends declared but not yet paid.

Our accruals and other payables under current portion decreased by 9.7% from RMB693.7 million as of December 31, 2023 to RMB626.3 million as of December 31, 2024, primarily attributable to a decrease in temporary deposits received and deposits payables. Our accruals and other payables increased by 7.9% from RMB626.3 million as of December 31, 2024 to RMB676.0 million as of December 31, 2025, primarily attributable to an increase in other tax payables, mainly reflecting the growth of taxable assets of our Texas Production Base in line with the expansion of its business operations. Our accruals and other payables under current portion further increased by 50.4% from RMB676.0 million as of December 31, 2025 to RMB1,016.5 million as of May 31, 2026, primarily attributable to (i) recognition of dividends payable representing the declared final dividends of RMB283.0 million out of 2025 profits, see Note 12 of Appendix I to this document; and (ii) an increase in salaries, wages and benefits, mainly reflecting statutory entitlements accrued in connection with the workforce optimization of our subsidiaries in the EU.

As of June 30, 2026, RMB165.4 million or 16.3% of our accruals and other payables under current portion as of May 31, 2026, had been settled.

Contract Liabilities

Our contract liabilities during the Track Record Period primarily consisted of advances from customers before fulfilling performance obligations. Our contract liabilities increased by 12.9% from RMB414.4 million as of December 31, 2023 to RMB467.7 million as of December 31, 2024, and further increased by 45.5% to RMB680.7 million as of December 31, 2025, generally in line with increases in copper prices and sales volume, which led to higher advance payments received from customers. Our contract liabilities decreased by 40.6% from RMB680.7 million as of December 31, 2025 to RMB404.3 million as of May 31, 2026, primarily attributable to a decrease in advances received from customers in this period.

As of June 30, 2026, RMB183.4 million or 45.4% of our contract liabilities as of May 31, 2026, had been recognized as revenue.

Trade and Notes Payables

Our trade and notes payables during the Track Record Period primarily consisted of (i) trade payables, and (ii) notes payables. The following table sets out a breakdown of our trade and notes payables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and Notes Payable:				
– Trade payables	2,065,031	2,503,765	1,973,597	2,341,183
– Notes payables	1,049,860	599,940	780,000	–
Total	**3,114,891**	**3,103,705**	**2,753,597**	**2,341,183**

Our trade and notes payables remained relatively stable at RMB3,114.9 million as of December 31, 2023 and RMB3,103.7 million as of December 31, 2024. Our trade and notes payables decreased by 11.3% from RMB3,103.7 million as of December 31, 2024 to RMB2,753.6 million as of December 31, 2025, primarily attributable to a decrease in trade payables resulting from adjustments in our settlement arrangements as we settled certain forward letters of credit that became due during the period. Our trade and notes payables further decreased by 15.0% from RMB2,753.6 million as of December 31, 2025 to RMB2,341.2 million as of May 31, 2026, primarily attributable to a decrease in notes payables, mainly because bank acceptance notes outstanding at the beginning of the period matured and were settled during the period, and no new bank acceptance notes were issued; this decrease was partially offset by an increase in trade payables, mainly due to increased procurement activities in anticipation of the peak selling season in the second quarter of the year, together with higher copper price, which led to higher purchase amount.

Our trade and notes payables are normally settled by the time of delivery; for certain suppliers with whom we have established long-term relationships, we were typically granted credit terms within 90 days. The following table sets out the aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,888,365	2,309,076	1,537,795	2,052,760
Over 1 year	176,666	194,689	435,802	288,423
Total	**2,065,031**	**2,503,765**	**1,973,597**	**2,341,183**

The following table sets out our trade and notes payables turnover days for the years/periods indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Trade and notes payables turnover days[1]	18.2	13.2	13.2	9.9

Note (1): Trade and notes payables turnover days equals to the average of opening and ending balance of trade and notes payables divided by cost of revenue for the relevant period and multiplied by the number of days in the relevant period, which is 360 days for each year ended December 31, 2023, 2024 and 2025 and 151 days for the five months ended May 31, 2026.

Our trade and notes payables turnover days decreased from 18.2 days in 2023 to 13.2 days in 2024, primarily because we prudently maintained our existing letter of credit and acceptance bill arrangement while our business scale continued to expand. Our trade and notes payables turnover days remained relatively stable at 13.2 days in 2024 and 2025. Our trade and notes payables turnover days further decreased from 13.2 days in 2025 to 9.9 days in the five months ended May 31, 2026, primarily attributable to a reduction in our average notes payable balance following the settlement of bank acceptance notes outstanding as of December 31, 2025, as well as the settlement of procurement-related notes payables and payments for long-term assets.

As of June 30, 2026, RMB977.8 million or approximately 41.8% of our trade payables and notes payables as of May 31, 2026 had been settled.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the years/period indicated:

	As of/for the year ended December 31,			As of/for the five months ended May 31,
	2023	2024	2025	2026
Gearing ratio[(1)]	109.2%	131.3%	116.8%	147.8%
Current ratio[(2)]	1.7	1.3	1.5	1.4
Quick ratio[(3)]	1.2	0.9	0.9	0.8
Gross profit margin[(4)]	4.1%	3.3%	3.8%	4.4%
Net profit margin[(5)]	1.5%	0.7%	1.2%	1.4%

Notes:

(1) Gearing ratio equals the total borrowings and lease liabilities as at the respective dates divided by total equity as at the respective dates and multiplied by 100%.

(2) Current ratio equals total current assets divided by total current liabilities as of the relevant dates.

(3) Quick ratio equals total current assets less inventories divided by total current liabilities as of the relevant dates.

(4) Gross profit margin equals gross profit divided by revenue in the respective year and multiplied by 100%.

(5) Net profit margin equals profit of the year divided by revenue in the respective year and multiplied by 100%.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our operations principally from cash generated from operating activities, capital contributions by our shareholders and borrowings. As of December 31, 2023, 2024, 2025 and May 31, 2026, we had cash and cash equivalents of RMB5,103.3 million, RMB4,010.5 million, RMB3,435.9 million and RMB2,738.8 million, respectively.

Cash Flow

The following table sets out our cash flow 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 (Unaudited)*	*RMB'000*
Net cash used in operating activities	(853,564)	(2,353,877)	(1,792,162)	(2,838,168)	(6,146,850)
Net cash (used in)/generated from investing activities	(2,378,448)	(1,039,866)	(588,125)	9,208	(265,664)
Net cash generated from financing activities	5,742,069	2,397,560	1,569,728	3,048,758	5,748,110
Net increase/(decrease) in cash and cash equivalents	2,510,057	(996,183)	(810,559)	219,798	(664,404)
Cash and cash equivalents at the end of each period	**5,103,349**	**4,010,530**	**3,435,887**	**4,258,016**	**2,738,811**

Net Cash Used in Operating Activities

Net cash used in operating activities primarily comprise our profit before income tax for the period adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital.

In the five months ended May 31, 2026, our net cash used in operating activities was RMB6,146.9 million, which was primarily attributable to our profit before income tax of RMB747.7 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising (a) depreciation and amortization of non-current assets of RMB410.8 million, and (b) finance costs of RMB312.0 million, partially offset by (c) fair value gains on financial assets of RMB106.3 million, and (d) gains on disposal of financial assets and liabilities of RMB91.6 million, and (ii) changes in working capital, which primarily comprised of (a) increase in inventories of RMB3,127.9 million, and (b) increase in receivables of RMB3,475.4 million.

In 2025, our net cash used in operating activities was RMB1,792.2 million, which was primarily attributed to our profit before income tax of RMB1,241.1 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising (a) depreciation and amortization of non-current assets of RMB952.6 million and (b) finance costs of RMB712.0 million, partially offset by (c) foreign exchange gains other than those related to loans of RMB297.8 million and (d) interest income of RMB131.2 million; and (ii) changes in working capital, which primarily comprised of (a) increase in inventories of RMB3,078.9 million and (b) increase in receivables of RMB1,838.0 million.

In 2024, our net cash used in operating activities was RMB2,353.9 million, which was primarily attributed to our profit before income tax of RMB671.1 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising (a) depreciation and amortization of non-current assets of RMB844.1 million and (b) finance costs of RMB717.8 million, partially offset by (c) equity method investment income of RMB112.9 million and (d) interest income of RMB133.9 million; and (ii) changes in working capital, which primarily comprised of (a) increase in receivables of RMB2,596.7 million and (b) increase in inventories of RMB1,689.2 million.

In 2023, our net cash used in operating activities was RMB853.6 million, which was primarily attributed to our profit before income tax of RMB1,381.7 million, as adjusted by (i) the non-cash and non-operating items, primarily comprising (a) finance costs of RMB567.8 million and (b) depreciation and amortization of non-current assets of RMB557.2 million, partially offset by (c) interest income of RMB197.9 million, and (d) equity method investment income of RMB117.1 million; and (ii) changes in working capital, which primarily comprised of (a) decrease in payables of RMB1,778.4 million and (b) increase in receivables of RMB1,117.9 million.

Net Cash Used in Investing Activities

In the five months ended May 31, 2026, our net cash used in investing activities was RMB265.7 million, which was primarily attributed to payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB759.8 million, which was partially offset by proceeds from disposal of equity investments at fair value through other comprehensive income of RMB334.7 million.

In 2025, our net cash used in investing activities was RMB588.1 million, which was primarily attributed to (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB986.4 million and (ii) payments for settlement of derivative financial instruments of RMB130.5 million, which was partially offset by (i) proceeds from disposal of equity investments at fair value through other comprehensive income of RMB312.1 million and (ii) government grant received in relation to assets of RMB113.2 million.

In 2024, our net cash used in investing activities was RMB1,039.9 million, which was primarily attributed to (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB1,274.2 million and (ii) payments for settlement of derivative financial instruments of RMB63.8 million, which was partially offset by dividends received from equity investments of RMB168.0 million.

In 2023, our net cash used in investing activities was RMB2,378.4 million, which was primarily attributed to (i) payments for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB2,222.3 million and (ii) payments for settlement of derivative financial instruments, net of RMB336.9 million, which was partially offset by government grant received in relation to assets of RMB95.6 million.

Net Cash Generated from Financing Activities

In the five months ended May 31, 2026, our net cash generated from financing activities was RMB5,748.1 million, which was primarily attributed to proceeds from borrowings of RMB18,221.0 million, partially offset by repayments of borrowings of RMB12,340.1 million.

In 2025, our net cash generated from financing activities was RMB1,569.7 million, which was primarily attributed to proceeds from borrowings of RMB28,439.8 million, partially offset by (a) repayments of borrowings of RMB25,523.5 million and (b) dividends paid to the Company's shareholders of RMB566.8 million.

In 2024, our net cash generated from financing activities was RMB2,397.6 million, which was primarily attributed to the proceeds from borrowings of RMB26,138.7 million, partially offset by repayments of borrowings of RMB22,356.9 million.

In 2023, our net cash generated from financing activities was RMB5,742.1 million, which was primarily attributed to (a) proceeds from borrowings of RMB27,007.1 million and (b) capital contributions from non-controlling interests of RMB2,201.0 million, partially offset by repayments of borrowings of RMB22,462.4 million.

Net Current Assets

	As of December 31,			As of May 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets					
Cash and cash equivalents	5,103,349	4,010,530	3,435,887	2,738,811	2,710,805
Restricted cash and term deposits	2,618,144	2,425,482	2,534,885	1,340,970	1,612,686
Derivative financial instruments	31,351	153,919	69,505	99,958	223,147
Trade and notes receivables	5,670,001	8,244,089	9,414,690	12,900,962	12,453,512
Trade and notes receivables at fair value through other comprehensive income	1,071,509	1,287,484	916,427	1,717,362	2,052,027
Prepayments and other receivables	1,334,917	1,315,679	1,834,010	1,859,051	2,484,407
Inventories	7,087,091	8,755,132	11,791,919	14,897,918	15,441,314
Loans receivables	1,109,143	908,158	727,716	646,748	719,872
Other current assets	407,316	656,270	1,159,318	642,069	510,105
Total current assets	**24,432,821**	**27,756,743**	**31,884,357**	**36,843,849**	**38,207,875**
Current liabilities					
Borrowings	10,102,643	17,338,782	15,930,875	21,766,741	22,636,077
Contract liabilities	414,429	467,709	680,701	404,269	625,793
Rental and interest received in advance	2,908	5,387	4,710	4,240	2,516

	As of December 31,			As of May 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Lease liabilities	33,462	32,709	33,493	28,178	27,609
Current income tax liabilities	184,539	171,887	189,458	168,694	178,150
Trade and notes payable	3,114,891	3,103,705	2,753,597	2,341,183	1,982,775
Accruals and other payables	693,735	626,333	675,976	1,016,493	1,134,015
Derivative financial instruments	66,573	129,094	902,666	130,585	44,611
Other current liabilities	154,895	158,999	135,626	154,166	74,536
Total current liabilities	**14,768,075**	**22,034,605**	**21,307,102**	**26,014,549**	**26,706,082**
Net current assets	**9,664,745**	**5,722,138**	**10,577,255**	**10,829,300**	**11,501,793**

Our net current assets increased by 6.2% from RMB10,829.3 million as of May 31, 2026 to RMB11,501.8 million as of June 30, 2026, primarily attributable to (i) an increase in prepayments and other receivables, mainly due to increases in futures margin deposits; (ii) an increase in inventories, primarily attributable to advance stockpiling in anticipation of business expansion and increased procurement requirements, coupled with higher copper price; (iii) a decrease in trade and notes payables, primarily attributable to settlement of procurement-related notes payables and payments for long-term assets; and (iv) an increase in trade and notes receivables at fair value through other comprehensive income, primarily attributable to an increase in bank acceptance notes received from customers during the period. The increase was partially offset by (i) an increase in borrowings, primarily attributable to adjustments in financing arrangements to support our working capital requirements; and (ii) a decrease in trade and notes receivables, primarily attributable to customer collections by our subsidiaries.

Our net current assets remained relatively stable at RMB10,577.3 million as of December 31, 2025 and RMB10,829.3 million as of May 31, 2026.

Our net current assets increased by 84.8% from RMB5,722.1 million as of December 31, 2024 to RMB10,577.3 million as of December 31, 2025, primarily attributable to (i) an increase in trade and notes receivables, primarily attributable to an increase in trade receivables mainly driven by an increase in sales volume of certain products such as copper foils products, coupled with higher copper price during the period which resulted in higher receivable balances, (ii) an increase in inventories driven by the (a) ramp-up of certain production sites, and (b) increased sales to certain customers whose prevailing market practice typically involve an extended revenue recognition cycle, as well as rise in international delivery volumes with extended logistical lead time, which was further supported by the increase in copper price that elevated the value of inventories, and (iii) a decrease in borrowings, primarily attributable to the conversion of Convertible Bonds which resulted in a corresponding reduction in bonds payables during the period. See Note 29(d) of Appendix I to this document.

Our net current assets decreased by 40.8% from RMB9,664.7 million as of December 31, 2023 to RMB5,722.1 million as of December 31, 2024, primarily attributable to (i) an increase in current borrowings; and (ii) a decrease in cash and cash equivalents. This decrease was partially offset by (i) an increase in trade and notes receivables following (a) the strong growth in downstream home appliance demand, and (b) the increased sales to certain customers whose prevailing market practices typically involve an extended credit terms, in conjunction with the rising copper price in the same period; and (ii) an increase in inventories following the commencement and ramp-up of certain production bases, as well as the rising copper price in the same period.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and May 31, 2026, our indebtedness consisted of borrowings and lease liabilities. As of June 30, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB29,938.2 million.

The table below sets out the details of our indebtedness as of the dates indicated:

	As of December 31,			As of May 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current					
Borrowings	8,188,692	4,855,671	6,651,342	6,803,866	7,238,668
– Amount due to a related party	–	1,000	1,000	1,000	1,000
Lease liabilities	59,326	33,071	46,668	35,568	35,834
Current					
Borrowings	10,102,643	17,338,782	15,930,875	21,766,741	22,636,077
Lease liabilities	33,462	32,709	33,493	28,178	27,609
Total	**18,384,123**	**22,260,233**	**22,662,378**	**28,634,353**	**29,938,188**

Except as disclosed above, during the Track Record Period and up to June 30, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured. Our Directors confirmed that there has not been any material change in our indebtedness since May 31, 2026 and up to the Latest Practicable Date.

Borrowings

We had total borrowings of bank borrowings and debentures of RMB18,291.3 million, RMB22,194.5 million, RMB22,582.2 million, RMB28,570.6 million and RMB29,874.7 million as of December 31, 2023, 2024, 2025, May 31, 2026 and June 30, 2026, respectively, representing unsecured bank borrowings primarily to supplement raw material procurement and the construction of our production bases, which is strictly in line with our operational needs. A portion of our bank borrowings is secured and guaranteed, see Note 29 of Appendix I to this document. As of June 30, 2026, our unutilized bank facilities amounted to RMB10,693.7 million. The effective interest rate of our interest-bearing bank borrowings were ranged from 1.95% to 5.20% for long-term borrowings and 0.65% to 5.11% for short-term borrowings per annum as of May 31, 2026.

In particular, as of December 31, 2024, 2025 and May 31, 2026, we had non-trade balances of RMB1.0 million, representing a liquidity loan due to an associate of our Group. See Note 44 of Appendix I to this document. Our non-trade balances remained stable at RMB1.0 million as of June 30, 2026.

Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any unusual difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our total lease liabilities primarily comprise lease contracts for buildings and land-use-rights for office premises and production. As of December 31, 2023, 2024, 2025, May 31, 2026 and June 30, 2026, our total lease liabilities (including current and non-current portions) were RMB92.8 million, RMB65.8 million, RMB80.2 million, RMB63.7 million and RMB63.4 million, respectively.

The following table sets forth our lease liabilities in absolute amounts as of the dates indicated:

	As of December 31,			As of May 31,	As of June 30,
	2023	2024	2025	2026	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Non-current portion	59,326	33,071	46,668	35,568	35,834
Current portion	33,462	32,709	33,493	28,178	27,609
Total	**92,788**	**65,780**	**80,161**	**63,746**	**63,443**

Our total lease liabilities decreased by 29.1% from RMB92.8 million as of December 31, 2023 to RMB65.8 million as of December 31, 2024, and further increased by 21.9% from RMB65.8 million as of December 31, 2024 to RMB80.2 million as of December 31, 2025, primarily attributable to payment of lease liabilities in relation to the leasing of properties for production and offices. Our total lease liabilities decreased by 20.5% from RMB80.2 million as of December 31, 2025 to RMB63.7 million as of May 31, 2026, primarily attributable to (i) the scheduled settlement of lease liabilities under our existing lease arrangements; and (ii) the acquisition of certain properties in Italy that were previously subject to lease arrangements. Our total lease liabilities remained relatively stable at RMB63.7 million as of May 31, 2026 to RMB63.4 million as of June 30, 2026.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025, May 31, 2026 and June 30, 2026, we did not have any material contingent liabilities.

CAPITAL COMMITMENTS

During the Track Record Period, we had capital commitments of RMB1,487.0 million, RMB932.7 million, RMB1,007.0 million and RMB1,372.6 million as of December 31, 2023, 2024, 2025 and May 31, 2026, mainly consisting of property, plant and equipment commitments (either contracted or authorized). See Note 43.2 of Appendix I to this document.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditure consisted of purchase of property, plant and equipment, intangible assets and other non-current assets. In 2023, 2024, 2025 and the five months ended May 31, 2026, our capital expenditures amounted to RMB2,222.3 million, RMB1,274.2 million, RMB986.4 million and RMB759.8 million, respectively. We funded these expenditures primarily with bank borrowings, equity and debt financing.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

MATERIAL RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 43 of Appendix I to this document.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

FINANCIAL RISK DISCLOSURE

We have adopted a risk management program focused on minimizing potential adverse effects of the unpredictability of financial markets as we are exposed to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and price risk. Our overall risk management focuses on the unpredictability of financial markets, seeks a balance between risk and return, and minimizes the adverse impact of risk on our financial performance. See Note 3 of Appendix I to this document.

Liquidity Management Framework

To improve our operating cash flow position, maintain a robust liquidity position and meet our working capital requirements, we have established a comprehensive working capital and liquidity management framework comprising the following measures:

- ***Cash planning and monitoring.*** We prepare annual cash budget and rolling short-term cash plans to monitor potential funding gaps on an ongoing basis. We also maintain sufficient bank credit facilities to support our operations over the next 12 months, enabling us to better manage working capital requirements, optimize cash deployment and support a more stable operating cash flow position.

- ***Strengthening trade and other receivable management.*** We may be exposed to credit risks from our customers for not being able to collect all receivables. See "Risk Factors — We are exposed to the credit risks of our customers." In response, we put in place strengthened accounts receivables management, by reviewing and monitoring customer credit ratings on an ongoing basis, with credit limits set accordingly. For overseas customers, we maintain export credit insurance coverage to mitigate collection risks. We also conduct dynamic aging analyses of trade receivables, monitor collection progress continuously and incorporate customer payment performance into the assessment metrics of relevant sales personnel. For overdue receivables, dedicated escalation procedures are implemented, including involvement of risk management and legal teams where necessary, to facilitate timely recovery and accelerate cash inflows. These measures are intended to shorten collection cycles, improve receivables turnover and accelerate the conversion of revenue into operating cash flows.

- ***Stringent inventory control.*** Inventory is managed against turnover targets, with full-process monitoring, regular stocktaking and real-time tracking through internal systems. In addition, performance assessments and procurement controls are also used to limit excess inventory. In particular, during off-peak seasons or periods of lower demand, procurement plans may be adjusted and inventory optimization measures may be implemented to reduce capital tied up in inventory and improve inventory turnover, thereby enhancing operating cash flow generation.

- ***Optimizing financing and cash management.*** We use a combination of bank borrowings and bill financing with an appropriate mix of short- and long-term funding, to ensure flexibility and funding continuity. We also actively manage our foreign exchange exposure through hedging and other treasury management measure, while optimizing capital allocation and funding arrangements to mitigate currency risks and reduce financing costs, thereby improve cash flow efficiency.

DIVIDEND

Pursuant to our dividend policy under the Articles of Association, in principle, we distribute cash dividends at least once a year. Our annual cash dividends shall not be less than 10% of the distributable profit realized in the current year. In addition, the cumulative cash dividends over any consecutive three-year period shall not be less than 30% of the average annual distributable profits realized during such three-year period.

Any proposed distribution of dividends is subject to the discretion of our Board and approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after giving full consideration to our development plans, operating metrics, the scale of profitability, cash flow, capital requirements, and will also take into account the views of shareholders (particularly minority shareholders) and independent directors. We do not have a fixed dividend payout ratio.

In 2023, 2024, 2025 and the five months ended May 31, 2026, we declared or paid cash dividends to our shareholders of RMB159.2 million, RMB339.7 million, RMB566.8 million and RMB283.0 million, respectively. As of the Latest Practicable Date, we had paid these dividends in full.

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us including our cash and cash equivalents on hand, the available banking facilities and the estimated net [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2023, 2024, 2025 and May 31, 2026, our Company had distributable reserves of RMB7,970.5 million, RMB8,334.1 million, RMB8,743.6 million and RMB8,856.0 million, respectively, which were available for distribution to our equity shareholders.

[**REDACTED**]

[**REDACTED**] consist of professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. We expect to incur [**REDACTED**] of approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), comprising: (i) [**REDACTED**] of RMB[**REDACTED**] million (HK$[**REDACTED**] million); and (ii) non [**REDACTED**] expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), which are further categorized into: (a) fees and expenses of legal advisors and accountants of RMB[**REDACTED**] million (HK$[**REDACTED**] million); and (b) other fees and expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of which is expected to be charged to our combined statements of profit or loss, and approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of which is expected to be deducted from equity upon completion of the [**REDACTED**]. The [**REDACTED**] are expected to represent approximately [**REDACTED**]% of the gross [**REDACTED**] of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. During the Track Record Period, the [**REDACTED**] charged to our consolidated statements of profit or loss were RMB2.1 million. After the Track Record Period, approximately RMB[**REDACTED**] million is expected to be charged to our consolidated statements of profit or loss. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations in 2026.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See "Appendix II — Unaudited [**REDACTED**] Financial Information."

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, the Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since May 31, 2026, being the end date of the periods reported in Appendix I to this document, and there is no event since May 31, 2026 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the midpoint of the stated range of the [**REDACTED**] of between HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses in connection with the [**REDACTED**].

We intend to use the net [**REDACTED**] we expect to receive from the [**REDACTED**] for the purposes and in the amounts set out below:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to advance the construction and expansion of our production bases in Morocco and Indonesia. Committed to our globalization strategy, we expect to extend our market reach in Africa, Asia-Pacific and Europe. In particular:

  (1) ***Morocco Production Base***. Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the continued construction of our Morocco production base and the procurement of production equipment used therein. Our Morocco production base is located in the Tangier-Tetouan-Al Hoceima region of Morocco, with a total planned land area of 303,964 sq.m. As of the Latest Practicable Date, we had acquired the land for the production base. We plan to establish a comprehensive copper processing and new energy materials production base, focusing on the production of lithium battery copper foil, precision copper tubes, precision copper rods, copper fittings and ingots. Upon full completion and commencement of operation, the Morocco production base is expected to have a designed and budgeted annual production capacity of 50,000 tonnes of unwrought copper and copper alloy products, 35,000 tonnes of copper tubes, 40,000 tonnes of precision copper rods, 150 million pieces of precision copper alloy fittings and 25,000 tonnes of lithium battery copper foil and other new energy materials. As of the Latest Practicable Date, we had completed the construction of certain facilities, such as the melting and casting workshop. We expect to substantially complete the principal civil works for our Morocco production base in 2027, with installation, trial production and commissioning of the relevant production lines to be carried out in phases from 2026 to 2029. Notwithstanding the relatively low utilization rate of our existing European production facilities during the Track Record Period, we have taken into account that such utilization rate primarily reflected the gradual pace of the broader macroeconomic recovery in Europe over the period and our corresponding deliberate and prudent approach to ramping up output in step with that recovery, rather than any structural overcapacity at those facilities. The Morocco production base is intended to operate as a complementary node within our coordinated global production network: (i) it would be responsible for producing different product categories than the European production bases, focusing on unwrought copper and copper alloy products, precision copper tubes, precision copper rods, copper fittings and lithium battery copper foils and other new energy materials; (ii) its location in Tangier places it close to our European customers and positions it to serve Europe, the Middle East and Africa, and the new energy materials facility is intended to benefit from preferential access to the European Union market available to the relevant products under applicable trade arrangements, which we expect will shorten regional delivery routes, broaden our overseas supply options and strengthen our supply chain resilience; and (iii) it enhances our supply chain resilience as a North African production node, improving our proximity to raw materials and customers, reducing logistics costs and mitigating trade risks such as

tariffs, while reducing our reliance on any single production location or logistics route within the EMEA region. The total estimated investment, including construction, equipment procurement and trial production related expenditures, for the Morocco production base is estimated at approximately HK$2,246.0 million in total, which would be funded by our own capital resources and the net [**REDACTED**] from the [**REDACTED**]. The following table sets forth the planned allocation of net [**REDACTED**] for the Morocco production base by sub-category and by year of expected utilization:

Sub-category	HK$ (in million)	%	2026	2027	2028	2029
(i) Construction of Production Facilities	[**REDACTED**]	[REDACTED]%	[**REDACTED**]	[REDACTED]	[**REDACTED**]	[REDACTED]
(ii) Procurement of Production Equipment	[**REDACTED**]	[REDACTED]%	[**REDACTED**]	[REDACTED]	[**REDACTED**]	[REDACTED]
(iii) Trial Production	[**REDACTED**]	[REDACTED]%	[**REDACTED**]	[REDACTED]	[**REDACTED**]	[REDACTED]
Total	[REDACTED]	**100.0%**	[REDACTED]	[REDACTED]	[**REDACTED**]	[REDACTED]

(i) Construction of Production Facilities. We plan to complete the construction of key production facilities with a total planned land area of 192,548 sq.m. Specifically, we plan to build a new energy materials production facility that specializes in high-precision lithium battery copper foil. This workshop will be equipped with high-standard clean rooms and will be capable of producing copper foil with a minimum thickness of 4.5 micrometers. The facility is designed to serve the growing demand from the NEV battery and energy storage sectors, and is intended to leverage Morocco's preferential access to the European Union market under the relevant free trade agreement. In addition, we intend to establish a workshop specializing in the production of precision copper tubes, rods and fittings. Our precision copper tube workshop is dedicated for the production of precision copper tubes used for HVAC, featuring automated production lines that serve overseas customers. Our precision copper rod workshop manufactures copper rods in accordance with EU automotive specifications, targeting the automotive sector in Europe and other premium overseas markets. In addition, we plan to build a multi-story copper fittings workshop equipped with high-standard clean rooms, dedicated to the production of copper fittings for the plumbing, HVAC and industrial sectors in overseas markets. Furthermore, we plan to build auxiliary production facilities that comprise a sewage treatment station, a substation for reliable power supply, and an automated warehouse for efficient warehousing and logistics management.

(ii) Procurement of Production Equipment. We plan to procure key equipment for production lines. Specifically, we aim to acquire high-strength, ultra-thin copper foil manufacturing equipment, along with high-precision cathode rollers that help form the foil base and surface treatment machines that apply coatings to improve performance and corrosion resistance. In addition, we plan to acquire advanced equipment for our precision copper tube and precision copper rod production lines, thereby facilitating the production of our premium copper-processed products and meeting the growing demand in automotive and premium machinery sectors. We also plan to procure melting furnaces that heat and purify copper into ingots, together with automated equipment that shapes the materials into fittings.

(iii) Trial Production. We will procure raw materials, primarily copper cathode reserves, which are required for the ramp-up of new production lines, and recruit additional production staff to ensure smooth operations. We plan to employ approximately 855 additional employees at the Morocco production base upon the full operations.

(2) ***Indonesia Production Base***. Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used for the expansion of our Indonesia production base and the procurement of production equipment used therein. This production base is located at East Java Province, Indonesia. The existing facilities of our Indonesia production base are operational, with a designed annual capacity of 25,000 tonnes of copper foils. The total estimated investment for the Indonesia production base amounts to approximately HK$6,667.7 million, which would be funded by our capital resources, bank borrowings and the net [**REDACTED**] from the [**REDACTED**]. We plan to use the net [**REDACTED**] to fund the procurement and installation of production equipment for two additional workshops within the existing Phase 1 building, and the construction of a new Phase 2 production facility and procurement and installation of production equipment therein. The two additional workshops to be established within the existing Phase 1 building of the Indonesia production base will both produce copper foil, each with a designed annual production capacity of 12,500 tonnes. Together they will add 25,000 tonnes and bring the designed annual production capacity of Phase 1 to 50,000 tonnes, and the Phase 2 facility to be constructed separately is intended to add a further 50,000 tonnes, bringing the total designed annual production capacity of the Indonesia production base to 100,000 tonnes upon full completion. Each workshop will carry out the full production process from raw materials to finished copper foil, housing production lines that cover copper dissolution and electrolyte preparation, electrolytic deposition of raw foil onto rotating cathode drums, baking, aging, slitting, inspection and packaging, supported by intelligent logistics, clean room, acid mist purification, power supply and distribution and automated control systems. By housing the remaining Phase 1 copper foil production lines, the two workshops allow us to reach the planned Phase 1 capacity of 50,000 tonnes and to commission the additional capacity in phases using the existing Phase 1 building and its supporting infrastructure. The following table sets out the planned allocation of net [**REDACTED**] for the Indonesia production base by sub-category and by year of expected utilization:

Sub-category	**HK$**	**%**	**2026**	**2027**	**2028**	**2029**
	(in million)					
(i) Construction of Production Facilities	[**REDACTED**]	[REDACTED]%	[**REDACTED**]	[REDACTED]	[**REDACTED**]	[REDACTED]
(ii) Procurement of Production Equipment	[**REDACTED**]	[REDACTED]%	[**REDACTED**]	[REDACTED]	[**REDACTED**]	[REDACTED]
(iii) Trial Production	[**REDACTED**]	[REDACTED]%	[**REDACTED**]	[REDACTED]	[**REDACTED**]	[REDACTED]
Total	[REDACTED]	**100%**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(i) Construction of Production Facilities. We plan to invest in the construction of the new production facility with a planned area of 91,150 sq.m., along with auxiliary facilities, which will house additional production lines for copper foils.

(ii) Procurement of Production Equipment. We will procure key production equipment to support our production expansion, including high-precision cathode rollers in customized widths and integrated foil-making machines to enhance production efficiency and yield rates for copper foils. We also plan to acquire high-precision high-power rectifiers and transformers to maintain stable current for manufacturing ultra-thin copper foil. Additionally, we will purchase advanced surface treatment machines and high-speed slitting machines to meet overseas customer requirements for customized foil widths and superior surface properties.

(iii) Trial Production. We plan to procure copper cathode for copper foils, raw materials for the manufacturing of copper busbars and rods, as well as other operational expenditures required to support the Phase 2 production ramp-up at the Indonesia production base. We plan to recruit approximately 1,470 additional employees for the Indonesia production base.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to enhance our R&D in frontier copper-based products and strengthen our intelligent manufacturing capabilities. In particular:

  (1) ***Procurement of Advanced R&D and Testing Equipment***. Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to acquire advanced equipment along with high-precision testing instruments. We plan to deploy a material science AI simulation computing cluster and advanced material inspection system to achieve intelligent manufacturing. We also plan to procure and implement testing platforms from third parties for liquid cooling system and its components thereby meeting AI data center's and advanced consumer electronics' demand for thermal management. For the next-generation lithium battery and advanced telecommunications, we plan to acquire testing platforms for copper foils' surface, enabling our R&D of high-performance copper foils. We focus on four specific categories of advanced copper foil for use in next-generation lithium battery cell architectures. The first is a corrosion-resistant copper foil designed for compatibility with sulfide solid-state electrolyte environments, where the high reactivity of sulfide electrolytes poses significant corrosion challenges for conventional copper current collectors. We have submitted samples of this product to multiple battery cell manufacturers for evaluation, and several customers have completed cell-level verification, representing an early-stage milestone in its commercialization pathway. The second is a double-sided rough copper foil featuring a surface roughening treatment developed through our internal R&D efforts applied to both faces of the foil substrate, which enhances adhesion between the copper current collector and the active electrode material coating, thereby improving the cycling stability and energy density of next-generation lithium-ion and solid-state battery cells. The third is a porous copper foil with a controlled micro-porous structure that facilitates lithium-ion diffusion across the current collector layer, improving rate performance and heat dissipation within battery cells, and is particularly targeted at high-rate-charging and high-energy-density applications. The fourth is an ultra-thin copper foil with a target thickness of 4.5 μm or below, which reduces the parasitic dead weight of current collectors in battery cell stacks and thereby increases the gravimetric and volumetric energy density of next-generation lithium-ion and solid-state batteries. In addition, we are developing copper-based thermal management products — comprising precision liquid-cooled cold plates, heat pipes and vapor chambers — for deployment in AI data center servers, 5G base station equipment and high-performance computing systems, all of which face rapidly increasing heat flux densities that exceed the capacity of conventional air-cooling approaches, driving accelerating demand for active copper-based thermal management products. Additionally, we plan to construct the production line for copper foils by deploying high-precision foil-making machine, precision surface treatment machine and other equipment.

  (2) ***Collaboration with Academia***. Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to strengthen our strategic partnerships with leading academic institutions. Specifically, we intend to reinforce our long-term strategic agreements with premier institutions through the establishment of joint laboratories that bridge basic research with practical applications. We will concentrate on overcoming heat dissipation challenges in AI data center and high-power chips and exploring advanced manufacturing processes. Similarly, we will tackle underlying physical and chemical issues in copper-processed products

through materials genome engineering for ultra-high conductivity and high-strength copper alloys. Beyond these core initiatives, we will also consider project-based collaborations with other domestic and international research institutions on critical new energy battery materials like copper foils for sulfide solid-state electrolytes.

(3) ***Talent Recruitment***. Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be directed toward recruiting 15 to 20 high-caliber scientific and innovation talent, specifically leading experts and industry specialists in new energy battery materials and AI thermal management system design as well as in metal materials science and electrochemical engineering, complemented by competitive compensation packages to attract and retain individuals who can propel our technological advancements and contribute to our strategic goals in these high-priority fields.

(4) ***Building Digital Infrastructure***. Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be used to facilitate upgrades to our digital infrastructure and industrial software, including the deployment of a global cloud platform, the construction of a materials database, licensing and maintenance for computer-aided engineering simulation software, MES and design tools to streamline our operations and foster intelligent manufacturing across our facilities. We plan to strengthen our digital infrastructure and industrial software capabilities through three complementary initiatives, namely deploying a global industrial IoT cloud platform to centralize monitoring and predictive maintenance across all of our global production bases, developing an AI-driven materials genome database to accelerate process optimization and shorten R&D cycles for new alloy compositions and foil products, and procuring and deploying a suite of industrial software to support our engineering design, manufacturing execution, and process control functions. Together, these enhancements are expected to improve production yield rates through real-time quality monitoring and AI-driven optimization, reduce unit production costs through more effective predictive maintenance and automation, and accelerate how we develop and commercialize new products. These capabilities are expected to underpin continued profitability growth in our copper foil segment, with gross margins improving gradually as production scale expands, thereby recouping our investments.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated to pursue strategic investment, merger and acquisition opportunities that are intended to strengthen our position in the copper-based materials industry through expansion into high-growth areas. Drawing on our established expertise, we seek to advance into innovative downstream applications characterized by high value addition, substantial technological barriers and strong growth prospects, thereby enhancing our profitability. We plan to pursue these opportunities through various approaches, such as mergers and acquisitions, equity investments, joint ventures or collaborative partnerships, allowing us to tailor each transaction to maximize integration benefits and strategic fit. When evaluating potential targets, we will prioritize those in key sectors that align closely with our overall growth strategy, including advanced thermal management and liquid cooling systems, such as companies specializing in cold plates manufacturing, immersion cooling technologies, efficient heat dissipation modules, fins or heat pipes, which would enable us to deliver comprehensive copper-based heat management products for rapidly growing AI computing chips, data centers, intelligent robots and NEVs. Similarly, we will target companies developing and producing high-performance copper alloys, high-precision conductive materials, aluminum products and advanced lithium battery copper foils, thereby broadening our portfolio into innovative industrial applications. In terms of technical strengths, we will seek companies possessing robust patent portfolios, proprietary manufacturing processes or industry certifications. We prefer rapidly growing businesses with market-validated technologies, solid revenue growth

trajectories and valuable customer networks to support seamless scaling. Additionally, we will explore opportunities worldwide, with a particular emphasis on Asia-Pacific, Europe and Americas, where established industrial ecosystems and promising market dynamics can enhance our global production network. According to Frost & Sullivan, the target segments for our downstream expansion strategy, including advanced thermal management and liquid cooling systems such as cold plate manufacturing, immersion cooling, heat dissipation modules, fins and heat pipes, high-performance copper alloys, high-precision conductive materials, aluminum products, and advanced lithium battery copper foils, are supported by an identifiable and commercially active pool of market participants globally. Based on publicly available industry data and market screening, Frost & Sullivan estimates that there are over 150 to 250 potential companies worldwide operating across these relevant sub-sectors, with a meaningful concentration in the Asia-Pacific region, Europe, and the Americas. Among them, approximately 30 to 50 are considered mid-sized to large-scale enterprises with established customer bases, proprietary technologies or patent portfolios, and scalable production capabilities that may be suitable for strategic collaboration or investment consideration. Our industry consultant, Frost & Sullivan, is therefore of the view that the market provides a sufficient pool of potential targets to support our downstream expansion strategy, subject to commercial negotiation, valuation considerations, and applicable regulatory approvals. As of the Latest Practicable Date, we had not identified any particular targets, and all future endeavors will undergo rigorous due diligence, secure necessary regulatory clearances and adapt to current market dynamics.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated for our international branding strategy and market promotion. We plan to intensify our branding efforts in overseas markets by participating in leading international industry exhibitions and conferences, while also strengthening collaborations with international industry organizations, thereby elevating our brand's visibility in premium markets across Europe and the United States, as well as emerging markets. In addition, we intend to organize seminars and industry meetings for key customers to foster deeper strategic partnerships and enhance loyalty among our global customer bases. Furthermore, we will implement targeted advertising campaigns through professional media and channels in our overseas markets to broaden our reach and reinforce our position as a trusted supplier in the copper processing industry.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, will be allocated for working capital and general corporate purposes.

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

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

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and

Futures Ordinance or the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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

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The following is the text of a report set out on pages [I-1 to I-[●]], received from the Company's reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

PAN-CHINA 天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHE JIANG HAI LIANG CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of ZHE JIANG HAI LIANG CO., LTD. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and May 31, 2026, and the consolidated statements of profit or loss, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2026 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [document date] (the "Document") in connection with the initial [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2023, 2024 and 2025, and May 31, 2026 of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended May 31, 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA ("Underlying Financial Statements").

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

Consolidated statements of profit or loss

	Notes	Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	*5*	75,733,576	87,542,137	83,306,698	34,820,271	40,469,688
Cost of revenue	*8*	(72,641,532)	(84,638,920)	(80,172,127)	(33,484,694)	(38,707,481)
Gross profit		**3,092,044**	**2,903,217**	**3,134,571**	**1,335,577**	**1,762,207**
General and administrative expenses	*8*	(945,940)	(1,209,073)	(1,262,480)	(547,688)	(691,781)
Selling and marketing expenses	*8*	(210,236)	(241,014)	(283,476)	(120,200)	(125,810)
Research and development expenses	*8*	(183,556)	(140,255)	(145,218)	(54,400)	(67,249)
Net impairment credit/(losses) on financial assets	*3.2*	8,331	(77,730)	(31,021)	(26,902)	(51,907)
Other income	*6*	306,701	299,866	320,455	89,189	137,550
Other (losses)/gains, net	*7*	(267,958)	(281,529)	97,017	30,159	58,159
Operating profit		**1,799,386**	**1,253,482**	**1,829,848**	**705,735**	**1,021,169**
Finance income	*10*	33,073	22,470	31,511	11,076	6,059
Finance costs	*10*	(567,792)	(717,837)	(711,954)	(296,269)	(311,977)
Finance costs, net		(534,719)	(695,367)	(680,443)	(285,193)	(305,918)
Share of profit of investments accounted for using the equity method	*14*	117,071	112,944	91,658	33,564	32,465
Profit before income tax		**1,381,738**	**671,059**	**1,241,063**	**454,106**	**747,716**
Income tax expenses	*11*	(212,276)	(47,149)	(231,094)	(79,967)	(192,816)
Profit for the year/period		**1,169,462**	**623,910**	**1,009,969**	**374,139**	**554,900**
Attributable to:						
– Owners of the Company	*38*	1,125,549	715,816	961,639	398,054	405,275
– Non-controlling interests		43,913	(91,906)	48,330	(23,915)	149,625
		1,169,462	**623,910**	**1,009,969**	**374,139**	**554,900**
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)						
• Basic	*13*	0.57	0.36	0.48	0.21	0.18
• Diluted	*13*	0.52	0.36	0.47	0.20	0.18

Consolidated statements of comprehensive income

	Notes	Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit for the year/period		**1,169,462**	**623,910**	**1,009,969**	**374,139**	**554,900**
Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss, net of tax:						
– Changes arising from remeasurement of defined benefit plan, net of tax		(9,477)	958	7,650	–	969
– Changes in fair value of equity instruments at fair value through other comprehensive income		–	168,300	–	–	(22,831)
Items that may be reclassified to profit or loss in subsequent periods, net of tax:						
– Share of other comprehensive income/(loss) of associates	*14*	987	9,491	(14,237)	(8,007)	2,687
– Exchange differences on translation of foreign operations		140,081	(12,441)	(137,189)	23,218	(254,024)
Other comprehensive income/(loss) for the year/period, net of tax		**131,591**	**166,308**	**(143,776)**	**15,211**	**(273,199)**
Attributable to:						
– Owners of the Company		131,591	166,308	(143,776)	15,211	(273,199)
– Non-controlling interests		–	–	–	–	–
		131,591	**166,308**	**(143,776)**	**15,211**	**(273,199)**
Total comprehensive income for the year/period		**1,301,053**	**790,218**	**866,193**	**389,350**	**281,701**
Attributable to:						
– Owners of the Company		1,257,140	882,124	817,863	413,265	132,076
– Non-controlling interests		43,913	(91,906)	48,330	(23,915)	149,625
		1,301,053	**790,218**	**866,193**	**389,350**	**281,701**

Consolidated statements of financial position

	Notes	As at December 31,			As at May 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*16*	10,489,338	11,125,938	11,221,106	11,488,014
Investment properties	*19*	248,363	260,883	254,638	161,179
Loans receivables	*21*	7,840	666	–	3,920
Right-of-use assets	*17*	955,818	1,099,493	1,090,569	1,048,304
Deferred tax assets	*22*	302,255	495,141	608,244	612,970
Intangible assets	*18*	380,070	368,845	380,841	383,304
Investments in associates	*14*	2,057,575	2,023,179	2,023,768	2,010,920
Equity investments at fair value through other comprehensive income	*3.5*	916,000	1,140,400	100,000	69,559
Other non-current assets	*26*	615,019	208,235	564,677	300,487
Total non-current assets		**15,972,278**	**16,722,780**	**16,243,843**	**16,078,657**
Current assets					
Cash and cash equivalents	*28*	5,103,349	4,010,530	3,435,887	2,738,811
Restricted cash and term deposits	*28*	2,618,144	2,425,482	2,534,885	1,340,970
Derivative financial instruments	*32*	31,351	153,919	69,505	99,958
Trade and notes receivables	*24*	5,670,001	8,244,089	9,414,690	12,900,962
Trade and notes receivables at fair value through other comprehensive income	*3.5*	1,071,509	1,287,484	916,427	1,717,362
Prepayments and other receivables	*25*	1,334,917	1,315,679	1,834,010	1,859,051
Inventories	*27*	7,087,091	8,755,132	11,791,919	14,897,918
Loans receivables	*21*	1,109,143	908,158	727,716	646,748
Other current assets	*26*	407,316	656,270	1,159,318	642,069
Total current assets		**24,432,821**	**27,756,743**	**31,884,357**	**36,843,849**
Total assets		**40,405,099**	**44,479,523**	**48,128,200**	**52,922,506**

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at May 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Borrowings	*29*	8,188,692	4,855,671	6,651,342	6,803,866
Lease liabilities	*17*	59,326	33,071	46,668	35,568
Deferred tax liabilities	*22*	186,615	220,594	239,386	215,660
Deferred income	*34*	241,846	273,256	363,173	365,796
Accruals and other payables	*31*	121,834	114,720	112,721	109,545
Total non-current liabilities		**8,798,313**	**5,497,312**	**7,413,290**	**7,530,435**
Current liabilities					
Borrowings	*29*	10,102,643	17,338,782	15,930,875	21,766,741
Contract liabilities	*5*	414,429	467,709	680,701	404,269
Rental and interest received in advance		2,908	5,387	4,710	4,240
Lease liabilities	*17*	33,462	32,709	33,493	28,178
Current income tax liabilities		184,539	171,887	189,458	168,694
Trade and notes payables	*30*	3,114,891	3,103,705	2,753,597	2,341,183
Accruals and other payables	*31*	693,735	626,333	675,976	1,016,493
Derivative financial instruments	*32*	66,573	129,094	902,666	130,585
Other current liabilities	*33*	154,895	158,999	135,626	154,166
Total current liabilities		**14,768,075**	**22,034,605**	**21,307,102**	**26,014,549**
Net current assets		**9,664,746**	**5,722,138**	**10,577,255**	**10,829,300**
Total liabilities		**23,566,388**	**27,531,917**	**28,720,392**	**33,544,984**
EQUITY					
Equity attributable to owner of the Company					
– Share capital	*35*	1,998,319	1,998,320	2,291,755	2,291,755
– Other reserves	*39*	3,530,264	3,709,092	6,529,933	6,266,616
– Treasury shares	*36*	–	(253,524)	(750,076)	(750,076)
– Other equity instruments-equity components of convertible bonds	*40*	578,423	578,422	–	–
– Retained earnings	*38*	7,970,487	8,334,074	8,743,633	8,856,003
Non-controlling interests		2,761,218	2,581,222	2,592,563	2,713,224
TOTAL EQUITY		**16,838,711**	**16,947,606**	**19,407,808**	**19,377,522**
TOTAL LIABILITIES AND EQUITY		**40,405,099**	**44,479,523**	**48,128,200**	**52,922,506**

Company's statements of financial position

	Notes	As at December 31,			As at May 31,
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	*16*	1,860,910	1,882,474	1,838,558	1,800,911
Investment properties	*19*	–	–	–	20,105
Amount due from a subsidiary	*23*	1,900,000	819,334	951,299	2,059,069
Right-of-use assets	*17*	213,472	199,292	191,683	178,344
Deferred tax assets	*22*	129,441	261,642	290,648	324,031
Intangible assets	*18*	25,636	71,892	125,140	128,413
Investments in associates	*14*	1,646,200	1,636,971	1,643,439	1,641,539
Investments in subsidiaries	*15*	10,901,881	11,534,047	12,121,913	12,180,247
Equity investments at fair value through other comprehensive income	*3.5*	916,000	1,140,400	100,000	69,559
Other non-current assets	*26*	108,830	82,226	468,780	40,161
Total non-current assets		**17,702,370**	**17,628,278**	**17,731,460**	**18,442,379**
Current assets					
Cash and cash equivalents	*28*	955,641	421,689	508,734	505,564
Restricted cash and term deposits	*28*	1,557,064	1,521,343	1,601,445	957,315
Derivative financial instruments	*32*	4,117	19,137	26,207	28,686
Trade and notes receivables	*24*	1,356,174	4,736,466	2,328,551	2,674,119
Trade and notes receivables at fair value through other comprehensive income	*3.5*	297,321	163,349	91,849	146,476
Prepayments and other receivables	*25*	1,719,033	243,045	1,964,886	4,455,149
Inventories	*27*	746,895	753,594	1,466,193	1,408,805
Amount due from a subsidiary	*23*	51,159	78,236	800,633	654,615
Other current assets	*26*	46,485	12,061	13,811	23,821
Total current assets		**6,733,889**	**7,948,920**	**8,802,309**	**10,854,550**
Total assets		**24,436,259**	**25,577,198**	**26,533,769**	**29,296,929**

	Notes	As at December 31, 2023	As at December 31, 2024	As at December 31, 2025	As at May 31, 2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Borrowings	*29*	5,551,056	2,844,350	3,832,959	3,783,000
Lease liabilities	*17*	2,842	–	–	1,585
Deferred income	*34*	94,603	107,256	148,544	151,189
Total non-current liabilities		**5,648,501**	**2,951,606**	**3,981,503**	**3,935,774**
Current liabilities					
Borrowings	*29*	4,173,953	7,717,857	6,921,178	8,877,279
Trade and notes payables	*30*	5,758,850	6,212,738	2,754,994	3,973,759
Contract liabilities	*5*	1,199,930	1,464,396	2,149,728	2,201,953
Lease liabilities	*17*	2,550	5,595	2,615	2,966
Derivative financial instruments	*32*	–	–	390,857	67,492
Accruals and other payables	*31*	168,774	165,430	264,668	527,902
Other current liabilities	*33*	169,408	213,218	363,323	368,545
Total current liabilities		**11,473,465**	**15,779,234**	**12,847,363**	**16,019,896**
Net current liabilities		**(4,739,576)**	**(7,830,314)**	**(4,045,054)**	**(5,165,346)**
Total liabilities		**17,121,966**	**18,730,840**	**16,828,866**	**19,955,670**
EQUITY					
– Share capital	*35*	1,998,319	1,998,320	2,291,755	2,291,755
– Other reserves	*39*	3,417,201	3,597,973	6,533,484	6,515,665
– Treasury shares	*36*	–	(253,524)	(750,076)	(750,076)
– Other equity instruments-equity components of convertible bonds	*40*	578,423	578,422	–	–
– Retained earnings	*38*	1,320,350	925,167	1,629,740	1,283,915
TOTAL EQUITY		**7,314,293**	**6,846,358**	**9,704,903**	**9,341,259**
TOTAL LIABILITIES AND EQUITY		**24,436,259**	**25,577,198**	**26,533,769**	**29,296,929**

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Consolidated statements of changes in equity

	Attributable to owners of the Company								
	Share capital	Share premium	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**1,983,196**	**2,700,542**	**609,412**	**412,252**	**(2,359)**	**7,016,668**	**12,719,711**	**657,171**	**13,376,882**
Profit for the year	–	–	–	–	–	1,125,549	1,125,549	43,913	1,169,462
Other comprehensive income	–	–	–	–	131,591	–	131,591	–	131,591
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**131,591**	**1,125,549**	**1,257,140**	**43,913**	**1,301,053**
Capital contributions by non-controlling interests	–	117,038	–	–	–	–	117,038	2,083,942	2,200,980
Conversion of convertible bonds	15,123	158,634	(30,989)	–	–	–	142,768	–	142,768
Appropriation to surplus reserves	–	–	–	5,141	–	(5,141)	–	–	–
Declaration of dividends	–	–	–	–	–	(159,164)	(159,164)	(23,808)	(182,972)
Appropriation in respect of safety funds, net	–	–	–	7,425	–	(7,425)	–	–	–
Balance at December 31, 2023	**1,998,319**	**2,976,214**	**578,423**	**424,818**	**129,232**	**7,970,487**	**14,077,493**	**2,761,218**	**16,838,711**

	Attributable to owners of the Company								
	Share capital	Share premium	Treasury shares	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 36)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	**1,998,319**	**2,976,214**	**–**	**578,423**	**424,818**	**129,232**	**7,970,487**	**14,077,493**	**2,761,218**	**16,838,711**
Profit/(loss) for the year	–	–	–	–	–	–	715,816	715,816	(91,906)	623,910
Other comprehensive income	–	–	–	–	–	166,308	–	166,308	–	166,308
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**166,308**	**715,816**	**882,124**	**(91,906)**	**790,218**
Conversion of convertible bonds	1	5	–	(1)	–	–	–	5	–	5
Repurchase of ordinary shares	–	–	(253,524)	–	–	–	–	(253,524)	–	(253,524)
Declaration of dividends	–	–	–	–	–	–	(339,714)	(339,714)	(88,090)	(427,804)
Appropriation in respect of safety funds, net	–	–	–	–	12,515	–	(12,515)	–	–	–
Balance at December 31, 2024	**1,998,320**	**2,976,219**	**(253,524)**	**578,422**	**437,333**	**295,540**	**8,334,074**	**14,366,384**	**2,581,222**	**16,947,606**

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 36)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**1,998,320**	**2,976,219**	**(253,524)**	**578,422**	**437,333**	**295,540**	**8,334,074**	**14,366,384**	**2,581,222**	**16,947,606**
Profit for the year	–	–	–	–	–	–	961,639	961,639	48,330	1,009,969
Other comprehensive loss	–	–	–	–	–	(143,776)	–	(143,776)	–	(143,776)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(143,776)	961,639	817,863	48,330	866,193
Conversion of convertible bonds	293,435	2,978,555	–	(577,935)	–	–	–	2,694,055	–	2,694,055
Convertible bond redemption	–	487	–	(487)	–	–	–	–	–	–
Repurchase of ordinary shares	–	–	(496,552)	–	–	–	–	(496,552)	–	(496,552)
Declaration of dividends	–	–	–	–	–	–	(566,801)	(566,801)	(35,712)	(602,513)
Disposal equity instruments at fair value through other comprehensive income	–	–	–	–	16,830	(168,300)	151,470	–	–	–
Appropriation to surplus reserves	–	–	–	–	118,271	–	(118,271)	–	–	–
Transaction with non-controlling interests	–	296	–	–	–	–	–	296	(1,277)	(981)
Appropriation in respect of safety funds, net	–	–	–	–	18,478	–	(18,478)	–	–	–
Balance at December 31, 2025	**2,291,755**	**5,955,557**	**(750,076)**	**–**	**590,912**	**(16,536)**	**8,743,633**	**16,815,245**	**2,592,563**	**19,407,808**

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 36)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**1,998,320**	**2,976,219**	**(253,524)**	**578,422**	**437,333**	**295,540**	**8,334,074**	**14,366,384**	**2,581,222**	**16,947,606**
Profit/(loss) for the period	–	–	–	–	–	–	398,054	398,054	(23,915)	374,139
Other comprehensive income	–	–	–	–	–	15,211	–	15,211	–	15,211
Total comprehensive income/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**15,211**	**398,054**	**413,265**	**(23,915)**	**389,350**
Conversion of convertible bonds	2,810	28,961	–	(5,635)	–	–	–	26,136	–	26,136
Repurchase of ordinary shares	–	–	(496,552)	–	–	–	–	(496,552)	–	(496,552)
Declaration of dividends	–	–	–	–	–	–	(345,689)	(345,689)	(35,712)	(381,401)
Disposal equity instruments at fair value through other comprehensive income	–	–	–	–	16,830	(168,300)	151,470	–	–	–
Appropriation in respect of safety funds, net	–	–	–	–	8,461	–	(8,461)	–	–	–
Balance at May 31, 2025 *(Unaudited)*	**2,001,130**	**3,005,180**	**(750,076)**	**572,787**	**462,624**	**142,451**	**8,529,448**	**13,963,544**	**2,521,595**	**16,485,139**

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other equity instruments	Other reserves	Other comprehensive income	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	*RMB'000 (Note 39)*	*RMB'000 (Note 36)*	*RMB'000 (Note 40)*	*RMB'000 (Note 39)*	*RMB'000 (Note 39)*	*RMB'000 (Note 38)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2026	**2,291,755**	**5,955,557**	**(750,076)**	**–**	**590,912**	**(16,536)**	**8,743,633**	**16,815,245**	**2,592,563**	**19,407,808**
Profit for the period	–	–	–	–	–	–	405,275	405,275	149,625	554,900
Other comprehensive loss	–	–	–	–	–	(273,199)	–	(273,199)	–	(273,199)
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**–**	**–**	**(273,199)**	**405,275**	**132,076**	**149,625**	**281,701**
Declaration of dividends	–	–	–	–	–	–	(283,023)	(283,023)	(30,951)	(313,974)
Non-controlling interests arising from business combinations	–	–	–	–	–	–	–	–	1,987	1,987
Appropriation in respect of safety funds, net	–	–	–	–	9,882	–	(9,882)	–	–	–
Balance at May 31, 2026	**2,291,755**	**5,955,557**	**(750,076)**	**–**	**600,794**	**(289,735)**	**8,856,003**	**16,664,298**	**2,713,224**	**19,377,522**

Consolidated statements of cash flows

	Notes	Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash used in operations	41(a)	(784,726)	(2,167,082)	(1,534,403)	(2,654,872)	(5,960,927)
Interest received		162,435	83,635	53,686	18,696	59,555
Income tax paid		(231,273)	(270,430)	(311,445)	(201,992)	(245,478)
Net cash used in operating activities		**(853,564)**	**(2,353,877)**	**(1,792,162)**	**(2,838,168)**	**(6,146,850)**
Cash flows from investing activities						
Dividends received from equity investments		6,442	168,041	76,831	72,000	48,000
Proceeds from settlement of derivative financial instruments		2,826	59,317	18,118	–	108,189
Recovery of derivative financial instruments margin		–	–	9,632	9,632	10,199
Proceeds from disposal of equity investments at fair value through other comprehensive income		–	–	312,120	312,120	334,697
Payments for derivative financial instruments margin		–	(9,632)	(10,199)	–	(16,968)
Payments for purchase of investments in a subsidiary		–	–	–	–	(7,411)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		75,827	26,768	9,135	2,699	5,836
Government grant received in relation to assets		95,629	53,630	113,193	31,652	17,000
Payments for settlement of derivative financial instruments		(336,884)	(63,774)	(130,521)	(37,516)	(5,392)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(2,222,288)	(1,274,216)	(986,434)	(381,379)	(759,814)
Net cash (used in)/generated from investing activities		**(2,378,448)**	**(1,039,866)**	**(588,125)**	**9,208**	**(265,664)**

	Notes	Year ended December 31,			Five months ended May 31,	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cash flows from financing activities						
Capital contributions from non-controlling interests		2,200,980	–	–	–	–
Proceeds from borrowings		27,007,059	26,138,711	28,439,826	15,176,271	18,221,019
Proceeds from loans from non-controlling interests of subsidiaries		70,000	35,000	–	–	–
Dividends paid to non-controlling interests		(23,808)	(88,090)	(35,712)	–	(30,951)
Dividends paid to the Company's shareholders		(159,164)	(339,714)	(566,801)	–	–
Payments for repurchase of shares		–	(253,524)	(496,552)	(496,552)	–
Principal elements of lease payments		(26,566)	(35,409)	(40,227)	(11,592)	(17,091)
Repayments of borrowings		(22,462,439)	(22,356,878)	(25,523,469)	(11,066,683)	(12,340,137)
Repayments of loans from non-controlling interests of subsidiaries		(70,000)	(35,000)	–	–	–
Interests paid		(493,993)	(614,607)	(571,311)	(187,972)	(221,780)
Payments of [**REDACTED**] to be capitalized		–	–	(6,449)	–	(14,744)
Transaction with non-controlling interests		–	–	(980)	–	–
Movements of restricted cash		(300,000)	(52,929)	371,403	(364,714)	151,794
Net cash generated from financing activities		**5,742,069**	**2,397,560**	**1,569,728**	**3,048,758**	**5,748,110**
Net increase/(decrease) in cash and cash equivalents		**2,510,057**	**(996,183)**	**(810,559)**	**219,798**	**(664,404)**
Cash and cash equivalents at beginning of the year/period		2,466,945	5,103,349	4,010,530	4,010,530	3,435,887
Effects of exchange rate changes on cash and cash equivalents		126,347	(96,636)	235,916	27,688	(32,672)
Cash and cash equivalents at the end of the year/period	*28*	**5,103,349**	**4,010,530**	**3,435,887**	**4,258,016**	**2,738,811**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

ZHE JIANG HAI LIANG CO., LTD. (浙江海亮股份有限公司) (hereinafter referred to as "the Company"), is a joint stock company with limited liability incorporated in the People's Republic of China (the "PRC") on October 29, 2001.

The Company was listed on the Shenzhen Stock Exchange on January 16, 2008, with the stock code: 002203. The registered office of the Company is located at Zhuji City, Zhejiang Province, PRC. The ultimate controller of the Company is Mr. Feng Hailiang.

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are primarily engaged in the research and development, production, sales and service of high-quality copper products, new conductor materials and aluminum-based new materials.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except when otherwise indicated.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board ("IASB"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss ("FVPL") and financial assets measured at fair value through other comprehensive income ("FVOCI").

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 46 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027
IFRS 20 ''Regulatory Assets and Regulatory Liabilities''	January 1, 2029

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group's financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk, liquidity risk. The Group's overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group's finance performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries. The functional currencies of the subsidiaries outside Chinese Mainland are mainly United States Dollar ("USD") and Euro ("EUR") whereas functional currency of the subsidiaries operate in Chinese Mainland is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's foreign exchange exposures and tries to minimize such exposures by natural hedge and economic hedge with foreign exchange derivatives to the extent practicable. The Group did not enter into any foreign currency derivative contracts designated in a hedge accounting relationship as at December 31, 2023, 2024 and 2025, and May 31, 2026.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in USD and EUR, and included in a group entity with different functional currency:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets denominated in:				
USD	4,859,270	9,030,141	9,929,471	11,579,663
EUR	2,613,143	3,343,922	3,789,725	4,407,654
Others	347,605	390,163	429,134	486,470

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities denominated in:				
USD	4,732,703	6,791,046	9,181,286	10,306,627
EUR	163,202	706,434	772,448	326,287
Others	227,479	191,895	3,995,168	182,446

As shown in the table above, the Group is primarily exposed to changes in USD and EUR exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD and EUR denominated financial instruments is as below:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD exchange rate –				
Increase 5%	6,328	111,955	37,409	63,652
Decrease 5%	(6,328)	(111,955)	(37,409)	(63,652)
EUR exchange rate –				
Increase 5%	122,497	131,874	150,864	204,068
Decrease 5%	(122,497)	(131,874)	(150,864)	(204,068)

Other foreign currencies of changes have no significant impact on foreign exchange risk.

(b) Interest Rate Risk

The Group's interest rate risk primarily arises from interest-bearing borrowings and bonds. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings and bonds issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings and bonds issued at floating rates and fixed rates based on the market environment.

As at December 31, 2023, 2024, and 2025, and May 31, 2026, total borrowings of the Group which were bearing at floating rates amounted to approximately RMB3,771,163,000, RMB7,020,990,000, RMB9,189,761,000 and RMB9,073,461,000, respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB18,856,000, RMB35,105,000, RMB45,949,000, and RMB45,367,000 for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings, bonds and bank balances carried at fixed rates is not significant for the Group.

(c) Commodity Price Risk

The Group is exposed to commodity price risk arising from volatility in the price of raw materials, including copper, zinc, aluminum and others. The Group uses derivative financial instruments, including commodity futures contracts and commodity swap contracts, to manage such risk. Based on the dynamic study and judging of the market, combined with the resource demand and production and operation plan, the Group evaluates and monitors the market risk exposure caused by transaction and inventory positions, and continuously manage and hedge the risk of commodity price fluctuation caused by market changes. The Group have certain commodity contracts to conduct economic hedge and apply hedge accounting to mitigate the impact of market price fluctuations volatility on raw material purchasing costs, etc.

Under such risk management strategy and objective, the Group designates the fair value hedge relationship when using the commodity futures contracts and commodity swap contracts hedging the exposure to changes in the fair value of a recognized asset (the raw materials produced and processed by the Group) or an unrecognized firm commitment. The hedged items are the same with the underlying indexes in the commodity derivatives contracts to lock in commodity price fluctuations. The effect of credit risk does not dominate the value changes. Ineffective portion of hedges mainly results from basis risk, and was immaterial. The Group applies hedge accounting based on the position at the end of each reporting period as follows:

	Hedging instruments		Hedged items
	Net book value of hedging instruments	Line items in the statement of financial position including hedging instruments	Accumulated net fair value adjustments on the hedged item (included in the carrying amount of hedged items)
	RMB'000		*RMB'000*
As at December 31, 2023	(77,672)	Other current assets/liabilities	77,672
As at December 31, 2024	(21,016)	Other current assets/liabilities	21,016
As at December 31, 2025	(862,375)	Derivative financial assets/liabilities	862,375
As at May 31, 2026	(97,109)	Derivative financial assets/liabilities	97,109

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash and term deposits, as well as trade and notes receivables, loans receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash and term deposits are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions and Hailiang Group Finance Co., Ltd. ("Hailiang Finance"), an associate of the Group. There has been no recent history of default in relation to those financial institutions.

To manage risk from trade and notes receivables, loans receivables as well as other receivables, the Group has policies in place to ensure that credit terms are made to counter-parties with an appropriate credit history and the management performs ongoing credit evaluations of the counter-parties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

In addition, for loans receivables, the Group determines the amount and type of collateral required based on the credit risk assessment of the counter-party. The pledged collateral of the loan mainly includes commercial and residential real estate properties. The Group monitors the market value of the collateral, requests additional collateral in accordance with the relevant agreements, and monitors changes in the market value of the collateral in the context of the adequacy review of the credit loss allowance. As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group had no other material collateral held for debtors or other credit enhancements.

(b) Impairment of Financial Assets

The Group has five types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted cash and term deposits;
- Trade receivables;
- Notes receivables at amortized cost and trade and notes receivables at FVOCI;
- Loans receivables; and
- Other receivables.

Credit risk of cash and cash equivalents, restricted cash and term deposits

Cash and cash equivalents, restricted cash and term deposits are mainly placed with high-credit-rating financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2023, 2024 and 2025, and May 31, 2026.

Credit risk of trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit loss ("**ECL**") which uses a lifetime expected loss allowance for all trade receivables.

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and aging. The Group also made individual assessment on the recoverability of its trade receivables for certain customers based on historical settlement record.

The historical loss rates are calculated based on the historical payment profiles of customers and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group has determined that Gross Domestic Product ("GDP") is the most relevant factor. GDP refers to the total market value of all final goods and services produced within a country (or region) using production factors during a specific period.

In forecasting credit losses, the Group adopts macroeconomic factor forecasts issued by securities firms to ensure the credibility and reliability of the data. Like other economic forecasts, the assessment of projected economic indicators and their probability of occurrence inherently involve significant uncertainty. Therefore, actual results may differ materially from the forecasts.

To address this, the Group employs macroeconomic forecasts under three different scenarios (pessimistic, optimistic, and base case) and assigns weights to these forecasts to calculate weighted macroeconomic forecasts. These weighted forecasts are then used to make the best estimate of credit losses under varying economic conditions.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025, and May 31, 2026 were determined as follows for trade receivables:

As at December 31, 2023, the loss allowance of individually impaired and grouped impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables . . .	25,542	100%	25,542	Financial difficulty

Assessed based on grouping:

Copper and aluminum product components grouping

	Up to 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.00%	40.00%	100.00%	1.32%
Gross carrying amount	5,379,616	12,044	12,525	5,404,185
Loss allowance	53,796	4,818	12,525	71,139

Environmental protection product components grouping

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	5.00%	10.00%	30.00%	50.00%	80.00%	100.00%	8.76%
Gross carrying amount	62,877	11,366	2,230	2,430	224	640	79,767
Loss allowance	3,144	1,137	669	1,215	179	640	6,984

As at December 31, 2024, the loss allowance of individually impaired and grouped impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	26,812	100%	26,812	Financial difficulty

Assessed based on grouping:

Copper and aluminum product components grouping

	Up to 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.00%	40.00%	100.00%	1.21%
Gross carrying amount	7,835,624	18,406	9,568	7,863,598
Loss allowance	78,356	7,363	9,568	95,287

Environmental protection product components grouping

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	5.00%	10.00%	30.00%	50.00%	80.00%	100.00%	9.15%
Gross carrying amount	61,378	18,852	6,062	598	823	321	88,034
Loss allowance	3,069	1,885	1,818	299	659	321	8,051

As at December 31, 2025, the loss allowance of individually impaired and grouped impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	25,089	100%	25,089	Financial difficulty

Assessed based on grouping:

Copper and aluminum product components grouping

	Up to 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.00%	40.00%	100.00%	1.32%
Gross carrying amount	9,302,648	30,577	17,884	9,351,109
Loss allowance	93,026	12,231	17,884	123,141

Environmental protection product components grouping

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	5.00%	10.00%	30.00%	50.00%	80.00%	100.00%	7.81%
Gross carrying amount	51,704	13,724	4,496	115	151	–	70,190
Loss allowance	2,585	1,372	1,349	58	120	–	5,484

As at May 31, 2026, the loss allowance of individually impaired and grouped impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	46,462	77%	35,667	Financial difficulty

Assessed based on grouping:

Copper and aluminum product components grouping

	Up to 1 year	1 to 2 years	Over 2 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	1.00%	40.00%	100.00%	1.25%
Gross carrying amount	12,237,854	33,478	18,277	12,289,609
Loss allowance	122,379	13,391	18,277	154,047

Environmental protection product components grouping

	Up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	5.00%	10.00%	30.00%	50.00%	80.00%	100.00%	8.01%
Gross carrying amount	52,305	17,851	3,717	674	65	82	74,694
Loss allowance	2,615	1,785	1,115	337	52	82	5,986

The Group's management determined the ECL rates applicable to the portfolio of trade receivables by reference to the past-due status of the respective balances, with default rates estimated based on historical and forward-looking information.

At the end of each Track Record Period, the Group assessed the historically observed default rates and forward-looking estimates, respectively. The Group's management reviewed customers composition underlying the balances of trade receivables for each past-due time band throughout the Track Record Period and observed that the majority of balances within each past-due time band were due from similar customer groups. Furthermore, the Group evaluated these customers' financial position, historical settlement record, business relationship with the Group, and other factors including prevailing market and industry conditions. The Group concluded that the credit risk profile of the same customer groups remained broadly unchanged throughout the Track Record Period. Accordingly, consistent ECL rates were applied to the same past-due time bands for all periods presented.

Based on the above estimation results and with reference to the provisioning rates of comparable peers in the same industry, the Group performed a comprehensive analysis, the result of which is consistent with the fixed rates currently applied. As a result, the fixed provisioning rates were maintained unchanged throughout the Track Record Period.

The loss allowances for trade receivables for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026 reconcile to the opening loss allowances are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance	112,429	103,665	130,150	153,714
Loss allowance (reversed)/recognized, net	(11,661)	29,874	31,299	44,649
Receivables written off	(4,855)	(3,389)	(10,874)	(110)
Others *(i)*	7,752	–	3,139	(2,553)
Closing loss allowance	**103,665**	**130,150**	**153,714**	**195,700**

(i) Others mainly represent the receivables written off in prior years/periods that were recovered in the current year/period and currency translation differences.

Credit risk of notes receivables at amortized cost and trade and notes receivables at FVOCI

The Group measured provisions for impairment of notes receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance notes issued by large sized banks as the Group did not expect that there would be any significant losses from non-performance by these reputable banks. For commercial acceptance bills and financial institution acceptance bills, which are generally settled within six months to one year from their respective dates of issue, the Group recognized impairment provisions of RMB2,668,000, RMB4,018,000, RMB1,247,000 and RMB6,948,000 as at December 31, 2023, 2024 and 2025 and May 31, 2026, respectively.

Movements on the provision of ECL for notes receivables at amortized cost and trade and notes receivables at FVOCI are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance	1,186	3,624	7,977	3,501
Loss allowance recognized/(reversed), net	2,438	4,353	(4,476)	7,415
Closing loss allowance	**3,624**	**7,977**	**3,501**	**10,916**

Credit risk of other receivables and loans receivables

Loans receivables, and other receivables at the end of each of the periods are mainly comprised of loans to customers, security deposits, tax refund receivables, and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 12 months past due in making a contractual payment, or although the debtor is currently able to repay the principal and interest of the loan, there are certain factors that may have an adverse impact on such repayment, the asset is categorized as underperforming and recognizes lifetime expected credit losses.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 months expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations, or although the debtor is currently able to repay the principal and interest of the loan, there are certain factors that may have an adverse impact on such repayment, the asset is categorized as underperforming and recognizes lifetime expected credit losses (Stage 2). If the credit is impaired, the asset is categorized as non-performing and lifetime expected credit losses are recognized (Stage 3):

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
Expected loss rate	2.29%	18.27%	82.49%	9.93%
Gross carrying amount	1,221,554	75,628	119,920	1,417,102
Loss allowance	27,975	13,818	98,924	140,717
December 31, 2024				
Expected loss rate	2.46%	12.02%	93.94%	10.19%
Gross carrying amount	1,150,067	77,802	104,462	1,332,331
Loss allowance	28,305	9,351	98,128	135,784
December 31, 2025				
Expected loss rate	1.74%	12.38%	98.30%	9.01%
Gross carrying amount	1,356,071	145,577	104,896	1,606,544
Loss allowance	23,626	18,029	103,113	144,768
May 31, 2026				
Expected loss rate	1.53%	11.83%	97.62%	8.39%
Gross carrying amount	1,427,446	198,276	102,062	1,727,784
Loss allowance	21,903	23,459	99,637	144,999

The loss allowances for other receivables and loans receivables for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026 reconcile to the opening loss allowances are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening loss allowance	129,217	140,717	135,784	144,768
Loss allowance recognized/(reversed), net	892	43,503	4,198	(157)
Receivables written off	–	(52,382)	–	–
Others *(i)*	10,608	3,946	4,786	388
Closing loss allowance	**140,717**	**135,784**	**144,768**	**144,999**

(i) Others represent the receivables written off in prior year/periods that were recovered in the current year/period and currency translation differences.

(c) Write-off Policy

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of each Track Record Period to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances for the corresponding period equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023				
Borrowings	10,272,268	6,421,604	2,231,959	18,925,831
Trade and notes payables	3,114,891	–	–	3,114,891
Accruals and other payables and other current liabilities (excluding non-financial liabilities)	412,604	–	–	412,604
Lease liabilities	37,381	31,187	32,637	101,205
Financial liabilities at FVPL	66,573	–	–	66,573
	13,903,717	**6,452,791**	**2,264,596**	**22,621,104**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024					
Borrowings	17,783,432	2,706,591	2,095,195	263,191	22,848,409
Trade and notes payables	3,103,705	–	–	–	3,103,705
Accruals and other payables and other current liabilities (excluding non-financial liabilities)	375,959	–	–	–	375,959
Lease liabilities	35,383	19,259	15,757	–	70,399
Financial liabilities at FVPL	129,094	–	–	–	129,094
	21,427,573	**2,725,850**	**2,110,952**	**263,191**	**26,527,566**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025					
Borrowings	16,223,925	4,698,836	1,608,321	589,824	23,120,906
Trade and notes payables	2,753,597	–	–	–	2,753,597
Accruals and other payables and other current liabilities (excluding non-financial liabilities)	361,299	–	–	–	361,299
Lease liabilities	36,569	22,919	26,274	1,224	86,986
Financial liabilities at FVPL	902,666	–	–	–	902,666
	20,278,056	**4,721,755**	**1,634,595**	**591,048**	**27,225,454**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at May 31, 2026					
Borrowings	22,160,366	4,797,089	1,813,429	457,354	29,228,238
Trade and notes payables	2,341,183	–	–	–	2,341,183
Accruals and other payables and other current liabilities (excluding non-financial liabilities)	688,974	–	–	–	688,974
Lease liabilities	30,810	13,885	22,898	1,251	68,844
Financial liabilities at FVPL	130,585	–	–	–	130,585
	25,351,918	**4,810,974**	**1,836,327**	**458,605**	**32,457,824**

The interest rate of borrowings and lease liabilities are disclosed in Note 29 and Note 17, respectively.

3.4 Capital Management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025, and May 31, 2026 are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	40,405,099	44,479,523	48,128,200	52,922,506
Total liabilities	23,566,388	27,531,917	28,720,392	33,544,984
Debt to asset ratio	58.33%	61.90%	59.67%	63.39%

3.5 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**31,351**	**–**	**–**	**31,351**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	1,071,509	1,071,509
– Equity investments *(iii)*	–	–	916,000	916,000
	–	**–**	**1,987,509**	**1,987,509**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**66,573**	**–**	**–**	**66,573**

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**153,919**	**–**	**–**	**153,919**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	1,287,484	1,287,484
– Equity investments *(iii)*	–	–	1,140,400	1,140,400
	–	**–**	**2,427,884**	**2,427,884**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**129,094**	**–**	**–**	**129,094**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**69,505**	**–**	**–**	**69,505**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	916,427	916,427
– Equity investments *(iii)*	–	–	100,000	100,000
	–	**–**	**1,016,927**	**1,016,927**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**902,666**	**–**	**–**	**902,666**

As at May 31, 2026	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**99,958**	**–**	**–**	**99,958**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	1,717,362	1,717,362
– Equity investments *(iii)*	–	–	69,559	69,559
	–	**–**	**1,786,921**	**1,786,921**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**130,585**	**–**	**–**	**130,585**

The Company

As at December 31, 2023	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**4,117**	**–**	**–**	**4,117**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	297,321	297,321
– Equity investments *(iii)*	–	–	916,000	916,000
	–	**–**	**1,213,321**	**1,213,321**

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**19,137**	**–**	**–**	**19,137**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	163,349	163,349
– Equity investments *(iii)*	–	–	1,140,400	1,140,400
	–	**–**	**1,303,749**	**1,303,749**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**26,207**	**–**	**–**	**26,207**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	91,849	91,849
– Equity investments *(iii)*	–	–	100,000	100,000
	–	**–**	**191,849**	**191,849**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**390,857**	**–**	**–**	**390,857**

As at May 31, 2026	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVPL				
– Derivative financial assets *(i)*	**28,686**	**–**	**–**	**28,686**
Financial assets at FVOCI				
– Trade and notes receivables *(ii)*	–	–	146,476	146,476
– Equity investments *(iii)*	–	–	69,559	69,559
	–	**–**	**216,035**	**216,035**
Financial liabilities at FVPL				
– Derivative financial liabilities *(i)*	**67,492**	**–**	**–**	**67,492**

The timing of transfers between the fair value hierarchy levels is determined as of the date of the event or change in circumstances that triggers such transfers. During the Track Record Period, there were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

(i) The fair values of derivative financial assets and liabilities are based on quoted market prices provided by the respective financial institutions.

(ii) These trade and notes receivables were classified and measured at FVOCI as they are held within a business model with the objective of both collecting contractual cash flows and selling.

The fair value of trade receivables and bank acceptance notes receivables measured at FVOCI have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Given that the maturities are of a short-term nature, the impact of fair value changes is immaterial.

(iii) The above equity investments were irrevocably designated at FVOCI as the Group considers these investments to be strategic in nature.

The Company's equity investments at FVOCI measured at Level 3 are equity interests in unlisted companies. For investments in unlisted equity instruments, the Company estimates the fair value by comprehensively considering methods such as the market approach, income approach and asset-based approach with the assistance of an independent valuer. For the equity investments to be disposed of, their fair value is determined by reference to the transaction prices which is based on the valuation conducted by an independent qualified professional valuer.

Details of equity investments measured at FVOCI are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Jinchuan Group Co., Ltd. ("**Jinchuan**")*	816,000	1,040,400	–	–
Hangzhou Hailiang Jiuzhi Equity Investment Partnership (Limited Partnership) ("**Jiuzhi**")**	100,000	100,000	100,000	69,559
Total	**916,000**	**1,140,400**	**100,000**	**69,559**

* The Company holds a 1.12% equity interest in Jinchuan, over which it does not exercise significant influence. As this is a non-trading equity instrument, the investment was irrevocably designated as measured at FVOCI upon initial recognition in accordance with IFRS 9.

For the years ended December 31, 2023 and 2024, dividend income recognized in respect of Jinchuan amounted to nil and RMB11,210,000 respectively; fair value gains recognized in other comprehensive income were nil and RMB224,400,000 respectively.

As at December 31, 2024, the Company had entered into a Share Repurchase and Capital Reduction Agreement with Jinchuan to transfer the 1.12% equity to Jinchuan for a total consideration of RMB1,040,400,000. Upon completion of the transaction, the Company will no longer hold any shares in Jinchuan. On March 18, 2025, the Company received the first instalment of the repurchase and capital reduction consideration of RMB312,120,000 from Jinchuan, representing 30% of the total consideration. On June 19, 2025, the relevant industrial and commercial registration procedures for the

repurchase and capital reduction in respect of Jinchuan were completed. In March 2026, the Company received the second instalment of repurchase and capital reduction consideration of RMB312,120,000 and interest of RMB22,577,000 from Jinchuan.

** The Company holds a 19.96% interest in Jiuzhi. The Company does not participate in the management or control of the partnership and does not exercise significant influence over the partnership. As this is a non-trading equity instrument, the investment was irrevocably designated as measured at FVOCI upon initial recognition in accordance with IFRS 9.

For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, neither dividend income nor fair value gains or losses in other comprehensive income were recognized in respect of Jiuzhi.

(b) The Group's Valuation Process

For the financial assets and financial liabilities, including level 3 fair values, the Group's finance department assisted by the independent valuer to perform the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

(c) The reconciliation of Level 3 assets is analyzed below:

	Level 3 assets		
	Equity investments at FVOCI	**Trade and notes receivables at FVOCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	916,000	926,739	1,842,739
Increases	–	144,770	144,770
Decreases	–	–	–
Changes in fair value through OCI	–	–	–
At December 31, 2023	**916,000**	**1,071,509**	**1,987,509**

	Level 3 assets		
	Equity instruments at FVOCI	**Trade and notes receivables at FVOCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	916,000	1,071,509	1,987,509
Increases	–	215,975	215,975
Decreases	–	–	–
Changes in fair value through OCI	224,400	–	224,400
At December 31, 2024	**1,140,400**	**1,287,484**	**2,427,884**

	Level 3 assets		
	Equity instruments at FVOCI	**Trade and notes receivables at FVOCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025	1,140,400	1,287,484	2,427,884
Increases	–	–	–
Decreases	(1,040,400)	(371,057)	(1,411,457)
Changes in fair value through OCI	–	–	–
At December 31, 2025	**100,000**	**916,427**	**1,016,427**

	Level 3 assets		
	Equity instruments at FVOCI	**Trade and notes receivables at FVOCI**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2026	100,000	916,427	1,016,427
Increases	–	800,935	800,935
Decreases	–	–	–
Changes in fair value through OCI	(30,441)	–	(30,441)
At May 31, 2026	**69,559**	**1,717,362**	**1,786,921**

(d) Valuation Inputs and Relationships to Fair Value

Description	Fair value				Valuation techniques				Significant unobservable input(s)				Range of inputs				Relationship of unobservable input(s) to fair value
	As at December 31,			As at May 31,	As at December 31,			As at May 31,	As at December 31,			As at May 31,	As at December 31,			As at May 31,	
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*													
Trade and notes receivables at FVOCI *(i)* . .	1,071,509	1,287,484	916,927	1,717,362	Discounted cash flow	Discounted cash flow	Discounted cash flow	Discounted cashflow	Discount rate	Discount rate	Discount rate	Discount rate	1.00% to 1.30%	0.59% to 1.15%	0.54% to 1.52%	0.50% to 2.40%	An increase in discount rate used would result in a decrease in the fair value, and vice versa.
Equity investments at FVOCI – Jinchuan *(ii)* .	816,000	1,040,400	–	–	Guideline public company method	N/A	N/A	N/A	EV/EBITDA	N/A	N/A	N/A	10.19	N/A	N/A	N/A	An increase in EV/EBITDA used would result in an increase in the fair value, and vice versa.
Equity investments at FVOCI – Jiuzhi *(iii)* . .	100,000	100,000	100,000	69,559	Guideline public company method	Guideline public company method	Asset based approach	Asset based approach	P/S	P/S	N/A	N/A	3.69	2.66	N/A	N/A	An increase in P/S used would result in an increase in the fair value, and vice versa.

Sensitivity analysis is performed to assess the exposure of the Group's financial results at the end of each reporting period. Had the significant unobservable inputs been changed as shown below, while other inputs remain constant, the changes of profit before tax would be as follows:

(i) As for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026, if the discount rate had been higher/lower by 5%, the fair value of trade and notes receivables at FVOCI would have been approximately RMB196,000, RMB210,000, RMB166,000 and RMB468,000 lower/higher, respectively.

(ii) As for the year ended December 31, 2023, if the EV/EBITDA used had been 5% increased/decreased of the equity investments at FVOCI, the other comprehensive income before tax for the year ended December 31, 2023 would have been approximately RMB68,024,000 higher/lower.

As at December 31, 2024, the Company entered into the Equity Repurchase and Capital Reduction Agreement with the investee company, pursuant to which the investee company shall repurchase all of the equity interests held by the Company at a consideration of RMB1,040,400,000. The Company used such transaction price as the fair value of the this investment.

(iii) For the years ended December 31, 2023 and 2024, if the P/S used had been 5% increased/decreased of the equity investments at FVOCI, the other comprehensive income before tax would have been approximately RMB4,417,000 and RMB4,934,000 higher/lower, respectively.

Jiuzhi is an investment company principally engaged in investing in a technology company (the "Investee"). In 2025, the Investee completed a financing round. In assessing the fair value of Jiuzhi as at December 31, 2025, the valuer adopted the asset based approach and, the valuation was determined by reference to the post-financing valuation of the Investee's total equity value as reflected in the recent investment agreements dated in May 2025, and then multiplying by the equity interest held by Jiuzhi. The resulting movement in fair value was immaterial. In 2026, the Investee completed an equity financing transaction and management adopted asset based approach to determine the fair value as at May 31, 2026 with reference to this recent transaction.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Allowance for Expected Credit Loss of Receivables

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward-looking information in Chinese mainland. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified GDP as the most relevant factor, utilizes macroeconomic forecasts under three distinct scenarios, and assigns weights to these forecasts to derive weighted macroeconomic forecasts. Accordingly, the historical loss rates are adjusted based on these weighted forecasts to make the best estimate of credit losses under varying economic conditions.

(b) Estimated Net Realizable Value of Inventories

In accordance with the Group's accounting policy, the Group estimated net realizable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories. For inventories held for direct sale, their net realizable value is determined as the amount equal to the estimated selling price of such inventories in the ordinary course of business, less the estimated selling expenses and relevant taxes and levies. For inventories requiring further processing, their net realizable value is determined as the amount equal to the estimated selling price of the finished goods to be produced therefrom in the ordinary course of business, less the estimated costs to complete, the estimated selling expenses and relevant taxes and levies. If certain portions of the same item of inventory are subject to contractual pricing while other portions are not, the net realizable value of each portion shall be determined separately.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes would be significantly affected.

(c) Property, Plant and Equipment and Intangible Assets — Estimated Useful Lives and Residual Values

The Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation/amortization charges for its property, plant and equipment and intangible assets (excluding goodwill). These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumptions of related assets. The depreciation/amortization charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation/amortization expense in future periods.

(d) Impairment of Non-Financial Assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, intangible assets, investments in associates and joint ventures, investments in subsidiaries, as well as right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts have been determined based on value-in-use ("VIU") calculations or fair value less costs of disposal ("FVLCD"). These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group's non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statement.

(e) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

(f) Fair Value Measurement of Financial Assets and Liabilities at Level 3 Fair Value Hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 3.5.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The executive directors assess the financial performance and position of the Group and makes strategic decisions. The executive directors, which has been identified as being the CODM, consists of the executive director, the chief financial officer and the managers for each business unit. The CODM review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

For management purposes, the Group operates in one business unit based on its products and services, and has one reportable segment being the segment which principally engages in the research, development and commercialization of copper-processed products for HVAC and industrial applications, copper foils for lithium batteries and PCB, copper-based solutions for AI applications, copper trade activities and others.

(b) Revenue from external customers

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue from contracts with external customers					
Timing of revenue recognition					
At a point in time					
– Sales of goods					
Copper-processed products for HVAC and industrial applications	47,851,227	58,698,613	60,083,728	26,409,103	32,056,894
Copper foils for lithium batteries and PCBs	734,826	2,860,675	5,792,089	1,836,891	3,909,615
Copper-based products for AI applications	125,996	235,926	591,797	147,075	307,846
Copper trade activities	26,464,685	25,133,293	16,253,923	6,227,003	3,990,472
Others	360,287	427,012	440,778	135,174	151,336
	75,537,021	**87,355,519**	**83,162,315**	**34,755,246**	**40,416,163**
Other revenue *(i)*	196,555	186,618	144,383	65,025	53,525
	75,733,576	**87,542,137**	**83,306,698**	**34,820,271**	**40,469,688**

(i) Other revenue comprises interest income generated from Zhejiang Haibo Micro-credit Co., Ltd ("Haibo Micro-credit"), a subsidiary of the Group, of RMB160,013,000, RMB158,638,000, RMB105,698,000, RMB49,142,000 and RMB32,460,000 for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, respectively; and lease income of RMB36,542,000, RMB27,980,000, RMB38,685,000, RMB15,883,000 and RMB21,065,000 for the corresponding years/periods.

(c) Geographical Information

The Company is domiciled in Chinese Mainland. The amount of the Group's revenue from contracts with external customers by location is shown in the table below:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Chinese Mainland	47,479,068	54,997,598	51,973,184	21,786,590	26,713,717
Other countries or regions	28,057,953	32,357,921	31,189,131	12,968,656	13,702,446
	75,537,021	**87,355,519**	**83,162,315**	**34,755,246**	**40,416,163**

(d) Revenue from Major Customers

For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, no customer contributed more than 10% of the Group's total sales.

(e) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfillment of performance obligations.

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities in relation to sale of goods	414,429	467,709	680,701	404,269

As at January 1, 2023, the Group's contract liabilities from customers amounted to approximately RMB422,600,000.

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the year/period, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognized that was included in the beginning balance	416,788	397,635	448,059	344,998	337,965

Management expects that the unsatisfied obligation of RMB4,137,884,000, RMB7,066,332,000, RMB6,651,145,000 and RMB8,063,676,000 as at December 31, 2023, 2024 and 2025, and May 31, 2026, respectively, will be substantially recognized as revenue within one year.

(f) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(i) Sales of goods

The Group are principally engaged in the research and development, production and sales of copper-processed products for HVAC and industrial applications, copper foils for lithium batteries and PCB, copper-based solutions for AI applications, and copper trade activities. The Company's revenue is mainly derived from the sales of relevant products, all of which fall under the scope of performance obligations satisfied at a point in time.

Revenue recognition for domestic sales of products is accounted for in two ways, namely the issuance-settlement method and the acceptance method. Under the issuance-settlement method, pursuant to the sales and purchase contracts entered into between the Company and its customers, the Company shall recognize sales revenue based on the settlement notices and other supporting documents confirmed by customers after the Company's products have been delivered, inspected and accepted by customers and then issued for use. Under the acceptance method, in accordance with the terms of the supply contracts, products are delivered as required by customers, and the Company shall recognize sales revenue when the products have been delivered to the agreed delivery locations as specified in the contracts and confirmed as received by customers, consideration has been received or the right to collect consideration has been confirmed by customers, and it is probable that the related economic benefits will flow to the Group.

Revenue from export sales is recognized when the goods have been dispatched in accordance with the terms of the export sales contracts, customs declaration formalities for the products have been completed, and the bill of lading or bonded warehouse warehousing report has been obtained.

The Group determines whether it is a principal or an agent for each performance obligation, based on control of goods prior to transfer. Revenue is recognized on a gross basis when acting as principal, and on a net basis when acting as agent.

Payments are due within 120 days following delivery, and sales contracts contain no significant financing components. The Group has limited exposure to variable consideration, mainly sales rebates. These rebates are estimated based on historical experience, and included in the transaction price only to the extent that a significant reversal of cumulative recognised revenue is not anticipated.

(ii) Interest income from loans receivables

Interest income on loans receivables is recognized using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash inflows or outflows through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The calculation of the effective interest rate takes into account the contractual terms of the financial instrument (such as prepayment options) and includes all fees and transaction costs that are an integral part of the effective interest rate, but excludes expected credit losses.

Interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset, except for the following cases: (1) For purchased or originated credit-impaired financial assets, interest income is recognized by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. (2) For financial assets that are not credit-impaired upon initial recognition but become credit-impaired in subsequent periods, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset (i.e., the gross carrying amount less the loss allowance for expected credit losses). If, in a subsequent period, the credit risk of the financial instrument improves such that the asset is no longer considered credit-impaired and the improvement can be objectively attributed to an event occurring after the application of the above provisions, interest income is subsequently recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

6. OTHER INCOME

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Government grants *(i)*	140,295	164,272	227,463	57,212	47,357
Interest income *(ii)*	164,789	111,381	99,716	30,301	30,450
Exemption and additional deduction for VAT *(iii)*	1,237	12,492	(7,534)	927	59,000
Dividend income *(iv)*	–	11,210	–	–	–
Others	380	511	810	749	743
	306,701	**299,866**	**320,455**	**89,189**	**137,550**

(i) The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group's research and development ("R&D") activities and financing activities. Unconditional government grants are recognized in profit and loss when received while conditional government grants are recognized in profit or loss when the Group fulfilled the conditions.

(ii) The amount mainly comprises interest income on the Group's term deposits classified as financial assets at amortized cost calculated using the effective interest method. Interest income from cash and cash equivalent is included in "Finance costs, net" (Note 10).

(iii) Pursuant to the Announcement [2023] No. 43 "Notice on the Additional Value-Added Tax ("VAT") Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值税加計抵減政策的公告》)" issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from January 1, 2023 to December 31, 2027.

(iv) Dividend income earned during the holding period of investments in equity investment at FVOCI.

7. OTHER (LOSSES)/GAINS, NET

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net (losses)/gains on disposal of financial instruments	(308,672)	(63,774)	(27,336)	(12,008)	91,557
Fair value changes on derivative financial instruments	29,551	60,058	(48,049)	(70,690)	106,260
Net foreign exchange differences	109,465	(174,821)	297,775	149,672	(81,964)
Net (losses))/gains on disposal of property, plant and equipment and other non-current assets	(16,475)	2,841	(25,126)	271	(2,583)
Loss on disposal of trade and notes receivables	(92,628)	(155,232)	(110,056)	(51,539)	(58,515)
Trade payables written-off	118	34,527	2,763	746	56
Fines, penalties and liquidated damages income	6,629	15,553	17,042	14,285	2,599
Others	4,054	(681)	(9,996)	(578)	749
	(267,958)	**(281,529)**	**97,017**	**30,159**	**58,159**

8. EXPENSE BY NATURE

Expenses included in cost of revenue, general and administrative expenses, selling and marketing expenses and research and development expenses are analyzed as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Raw materials	70,122,703	81,323,943	76,313,845	31,796,321	36,930,827
Impairment (credit)/losses on inventories	(3,074)	13,008	2,754	1,676	12,021
Employee benefit expenses *(Note 9)*	1,603,065	1,901,462	1,953,924	864,995	1,000,251
Depreciation and amortization	557,167	844,119	952,613	390,979	410,836
Auditors' remunerations	2,340	2,717	2,717	–	–
[**REDACTED**]	–	–	496	–	1,598
Other expenses *(i)*	1,699,063	2,144,013	2,636,952	1,153,011	1,236,788
	73,981,264	**86,229,262**	**81,863,301**	**34,206,982**	**39,592,321**

(i) Other expenses primarily consist of taxes and surcharges, transportation cost, consulting fees, utility cost, and other miscellaneous operating expenses.

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S REMUNERATION)

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Wages, salaries and bonuses	1,236,307	1,455,527	1,466,513	657,929	684,648
Housing fund, medical insurance and other social security contributions	233,958	264,737	280,267	114,193	125,161
Pension costs – defined contribution plans	55,245	71,187	68,593	30,953	35,541
Enterprise annuities	20,732	20,148	25,082	8,348	10,638
Service fees	6,753	30,215	23,698	7,867	14,468
Short-term profit-sharing plans	732	11,483	8,758	5,045	6,664
Other short-term employee benefits	2,261	3,373	3,674	670	552
Other employee benefits *(ii)*	47,077	44,792	77,339	39,990	122,579
	1,603,065	**1,901,462**	**1,953,924**	**864,995**	**1,000,251**

(i) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

During the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2025 and 2026, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

(ii) The Group launched a restructuring of its wholly-owned subsidiary in France, HME Brass France SAS ("HBF") and has reached an agreement with respective trade-union organisations in France, covering employee placement, job transfer support, severance compensation, and other related matters. As a result, as at May 31, 2026, the Group made a provision for termination benefits of EUR12,188,000 (equivalent to RMB98,352,000) and made an impairment of related property, plant and equipment of RMB14,719,000 (Note 16).

(a) Directors' and Supervisors' Remuneration

Directors' and supervisors' remuneration for the year/period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended December 31, 2023	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Cao Jianguo *(i)*	–	–	–	–	–
Mr. Feng Luming	–	2,462	26	17	2,505
Mr. Chen Dong	–	709	28	55	792
Dr. Wang Shuguang *(i)*	–	–	–	–	–
Mr. Jiang Limin	–	890	28	63	981
Mr. Shao Guoyong	–	854	28	75	957
Mr. Jin Gang *(ii)*	–	37	5	10	52
Independent directors:					
Mr. Deng Chuan	107	–	–	–	107
Mr. Wen Xianjun	107	–	–	–	107
Mr. Liu Guojian	107	–	–	–	107
Supervisors:					
Mr. Zhu Zhangquan	–	1,426	28	65	1,519
Mr. Qian Ziqiang *(ii)*	–	98	3	5	106
Mr. Yu Tiejun	–	339	14	29	382
Dr. Luo Chong	–	998	19	27	1,044
Total	**321**	**7,813**	**179**	**346**	**8,659**

(i) The remuneration for Mr. Cao Jianguo and Mr. Wang Shuguang is paid by Hai Liang Group Company Limited (hereinafter referred to as "Hai Liang Group").

(ii) On February 27, 2023, Mr. Jin Gang resigned as a director of the Company, and Mr. Qian Ziqiang resigned as a supervisor of the Company.

Year ended December 31, 2024	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Cao Jianguo *(i)*	–	–	–	–	–
Mr. Feng Luming	–	2,644	29	15	2,688
Mr. Chen Dong	–	715	29	49	793
Dr. Wang Shuguang	–	1,421	31	38	1,490
Mr. Jiang Limin	–	875	29	65	969
Mr. Shao Guoyong	–	1,015	28	76	1,119
Independent directors:					
Mr. Deng Chuan *(ii)*	107	–	–	–	107
Mr. Wen Xianjun	107	–	–	–	107
Mr. Liu Guojian	107	–	–	–	107
Supervisors:					
Mr. Zhu Zhangquan	–	735	29	77	841
Mr. Yu Tiejun	–	401	15	29	445
Dr. Luo Chong	–	1,002	20	27	1,049
Total	**321**	**8,808**	**210**	**376**	**9,715**

(i) The remuneration for Mr. Cao Jianguo is paid by Hai Liang Group.

(ii) On January 2, 2025, Mr. Deng Chuan resigned as an independent director of the Company.

Year ended December 31, 2025	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Cao Jianguo *(i) (ii)*	–	–	–	–	–
Mr. Feng Luming	–	2,404	32	22	2,458
Mr. Chen Dong *(ii)*	–	879	32	77	988
Mr. Wang Shuguang	–	1,339	34	44	1,417
Mr. Jiang Limin *(ii)*	–	274	19	39	332
Mr. Shao Guoyong *(ii)*	–	251	19	44	314
Mr. Wu Changming *(ii)*	–	1,338	32	76	1,446
Mr. He Wentian *(i)(ii)*	–	–	–	–	–
Mr. Su Hao *(ii)*	–	613	9	20	642
Mr. Luo Chong *(ii)*	–	595	9	15	619
Independent directors:					
Mr. Wen Xianjun	107	–	–	–	107
Mr. Liu Guojian *(iii)*	63	–	–	–	63
Ms. Li Wengui *(iii)*	107	–	–	–	107
Mr. Zheng Jindu *(iii)*	50	–	–	–	50
Supervisors: *(iv)*					
Mr. Zhu Zhangquan	–	298	19	45	362
Mr. Yu Tiejun	–	109	9	19	137
Mr. Luo Chong	–	833	13	20	866
Total	**327**	**8,933**	**227**	**421**	**9,908**

(i) The remuneration for Mr. Cao Jianguo and Mr. He Wentian is paid by Hai Liang Group.

(ii) On July 25, 2025, Mr. Chen Dong, Mr. Cao Jianguo, Mr. Jiang Limin and Mr. Shao Guoyong resigned as directors of the Company, and Mr. Wu Changming, Mr. He Wentian, Mr. Su Hao and Mr. Luo Chong were appointed as directors of the Company.

(iii) On January 2, 2025, Ms. Li Wengui was appointed as an independent director of the Company. On July 25, 2025, Mr. Liu Guojian resigned as an independent director of the Company, and Mr. Zheng Jindu was appointed as an independent director of the Company.

(iv) The Company abolished the Board of Supervisors with effect from July 2025. The current period remuneration represents supervisors' remuneration expenses for the period from January to July 2025.

Five months ended May 31, 2025 (Unaudited)	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Cao Jianguo *(i)*	–	–	–	–	–
Mr. Feng Luming	–	727	13	9	749
Mr. Chen Dong	–	241	13	32	286
Mr. Wang Shuguang	–	283	14	18	315
Mr. Jiang Limin	–	196	13	27	236
Mr. Shao Guoyong	–	180	13	31	224
Independent directors:					
Mr. Wen Xianjun	45	–	–	–	45
Mr. Liu Guojian	45	–	–	–	45
Ms. Li Wengui	45	–	–	–	45
Supervisors:					
Mr. Zhu Zhangquan	–	193	13	32	238
Mr. Yu Tiejun	–	78	7	14	99
Mr. Luo Chong	–	320	9	15	344
Total	**135**	**2,218**	**95**	**178**	**2,626**

(i) The remuneration for Mr. Cao Jianguo is paid by Hai Liang Group.

Five months ended May 31, 2026	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. Feng Luming	–	721	20	22	763
Mr. Wang Shuguang	–	272	16	18	306
Mr. Wu Changming	–	285	13	33	331
Mr. He Wentian	–	318	13	33	364
Mr. Su Hao	–	535	9	20	564
Mr. Luo Chong	–	297	20	24	341
Independent directors:					
Mr. Wen Xianjun	45	–	–	–	45
Ms. Li Wengui	45	–	–	–	45
Mr. Zheng Jindu	45	–	–	–	45
Total	**135**	**2,428**	**91**	**150**	**2,804**

(b) Directors' and Supervisors' Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 44, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, include 1, 1, 3, 2 and 3 directors, respectively whose emoluments are reflected in the analysis shown in Note 9(a) above. The emoluments paid to the remaining 4, 4, 2, 3 and 2 individuals during the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2025 and 2026, respectively, are as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Wages, salaries and bonuses and benefits in kind (including contributions to pension plans)	**9,101**	**6,488**	**3,345**	**1,696**	**882**

The number of the above individuals other than directors whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
HKD1 to HKD500,000	–	–	–	–	1
HKD500,001 to HKD1,000,000	–	–	–	3	1
HKD1,000,001 to HKD1,500,000	–	–	–	–	–
HKD1,500,001 to HKD2,000,000	1	3	2	–	–
HKD2,000,001 to HKD2,500,000	–	1	–	–	–

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
HKD2,500,001 to HKD3,000,000	2	–	–	–	–
HKD3,000,001 to HKD3,500,000	1	–	–	–	–
	4	**4**	**2**	**3**	**2**

10. FINANCE COSTS, NET

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Finance income:					
Interest income from financial assets held for cash management purposes	33,073	22,470	31,511	11,076	6,059
Finance costs:					
Interest expenses on borrowings	(688,084)	(693,362)	(677,423)	(302,079)	(279,231)
Interest expenses on lease liabilities	(4,976)	(4,178)	(4,709)	(1,798)	(1,675)
Net exchange (losses)/gains on foreign currency borrowings	(24,387)	(33,245)	(54,102)	2,376	(44,040)
Others	(2,380)	(1,361)	(1,849)	(44)	25
Less: capitalized finance costs	152,035	14,309	26,129	5,276	12,944
Finance costs total	(567,792)	(717,837)	(711,954)	(296,269)	(311,977)
Finance costs, net	**(534,719)**	**(695,367)**	**(680,443)**	**(285,193)**	**(305,918)**

For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, the Group's capitalization interest rates were 3.95% to 4.47%, 4.2%, 2.95%, 2.95% and 2.95%, respectively.

11. INCOME TAX EXPENSES

The income tax expenses of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current income tax	216,439	262,551	328,480	181,071	216,075
Deferred income tax	(4,163)	(215,402)	(97,386)	(101,104)	(23,259)
	212,276	**47,149**	**231,094**	**79,967**	**192,816**

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

(a) PRC Corporate Income Tax

In accordance with the relevant regulations of the Enterprise Income Tax laws (the "EIT Law") of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

Pursuant to the "Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on the Extension of Enterprise Income Tax Policies for the Western Development" (Announcement of the Ministry of Finance [2020] No. 23) (《關於延續西部大開發企業所得稅政策的公告》(財政部公告2020年第23號)), from January 1, 2021 to December 31, 2030, encouraged-industry enterprises established in the western region are subject to a reduced corporate income tax ("CIT") rate of 15%. Two subsidiaries qualified as such enterprises and were taxed at the reduced rate of 15% in 2023 and 2024, while one subsidiary was eligible for the 15% preferential tax rate in 2025 and 2026.

Six subsidiaries of the Group were qualified as High and New Technology Enterprises ("HNTE") and entitled to the preferential CIT rate of 15% in 2023 and 2024. Two subsidiaries of the Group maintained HNTE status and were eligible for the 15% preferential CIT rate in 2025 and 2026.

Pursuant to "Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Corporate Income Tax Policies for Micro and Small Profit-making Enterprises" (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》) (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration), "Announcement of the Ministry of Finance and the State Taxation Administration on Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households by Relevant Tax and Fee Policies" (《財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration) and "Announcement on Implementing Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households" (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》) (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration), for the period from January 1, 2023 to December 31, 2027, 25% of the portion of MSMEs' annual taxable income not exceeding RMB1,000,000 shall also be taxed at the 20% CIT rate. Two subsidiaries of the Group qualified as MSMEs and thus paid CIT at the 20% rate. in 2023 and 2024. Nine subsidiaries qualified as MSMEs and were subject to CIT at the rate of 20% in 2025 and 2026.

Three subsidiaries are photovoltaic power generation enterprises eligible for the CIT incentive of "Three-Year Exemption and Three-Year Half-Rate Reduction" for the years ended December 31, 2023 and 2024, and one subsidiary is eligible for such incentive for the year ended December 31, 2025. Commencing from the year in which the projects derived their first production and operation income, CIT shall be exempted for the first to the third years and levied at a 50% reduced rate for the fourth to the sixth years. These subsidiaries were in the CIT half-rate reduction phase during the Track Record Period.

Pursuant to the "Circular on VAT Preferential Policies for Promoting Employment of the Disabled" (《關於促進殘疾人就業增值稅優惠政策的通知》) (Cai Shui [2016] No. 52) issued by the Ministry of Finance and the State Taxation Administration, one subsidiary is accredited as a welfare enterprise and enjoys a preferential policy of 100% extra deduction of actual wages paid to the disabled before enterprise income tax during the Track Record Periods.

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5%. Pursuant to Inland Revenue Ordinance of Hong Kong, three subsidiaries of the Group are exempt from CIT in respect of their offshore-sourced profits. However, the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 was gazetted and came into effect on June 6, 2025, imposing a 15% global minimum tax and Hong Kong domestic minimum top-up tax on large multinational enterprise groups with effect from January 1, 2025, resulting in the effective tax rate of the subsidiaries being topped up to 15%.

(c) Vietnam Profits Tax

A subsidiary of the Company is subject to an annual CIT tax rate of 10% for the first 15 years commencing from the date of commencement of production and operation; upon the expiry of the aforesaid period, the applicable annual CIT rate shall be 20%. In addition, the subsidiary is entitled to the CIT preferential policy of "four-year exemption and nine-year half-rate reduction" starting from its profit-making year. For the years ended December 31, 2023 and 2024, the subsidiary was in the half-rate tax payment period, and was subject to CIT rates of 5% and 10% respectively.

(d) Thailand Profits Tax

Pursuant to the investment incentive policies of the Board of Investment (BOI) of Thailand, the new production line of one subsidiary of the Group is exempt from CIT on profits generated from February 2022 to February 2025. Upon the expiry of this period, the applicable annual corporate income tax rate shall be 20%.

(e) Morocco Profits Tax

Six subsidiaries are established in Morocco's tax-free zones and thus exempt from value-added tax. In addition, they are entitled to a 5-year CIT exemption commencing from the date of commencement of production and operation, after which the applicable annual CIT rate shall be 20%.

(f) Indonesia Profits Tax

One of the Company's subsidiaries shall be exempt from CIT for 20 tax years commencing from the tax year in which it commences commercial production. Upon the expiry of the aforesaid 20-year tax exemption period, the subsidiary shall be subject to a 50% reduction in CIT for the subsequent two tax years. The subsidiary commenced commercial production in 2024, and is exempt from CIT for 2024, 2025, and 2026.

(g) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions, including South Korea, Singapore, Japan, Germany, Italy, France, Australia, and Netherlands, had been calculated on the estimated assessable profit during the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

(h) OECD Pillar Two Model Rules

Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules" were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development ("OECD").

The Group is within the scope of global minimum tax ("GMT") under the OECD Pillar Two model rules ("Pillar Two"). Subject to tax legislation enacting Pillar Two being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

Pillar Two model rules are enacted in certain jurisdictions in which the Company's subsidiaries are incorporated, and this implementation has no material tax impact to the Group. The Group has no related current tax exposure during the Track Record Period.

(i) The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before income tax	1,381,738	671,059	1,241,063	454,106	747,716
Income tax calculated at the domestic rates applicable to profits in the country concerned (25%)	345,435	167,765	310,266	113,527	186,929
Tax effect of:					
Effect of different tax rates applicable to subsidiaries	(56,609)	(75,535)	(43,220)	(30,878)	(35,099)
Adjustments in respect of current tax of previous periods	(14,427)	(10,910)	11,669	(1,455)	1,590
Super deduction for research and development expenditure	(31,561)	(31,041)	(27,451)	(10,984)	(12,631)
Non-deductible expenses for tax purposes	846	5,771	33,969	3,482	7,268
Utilization of previously unrecognized tax losses and temporary differences	(27,325)	(25,090)	(29,125)	(895)	(542)
Unused tax losses and temporary differences not recognized as deferred tax assets	63,422	100,190	67	13,576	58,625
Non-taxable income	(68,426)	(84,494)	(26,590)	(9,801)	(8,619)
Others	921	493	1,509	3,395	(4,705)
	212,276	**47,149**	**231,094**	**79,967**	**192,816**

12. DIVIDENDS

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Final dividends in respect of the previous year, declared and paid during the year/period *(i)*	(159,164)	(339,714)	(345,689)	–	–
Final dividends in respect of the previous year, declared but not paid during the year/period *(ii)*	–	–	–	(345,689)	(283,023)

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interim dividends in respect of current year, declared and paid during the year/period *(ii)*	–	–	(221,112)	–	–
	(159,164)	**(339,714)**	**(566,801)**	**(345,689)**	**(283,023)**

(i) Final dividends attributable to owners of the Company in respect of 2022, 2023 and 2024 of RMB0.80 per 10 shares (tax inclusive), RMB1.70 per 10 shares (tax inclusive) and RMB1.80 per 10 shares (tax inclusive), were approved by the shareholders in the Annual General Meeting, respectively.

(ii) Final dividends attributable to owners of the Company in respect of 2024 and 2025 of RMB1.80 per 10 shares (tax inclusive) and RMB1.28 per 10 shares (tax inclusive), were approved by the shareholder in the Annual General Meeting but not paid as at May 31, 2025 and 2026.

(iii) Interim dividends attributable to owners of the Company in respect of 2025 of RMB1.00 per 10 shares (tax inclusive), were approved by the shareholder in the Annual General Meeting.

13. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the following:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Profit attributable to ordinary shareholders of the Company (RMB'000)	1,125,549	715,816	961,639	398,054	405,275
Profit attributable to ordinary shareholders of the Company used in calculating basic EPS (RMB'000)	1,125,549	715,816	961,639	398,054	405,275
Weighted average number of ordinary shares in issue (thousands)	1,989,498	1,987,604	2,015,703	1,935,433	2,211,119
Basic EPS (RMB per share)	**0.57**	**0.36**	**0.48**	**0.21**	**0.18**

(b) Diluted Earnings Per Share

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Profit attributable to owners of the Company (RMB'000)	1,125,549	715,816	961,639	398,054	405,275
The impact of interest expense on the convertible bonds (RMB'000)	48,592	105,727	75,051	45,133	–
Diluted net profit attributable to ordinary shareholders of the Company (RMB'000)	1,174,141	821,543	1,036,690	443,187	405,275

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
				(unaudited)	
Weighted average number of ordinary shares in issue (thousands)	1,989,498	1,987,604	2,015,703	1,935,433	2,211,119
Adjustments for potential shares arising from convertible bonds (thousands)	289,734	283,267	202,994	288,406	–
Weighted average number of ordinary shares used in calculating diluted EPS (thousands)	2,279,232	2,270,871	2,218,697	2,223,839	2,211,119
Diluted EPS (RMB per share)	**0.52**	**0.36**	**0.47**	**0.20**	**0.18**

14. INVESTMENTS IN ASSOCIATES

The Group

The amounts of investments accounted for using the equity method recognized in the Historical Financial Information are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates				
Hailiang Finance	1,262,298	1,187,872	1,170,293	1,137,453
Bank of Ningxia Co., Ltd.	795,277	835,307	853,475	873,467
	2,057,575	**2,023,179**	**2,023,768**	**2,010,920**

The movements of investments in associates during the Track Record Period are as follows:

	As at December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,945,959	2,057,575	2,023,179	2,023,768
Share of results of associates	117,071	112,944	91,658	32,465
Share of other comprehensive income/(loss)	987	9,491	(14,237)	2,687
Dividends	(6,442)	(156,831)	(76,832)	(48,000)
At the end of the year/period	**2,057,575**	**2,023,179**	**2,023,768**	**2,010,920**

The associates of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

The basic information of material associates is as follows:

Name of associate	Principal place of business	Place of incorporation	Nature of business	Proportion of Ownership Interest (%)	
				Direct	Indirect
Hailiang Finance	Zhejiang, PRC	Zhejiang, PRC	Financial services	26.68	13.32
Bank of Ningxia Co., Ltd.*	Ningxia, PRC	Ningxia, PRC	Commercial banking services	5.55	–

* The Company has one director nominated to the board of Bank of Ningxia Co., Ltd., who participates in the financial and operating policy decisions of Bank of Ningxia Co., Ltd. Accordingly, the investment in Bank of Ningxia Co., Ltd. is accounted for using the equity method.

Reconciliation of the carrying amounts of interests in associates recognized in the Historical Financial Information:

	As at December 31,			As at May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of Hailiang Finance	1,262,298	1,187,872	1,170,293	1,133,890	1,137,453
Amounts of the Group's share of:					
Profit for the year/period	83,649	77,574	54,423	18,019	15,160
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**83,649**	**77,574**	**54,423**	**18,019**	**15,160**

	As at December 31,			As at May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of Bank of Ningxia Co., Ltd.	795,277	835,307	853,475	842,846	873,467
Amounts of the Group's share of:					
Profit for the year/period	33,422	35,370	37,235	15,545	17,305
Other comprehensive income/(loss)	987	9,491	(14,237)	(8,007)	2,687
Total comprehensive income/(loss)	**34,409**	**44,861**	**22,998**	**7,538**	**19,992**

The key financial information of the material associates is as follows:

	Hailiang Finance			
	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	9,167,952	9,559,303	7,773,459	6,889,112
Total liabilities	6,012,207	6,589,625	4,847,725	4,045,479
Share of net assets calculated based on the shareholding ratio	1,262,298	1,187,872	1,170,293	1,137,453

	Hailiang Finance				
	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Total revenue	270,477	200,916	180,031	71,407	58,433
Net profit	209,123	193,933	136,056	45,046	37,899
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**209,123**	**193,933**	**136,056**	**45,046**	**37,899**

	Bank of Ningxia Co., Ltd.			
	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	203,344,750	207,060,950	214,836,294	219,784,202
Total liabilities	189,014,580	192,009,476	199,457,465	204,045,136
Share of net assets calculated based on the shareholding ratio	795,277	835,307	853,475	873,467

	Bank of Ningxia Co., Ltd.				
	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Total revenue	7,115,534	6,051,192	5,458,930	2,246,996	2,250,392
Net profit	603,015	637,133	670,702	280,112	281,618
Other comprehensive income/(loss)	47,992	171,015	(256,502)	(144,276)	48,412
Total comprehensive income	**651,007**	**808,148**	**414,200**	**135,836**	**330,030**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Associates:				
Hailiang Finance	850,923	801,664	789,964	768,072
Bank of Ningxia Co., Ltd.	795,277	835,307	853,475	873,467
	1,646,200	**1,636,971**	**1,643,439**	**1,641,539**

The movements of investments in associates during the Track Record Period are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,562,437	1,646,200	1,636,971	1,643,439
Share of results of associates	89,218	87,111	73,536	27,413
Share of other comprehensive income/(loss)	987	9,491	(14,237)	2,687
Dividends	(6,442)	(105,831)	(52,831)	(32,000)
At the end of the year/period	**1,646,200**	**1,636,971**	**1,643,439**	**1,641,539**

Reconciliation of the carrying amounts of interests in associates recognized in the Historical Financial Information:

	As at December 31,			As at May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of Hailiang Finance	850,923	801,664	789,964	765,677	768,072
Amounts of the Company's share of:					
Profit for the year/period	55,796	51,741	36,300	12,014	10,108
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**55,796**	**51,741**	**36,300**	**12,014**	**10,108**

	As at December 31,			As at May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Carrying amount of Bank of Ningxia Co., Ltd.	795,277	835,307	853,475	842,846	873,467
Amounts of the Company's share of:					
Profit for the year/period	33,422	35,370	37,235	15,545	17,305
Other comprehensive income/(loss)	987	9,491	(14,237)	(8,007)	2,687
Total comprehensive income	**34,409**	**44,861**	**22,998**	**7,538**	**19,992**

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15. SUBSIDIARIES

As at the date of this report and during the Track Record Period, the Company's principal subsidiaries are as follows:

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/paid-up capital	Equity interest held by the company								
				As at December 31,						As at May 31,		
				2023		2024		2025		2026		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Principal activities
			'000									
1	Shanghai Hailiang Copper Co., Ltd. (上海海亮銅業有限公司)	Chinese Mainland, limited liability company	USD79,729	85.45%	14.55%	85.45%	14.55%	85.45%	14.55%	85.45%	14.55%	Production and Manufacturing
2	Ningbo Hailiang Copper Co., Ltd. (寧波海亮銅業有限公司)	Chinese Mainland, limited liability company	RMB20,000	–	100.00%	–	100.00%	49.00%	51.00%	49.00%	51.00%	Commodity Circulation
3	Hailiang (Anhui) Copper Co., Ltd. (海亮(安徽)銅業有限公司)	Chinese Mainland, limited liability company	RMB530,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Production and Manufacturing
4	Hailiang Copper Texas Inc	U.S., incorporated	USD1,000	–	100.00%	–	100.00%	–	100.00%	–	100.00%	Production and Manufacturing
5	HME Copper Germany GmbH	Germany, limited liability company	EUR25	–	100.00%	–	100.00%	–	100.00%	–	100.00%	Production and Manufacturing
6	Hong Kong Hailiang Metal Trading Limited (香港海亮銅貿易有限公司)	Hong Kong, limited liability company	USD186,669	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Commodity Circulation
7	Loyal Hailiang Copper (Thailand) Co., Ltd.	Thailand, limited liability company	THB1,408,250	–	100.00%	–	100.00%	–	100.00%	–	100.00%	Production and Manufacturing
8	Guangdong Hailiang Copper Co., Ltd. (廣東海亮銅業有限公司)	Chinese Mainland, limited liability company	RMB500,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Production and Manufacturing
9	HAILIANG (SINGAPORE) PTE. LTD.	Singapore, limited liability company	USD100,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Commodity Circulation
10	HAILIANG (VIETNAM) COPPER MANUFACTURING COMPANY LIMITED.	Vietnam, limited liability company	USD40,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Production and Manufacturing
11	HAILIANG (VIETNAM) METAL PRODUCTS CO., LTD.	Vietnam, limited liability company	USD8,000	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Production and Manufacturing
12	JMF Company	U.S., limited liability company	USD771	100.00%	–	100.00%	–	100.00%	–	100.00%	–	Commodity Circulation
13	Gansu Hailiang New Energy Materials Co., Ltd. (甘肅海亮新能源材料有限公司) ("Gansu Hailiang") *(i)*	Chinese Mainland, limited liability company	RMB4,280,000	48.60%	–	48.60%	–	48.60%	–	48.60%	–	Production and Manufacturing
14	PT HAILIANG NOVA MATERIAL INDONESIA	Indonesia, limited liability company	IDR40,000,000	10.00%	90.00%	10.00%	90.00%	10.00%	90.00%	10.00%	90.00%	Production and Manufacturing
15	HAILIANG MOROCCO ENTERPRISE	Morocco, limited liability company	MAD100	–	–	99.90%	0.10%	99.90%	0.10%	99.90%	0.10%	Production and Manufacturing

(i) Difference between equity interest and voting right ratios in a subsidiary

The Company originally held 100% equity interest in Gansu Hailiang. Pursuant to the resolution of the shareholders' general meeting held in December 2023 and the amended articles of association, Gansu Hailiang increased its registered capital by RMB3,300,000,000. The Company subscribed for RMB1,100,000,000 of the increased capital, Hai Liang Group subscribed for RMB400,000,000, Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥)) subscribed for RMB1,500,000,000, and Gongrong Jintou (Beijing) Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (工融金投(北京)新興產業股權投資基金合夥企業(有限合夥)) subscribed for RMB300,000,000.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Company held 48.60% of the equity interest in Gansu Hailiang, and Hai Liang Group held 9.34% of the equity interest therein. Hai Liang Group has entrusted the voting rights attached to its 9.34% equity interest in Gansu Hailiang to the Company, resulting in the Company's voting right ratio in Gansu Hailiang being 57.94%. Therefore, the Company still controls Gansu Hailiang and continues to include it in the scope of consolidated financial statements.

The statutory auditors of the above subsidiaries of the Group during the Track Record Period are set out below:

	Name of subsidiary	Name of statutory auditors		
		2023	2024	2025
1 . .	Shanghai Hailiang Copper Co., Ltd. (上海海亮銅業有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
2 . .	Ningbo Hailiang Copper Co., Ltd. (寧波海亮銅業有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
3 . .	Hailiang (Anhui) Copper Co., Ltd. (海亮(安徽)銅業有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
4 . .	Hailiang Copper Texas Inc	J&J CPA GROUP	J&J CPA GROUP	J&J CPA GROUP
5 . .	HME Copper Germany GmbH	Ebner Stolz GmbH & Co. KG	Ebner Stolz GmbH & Co. KG	Ebner Stolz GmbH & Co. KG
6 . .	Hong Kong Hailiang Metal Trading Limited (香港海亮銅貿易有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
7 . .	Loyal Hailiang Copper (Thailand) Co., Ltd.	KPMG Phoomchai Audit Limited	KPMG Phoomchai Audit Limited	KPMG Phoomchai Audit Limited
8 . .	Guangdong Hailiang Copper Co., Ltd. (廣東海亮銅業有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
9 . .	HAILIANG (SINGAPORE) PTE. LTD.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
10. .	HAILIANG (VIETNAM) COPPER MANUFACTURING COMPANY LIMITED.	U&I Auditing Co., Ltd.	U&I Auditing Co., Ltd.	U&I Auditing Co., Ltd.
11. .	HAILIANG (VIETNAM) METAL PRODUCTS CO., LTD.	Viet Nhat Audit Co., Ltd.	Viet Nhat Audit Co., Ltd.	Viet Nhat Audit Co., Ltd.
12. .	JMF Company	Anderson Lower, Whitlow P.C.	Anderson Lower, Whitlow P.C.	Anderson Lower, Whitlow P.C.
13. .	Gansu Hailiang	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
14. .	PT HAILIANG NOVA MATERIAL INDONESIA	KAP Heliantono & Rekan	KAP Heliantono & Rekan	KAP Heliantono & Rekan
15. .	HAILIANG MOROCCO ENTERPRISE *(a)*	N/A	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP

(a) The entity was established in 2024.

(b) The English names of the Chinese Mainland companies are direct translation or transliteration of their Chinese registered names.

(c) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(d) Transaction with non-controlling interests:

The Group acquired/disposed certain equity interests of certain subsidiaries from/to non-controlling shareholders, and the difference between consideration paid/received and the carrying amount of equity interest acquired/disposed was recognized as an increase/decrease in reserves. Major transactions during the Track Record Period as follows:

– Major transactions during the year ended December 31, 2023

The Company originally held 100% equity interest in Gansu Hailiang. Pursuant to the resolution of the shareholders' meeting held in December 2023 and the amended articles of association, Gansu Hailiang increased its registered capital by RMB3,300,000,000. The subscription details are as follows: the Company subscribed for RMB1,100,000,000, Hai Liang Group for RMB400,000,000, Shenzhen Venture Capital Manufacturing Transformation and Upgrade New Materials Fund (Limited Partnership) for RMB1,500,000,000, and Gongrong Jintou (Beijing) Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) for RMB300,000,000. As at December 31, 2023, the Company's equity ownership ratio in Gansu Hailiang decreased from 100% to 48.60%. The Group recognized an increase in other reserves of RMB117,038,000 and an increase in non-controlling interests of RMB2,083,942,000.

– No major transactions during the years ended December 31, 2024 and 2025, and the five months ended May 31, 2025 and 2026.

(e) Material non-controlling interests

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the total non-controlling interests is RMB2,761,218,000, RMB2,581,222,000, RMB2,592,563,000 and RMB2,713,224,000 of which RMB2,078,259,000, RMB1,951,364,000, RMB1,972,131,000 and RMB2,104,042,000 is attributable to Gansu Hailiang.

Summarized financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information of Gansu Hailiang which has non-controlling interests that are material to the Group.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	1,859,081	3,460,624	5,626,042	1,689,273	3,723,141
(Loss)/profit for the year/period	(225,389)	(247,475)	42,170	(52,576)	256,268
Total comprehensive (loss)/income for the year/period	(225,389)	(247,475)	42,170	(52,576)	256,268
Net cash (used in)/ generated from operating activities	(1,056,988)	(815,986)	(291,154)	(338,119)	88,680

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	3,557,504	3,573,787	3,372,116	3,549,200
Total current assets	3,206,827	2,886,574	3,977,477	5,079,069
Total assets	6,764,331	6,460,361	7,349,593	8,628,269
Total non-current liabilities	1,740,903	1,209,170	872,111	722,666
Total current liabilities	981,198	1,456,136	2,640,796	3,812,288
Total liabilities	2,722,101	2,665,306	3,512,907	4,534,954

The Company

Investments in subsidiaries

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries	**10,901,881**	**11,534,047**	**12,121,913**	**12,180,247**

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023								
Cost	1,885,247	3,301,286	14,560	130,022	228,407	3,934,761	1,915	9,496,198
Accumulated depreciation and impairment	(494,192)	(1,200,771)	(9,580)	(25,818)	(105,966)	–	(767)	(1,837,094)
Carrying amounts	**1,391,055**	**2,100,515**	**4,980**	**104,204**	**122,441**	**3,934,761**	**1,148**	**7,659,104**
Opening carrying amounts	1,391,055	2,100,515	4,980	104,204	122,441	3,934,761	1,148	7,659,104
Additions	2,546	67,711	3,536	1,113	4,760	3,223,417	190	3,303,273
Disposals	(4,427)	(12,109)	(23)	(25)	(583)	–	–	(17,167)
Transfers from construction in progress	1,068,155	3,071,048	598	16,204	26,759	(4,182,764)	–	–
Depreciation charges	(115,271)	(343,124)	(1,938)	(10,731)	(24,726)	–	(725)	(496,515)
Transfers into construction in progress	–	(107,167)	–	–	–	107,167	–	–
Impairment losses	–	(1,471)	–	–	–	(1,691)	–	(3,162)
Currency translation differences	10,415	29,690	14	–	3,685	–	1	43,805
Closing carrying amounts	**2,352,473**	**4,805,093**	**7,167**	**110,765**	**132,336**	**3,080,890**	**614**	**10,489,338**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023								
Cost	2,971,066	5,967,252	18,065	147,310	264,980	3,082,581	2,096	12,453,350
Accumulated depreciation and impairment	(618,593)	(1,162,159)	(10,898)	(36,545)	(132,644)	(1,691)	(1,482)	(1,964,012)
Carrying amounts	**2,352,473**	**4,805,093**	**7,167**	**110,765**	**132,336**	**3,080,890**	**614**	**10,489,338**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024								
Cost	2,971,066	5,967,252	18,065	147,310	264,980	3,082,581	2,096	12,453,350
Accumulated depreciation and impairment	(618,593)	(1,162,159)	(10,898)	(36,545)	(132,644)	(1,691)	(1,482)	(1,964,012)
Carrying amounts	**2,352,473**	**4,805,093**	**7,167**	**110,765**	**132,336**	**3,080,890**	**614**	**10,489,338**
Opening carrying amounts	2,352,473	4,805,093	7,167	110,765	132,336	3,080,890	614	10,489,338
Additions	3,661	15,489	1,490	713	13,521	1,409,212	713	1,444,799
Disposals	(419)	(6,357)	(41)	–	(960)	–	–	(7,777)
Transfers from construction in progress	1,013,017	2,035,879	6,612	4,552	43,854	(3,103,914)	–	–
Depreciation charges	(170,521)	(555,871)	(2,405)	(11,390)	(31,883)	–	(744)	(772,814)
Transfers into construction in progress	–	(82,241)	–	–	(91)	82,332	–	–
Transfers into investment properties	(10,787)	–	–	–	–	–	–	(10,787)
Currency translation differences	(692)	(12,341)	(202)	–	(3,352)	(220)	(14)	(16,821)
Closing carrying amounts	**3,186,732**	**6,199,651**	**12,621**	**104,640**	**153,425**	**1,468,300**	**569**	**11,125,938**
At December 31, 2024								
Cost	3,926,608	7,758,031	24,638	152,574	309,267	1,469,991	2,761	13,643,870
Accumulated depreciation and impairment	(739,876)	(1,558,380)	(12,017)	(47,934)	(155,842)	(1,691)	(2,192)	(2,517,932)
Carrying amounts	**3,186,732**	**6,199,651**	**12,621**	**104,640**	**153,425**	**1,468,300**	**569**	**11,125,938**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Freehold lands	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025									
Cost	3,926,608	7,758,031	24,638	152,574	–	309,267	1,469,991	2,761	13,643,870
Accumulated depreciation and impairment	(739,876)	(1,558,380)	(12,017)	(47,934)	–	(155,842)	(1,691)	(2,192)	(2,517,932)
Carrying amounts	**3,186,732**	**6,199,651**	**12,621**	**104,640**	**–**	**153,425**	**1,468,300**	**569**	**11,125,938**
Opening carrying amounts	3,186,732	6,199,651	12,621	104,640	–	153,425	1,468,300	569	11,125,938
Additions	2,727	45,168	6,917	175	152,987	8,612	796,796	2,617	1,015,999
Disposals	–	(6,628)	(48)	–	–	(336)	(36,921)	–	(43,933)
Transfers from construction in progress	268,110	456,818	3,876	7,671	–	33,686	(770,161)	–	–
Depreciation charges	(178,403)	(633,319)	(5,548)	(13,058)	–	(45,069)	–	(608)	(876,005)
Transfers into construction in progress	–	(38,821)	–	–	–	–	38,821	–	–
Impairment losses	–	(2,315)	–	–	–	–	–	–	(2,315)
Currency translation differences	(25,419)	22,339	(239)	(28)	–	4,938	(181)	12	1,422
Closing carrying amounts	**3,253,747**	**6,042,893**	**17,579**	**99,400**	**152,987**	**155,256**	**1,496,654**	**2,590**	**11,221,106**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Freehold lands	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2025									
Cost	4,193,717	8,235,370	34,298	160,420	152,987	360,272	1,498,345	5,227	14,640,636
Accumulated depreciation and impairment	(939,970)	(2,192,477)	(16,719)	(61,020)	–	(205,016)	(1,691)	(2,637)	(3,419,530)
Carrying amounts	**3,253,747**	**6,042,893**	**17,579**	**99,400**	**152,987**	**155,256**	**1,496,654**	**2,590**	**11,221,106**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Freehold lands	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026									
Cost	4,193,717	8,235,370	34,298	160,420	152,987	360,272	1,498,345	5,227	14,640,636
Accumulated depreciation and impairment	(939,970)	(2,192,477)	(16,719)	(61,020)	–	(205,016)	(1,691)	(2,637)	(3,419,530)
Carrying amounts	**3,253,747**	**6,042,893**	**17,579**	**99,400**	**152,987**	**155,256**	**1,496,654**	**2,590**	**11,221,106**
Opening carrying amounts	3,253,747	6,042,893	17,579	99,400	152,987	155,256	1,496,654	2,590	11,221,106
Additions	118,929	10,579	3,333	–	31,913	2,627	536,943	359	704,683
Disposals	–	(2,763)	(106)	–	–	(198)	(5,040)	–	(8,107)
Transfers from construction in progress	16,495	173,105	–	9,931	–	10,326	(209,857)	–	–
Transfers from investment properties	102,754	–	–	–	–	–	–	–	102,754
Depreciation charges	(78,624)	(278,461)	(1,791)	(5,408)	–	(13,782)	–	(794)	(378,860)
Transfers into construction in progress	–	(14,704)	–	–	–	–	14,704	–	–
Transfers into investment properties	(6,397)	–	–	–	–	–	–	–	(6,397)
Acquisition of a subsidiary	–	5,532	–	–	–	625	–	745	6,902
Impairment losses	–	(14,719)	–	–	–	–	–	–	(14,719)
Currency translation differences	(36,565)	(57,656)	15	(261)	(6,037)	(3,056)	(35,728)	(60)	(139,348)
Closing carrying amounts	**3,370,339**	**5,863,806**	**19,030**	**103,662**	**178,863**	**151,798**	**1,797,676**	**2,840**	**11,488,014**
At May 31, 2026									
Cost	4,387,895	8,234,325	36,540	169,977	178,863	362,796	1,799,367	6,181	15,175,944
Accumulated depreciation and impairment	(1,017,556)	(2,370,519)	(17,510)	(66,315)	–	(210,998)	(1,691)	(3,341)	(3,687,930)
Carrying amounts	**3,370,339**	**5,863,806**	**19,030**	**103,662**	**178,863**	**151,798**	**1,797,676**	**2,840**	**11,488,014**

(a) Except freehold lands account no depreciation, property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	20-50 years
Machinery	5-40 years
Motor vehicles	5-25 years
Solar power equipment	10-20 years
Other equipment	5-15 years
Leasehold improvements	Shorter of their useful life and lease term

See Note 46 for the other accounting policies relevant to property, plant and equipment.

(b) Depreciation of the Group's property, plant and equipment has been recognized in profit or loss as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of revenue	437,279	713,604	792,993	326,590	342,344
Selling and marketing expenses	1,935	2,137	8,160	3,084	3,664
General and administrative expenses	37,715	49,164	58,874	24,903	27,691
Research and development expenses	19,586	7,909	15,978	5,491	5,161
	496,515	**772,814**	**876,005**	**360,068**	**378,860**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group had RMB788,101,000, RMB1,153,413,000, RMB1,008,396,000 and RMB984,012,000 plants and buildings for which ownership certificate applications were pending, respectively.

(c) Impairment losses have been recognized as follows:

As at December 31, 2023, the management of the Group identified impairment indicators of certain machinery and plant and equipment under construction, and carried out an impairment review on these assets. The recoverable amounts were determined by the higher of fair value less cost to sell and its value-in-use. The valuation models used to estimate the fair values of certain assets were with reference to recent prices of similar assets of similar conditions when such prices could be reliably obtained, where applicable. As a result of the assessment, the Group provided impairment losses for machinery and plant and equipment under construction amounting to RMB1,471,000 and RMB1,691,000 respectively.

As at December 31, 2024, the Group performed impairment assessment and no impairment losses were recognised.

As at December 31, 2025, following impairment assessment, the Group recognized impairment losses of RMB2,315,000 in respect of machinery.

As at May 31, 2026, following impairment assessment, the Group recognized impairment losses of RMB14,719,000 in respect of machinery.

The Company

	Buildings	Machinery	Motor vehicles	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023						
Cost	523,628	705,499	4,332	38,604	834,952	2,107,015
Accumulated depreciation and impairment	(150,279)	(364,238)	(3,286)	(25,468)	–	(543,271)
Carrying amounts	**373,349**	**341,261**	**1,046**	**13,136**	**834,952**	**1,563,744**
Opening carrying amounts	373,349	341,261	1,046	13,136	834,952	1,563,744
Additions	2,731	31,823	802	3,542	378,908	417,806
Disposals	(989)	(32,449)	(20)	(30)	–	(33,488)
Transfers from construction in progress	100,582	691,143	422	11,617	(803,764)	–
Depreciation charges	(24,844)	(57,438)	(392)	(4,478)	–	(87,152)
Transfers into construction in progress	–	(32,990)	–	–	32,990	–
Closing carrying amounts	**450,829**	**941,350**	**1,858**	**23,787**	**443,086**	**1,860,910**
At December 31, 2023						
Cost	622,393	1,327,792	5,058	53,033	443,086	2,451,362
Accumulated depreciation and impairment	(171,564)	(386,442)	(3,200)	(29,246)	–	(590,452)
Carrying amounts	**450,829**	**941,350**	**1,858**	**23,787**	**443,086**	**1,860,910**

	Buildings	Machinery	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024							
Cost	622,393	1,327,792	5,058	53,033	443,086	–	2,451,362
Accumulated depreciation and impairment	(171,564)	(386,442)	(3,200)	(29,246)	–	–	(590,452)
Carrying amounts	**450,829**	**941,350**	**1,858**	**23,787**	**443,086**	**–**	**1,860,910**
Opening carrying amounts	450,829	941,350	1,858	23,787	443,086	–	1,860,910
Additions	1,600	22,468	309	6,344	160,085	400	191,206
Disposals	–	(23,849)	(18)	(810)	–	–	(24,677)
Transfers from construction in progress	54,747	148,942	2,413	11,699	(217,801)	–	–
Depreciation charges	(28,343)	(107,973)	(862)	(7,754)	–	(33)	(144,965)
Transfers into construction in progress	–	(30,391)	–	(91)	30,482	–	–
Closing carrying amounts	**478,833**	**950,547**	**3,700**	**33,175**	**415,852**	**367**	**1,882,474**
At December 31, 2024							
Cost	678,740	1,391,451	7,217	67,331	415,852	400	2,560,991
Accumulated depreciation and impairment	(199,907)	(440,904)	(3,517)	(34,156)	–	(33)	(678,517)
Carrying amounts	**478,833**	**950,547**	**3,700**	**33,175**	**415,852**	**367**	**1,882,474**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025								
Cost	678,740	1,391,451	7,217	–	67,331	415,852	400	2,560,991
Accumulated depreciation and impairment	(199,907)	(440,904)	(3,517)	–	(34,156)	–	(33)	(678,517)
Carrying amounts	**478,833**	**950,547**	**3,700**	**–**	**33,175**	**415,852**	**367**	**1,882,474**
Opening carrying amounts	478,833	950,547	3,700	–	33,175	415,852	367	1,882,474
Additions	294	32,087	701	174	1,310	110,719	133	145,418
Disposals	–	(19,996)	(17)	–	(47)	(8,242)	–	(28,302)
Transfers from construction in progress	206,563	52,164	–	–	2,144	(260,871)	–	–
Depreciation charges	(29,933)	(121,933)	(1,012)	(2)	(8,063)	–	(89)	(161,032)
Transfers into construction in progress	–	(8,632)	–	–	–	8,632	–	–
Closing carrying amounts	**655,757**	**884,237**	**3,372**	**172**	**28,519**	**266,090**	**411**	**1,838,558**
At December 31, 2025								
Cost	885,598	1,432,961	7,607	174	70,473	266,090	534	2,663,437
Accumulated depreciation and impairment	(229,841)	(548,724)	(4,235)	(2)	(41,954)	–	(123)	(824,879)
Carrying amounts	**655,757**	**884,237**	**3,372**	**172**	**28,519**	**266,090**	**411**	**1,838,558**

	Buildings	Machinery	Motor vehicles	Solar power equipment	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026								
Cost	885,598	1,432,961	7,607	174	70,473	266,090	534	2,663,437
Accumulated depreciation and impairment	(229,841)	(548,724)	(4,235)	(2)	(41,954)	–	(123)	(824,879)
Carrying amounts	**655,757**	**884,237**	**3,372**	**172**	**28,519**	**266,090**	**411**	**1,838,558**
Opening carrying amounts	655,757	884,237	3,372	172	28,519	266,090	411	1,838,558
Additions	–	4,627	390	–	325	36,951	–	42,293
Disposals	–	(2,328)	(107)	–	(163)	(919)	–	(3,517)
Transfers from construction in progress	15,186	66,819	–	–	–	(82,005)	–	–
Depreciation charges	(16,034)	(50,214)	(462)	(3)	(3,269)	–	(44)	(70,026)
Transfers into construction in progress	–	(7,530)	–	–	–	7,530	–	–
Transfers into investment properties	(6,397)	–	–	–	–	–	–	(6,397)
Closing carrying amounts	**648,512**	**895,611**	**3,193**	**169**	**25,412**	**227,647**	**367**	**1,800,911**
At May 31, 2026								
Cost	886,998	1,469,843	7,715	174	69,715	227,647	534	2,662,626
Accumulated depreciation and impairment	(238,486)	(574,232)	(4,522)	(5)	(44,303)	–	(167)	(861,715)
Carrying amounts	**648,512**	**895,611**	**3,193**	**169**	**25,412**	**227,647**	**367**	**1,800,911**

17. LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Land use rights	867,911	1,040,910	1,017,628	988,055
Buildings	87,907	58,583	72,941	60,249
	955,818	**1,099,493**	**1,090,569**	**1,048,304**
Lease liabilities				
Current	33,462	32,709	33,493	28,178
Non-current	59,326	33,071	46,668	35,568
	92,788	**65,780**	**80,161**	**63,746**

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2026, were approximately RMB40,021,000, RMB223,357,000, RMB45,402,000 and RMB14,127,000, respectively.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's land use rights amounting to RMB151,419,000, RMB148,265,000, RMB145,110,000 and RMB143,796,000 were pledged for bank borrowing.

The Company

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Buildings	6,852	4,198	1,346	3,862
Land use rights	206,620	195,094	190,337	174,482
	213,472	**199,292**	**191,683**	**178,344**
Lease liabilities				
Current	2,550	5,595	2,615	2,966
Non-current	2,842	–	–	1,585
	5,392	**5,595**	**2,615**	**4,551**

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025, and the five months ended May 31, 2026, were approximately RMB8,071,000, nil, nil and RMB3,139,000, respectively.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The discount rate used during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, were in the range of 2.50% to 6.41%, 2.50% to 6.41%, 1.45% to 6.85%, 1.45% to 6.85% and 1.45% to 6.85%, respectively.

(b) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets:					
– Land use rights	18,158	17,878	17,745	7,401	7,268
– Buildings	30,734	36,189	33,833	13,315	13,568
	48,892	**54,067**	**51,578**	**20,716**	**20,836**
Interest expense (including in finance cost)	4,976	4,178	4,709	1,798	1,675
Expense relating to short-term and low value leases not included in lease liabilities	1,660	2,731	15,035	8,375	6,694
	6,636	**6,909**	**19,744**	**10,173**	**8,369**

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, were approximately RMB33,202,000, RMB42,318,000, RMB59,971,000, RMB21,765,000 and RMB25,460,000, respectively.

The Group leases buildings and land use rights as lessee. Lease contracts are typically made for fixed periods from 1.5 to 10 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 46 for the other accounting policies relevant to lease.

18. INTANGIBLE ASSETS

The Group

	Software	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023			
Cost	47,372	345,157	392,529
Accumulated amortization	(13,180)	–	(13,180)
Carrying amounts	**34,192**	**345,157**	**379,349**
Year ended December 31, 2023			
Opening carrying amounts	34,192	345,157	379,349
Additions	23,442	–	23,442
Disposals	(55)	–	(55)

	Software	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*
Amortization charges	(3,833)	–	(3,833)
Impairment charges	–	(19,035)	(19,035)
Currency translation differences	202	–	202
Closing carrying amounts	**53,948**	**326,122**	**380,070**
At December 31, 2023			
Cost	72,062	345,157	417,219
Accumulated amortization and impairment	(18,114)	(19,035)	(37,149)
Carrying amounts	**53,948**	**326,122**	**380,070**
At January 1, 2024			
Cost	72,062	345,157	417,219
Accumulated amortization and impairment	(18,114)	(19,035)	(37,149)
Carrying amounts	**53,948**	**326,122**	**380,070**
Year ended December 31, 2024			
Opening carrying amounts	53,948	326,122	380,070
Additions	53,553	–	53,553
Amortization charges	(7,409)	–	(7,409)
Impairment losses	–	(57,252)	(57,252)
Currency translation differences	(117)	–	(117)
Closing carrying amounts	**99,975**	**268,870**	**368,845**
At December 31, 2024			
Cost	125,153	345,157	470,310
Accumulated amortization and impairment	(25,178)	(76,287)	(101,465)
Carrying amounts	**99,975**	**268,870**	**368,845**
At January 1, 2025			
Cost	125,153	345,157	470,310
Accumulated amortization and impairment	(25,178)	(76,287)	(101,465)
Carrying amounts	**99,975**	**268,870**	**368,845**
Year ended December 31, 2025			
Opening carrying amounts	99,975	268,870	368,845
Additions	65,759	–	65,759
Disposals	(15)	–	(15)
Amortization charges	(14,467)	–	(14,467)
Impairment losses	–	(39,371)	(39,371)
Currency translation differences	90	–	90
Closing carrying amounts	**151,342**	**229,499**	**380,841**
At December 31, 2025			
Cost	192,362	345,157	537,519
Accumulated amortization and impairment	(41,020)	(115,658)	(156,678)
Carrying amounts	**151,342**	**229,499**	**380,841**

	Software	Goodwill	Patent technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026				
Cost	192,362	345,157	–	537,519
Accumulated amortization and impairment	(41,020)	(115,658)	–	(156,678)
Carrying amounts	**151,342**	**229,499**	**–**	**380,841**
Five months ended May 31, 2026				
Opening carrying amounts	151,342	229,499	–	380,841
Additions	6,248	–	–	6,248
Acquisition of a subsidiary	–	3,364	5,172	8,536
Amortization charges	(6,383)	–	(174)	(6,557)
Impairment losses	–	(4,472)	–	(4,472)
Currency translation differences	(1,292)	–	–	(1,292)
Closing carrying amounts	**149,915**	**228,391**	**4,998**	**383,304**
At May 31, 2026				
Cost	196,557	348,521	5,172	550,250
Accumulated amortization and impairment	(46,642)	(120,130)	(174)	(166,946)
Carrying amounts	**149,915**	**228,391**	**4,998**	**383,304**

The Company

	Software
	RMB'000
At January 1, 2023	
Cost	23,390
Accumulated amortization	(8,356)
Carrying amounts	**15,034**
Year ended December 31, 2023	
Opening carrying amounts	15,034
Additions	11,918
Amortization charges	(1,316)
Closing carrying amounts	**25,636**
At December 31, 2023	
Cost	35,308
Accumulated amortization	(9,672)
Carrying amounts	**25,636**
At January 1, 2024	
Cost	35,308
Accumulated amortization	(9,672)
Carrying amounts	**25,636**
Year ended December 31, 2024	
Opening carrying amounts	25,636
Additions	47,253
Amortization charges	(997)
Closing carrying amounts	**71,892**
At December 31, 2024	
Cost	82,561
Accumulated amortization	(10,669)
Carrying amounts	**71,892**
At January 1, 2025	
Cost	82,561
Accumulated amortization	(10,669)
Carrying amounts	**71,892**
Year ended December 31, 2025	
Opening carrying amounts	71,892
Additions	59,158
Amortization charges	(5,910)
Closing carrying amounts	**125,140**
At December 31, 2025	
Cost	141,719
Accumulated amortization	(16,579)
Carrying amounts	**125,140**
At January 1, 2026	
Cost	141,719
Accumulated amortization	(16,579)
Carrying amounts	**125,140**
Five months ended May 31, 2026	
Opening carrying amounts	125,140
Additions	6,166
Amortization charges	(2,893)
Closing carrying amounts	**128,413**
At May 31, 2026	
Cost	147,885
Accumulated amortization	(19,472)
Carrying amounts	**128,413**

(a) Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of revenue	1,297	988	1,438	585	783
Selling expenses	2,455	5,936	12,537	5,081	5,569
General and administrative expenses	81	485	485	202	202
Research and development expenses	–	–	7	3	3
	3,833	**7,409**	**14,467**	**5,871**	**6,557**

(b) Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The carrying amount of goodwill allocated to the cash generating units or group of cash generating units ("CGU" or "CGUs") are as follows:

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023				
Zhejiang Haibo Micro-credit Co., Ltd. ("Haibo Micro-credit") *(i)*	150,785	–	–	150,785
Europe HME Project ("HME") *(ii)*	77,785	–	(19,035)	58,750
JMF Company ("JMF") *(iii)*	63,905	–	–	63,905
Chengdu Bede Copper Industry Co., Ltd. ("Chengdu Bede") *(iv)*	35,907	–	–	35,907
Hailiang Alltop Copper Tube (Guangdong) Co., Ltd. ("Guangdong Alltop") *(v)*	12,820	–	–	12,820
Loyal Hailiang Copper (Thailand) Co., Ltd. ("Thailand Hailiang") *(vi)*	3,955	–	–	3,955
	345,157	**–**	**(19,035)**	**326,122**

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024				
Haibo Micro-credit *(i)*	150,785	–	(26,268)	124,517
HME *(ii)*	58,750	–	(20,779)	37,971
JMF *(iii)*	63,905	–	–	63,905
Chengdu Bede *(iv)*	35,907	–	–	35,907
Guangdong Alltop *(v)*	12,820	–	(10,205)	2,615
Thailand Hailiang *(vi)*	3,955	–	–	3,955
	326,122	**–**	**(57,252)**	**268,870**

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025				
Haibo Micro-credit *(i)*	124,517	–	(28,279)	96,238
HME *(ii)*	37,971	–	(11,092)	26,879
JMF *(iii)*	63,905	–	–	63,905
Chengdu Bede *(iv)*	35,907	–	–	35,907
Guangdong Alltop *(v)*	2,615	–	–	2,615
Thailand Hailiang *(vi)*	3,955	–	–	3,955
	268,870	**–**	**(39,371)**	**229,499**

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Five months ended May 31, 2026				
Haibo Micro-credit *(i)*	96,238	–	–	96,238
HME *(ii)*	26,879	–	(4,472)	22,407
JMF *(iii)*	63,905	–	–	63,905
Chengdu Bede *(iv)*	35,907	–	–	35,907
Guangdong Alltop *(v)*	2,615	–	–	2,615
Thailand Hailiang *(vi)*	3,955	–	–	3,955
Huizhou Jiaye Metal Products Co., Ltd. ("Huizhou Jiaye") *(vii) (Note 42)*	–	3,364	–	3,364
	229,499	**3,364**	**(4,472)**	**228,391**

(i) The goodwill of Haibo Micro-credit is generated from business combination of Zhejiang Haibo Micro-credit Co., Ltd. in 2015. Management regards Haibo Micro-credit as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

As at December 31, 2024 and 2025, as the business scale is being reduced, according to the management's estimation of the recoverable amount of Haibo Micro-credit with the assistance of an independent valuer, which was calculated based on its value-in-use, an impairment of goodwill approximately RMB26,268,000 and RMB28,279,000 was recognized for the years ended December 31, 2024 and 2025 respectively. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate. The discount rate used during the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2026 for the assessments were 5.95%, 7.18%, 7.08% and 6.74%, respectively.

(ii) The goodwill of HME is generated from business combination of five legal entities, namely KME Brass France SAS, KME Brass Germany GmbH, KME Brass Italy SpA, Kabelmetal Metal Messing Beteiligungs GmbH and KME Ibertubos S.A.U., as well as the copper tube business of the Menden plant. Management regards HME as a group of CGUs and reviews the business performance and tests for impairment of the goodwill on the basis of this group of CGUs.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, as the performance was less than expected, according to the management's estimation of the recoverable amount of HME with the assistance of an independent valuer, which was calculated based on its value-in-use, an impairment of goodwill approximately RMB19,035,000, RMB20,779,000, RMB11,092,000 and RMB4,472,000 were recognized for the years ended December 31, 2023, 2024 and 2025 and for the five months ended May 31, 2026, respectively. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate. The discount rate used during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026, for the assessments were 12.07%, 12.40%, 14.74% and 14.92%, respectively.

(iii) The goodwill of JMF is generated from business combination of JMF Company. Management regards JMF as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

(iv) The goodwill of Chengdu Bede is generated from business combination of Chengdu Bede Copper Industry Co., Ltd.. Management regards Chengdu Bede as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

(v) The goodwill of Guangdong Alltop is generated from business combination of Hailiang Alltop Copper Tube (Guangdong) Co., Ltd. (formerly known as Moral Top Enterprise Limited). Management regards Guangdong Alltop as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

As at December 31, 2024, as the performance was less than expected, according to the management's estimation of the recoverable amount of Guangdong Alltop with the assistance of an independent valuer, which was calculated based on its value-in-use, an impairment of goodwill approximately RMB10,205,000 were recognized for the year ended December 31, 2024. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate. The discount rate used during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026 for the assessments were 11.98%, 10.34%, 12.97% and 13.39%, respectively.

(vi) The goodwill of Thailand Hailiang is generated from business combination of Loyal Hailiang Copper (Thailand) Co., Ltd.. Management regards Thailand Hailiang as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

(vii) The goodwill of Huizhou Jiaye is generated from business combination of Huizhou Jiaye Metal Products Co., Ltd. Management regards Huizhou Jiaye as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

The following table sets out the key assumptions for these CGUs that have goodwill allocated to them:

Year ended December 31, 2023

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-8.94% to 0.97%	46.00% to 47.00%	1.00%	5.95%
HME	1.00% to 10.23%	1.92% to 2.46%	0.00%	12.07%
JMF	2.00% to 3.50%	1.95% to 2.04%	0.00%	11.56%
Chengdu Bede	2.00% to 7.19%	1.19% to 1.23%	0.00%	11.93%
Guangdong Alltop	-6.99% to 5.00%	2.21% to 2.25%	0.00%	11.98%
Thailand Hailiang	1.00% to 2.00%	3.20% to 3.32%	0.00%	14.50%

Year ended December 31, 2024

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-31.05% to -0.3%	50.74% to 53.68%	0.40%	7.18%
HME	0.00% to 7.20%	1.57% to 2.71%	0.00%	12.40%
JMF	-15.39% to 2.00%	2.05% to 2.08%	0.00%	11.47%
Chengdu Bede	2.13% to 7.63%	0.90% to 0.92%	0.00%	9.93%
Guangdong Alltop	-10.95% to 0.93%	1.90% to 2.01%	0.00%	10.34%
Thailand Hailiang	0.00% to 2.39%	3.33% to 3.36%	0.00%	14.83%

Year ended December 31, 2025

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-13.07% to 0.29%	53.65% to 57.75%	0.40%	7.08%
HME	-2.94% to 9.51%	0.96% to 2.93%	0.00%	14.74%
JMF	2.00% to 5.00%	2.21% to 2.23%	0.00%	12.56%
Chengdu Bede	1.00% to 4.00%	0.73% to 0.82%	0.00%	12.46%
Guangdong Alltop	1.00% to 4.27%	1.83% to 1.85%	0.00%	12.97%
Thailand Hailiang	-1.49% to 3.59%	2.18% to 2.21%	0.00%	16.67%

Five months ended May 31, 2026

CGUs	Revenue annual growth rate	Net profit margin	Perpetual annual growth rates	Pre-tax discount rates
Haibo Micro-credit	-13.48% to 0.02%	55.46% to 58.78%	0.40%	6.74%
HME	-1.55% to 7.96%	0.09% to 2.90%	0.00%	14.92%
JMF	2.00% to 6.00%	2.22% to 2.62%	0.00%	12.33%
Chengdu Bede	1.00% to 2.99%	0.45% to 0.79%	0.00%	13.09%
Guangdong Alltop	0.88% to 2.76%	0.68% to 1.69%	0.00%	13.39%
Thailand Hailiang	0.79% to 3.50%	1.29% to 1.66%	0.00%	17.25%
Huizhou Jiaye	3.00% to 102.91%	-8.53% to 6.34%	0.00%	16.42%

(i) The Company determines the parameters such as revenue growth rate, profit margin for the forecast period, as well as growth rate and profit margin for the stable period within the forecast, based on the operating results of historical years, market competition and development plans.

Management has determined the recoverable amount measured at the present value of estimated future cash flows, with a budget horizon of 5 years, and the key assumptions based on as follows:

Revenue annual growth rates	Revenue growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
(Net) Profit margin	Based on past performance and management's expectations for the future.

Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.
Pre-tax discount rates	Estimated by using the weighted average cost of capital ("WACC") method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

The recoverable amount based on the value-in-use or FVLCD calculation for these CGUs as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	1,655,974	1,085,000	1,012,000	989,000
HME	1,161,925	1,064,171	1,087,991	1,019,943
JMF	134,560	121,620	148,740	144,730
Chengdu Bede	119,815	104,901	59,944	53,131
Guangdong Alltop	212,219	120,919	128,928	111,550
Thailand Hailiang	1,014,833	1,015,511	746,638	546,583
Huizhou Jiaye	N/A	N/A	N/A	17,983

Based on the management's assessment of the recoverable amount, the headroom for these cash-generating unit (CGUs) as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	362,360	N/A	N/A	38,698
HME	N/A	N/A	N/A	N/A
JMF	69,432	55,800	82,736	79,005
Chengdu Bede	81,020	66,843	22,155	15,476
Guangdong Alltop	64,522	N/A	15,430	2,351
Thailand Hailiang	647,846	621,933	339,751	174,621
Huizhou Jiaye	N/A	N/A	N/A	1,837

(c) Impact of possible changes in key assumptions

Sensitivity analysis has been performed based on the assumptions that revenue annual growth rates, operating profit margin and pre-tax discount rates has been changed. Had the estimated key assumptions during the forecast period been changed as shown below, while other parameters remain constant, the headroom of the CGUs would be as follows:

Year ended December 31, 2023

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(*)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	360,314	361,106	361,578	357,576
HME	N/A	N/A	N/A	N/A
JMF	35,579	66,085	N/A	68,830
Chengdu Bede	51,232	80,367	N/A	80,704
Guangdong Alltop	15,969	62,425	N/A	63,580
Thailand Hailiang	552,799	643,515	N/A	645,213

Year ended December 31, 2024

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(*)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	N/A	N/A	N/A	N/A
HME	N/A	N/A	N/A	N/A
JMF	21,684	53,412	N/A	55,217
Chengdu Bede	28,778	66,081	N/A	66,525
Guangdong Alltop	N/A	N/A	N/A	N/A
Thailand Hailiang	514,978	616,795	N/A	619,038

Year ended December 31, 2025

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(*)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	N/A	N/A	N/A	N/A
HME	N/A	N/A	N/A	N/A
JMF	77,032	82,280	N/A	82,648
Chengdu Bede	18,935	22,108	N/A	22,135
Guangdong Alltop	10,124	15,240	N/A	15,370
Thailand Hailiang	327,773	339,363	N/A	339,545

Five months ended May 31, 2026

	Revenue growth annual rate decreased by 0.3%	Net profit margin decreased by 0.3%	Perpetual annual growth rates decreased by 0.3%(*)	Pre-tax discount rates increased by 0.3%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Haibo Micro-credit	37,933	38,175	38,805	36,519
HME	N/A	N/A	N/A	N/A
JMF	20,750	74,345	N/A	77,862
Chengdu Bede	(14,701)	15,062	N/A	15,275
Guangdong Alltop	(48,142)	683	N/A	1,667
Thailand Hailiang	55,654	171,643	N/A	172,924
Huizhou Jiaye	415	1,594	N/A	1,739

* For CGUs adopted nil perpetual annual growth rate in the impairment test, no sensitivity analysis has been performed.

Based on the results of impairment test, for the CGUs that were not impaired during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2026, these recoverable amount of the CGUs is significantly above the carrying amount of the Group. Management of the Group believes that any reasonably possible change in any of the key assumptions would not result in impairment.

The recoverable amounts of the CGUs would be equal to their carrying amounts if the key assumptions were increased/decreased by the percentage of figures used to determine the current recoverable amounts as follows:

Year ended December 31, 2023:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	-53.12%	-86.69%	30.70%
HME	N/A	N/A	N/A
JMF	-0.62%	-6.22%	48.26%
Chengdu Bede	-0.82%	-37.21%	212.64%
Guangdong Alltop	-0.40%	-9.23%	25.26%
Thailand Hailiang	-2.04%	-44.87%	171.25%

Year ended December 31, 2024:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	N/A	N/A	N/A
HME	N/A	N/A	N/A
JMF	-0.49%	-7.01%	38.44%
Chengdu Bede	-0.53%	-26.33%	143.03%
Guangdong Alltop	N/A	N/A	N/A
Thailand Hailiang	-1.74%	-36.31%	130.00%

Year ended December 31, 2025:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	N/A	N/A	N/A
HME	N/A	N/A	N/A
JMF	-0.44%	-5.44%	30.79%
Chengdu Bede	-0.21%	-14.19%	45.44%
Guangdong Alltop	-0.09%	-2.45%	6.59%
Thailand Hailiang	-0.85%	-26.32%	74.05%

Five months ended May 31, 2026:

	Revenue growth rate	Net profit margin	Pre-tax discount rates
Haibo Micro-credit	-11.57%	-15.21%	5.08%
HME	N/A	N/A	N/A
JMF	-0.41%	-5.09%	26.11%
Chengdu Bede	-0.15%	-11.22%	29.49%
Guangdong Alltop	-0.01%	-0.42%	1.04%
Thailand Hailiang	-0.44%	-17.59%	41.80%
Huizhou Jiaye	-0.39%	-2.27%	5.94%

(d) Amortization Methods and Periods

Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	3-5 years
Patent technology	10 years

(e) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

19. INVESTMENT PROPERTIES

The Group

	Buildings
	RMB'000
At January 1, 2023	
Cost	302,824
Accumulated depreciation	(43,051)
Carrying amounts	**259,773**
Year ended December 31, 2023	
Opening carrying amounts	259,773
Additions	9,985
Disposals	(17,485)
Depreciation charges	(7,927)
Currency translation differences	4,017
Closing carrying amounts	**248,363**
At December 31, 2023	
Cost	296,959
Accumulated depreciation	(48,596)
Carrying amounts	**248,363**

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024			
Cost	296,959	–	296,959
Accumulated depreciation	(48,596)	–	(48,596)
Carrying amounts	**248,363**	**–**	**248,363**
Year ended December 31, 2024			
Opening carrying amounts	248,363	–	248,363
Additions	1,246	–	1,246
Disposals	(3,367)	–	(3,367)
Transfers from properties and right-of-use assets	10,787	10,626	21,413
Depreciation charges	(9,555)	(274)	(9,829)
Currency translation differences	3,057	–	3,057
Closing carrying amounts	**250,531**	**10,352**	**260,883**
At December 31, 2024			
Cost	348,852	16,421	365,273
Accumulated depreciation	(98,321)	(6,069)	(104,390)
Carrying amounts	**250,531**	**10,352**	**260,883**

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025			
Cost	348,852	16,421	365,273
Accumulated depreciation	(98,321)	(6,069)	(104,390)
Carrying amounts	**250,531**	**10,352**	**260,883**
Year ended December 31, 2025			
Opening carrying amounts	250,531	10,352	260,883
Additions	12,565	–	12,565
Disposals	(3,262)	–	(3,262)
Depreciation charges	(10,234)	(329)	(10,563)
Currency translation differences	(4,985)	–	(4,985)
Closing carrying amounts	**244,615**	**10,023**	**254,638**
At December 31, 2025			
Cost	352,223	16,421	368,644
Accumulated depreciation	(107,608)	(6,398)	(114,006)
Carrying amounts	**244,615**	**10,023**	**254,638**

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2026			
Cost	352,223	16,421	368,644
Accumulated depreciation	(107,608)	(6,398)	(114,006)
Carrying amounts	**244,615**	**10,023**	**254,638**
Five months ended May 31, 2026			
Opening carrying amounts	244,615	10,023	254,638
Transfers to properties	(102,754)	–	(102,754)
Transfers from properties	6,397	13,985	20,382
Depreciation charges	(4,334)	(249)	(4,583)
Currency translation differences	(6,504)	–	(6,504)
Closing carrying amounts	**137,420**	**23,759**	**161,179**
At May 31, 2026			
Cost	231,746	38,737	270,483
Accumulated depreciation	(94,326)	(14,978)	(109,304)
Carrying amounts	**137,420**	**23,759**	**161,179**

The Company

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2026			
Cost	–	–	–
Accumulated depreciation	–	–	–
Carrying amounts	**–**	**–**	**–**
Five months ended May 31, 2026			
Opening carrying amounts	–	–	–
Transfers from properties	6,397	13,985	20,382
Depreciation charges	(165)	(112)	(277)
Closing carrying amounts	**6,232**	**13,873**	**20,105**
At May 31, 2026			
Cost	13,787	22,316	36,103
Accumulated depreciation	(7,555)	(8,443)	(15,998)
Carrying amounts	**6,232**	**13,873**	**20,105**

(a) Depreciation of the Group's investment properties has been recognized as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of revenue	**7,927**	**9,829**	**10,563**	**4,324**	**4,583**

(b) Amounts Recognized in Profit or Loss for Investment Properties

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Rental income from operating leases	36,542	27,980	38,685	15,883	18,852
Direct operating expenses from property that generated rental income	10,112	12,219	16,482	7,114	8,572

The investment properties are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	10 to 20 years

See Note 46 for the other accounting policies relevant to investment properties.

(c) Fair Value Disclosure

For disclosure purpose, the fair value of the investment properties as at December 31, 2023, 2024 and 2025, and May 31, 2026 was approximately RMB453,806,000, RMB451,997,000, RMB399,045,000 and RMB213,962,000, respectively. The fair value hierarchy is as below:

Description	Valuation Technique	Significant unobservable input	Range of significant unobservable input			
			As at December 31,			As at May 31,
			2023	2024	2025	2026
Property unit in the People's Republic of China	Income capitalization approach (level 3)	Capitalization rates	6.90%	6.00%	6.30%	6.20%
		Prevailing market rents	RMB2,808,000 to RMB6,453,000 per unit per year	RMB5,722,000 to RMB6,453,000 per unit per year	RMB220,000 to RMB6,453,000 per unit per year	RMB500,000 to RMB10,482,000 per unit per year
Property unit in the United States	Income capitalization approach (level 3)	Capitalization rates	8.10%	8.70%	8.30%	8.70%
		Prevailing market rents	RMB942,000 to RMB35,509,000 per unit per year	RMB952,000 to RMB35,887,000 per unit per year	RMB955,000 to RMB34,541,000 per unit per year	RMB11,336,000 per unit per year

20. FINANCIAL INSTRUMENTS BY CATEGORY

(a) The detail information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets measured at FVOCI:				
Trade and notes receivables at FVOCI *(Note 3.5)*	1,071,509	1,287,484	916,427	1,717,362
Equity instruments at FVOCI *(Note 3.5)*	916,000	1,140,400	100,000	69,559
Financial assets measured at FVPL:				
Derivative financial instruments *(Note 3.5)*	31,351	153,919	69,505	99,958
	2,018,860	**2,581,803**	**1,085,932**	**1,886,879**
Financial assets measured at amortized cost:				
Trade and notes receivables *(Note 24)*	5,670,001	8,244,089	9,414,690	12,900,962
Loan receivables *(Note 21)*	1,116,983	908,824	727,716	650,668
Term deposits and restricted cash *(Note 28)*	2,618,144	2,425,482	2,534,885	1,340,970
Cash and cash equivalents *(Note 28)*	5,103,349	4,010,530	3,435,887	2,738,811
Other receivables *(Note 25)*	159,402	287,723	734,060	932,117
	14,667,879	**15,876,648**	**16,847,238**	**18,563,528**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities measured at FVPL:				
Derivative financial liabilities *(Note 3.5)*	**66,573**	**129,094**	**902,666**	**130,585**
Financial liabilities measured at amortized cost:				
Trade and notes payables *(Note 30)*	3,114,891	3,103,705	2,753,597	2,341,183
Accruals and other payables and other current liabilities (excluding non-financial liabilities) *(Note 31) (Note 33)*	412,604	375,959	361,299	688,974
Lease liabilities *(Note 17)*	92,788	65,780	80,161	63,746
Borrowings *(Note 29)*	18,291,335	22,194,453	22,582,217	28,570,607
	21,911,618	**25,739,897**	**25,777,274**	**31,664,510**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets measured at FVOCI:				
Trade and notes receivables at FVOCI *(Note 3.5)*	297,321	163,349	91,849	146,476
Equity instruments at FVOCI *(Note 3.5)*	916,000	1,140,400	100,000	69,559
Financial assets measured at FVPL:				
Derivative financial instruments *(Note 3.5)*	4,117	19,137	26,207	28,686
	1,217,438	**1,322,886**	**218,056**	**244,721**
Financial assets measured at amortized cost:				
Trade and notes receivables *(Note 24)*	1,356,174	4,736,466	2,328,551	2,674,119
Term deposits and restricted cash *(Note 28)*	1,557,064	1,521,343	1,601,445	957,315
Cash and cash equivalents *(Note 28)*	955,641	421,689	508,734	505,564
Other receivables *(Note 25)*	417,375	135,265	744,863	910,929
	4,286,254	**6,814,763**	**5,183,593**	**5,047,927**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Financial liabilities measured at FVPL:				
Derivative financial liabilities *(Note 3.5)*	**–**	**–**	**390,857**	**67,492**
Financial liabilities measured at amortized cost:				
Trade and notes payables *(Note 30)*	5,758,850	6,212,738	2,754,994	3,973,759
Lease liabilities *(Note 17)*	5,392	5,595	2,615	4,551
Borrowings *(Note 29)*	9,725,009	10,562,207	10,754,137	12,660,279
	15,489,251	**16,780,540**	**13,511,746**	**16,638,589**

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(b) Transfers of assets

(i) General information on transfers of financial assets

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets			Derecognition status	Basis for derecognition judgment	Loss on derecognition				
		As at December 31,			As at May 31,			As at December 31,			As at May 31,
		2023	2024	2025	2026			2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Factoring . . .	Trade receivables*	3,164,425	3,255,922	3,397,898	1,747,606	Derecognized	The Group has transferred substantially all the risks and rewards of the receivables.	23,009	26,895	22,266	11,687
Endorsement or discounting .	Trade and notes receivables at FVOCI*	4,334,952	7,742,393	7,619,167	10,864,450	Derecognized	The Group has transferred substantially all the risks and rewards of the receivables.	69,619	128,337	87,790	46,828
Discounting . .	Trade and notes receivables at FVOCI**	24,867	26,250	25,687	65,591	Not derecognized	The Group has retained substantially all the risks and rewards of the receivables.	N/A	N/A	N/A	N/A
Endorsement or discounting .	Notes receivables**	49,278	82,386	7,002	465,079	Not derecognized	The Group has retained substantially all the risks and rewards of the receivables.	N/A	N/A	N/A	N/A
Factoring	Trade receivables*	–	300,000	241,347	360,000	Not derecognized	The Group has retained substantially all the risks and rewards of the receivables.	N/A	N/A	N/A	N/A

*As at December 31, 2023, 2024 and 2025, and May 31, 2026, certain trade receivables as well as trade and notes receivables at FVOCI of the Group have been factored or discounted with banks or financial institutions, and endorsed to suppliers in settlement of trade payables, on a non-recourse basis. In the event that such amounts are not settled upon maturity, the relevant banks, financial institutions and suppliers have no recourse against the Group in respect of the unpaid balances. As the Group has transferred the significant risks and rewards incidental to the ownership of the aforementioned trade receivables and trade and notes receivables at FVOCI, the related assets are derecognised upon factoring, discounting or endorsement.

**As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group endorsement or discounted certain of its trade and notes receivables measured at FVOCI, as well as notes receivables with financial institutions on a recourse basis. As the Group has not transferred the significant risks and rewards associated with these receivables, the receivables are not derecognised and the proceeds from endorsement and discounting are recognised as borrowings.

(ii) During the Track Record Period, the Group had no continuing involvement in any financial assets that were transferred and derecognized.

21. LOANS RECEIVABLES

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Loans receivables	8,000	680	–	4,000
Less: credit loss allowance	(160)	(14)	–	(80)
	7,840	**666**	**–**	**3,920**
Current				
Loans receivables	1,190,452	986,899	806,218	724,671
Interest on loans receivables	729	888	2,875	2,857
Less: credit loss allowance	(82,038)	(79,629)	(81,377)	(80,780)
	1,109,143	**908,158**	**727,716**	**646,748**

Loans receivables mainly represent working capital loans granted by Haibo Micro-credit to natural persons domiciled and enterprises registered in Shaoxing.

(i) For the years ended 31 December 2023, 2024, 2025, and for the five months ended May 31, 2026, the contractual annual interest rates applicable to loans receivables ranged from 4.35% to 25.20%, 4.35% to 25.20%, 4.35% to 25.20% and 8.40 to 23.76%.

(ii) The pledged collateral of the loan mainly includes land, commercial and residential real estate properties.

(iii) Principal for each loan is repaid in full at maturity. Interest is calculated monthly to the 20th and payable the next day. Unpaid interest on time constitutes default; final interest and principal are settled together at maturity.

The following table sets out our loans receivables by type of security as at the dates indicated:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Collateralized loans	1,000,112	887,291	733,830	690,450
Guaranteed loans	193,439	96,358	70,258	36,474
Unsecured loans	31	25	18	17
Accrued interest	4,870	3,905	2,112	1,730
	1,198,452	987,579	806,218	728,671
Interest on loans receivables	729	888	2,875	2,857
Less: credit loss allowance	(82,198)	(79,643)	(81,377)	(80,860)
	1,116,983	**908,824**	**727,716**	**650,668**

22. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets				
Gross deferred tax assets	393,653	664,513	727,157	797,295
Offsetting against deferred tax liabilities	(91,398)	(169,372)	(118,913)	(184,325)
Net deferred tax assets	**302,255**	**495,141**	**608,244**	**612,970**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, management expects that the amounts of deferred tax assets to be reversed within the next 12 months will be RMB21,802,000, RMB15,637,000, RMB31,777,000 and RMB53,998,000, respectively.

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax liabilities				
Gross deferred tax liabilities	278,013	389,966	358,299	399,985
Offsetting against deferred tax assets	(91,398)	(169,372)	(118,913)	(184,325)
Net deferred tax liabilities	**186,615**	**220,594**	**239,386**	**215,660**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, management expects that the amounts of deferred tax liabilities to be reversed within the next 12 months will be RMB692,000, RMB35,068,000, RMB15,715,000 and RMB16,722,000, respectively.

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(a) Deferred Tax Assets

The movements in deferred tax assets and liabilities before offsetting are as follows:

	Tax losses	Loss allowance and impairment provision	Government grants	Credit impairment loss	Unrealized profits of inter-company transactions	Lease liability	Unrealized fair value change	Appreciation of assets valuation in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	202,442	4,448	7,972	34,616	48,417	–	10,720	9,220	14,598	332,433
Credited/(charged) to profit or loss *(Note 11)*	48,136	3,741	1,148	735	(4,790)	14,665	3,446	(2,222)	(6,819)	58,040
Credited to equity	–	–	–	–	–	–	–	–	3,180	3,180
At December 31, 2023	**250,578**	**8,189**	**9,120**	**35,351**	**43,627**	**14,665**	**14,166**	**6,998**	**10,959**	**393,653**

	Tax losses	Loss allowance and impairment provision	Government grants	Credit impairment loss	Unrealized profits of inter-company transactions	Lease liability	Unrealized fair value change	Appreciation of assets valuation in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	250,578	8,189	9,120	35,351	43,627	14,665	14,166	6,998	10,959	393,653
Credited/(charged) to profit or loss *(Note 11)*	263,377	2,736	12,228	6,481	(4,892)	(8,483)	(14,166)	(1,743)	15,717	271,255
Charged to equity	–	–	–	–	–	–	–	–	(395)	(395)
At December 31, 2024	**513,955**	**10,925**	**21,348**	**41,832**	**38,735**	**6,182**	**–**	**5,255**	**26,281**	**664,513**

	Tax losses	Loss allowance and impairment provision	Government grants	Credit impairment loss	Unrealized profits of inter-company transactions	Lease liability	Unrealized fair value change	Appreciation of assets valuation in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	**513,955**	**10,925**	**21,348**	**41,832**	**38,735**	**6,182**	**–**	**5,255**	**26,281**	**664,513**
Credited/(charged) to profit or loss *(Note 11)*	72,147	2,432	24,305	5,210	1,343	(1,970)	4,496	(1,545)	15,401	121,819
Charged to equity	(56,100)	–	–	–	–	–	–	–	(3,075)	(59,175)
At December 31, 2025	**530,002**	**13,357**	**45,653**	**47,042**	**40,078**	**4,212**	**4,496**	**3,710**	**38,607**	**727,157**

	Tax losses	Loss allowance and impairment provision	Government grants	Credit impairment loss	Unrealized profits of inter-company transactions	Lease liability	Unrealized fair value change	Appreciation of assets valuation in business combinations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026	530,002	13,357	45,653	47,042	40,078	4,212	4,496	3,710	38,607	727,157
Credited/(charged) to profit or loss *(Note 11)*	50,632	1,941	1,732	10,881	(2,846)	1,221	2,931	(1,639)	92	64,945
Charged to equity	–	–	–	–	–	–	7,610	–	(2,417)	5,193
At May 31, 2026	**580,634**	**15,298**	**47,385**	**57,923**	**37,232**	**5,433**	**15,037**	**2,071**	**36,282**	**797,295**

(b) Deferred Tax Liabilities

	Valuation increase resulting from business combinations	Right-of-use assets	Inventory valuation methods and tax differences	Depreciation of fixed assets	Unrealized fair value change	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	69,819	–	93,007	18,772	–	42,538	224,136
Charged/(credited) to profit or loss *(Note 11)*	(5,365)	14,218	3,880	19,627	1,029	20,488	53,877
At December 31, 2023	**64,454**	**14,218**	**96,887**	**38,399**	**1,029**	**63,026**	**278,013**

	Valuation increase resulting from business combinations	Right-of-use assets	Inventory valuation methods and tax differences	Depreciation of fixed assets	Unrealized fair value change	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	64,454	14,218	96,887	38,399	1,029	63,026	278,013
Charged/(credited) to profit or loss *(Note 11)*	(9,066)	(7,908)	9,515	20,316	34,078	8,918	55,853
Charged to equity	–	–	–	–	56,100	–	56,100
At December 31, 2024	**55,388**	**6,310**	**106,402**	**58,715**	**91,207**	**71,944**	**389,966**

	Valuation increase resulting from business combinations	Right-of-use assets	Inventory valuation methods and tax differences	Depreciation of fixed assets	Unrealized fair value change	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	55,388	6,310	106,402	58,715	91,207	71,944	389,966
Charged/(credited) to profit or loss *(Note 11)*	(7,347)	(2,573)	56,902	10,555	(23,723)	(9,381)	24,433
Credited to equity	–	–	–	–	(56,100)	–	(56,100)
At December 31, 2025	**48,041**	**3,737**	**163,304**	**69,270**	**11,384**	**62,563**	**358,299**

	Valuation increase resulting from business combinations	Right-of-use assets	Inventory valuation methods and tax differences	Depreciation of fixed assets	Unrealized fair value change	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2026	48,041	3,737	163,304	69,270	11,384	62,563	358,299
Charged/(credited) to profit or loss *(Note 11)*	(5,333)	1,435	46,832	4,881	503	(6,632)	41,686
Credited to equity	–	–	–	–	–	–	–
At May 31, 2026	**42,708**	**5,172**	**210,136**	**74,151**	**11,887**	**55,931**	**399,985**

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable profit:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	83,944	105,523	120,786	119,790
Deductible temporary differences	238,542	324,510	251,570	211,954
	322,486	**430,033**	**372,356**	**331,744**

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025, and May 31, 2026, the following table shows unused tax losses based on its expected expiry date:

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2027	9,904	9,137	646	646
2028	21,067	16,783	12,267	12,267
2029	–	21,350	5,847	5,360
2030	–	–	43,773	32,455
2031	–	–	–	10,809
2032	25,575	25,105	25,105	25,105
2033	27,398	16,816	16,816	16,816
2034	–	16,332	16,332	16,332
	83,944	**105,523**	**120,786**	**119,790**

23. AMOUNT DUE FROM A SUBSIDIARY

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loans to a subsidiary	1,900,000	819,334	1,700,000	2,650,000
Interest receivables	51,159	78,236	51,932	63,684
Less: current-portion for loans to a subsidiary	–	–	(750,000)	(600,000)
Less: current-portion for interest receivables	(51,159)	(78,236)	(50,633)	(54,615)
	1,900,000	**819,334**	**951,299**	**2,059,069**

The Company provided three-year term loans to its subsidiary, Hong Kong Hailiang Metal Trading Limited. As at January 1, 2023, the principal balance of the loans to the subsidiary was RMB1,192,000,000. For the year ended December 31, 2023, a new loan principal of RMB850,000,000 was disbursed and an early repayment of RMB142,000,000 was received. For the year ended December 31, 2024, an early repayment of RMB450,000,000 was received and RMB630,666,000 of the loan was converted into equity. The annual interest rate of each of the aforesaid loans is 3.30%. For the year ended December 31, 2025, the Company advanced additional loans of RMB1,580,666,000 with an annual interest rate of 2.50%, and received repayments of RMB700,000,000, resulting in an outstanding principal balance of RMB1,700,000,000 as at the end of the year. For the five months ended May 31, 2026, the Company advanced additional loans of RMB1,100,000,000 with an annual interest rate of 2.50% and 3.70%, and received repayments of RMB150,000,000, resulting in an outstanding principal balance of RMB2,650,000,000 as at May 31, 2026. The ECL risk of the above loans is assessed as low, given the subsidiary's sound solvency and the Company's stringent monitoring of intercompany funds.

24. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	5,509,494	7,978,444	9,446,388	12,410,765
Notes receivables	266,840	399,812	123,264	692,845
Less: credit loss allowance	(106,333)	(134,167)	(154,962)	(202,648)
	5,670,001	**8,244,089**	**9,414,690**	**12,900,962**

(a) As at January 1, 2023, the gross carrying amounts of trade and notes receivables from contracts with customers are amounting to RMB4,871,709,000 (net of expected credit loss amounting to RMB113,061,000).

As at December 31, 2023, 2024 and 2025, and May 31, 2026, trade receivables with a carrying amount of nil, RMB297,000,000, RMB238,934,000 and RMB995,723,000 were restricted due to factoring financing and security for bank borrowings.

As at December 31, 2023, 2024 and 2025, and May 31, 2026, notes receivables with a carrying amount of RMB48,785,000, RMB81,562,000, RMB6,932,000 and RMB460,429,000 were restricted due to discounted and endorsed but undischarged items.

(b) The Group generally grants credit terms of within 120 days to the customers. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	5,442,493	7,897,002	9,355,293	12,310,663
1 to 2 years	27,284	38,881	44,851	53,457
2 to 3 years	4,870	15,724	16,524	16,281
Over 3 years	34,847	26,837	29,720	30,364
	5,509,494	**7,978,444**	**9,446,388**	**12,410,765**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	1,259,200	4,597,332	2,305,235	2,590,734
Notes receivables	117,955	160,807	46,646	111,607
Less: credit loss allowance	(20,981)	(21,673)	(23,330)	(28,222)
	1,356,174	**4,736,466**	**2,328,551**	**2,674,119**

The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,245,287	4,583,608	2,192,860	2,509,581
1 to 2 years	1,543	398	99,182	67,806
2 to 3 years	181	1,435	1	154
Over 3 years	12,189	11,891	13,192	13,193
	1,259,200	**4,597,332**	**2,305,235**	**2,590,734**

25. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments:				
Trade prepayments	1,085,222	954,218	1,021,819	818,631
Prepayment for operating expense	90,293	73,738	78,131	108,303
	1,175,515	**1,027,956**	**1,099,950**	**926,934**
Other receivables:				
Receivables from disposal of equity investments measured at FVOCI	–	–	329,052	418,241
Deposits and guarantees	113,884	199,743	360,377	451,404
Receivables from government authorities	49,851	87,329	52,132	56,382
Reimbursable advances	42,857	42,445	41,209	44,098
Others	11,329	14,347	14,681	26,131
Less: credit loss allowance	(58,519)	(56,141)	(63,391)	(64,139)
	159,402	**287,723**	**734,060**	**932,117**
	1,334,917	**1,315,679**	**1,834,010**	**1,859,051**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments:				
Trade prepayments	1,267,530	76,605	1,196,595	3,503,570
Prepayment for operating expense	34,128	31,175	23,428	40,650
	1,301,658	**107,780**	**1,220,023**	**3,544,220**
Other receivables:				
Receivables from disposal of equity investments measured at FVOCI	–	–	329,052	418,241
Dividends receivable	–	–	126,286	121,387
Amount due from related and third parties	422,230	94,969	152,315	115,216
Deposits and warranties	5,254	48,325	145,837	265,544
Loans	2,550	2,550	2,550	2,550
Others	93	2,905	3,314	3,225
Less: credit loss allowance	(12,752)	(13,484)	(14,491)	(15,234)
	417,375	**135,265**	**744,863**	**910,929**
	1,719,033	**243,045**	**1,964,886**	**4,455,149**

26. OTHER CURRENT AND NON-CURRENT ASSETS

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Receivables from disposal of equity investments measured at FVOCI	–	–	416,160	–
Prepayments for long-term assets	606,226	199,889	139,833	291,831
Others	8,793	8,346	8,684	8,656
	615,019	**208,235**	**564,677**	**300,487**
Current				
Prepaid taxes and input VAT to be credited	343,609	467,316	535,408	538,427
Undelivered funds of hedging instruments	30,316	156,940	581,022	66,155
Undelivered funds of foreign exchange contracts	32,688	1,084	31,783	15,151
Receivable for fair value changes of hedging instruments	702	30,929	–	–
[**REDACTED**] to be capitalized	–	–	11,104	22,335
Others	1	1	1	1
	407,316	**656,270**	**1,159,318**	**642,069**

The Company

	As at December 31,			As at May 31
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Receivables from disposal of equity investments measured at FVOCI	–	–	416,160	–
Prepayments for long-term assets	108,830	82,226	52,620	40,161
	108,830	**82,226**	**468,780**	**40,161**
Current				
Prepaid taxes and input VAT to be credited	19,077	3,708	–	–
Undelivered funds of foreign exchange contracts	14,318	–	2,707	1,486
Receivable for fair value changes of hedging instruments	13,090	8,353	–	–
[**REDACTED**] to be capitalized	–	–	11,104	22,335
	46,485	**12,061**	**13,811**	**23,821**

27. INVENTORIES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	2,700,099	3,170,157	4,052,539	5,500,869
Work in progress	1,836,621	2,023,655	2,846,827	3,194,166
Finished goods	1,851,525	2,600,828	3,615,230	4,450,569
Goods in transit	443,594	686,363	975,015	1,380,141
Consumable materials	274,582	306,467	340,008	420,388
	7,106,421	8,787,470	11,829,619	14,946,133
Less: provision for impairment	(19,330)	(32,338)	(37,700)	(48,215)
	7,087,091	**8,755,132**	**11,791,919**	**14,897,918**

(i) The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of revenue. For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, the cost of inventories carried forward to the cost of revenue amounted to approximately RMB72,338,302,000, RMB84,116,391,000, RMB79,449,107,000, RMB33,265,060,000 and RMB38,454,785,000, respectively.

(ii) The provision for impairment of inventories recorded as cost of revenue during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026 were RMB4,548,000, RMB17,380,000, RMB7,304,000, RMB5,090,000 and RMB14,186,000, respectively.

(iii) The written off of provisions for inventories during the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, were approximately RMB7,622,000, RMB4,372,000, RMB4,550,000, RMB3,414,000 and RMB2,165,000, respectively.

(iv) As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's inventories amounting to nil, nil, RMB84,346,000 and RMB1,362,600,000 were pledged for bank borrowing, respectively.

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	268,566	230,924	751,188	734,217
Work in progress	258,460	237,385	338,556	274,624
Finished goods	130,452	108,706	122,597	99,142
Goods in transit	53,094	147,152	193,944	187,885
Processing materials	26,961	18,590	47,842	100,490
Consumable materials	9,362	10,837	12,066	12,447
	746,895	**753,594**	**1,466,193**	**1,408,805**

28. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	5,856,076	3,861,783	4,214,423	2,527,283
Deposited with Hailiang Finance	1,865,417	2,574,229	1,756,349	1,552,498
Less: term deposits over three months *(i)*	(2,475,412)	(2,256,653)	(2,037,030)	(1,069,880)
Less: restricted cash *(ii)*	(142,732)	(168,829)	(497,855)	(271,090)
Cash and cash equivalents	**5,103,349**	**4,010,530**	**3,435,887**	**2,738,811**

(i) As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's term deposits amounting to RMB2,424,282,000, RMB2,155,306,000, RMB1,941,441,000 and RMB1,067,331,000 were pledged to secure bank acceptance notes and banking borrowings granted to the Group, with accrued interest receivable at the end of the periods amounted to RMB51,130,000, RMB101,347,000, RMB95,589,000 and RMB2,549,000, respectively.

(ii) As at December 31, 2023, the restricted cash consisted of RMB105,322,000 as margin for fund pool overdrafts, RMB14,213,000 as margin for derivatives transactions, RMB18,446,000 held in factoring margin accounts, RMB4,215,000 as guarantee margin, and RMB536,000 as margin for temporary land restoration.

As at December 31, 2024, the restricted cash consisted of RMB106,977,000 as margin for fund pool overdrafts, RMB28,754,000 as margin for derivatives transactions, RMB22,816,000 as factoring margin, RMB7,938,000 as guarantee margin, RMB526,000 as insurance margin, RMB117,000 as collateral for account pledge, and RMB1,701,000 of bank deposits frozen due to dormant accounts.

As at December 31, 2025, the restricted cash consisted of RMB110,245,000 as margin for fund pool overdrafts, RMB362,265,000 as margin for derivatives transactions, RMB3,824,000 as factoring margin, RMB6,642,000 as guarantee margin, RMB576,000 as insurance margin, RMB223,000 as collateral for account pledge, RMB740,000 of bank deposits frozen due to dormant accounts, RMB12,090,000 as overtime wage guarantee fund, RMB1,250,000 of deposits frozen due to litigation.

As at May 31, 2026, the restricted cash consisted of RMB105,757 000 as margin for fund pool overdrafts, RMB122,090,000 as margin for derivatives transactions, RMB17,337,000 as factoring margin, RMB10,999,000 as guarantee margin, RMB553,000 as insurance margin, RMB214,000 as collateral for account pledge, RMB1,269,000 of bank deposits frozen due to dormant accounts, RMB11,621,000 as overtime wage guarantee fund, RMB1,250,000 of deposits frozen due to litigation.

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	2,339,004	1,938,083	2,036,559	1,133,907
Deposited with Hailiang Finance	173,701	4,949	73,620	328,972
Less: term deposits over three months	(1,542,851)	(1,490,889)	(1,238,457)	(834,112)
Less: restricted cash	(14,213)	(30,454)	(362,988)	(123,203)
Cash and cash equivalents	**955,641**	**421,689**	**508,734**	**505,564**

(b) Cash and Bank Balances are Denominated in:

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	6,580,351	5,743,364	4,838,332	3,343,165
USD	976,662	487,839	971,833	529,669
EUR	68,206	88,383	57,086	51,405
Other currencies	96,274	116,426	103,521	155,542
	7,721,493	**6,436,012**	**5,970,772**	**4,079,781**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	2,468,470	1,890,487	2,069,670	1,417,777
USD	40,151	49,116	38,232	43,281
EUR	4,076	3,422	2,268	1,813
JPY	8	7	9	8
	2,512,705	**1,943,032**	**2,110,179**	**1,462,879**

29. BORROWINGS

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured				
– Bank borrowings	15,310,552	18,237,657	19,679,674	16,258,946
Unsecured				
– Bank borrowings	449,907	1,340,041	2,874,566	12,226,633
– Debentures *(d)*	2,503,989	2,596,313	–	–
	2,953,896	3,936,354	2,874,566	12,226,633
Interest payables	26,887	20,442	27,977	85,028
Less: current-portion for long-term borrowings	(1,875,963)	(3,277,007)	(2,905,534)	(3,447,607)
Less: current-portion for long-term debentures	–	(2,596,313)	–	–
Less: short-term borrowings	(8,226,680)	(11,465,462)	(13,025,341)	(18,319,134)
	8,188,692	**4,855,671**	**6,651,342**	**6,803,866**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured				
– Bank borrowings	7,201,607	7,440,658	8,504,258	2,042,410
Unsecured				
– Bank borrowings	–	510,000	2,228,200	10,575,220
– Debentures	2,503,989	2,596,313	–	–
	2,503,989	3,106,313	2,228,200	10,575,220
Interest payables	19,413	15,236	21,679	42,649
Less: current-portion for long-term borrowings	(1,139,248)	(1,860,259)	(1,961,181)	(1,891,847)
Less: current-portion for long-term debentures	–	(2,596,313)	–	–
Less: short-term borrowings	(3,034,705)	(3,261,285)	(4,959,997)	(6,985,432)
	5,551,056	**2,844,350**	**3,832,959**	**3,783,000**

(a) As at December 31, 2023, 2024 and 2025, and May 31, 2026, the annual interest rate of short-term borrowings was ranged from 1.00% to 5.5%, 0.59% to 5.35%, 0.54% to 5.22% and 0.65 % to 5.11%, respectively.

As at December 31, 2023, 2024, and 2025, and May 31, 2026, the annual interest rate of long-term borrowings was ranged from 1.35% to 4.65%, 1.95% to 4.65%, 1.95% to 3.65% and 1.95% to 5.20%, respectively.

(b) As at December 31, 2023, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB8,025,287,000 guaranteed by the ultimate controlling party; (ii) borrowings with a principal amount of approximately RMB1,846,398,000 guaranteed by the Company; (iii) borrowings with a principal amount of approximately RMB2,092,703,000 guaranteed by the Company and secured by the subsidiary's land use rights; (iv) borrowings with a principal amount of approximately RMB896,304,000 guaranteed by the ultimate controlling party and its subsidiary; (v) borrowings with a principal amount of approximately RMB1,349,860,000 secured by certificates of deposit; (vi) borrowings with a principal amount of approximately RMB1,000,000,000 guaranteed by the ultimate controlling party and secured by certificates of deposit; (vii) borrowings with a principal amount of approximately RMB100,000,000 guaranteed by the Company and secured by certificates of deposit.

As at December 31, 2024, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB9,195,786,000 guaranteed by the ultimate controlling party; (ii) borrowings with a principal amount of approximately RMB3,032,965,000 guaranteed by the Company; (iii) borrowings with a principal amount of approximately RMB1,614,690,000 guaranteed by the Company and secured by the subsidiary's land use rights; (iv) borrowings with a principal amount of approximately RMB762,929,000 guaranteed by the ultimate controlling party and its subsidiary; (v) borrowings with a principal amount of approximately RMB2,534,679,000 secured by certificates of deposit; (vi) borrowings with a principal amount of approximately RMB1,041,673,000 guaranteed by the ultimate controlling party and secured by certificates of deposit; (vii) borrowings with a principal amount of approximately RMB54,935,000 guaranteed by the Company and secured by certificates of deposit.

As at December 31, 2025, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB8,666,372,000 guaranteed by the ultimate controlling party and the Company; (ii) borrowings with a principal amount of approximately RMB4,586,346,000 guaranteed by the Company; (iii) borrowings with a principal amount of approximately RMB1,123,578,000 guaranteed by the Company and secured by the land use rights of a subsidiary; (iv) borrowings with a principal amount of approximately RMB726,942,000 guaranteed by the ultimate controlling party and its subsidiary; (v) borrowings with a principal amount of approximately RMB1,432,401,000 secured by certificates of deposit and inventories; (vi) borrowings with a principal amount of approximately RMB1,763,538,000 guaranteed by the ultimate controlling party and secured by certificates of deposit; (vii) borrowings with a principal amount of approximately RMB306,935,000 guaranteed by the Company and secured by certificates of deposit; (viii) borrowings with a principal amount of approximately RMB1,073,562,000 guaranteed by the Company and the ultimate controlling party, and secured by pledges of equity interests and patent rights.

As at May 31, 2026, secured bank borrowings mainly included: (i) borrowings with a principal amount of approximately RMB7,158,536,000 guaranteed by the Company; (ii) borrowings with a principal amount of approximately RMB2,223,851,000 guaranteed by subsidiaries; (iii) borrowings with a principal amount of approximately RMB1,069,867,000 guaranteed by the Company and secured by a pledge of shares; (iv) borrowings with a principal amount of approximately RMB905,068,000 guaranteed by the Company and secured by the land use rights of a subsidiary; (v) borrowings with a principal amount of approximately RMB3,668,055,000 secured by certificates of deposit, inventories, equipment, trade and notes receivables; (vi) borrowings with a principal amount of approximately RMB656,395,000 guaranteed by a subsidiary and secured by certificates of deposit; (vii) borrowings with a principal amount of approximately RMB574,274,000 guaranteed by the Company and secured by certificates of deposit; (viii) borrowings with a principal amount of approximately RMB2,900,000 guaranteed by Li Jiajie (a minority shareholder of a subsidiary) and secured by mortgages over real estate properties.

(c) As at December 31, 2023, 2024 and 2025, and May 31, 2026, the Group's borrowings were repayable as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	10,102,643	14,742,469	15,930,875	21,766,741
Between 1 and 2 years	3,514,895	2,586,351	4,569,979	4,661,334
Between 2 and 5 years	2,169,808	2,021,000	1,508,820	1,695,781
Over 5 years	–	248,320	572,543	446,751
	15,787,345	**19,598,140**	**22,582,217**	**28,570,607**

(d) Debentures

Pursuant to the approval of the China Securities Regulatory Commission as set forth in its document entitled "Reply on Approving ZHE JIANG HAI LIANG CO., LTD.'s Public Issuance of Convertible Corporate Bonds" (《關於核准浙江海亮股份有限公司公開發行可轉換公司債券的批覆》) (Zheng Jian Xu Ke [2019] No. 1943), the Company publicly issued 31,500,000 convertible corporate bonds (referred to as "Hailiang Convertible Bonds") on November 21, 2019, with a par value of RMB100 per bond and a total issuance amount of RMB3,150,000,000.

Hailiang Convertible Bonds have a term of six years, from November 21, 2019 to November 21, 2025, with a coupon rate of 0.3% in the first year, 0.6% in the second year, 1.0% in the third year, 1.5% in the fourth year, 1.8% in the fifth year, and 2.0% in the sixth year. The conversion period commences on the first trading day after the expiration of six months from the date of completion of the issuance (i.e., May 27, 2020, with the completion date being November 27, 2019) and ends on the maturity date of the convertible corporate bonds (i.e., November 21, 2025). If such a date falls on a statutory holiday or rest day, it shall be postponed to the next trading day, and no additional interest shall accrue on the interest payment during the postponed period. The initial conversion price was RMB9.83 per share.

Within five trading days after the maturity of the convertible corporate bonds issued in this offering, the Company will redeem all unconvertible bonds from investors at a price equal to 110% of the par value (including the final interest payment). During the conversion period of the convertible corporate bonds issued in this offering, the Board of Directors of the Company is entitled to decide to redeem all or part of the unconvertible bonds at a price equal to the par value plus accrued interest for the current period if, among any consecutive 30 trading days, the closing price of the Company's shares is not less than 130% (inclusive) of the current conversion price for at least 15 trading days, or if the remaining balance of the unconverted convertible corporate bonds issued in this offering is less than RMB30,000,000.

The movements of Hailiang Convertible Bonds during the Track Record Period are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	**2,546,630**	**2,503,989**	**2,596,313**	**–**
Accrued interest	42,670	49,265	37,181	–
Amortization of discount	97,993	91,705	62,875	–
Interest paid	(40,537)	(48,641)	–	–
Conversions *(i)*	(142,767)	(5)	(2,694,055)	–
Redemption *(ii)*	–	–	(2,314)	–
At end of the year/period	**2,503,989**	**2,596,313**	**–**	**–**

(i) For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025, holders of the Hailiang Convertible Bonds converted 1,447,821, 50, 27,000,935 and 263,271 such bonds into the Company's A-shares, respectively; as a result of these conversions, the Company's share capital increased by 15,123,037 shares, 526 shares, 293,435,270 shares, and 2,809,720 shares; other equity instruments decreased by RMB30,989,000, RMB1,000, RMB577,935,000 and RMB5,635,000; and share premium increased by RMB158,634,000, RMB5,000, RMB2,978,555,000 and RMB28,961,000, respectively. As at December 31, 2023 and 2024, Hailiang Convertible Bonds with an aggregate par value of RMB2,702,373,000 and RMB2,702,368,000 had not yet been converted, respectively.

(ii) From August 4, 2025 to August 25, 2025, the Company's share closing price was at least 130% of the conversion price (RMB9.20 per share) for 15 consecutive trading days, triggering the conditional redemption clause under the document. On August 25, 2025, the board approved early redemption of all outstanding Hailiang Convertible Bonds at RMB101.71 per bond (including interest and tax) on the redemption record date. As at the close of September 26, 2025 (redemption record date), 22,747 unconverted bonds were redeemed for a total consideration of approximately RMB2,314,000 (excluding handling fees). Such redemption resulted in a decrease of RMB487,000 in other equity instruments. The redemption constitutes a full redemption. Upon completion of the redemption, no Hailiang Convertible Bonds will remain outstanding or tradable. The Hailiang Convertible Bonds (Bond Code: 128081) issued by the Company were delisted from the Shenzhen Stock Exchange with effect from October 15, 2025.

(e) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

30. TRADE AND NOTES PAYABLES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables				
– Trade payables	2,065,031	2,503,765	1,973,597	2,341,183
– Notes payables	1,049,860	599,940	780,000	–
	3,114,891	**3,103,705**	**2,753,597**	**2,341,183**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, trade payables including payables for goods were RMB1,185,627,000, RMB1,603,122,000, RMB1,158,497,000 and RMB1,679,804,000.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,888,365	2,309,076	1,537,795	2,052,760
Over 1 year	176,666	194,689	435,802	288,423
	2,065,031	**2,503,765**	**1,973,597**	**2,341,183**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables				
– Trade payables	3,539,130	4,497,858	1,677,994	2,973,759
– Notes payables	2,219,720	1,714,880	1,077,000	1,000,000
	5,758,850	**6,212,738**	**2,754,994**	**3,973,759**

As at December 31, 2023, 2024 and 2025, and May 31, 2026, trade payables including payables for goods were RMB3,452,825,000, RMB4,419,597,000, RMB1,592,842,000 and RMB2,896,148,000.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	3,453,553	4,470,668	1,658,811	2,944,302
Over 1 year	85,577	27,190	19,183	29,457
	3,539,130	**4,497,858**	**1,677,994**	**2,973,759**

31. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Dividends payable	–	–	–	283,023
Salaries, wages and benefits	322,042	300,609	298,714	362,962
Accrued expenses	109,918	109,971	101,644	117,448
Temporary deposits received	78,330	44,357	44,592	72,271
Deposits payables	81,265	64,006	72,362	59,868
Other tax payables	80,424	70,010	108,004	84,823
[**REDACTED**] payable	–	–	4,655	1,429
Others	21,756	37,380	46,005	34,669
	693,735	**626,333**	**675,976**	**1,016,493**
Non-current				
Long-term salaries, wages and bonuses *(a)*	**121,834**	**114,720**	**112,721**	**109,545**

(a) Long-Term Salaries, Wages and Bonuses

Long-term salaries, wages and bonuses mainly consist of pension obligations which are measured as defined benefit plans as follows:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Defined benefit plans	**121,834**	**114,720**	**112,721**	**109,545**

(i) Pension Obligation

Five subsidiaries of the Group, namely HME Brass Germany GmbH, HME Copper Germany GmbH, HME Brass Italy SpA, HME Brass France SAS and Loyal Hailiang Copper (Thailand) Co., Ltd., have established defined-benefit pension plans in their respective local jurisdictions, covering eligible employees, family members of former owners and other entitled persons. These pension plans specify the benefit amounts, including retirement pension, disability pension, widow's/widower's pension, orphan's pension and (for relevant subsidiaries) benefits under the Schmöler Benefit Regulation, as well as end-of-service benefit and Trattamento di Fine Rapporto ("TFR"). The value of these pension plans has been determined by independent actuarial experts in accordance with

International Accounting Standard ("IAS") 19, primarily using the Projected Unit Credit Method ("PUCM") and incorporating key actuarial assumptions such as discount rate, inflation rate, salary increase rate and pension increase rate, with a corresponding update performed as at the balance sheet date.

For the Group's principal subsidiaries with pension obligations, the actuarial assumptions applied to determine the present value of such obligations and the sensitivity analysis of the pension obligations to changes in key assumptions are set out below:

HME Brass Germany GmbH

	As at December 31,			As at May 31,
	2023	2024	2025	2026
Discount rate (%)	3.56	3.56	4.25	4.34
Pension increase rate (%)	2.30	2.30	2.30	2.30
Fixed benefit amount growth rate (%)	1.00	1.00	1.00	1.00

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discount rate				
– Increased by 1.00%	(7,248)	(6,612)	(6,084)	(5,720)
– Decreased by 1.00%	8,986	8,168	7,418	6,966
Pension increase rate				
– Increased by 0.25%	1,670	1,547	1,451	1,366
– Decreased by 0.25%	(1,603)	(1,485)	(1,395)	(1,313)
Fixed benefit amount growth rate				
– Increased by 0.50%	88	68	48	46
– Decreased by 0.50%	(87)	(67)	(47)	(45)

HME Brass Italy SpA

	As at December 31,			As at May 31,
	2023	2024	2025	2026
Discount rate (%)	3.08	2.93	3.09	3.27
Inflation rate (%)	2.00	2.00	2.00	2.00
TFR accretion rate (%)	3.00	3.00	3.00	3.00
Salary increase rate (%)	1.00	1.00	1.00	1.00

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discount rate				
– Increased by 1.00%	(10,426)	(9,095)	(9,256)	(10,712)
– Decreased by 1.00%	11,818	10,281	10,398	12,051
Inflation rate				
– Increased by 1.00%	11,536	10,039	10,169	11,781
– Decreased by 1.00%	(10,657)	(9,294)	(9,447)	(10,936)
Salary increase rate				
– Increased by 1.00%	11,084	9,656	9,799	11,348
– Decreased by 1.00%	(11,084)	(9,656)	(9,799)	(11,348)

HME Copper Germany GmbH

	As at December 31,			As at May 31,
	2023	2024	2025	2026
Discount rate (%)	3.56	3.56	4.25	4.34
Pension increase rate (%)	2.30	2.30	2.30	2.30
Fixed benefit amount growth rate (%)	1.00	1.00	1.00	1.00

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Discount rate				
– Increased by 1.00%	(4,489)	(4,179)	(3,802)	(3,548)
– Decreased by 1.00%	5,692	5,271	4,729	4,401
Pension increase rate				
– Increased by 0.25%	1,017	969	906	851
– Decreased by 0.25%	(971)	(926)	(868)	(815)
Fixed benefit amount growth rate				
– Increased by 0.50%	94	68	41	39
– Decreased by 0.50%	(93)	(67)	(40)	(38)

The movement of the pension obligations are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	96,665	121,834	114,720	112,721
Current period service costs	769	1,702	214	737
Net interest	3,668	2,279	3,556	1,634
Remeasurement losses/(gains)	12,680	(1,408)	(10,385)	(1,313)
Foreign currency exchange differences	11,859	(4,740)	10,701	(4,562)
Consideration paid upon settlement	(2,407)	(4,947)	(5,182)	(1,576)
Benefits payments	(1,400)	–	(1,401)	(648)
Others	–	–	498	2,552
At the end of the year/period	**121,834**	**114,720**	**112,721**	**109,545**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Dividends payable	–	–	–	283,023
Salaries, wages and benefits	97,195	82,019	72,721	45,149
Accruals and others	36,237	37,458	36,450	36,423
Amount due to related and third parties	12,745	10,531	101,363	116,261
Deposits payables	4,904	14,946	15,434	17,917
Other tax payables	17,107	17,928	32,438	25,288
[**REDACTED**] payable	–	–	4,655	1,429
Others	586	2,548	1,607	2,412
	168,774	**165,430**	**264,668**	**527,902**

32. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Foreign currency forwards	31,351	153,919	58,174	92,909
Commodity futures and swap contracts	–	–	11,331	7,049
	31,351	**153,919**	**69,505**	**99,958**
Liabilities				
Foreign currency forwards	66,573	129,094	69,554	14,237
Commodity futures and swap contracts	–	–	833,112	116,348
	66,573	**129,094**	**902,666**	**130,585**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Foreign currency forwards	**4,117**	**19,137**	**26,207**	**28,686**
Liabilities				
Foreign currency forwards	–	–	8,145	–
Commodity futures and swap contracts	–	–	382,712	67,492
	–	**–**	**390,857**	**67,492**

33. OTHER CURRENT LIABILITIES

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Undelivered funds for futures closing losses and floating losses on futures contracts	98,120	70,327	86,649	96,373
Undelivered funds of foreign exchange contracts	22,205	49,918	5,392	–
Unremitted output VAT	33,560	38,754	43,585	33,900
Recourse obligations	1,010	–	–	23,893
	154,895	**158,999**	**135,626**	**154,166**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unremitted output VAT	121,325	187,448	276,972	284,415
Undelivered funds for futures closing losses and floating losses on futures contracts	48,083	15,894	86,351	84,130
Undelivered funds of foreign exchange contracts	–	6,884	–	–
Recourse obligations	–	2,992	–	–
	169,408	**213,218**	**363,323**	**368,545**

34. DEFERRED INCOME

The Group

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants related to assets	**241,846**	**273,256**	**363,173**	**365,796**

The movements of deferred income during the Track Record Period are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	161,365	241,846	273,256	363,173
Additions	95,629	52,348	115,800	15,697
Recognized in profit or loss	(15,148)	(20,938)	(25,883)	(13,074)
At end of the year/period	**241,846**	**273,256**	**363,173**	**365,796**

The Company

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants related to assets	**94,603**	**107,256**	**148,544**	**151,189**

The movements of deferred income during the Track Record Period are as follows:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	56,866	94,603	107,256	148,544
Additions	44,199	20,569	49,677	7,000
Recognized in profit or loss	(6,462)	(7,916)	(8,389)	(4,355)
At end of the year/period	**94,603**	**107,256**	**148,544**	**151,189**

35. SHARE CAPITAL

The Group and The Company

	Year ended December 31,						Five months ended May 31,	
	2023		2024		2025		2026	
	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares
	RMB'000	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*
At the beginning of the year/period	1,983,196	1,983,196	1,998,319	1,998,319	1,998,320	1,998,320	2,291,755	2,291,755
Convertible bond conversion *(i)*	15,123	15,123	1	1	293,435	293,435	–	–
At the end of the year/period	**1,998,319**	**1,998,319**	**1,998,320**	**1,998,320**	**2,291,755**	**2,291,755**	**2,291,755**	**2,291,755**

(i) During the year ended December 31, 2023, the increase in share capital is attributable to the conversion of convertible bonds into 15,123,037 shares of the Company. As at December 31, 2023, the industrial and commercial registration procedures for the conversion of convertible bonds into 11,857,859 shares remain uncompleted.

During the year ended December 31, 2024, the increase in share capital is attributable to the conversion of convertible bonds into 526 shares of the Company. As at December 31, 2024, the industrial and commercial registration procedures for the conversion of convertible bonds into 422 shares remain uncompleted.

During the year ended December 31, 2025, the increase in share capital is attributable to the conversion of convertible bonds into 293,435,270 shares of the Company. For further details, refer to Note 29(d).

36. TREASURY SHARES

The Group and The Company

	Year ended December 31,						Five months ended May 31,	
	2023		2024		2025		2026	
	Treasury shares	Number of shares	Treasury shares	Number of shares	Treasury shares	Number of shares	Treasury shares	Number of shares
	RMB'000	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*
At the beginning of the year/period	–	–	–	–	253,524	32,147	750,076	80,636
Repurchase of shares *(i)*	–	–	253,524	32,147	496,552	48,489	–	–
At the end of the year/period	**–**	**–**	**253,524**	**32,147**	**750,076**	**80,636**	**750,076**	**80,636**

(i) For the years ended December 31, 2024 and 2025, and for the five months ended May 31, 2026, the increase in treasury shares of RMB253,524,000, RMB496,552,000 and nil, respectively, are attributable to the repurchase of shares from the secondary market. Such repurchased shares are intended to be used for the implementation of equity incentive plans or employee share ownership plans. For further details, refer to Note 37.

For the year ended December 31, 2024, the Company repurchased an aggregate of 32,147,225 shares, comprising 31,821,525 shares repurchased pursuant to the "Proposal on the Share Repurchase Plan of the Company", which was approved at the 14th meeting of the 8th Board of Directors held on June 18, 2024 and the First Extraordinary General Meeting of 2024 held on July 5, 2024.

A further 325,700 shares were repurchased pursuant to the "Proposal on the Share Repurchase Plan of the Company", which was approved at the 17th meeting of the 8th Board of Directors held on November 7, 2024 and the Second Extraordinary General Meeting of 2024 held on November 28, 2024. As at December 31, 2024, the Company held a total of 32,147,225 treasury shares with a carrying amount of RMB253,524,000.

For the year ended December 31, 2025, the Company repurchased an aggregate of 48,488,864 shares pursuant to the "Proposal on the Share Repurchase Plan of the Company", which was approved at the 17th meeting of the 8th Board of Directors held on November 7, 2024 and the Second Extraordinary General Meeting of 2024 held on November 28, 2024. As at December 31, 2025, the Company held a total of 80,636,089 treasury shares with a carrying amount of RMB750,076,000.

37. SHARE INCENTIVE SCHEME

(a) Employee share ownership plan ("ESOP")

Pursuant to the "Proposal on the Draft of the Second Employee Share Ownership Plan of ZHE JIANG HAI LIANG CO., LTD." (《關於<浙江海亮股份有限公司第二期員工持股計劃(草案)>的議案》) approved at the 12th Meeting of the 7th Board of Directors held on April 16, 2021 and the 2020 Annual General Meeting of Shareholders, the Company implemented the ESOP using 36,661,544 shares repurchased from the secondary market. The said ESOP was fully executed in 2022.

(b) Share repurchase plan intended for the implementation of equity incentive plans or ESOPs

Pursuant to the "Proposal on the Share Repurchase Plan of the Company" approved at the 14th Meeting of the 8th Board of Directors held on June 18, 2024 and the First Extraordinary General Meeting of Shareholders in 2024, the Company repurchased 31,821,525 shares of its own shares through centralized competitive bidding in 2024, with a total transaction amount of RMB250,005,000 (including transaction costs).

Pursuant to the "Proposal on the Share Repurchase Plan of the Company" approved at the 17th Meeting of the 8th Board of Directors held on November 7, 2024 and the Second Extraordinary General Meeting of Shareholders in 2024, the Company repurchased its own shares through centralized competitive bidding, including 325,700 shares in 2024 with a total transaction amount of RMB3,519,000 (including transaction costs), 48,488,864 shares from January to April 2025 with a total transaction amount of RMB496,552,000 (including transaction costs), bringing the aggregate to 48,814,564 shares with a total transaction amount of RMB500,071,000 (including transaction costs).

38. RETAINED EARNINGS

The Group

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	7,016,668	7,970,487	8,334,074	8,743,633
Net profit	1,125,549	715,816	961,639	405,275
Appropriation to statutory reserves	(5,141)	–	(118,271)	–
Dividends *(Note 12)*	(159,164)	(339,714)	(566,801)	(283,023)
Disposal equity instruments at fair value through other comprehensive income	–	–	151,470	–
Appropriation in respect of safety and production funds, net	(7,425)	(12,515)	(18,478)	(9,882)
At the end of the year/period	**7,970,487**	**8,334,074**	**8,743,633**	**8,856,003**

The Company

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	1,128,684	1,320,350	925,167	1,629,740
Net profit/(loss)	356,124	(52,493)	1,242,080	(60,476)
Dividends *(Note 12)*	(159,164)	(339,714)	(566,801)	(283,023)
Appropriation to statutory reserves	(5,141)	–	(118,271)	–
Disposal equity instruments at fair value through other comprehensive income	–	–	151,470	–
Appropriation in respect of safety and production funds, net	(153)	(2,976)	(3,905)	(2,326)
At the end of the year/period	**1,320,350**	**925,167**	**1,629,740**	**1,283,915**

39. OTHER RESERVES

The Group

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	2,700,542	(2,359)	345,885	66,367	3,110,435
Currency translation differences	–	140,081	–	–	140,081
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	987	–	–	987
Capital contributions by non-controlling interests *(i)*	117,038	–	–	–	117,038
Changes arising from remeasurement of defined benefit plan, net of tax	–	(9,477)	–	–	(9,477)
Conversion of convertible bonds *(ii)*	158,634	–	–	–	158,634
Appropriation to statutory reserve	–	–	5,141	–	5,141
Appropriation in respect of safety and production funds, net	–	–	–	7,425	7,425
Balance at December 31, 2023	**2,976,214**	**129,232**	**351,026**	**73,792**	**3,530,264**

(i) During the year ended December 31, 2023, other shareholders of Gansu Hailiang (a subsidiary of the Group) made additional capital contributions. As a result, the Group's equity ownership ratio in the subsidiary changed from 100.00% to 48.60%, and the Group is entitled to a corresponding portion of the capital contributed by the new shareholders. Consequently, share premium increased by RMB117,038,000.

(ii) The increase in share premium of RMB158,634,000 during the year ended December 31, 2023 is attributable to the conversion of convertible bonds with a par value of RMB144,782,000 into 15,123,037 shares of the Company, which gave rise to the increase in share premium. For further details, refer to Note 29(d).

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	2,976,214	129,232	351,026	73,792	3,530,264
Currency translation differences	–	(12,441)	–	–	(12,441)
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	9,491	–	–	9,491
Changes in fair value of investments in unlisted equity instruments, net of tax	–	168,300	–	–	168,300
Changes arising from remeasurement of defined benefit plan, net of tax	–	958	–	–	958
Conversion of convertible bonds *(i)*	5	–	–	–	5
Appropriation in respect of safety and production funds, net	–	–	–	12,515	12,515
Balance at December 31, 2024	**2,976,219**	**295,540**	**351,026**	**86,307**	**3,709,092**

(i) The increase in share premium of RMB5,000 during the year ended December 31, 2024 is attributable to the conversion of convertible bonds with a par value of RMB5,000 into 526 shares of the Company, which gave rise to the increase in share premium. For further details, refer to Note 29(d).

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	2,976,219	295,540	351,026	86,307	3,709,092
Currency translation differences	–	(137,189)	–	–	(137,189)
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	(14,237)	–	–	(14,237)
Changes arising from remeasurement of defined benefit plan, net of tax	–	7,650	–	–	7,650
Conversion of convertible bonds *(i)*	2,978,555	–	–	–	2,978,555
Convertible bond redemption *(ii)*	487	–	–	–	487
Disposal equity instruments at FVOCI *(iii)*	–	(168,300)	16,830	–	(151,470)
Transaction with non-controlling interests *(iv)*	296	–	–	–	296
Appropriation to statutory reserve	–	–	118,271	–	118,271
Appropriation in respect of safety and production funds, net	–	–	–	18,478	18,478
Balance at December 31, 2025	**5,955,557**	**(16,536)**	**486,127**	**104,785**	**6,529,933**

(i) The increase in share premium of RMB2,978,555,000 during the year ended December 31, 2025 is attributable to the conversion of convertible bonds with a par value of RMB2,700,094,000 into 293,435,270 shares of the Company, which gave rise to the increase in share premium. For further details, refer to Note 29(d).

(ii) The increase of RMB487,000 in share premium arose from the redemption of 22,747 convertible bonds by the Company in 2025, with a corresponding decrease of RMB487,000 in other equity instruments. For further details, refer to Note 29(d).

(iii) The changes arose from the disposal and derecognition of the Company's equity investment in Jinchuan measured at FVOCI, the transfer of cumulative gains recognised in other comprehensive income to retained earnings, and the corresponding additional appropriation to the statutory surplus reserve.

(iv) In 2025, Gansu Hailiang, a subsidiary of the Company, paid RMB980,000 to acquire the 49% non-controlling equity interest in Gansu Hailiang Environmental Technology Co., Ltd., its subsidiary. The difference between the consideration paid and the Group's proportionate share of the subsidiary's net assets continuously calculated from the acquisition date corresponding to the additional interest acquired was recognised as an increase in share premium of RMB296,000.

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2026	5,955,557	(16,536)	486,127	104,785	6,529,933
Currency translation differences	–	(254,024)	–	–	(254,024)
Changes in fair value of investments in other equity instruments, net of tax	–	(22,831)	–	–	(22,831)
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	2,687	–	–	2,687
Changes arising from remeasurement of defined benefit plan, net of tax	–	969	–	–	969
Appropriation in respect of safety and production funds, net	–	–	–	9,882	9,882
Balance at May 31, 2026	**5,955,557**	**(289,735)**	**486,127**	**114,667**	**6,266,616**

The Company

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	2,863,135	(707)	340,812	49,046	3,252,286
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	987	–	–	987
Conversion of convertible bonds	158,634	–	–	–	158,634
Appropriation to statutory reserve	–	–	5,141	–	5,141
Appropriation to safety funds	–	–	–	153	153
Balance at December 31, 2023	**3,021,769**	**280**	**345,953**	**49,199**	**3,417,201**

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	3,021,769	280	345,953	49,199	3,417,201
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	9,491	–	–	9,491
Conversion of convertible bonds	5	–	–	–	5
Changes in fair value of investments in unlisted equity instruments, net of tax	–	168,300	–	–	168,300
Appropriation to safety funds	–	–	–	2,976	2,976
Balance at December 31, 2024	**3,021,774**	**178,071**	**345,953**	**52,175**	**3,597,973**

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	3,021,774	178,071	345,953	52,175	3,597,973
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	(14,237)	–	–	(14,237)
Conversion of convertible bonds	2,978,555	–	–	–	2,978,555
Convertible bond redemption	487	–	–	–	487
Appropriation to statutory reserve	–	–	118,271	–	118,271
Disposal equity instruments at FVOCI	–	(168,300)	16,830	–	(151,470)
Appropriation to safety funds	–	–	–	3,905	3,905
Balance at December 31, 2025	**6,000,816**	**(4,466)**	**481,054**	**56,080**	**6,533,484**

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2026	6,000,816	(4,466)	481,054	56,080	6,533,484
Other comprehensive income that will be reclassified into the profit or loss under equity method	–	2,687	–	–	2,687
Appropriation to safety funds	–	–	–	2,325	2,325
Changes in fair value of investments in other equity instruments, net of tax	–	(22,831)	–	–	(22,831)
Balance at May 31, 2026	**6,000,816**	**(24,610)**	**481,054**	**58,405**	**6,515,665**

40. OTHER EQUITY INSTRUMENTS-EQUITY COMPONENTS OF CONVERTIBLE BONDS

The movements of other equity instruments-equity components of convertible bonds during the Track Record Period are as follows:

	Year ended December 31,						Five months ended May 31,	
	2023		2024		2025		2026	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
At the beginning of the year/period	28,471,553	609,412	27,023,732	578,423	27,023,682	578,422	–	–
Deductions *(i)*	(1,447,821)	(30,989)	(50)	(1)	(27,023,682)	(578,422)	–	–
At the end of the year/period	**27,023,732**	**578,423**	**27,023,682**	**578,422**	**–**	**–**	**–**	**–**

(i) For the year ended December 31, 2023 and 2024, the decreases in other equity instruments — equity components of convertible bonds of RMB30,989,000 and RMB1,000 were attributable to the conversion of 1,447,821 and 50 Hailiang Convertible Bonds held by certain bondholders into the Company's A-shares, respectively.

For the year ended December 31, 2025, the decrease of RMB577,935,000 was attributable to the conversion of 27,000,935 Hailiang Convertible Bonds held by certain bondholders into the Company's A-shares. Meanwhile, a decrease of RMB487,000 was attributable to the triggering of the conditional redemption clause in respect of 22,747 Hailiang Convertible Bonds held by certain bondholders, resulting in the increase of share premium of RMB487,000. For further details, refer to Note 29(d).

41. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit before income tax for the year/period	1,381,738	671,059	1,241,063	454,106	747,716
Adjustments for:					
Interest income	(197,862)	(133,851)	(131,227)	(41,377)	(36,509)
Finance cost	567,792	717,837	711,954	296,269	311,977
Depreciation and amortization of non-current assets	557,167	844,119	952,613	390,979	410,836
Net losses/(gains) on disposal of property, plant and equipment and other non-current assets	16,475	(2,841)	25,126	(271)	2,583
Impairment (credits)/losses on financial assets	(8,331)	77,730	31,021	26,902	51,907
Impairment provision for inventories and non-current assets	23,620	71,799	48,992	5,090	32,475
Equity method investment income	(117,071)	(112,944)	(91,658)	(33,564)	(32,465)
Losses/(gains) on disposal of financial assets and liabilities	308,672	63,774	27,336	12,008	(91,557)

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Foreign exchange (gains)/losses other than those related to loans	(109,465)	174,821	(297,775)	(149,672)	81,964
Investment income from other equity investments	–	(11,210)	–	–	–
Trade payables written-off	(118)	(34,527)	(2,763)	(746)	(56)
Fair value gains/(losses) on financial assets	(29,551)	(60,058)	48,049	70,690	(106,260)
Government grants for assets	(15,148)	(20,938)	(25,883)	(9,650)	(13,074)
Other	(13,324)	1,040	–	–	–
Change in working capital:					
Increase in receivables	(1,117,925)	(2,596,688)	(1,837,956)	(3,384,593)	(3,475,375)
(Decrease)/Increase in payables	(1,778,384)	(127,028)	845,619	137,701	(717,201)
Increase in inventories	(253,011)	(1,689,176)	(3,078,914)	(428,744)	(3,127,888)
Cash used in operations	**(784,726)**	**(2,167,082)**	**(1,534,403)**	**(2,654,872)**	**(5,960,927)**

(b) Non-Cash Activities

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Endorsed and transferred commercial bills					
Payments for merchandise	1,386,936	346,075	261,367	30,616	41,016
Payments for acquisition of property, plant and equipment and other long-term assets	304,887	195,947	127,386	63,044	204,910
	1,691,823	**542,022**	**388,753**	**93,660**	**245,926**

(c) Net Debt Reconciliation

	Bank borrowings	Lease liabilities	Convertible bonds	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	11,113,705	83,210	2,546,630	13,743,545
Financing cash flows	4,544,620	(26,566)	–	4,518,054
Interest paid	(448,479)	(4,976)	(40,538)	(493,993)
Interest accrued	553,113	4,976	140,663	698,752
Convertible bond conversion	–	–	(142,767)	(142,767)
Other non-cash movements	24,387	36,143	–	60,530
At December 31, 2023	**15,787,346**	**92,787**	**2,503,988**	**18,384,121**
At January 1, 2024	15,787,346	92,788	2,503,989	18,384,123
Financing cash flows	3,781,833	(35,409)	–	3,746,424
Interest paid	(561,788)	(4,178)	(48,641)	(614,607)
Interest accrued	557,505	4,178	140,969	702,652
Convertible bond conversion	–	–	(5)	(5)
Other non-cash movements	33,245	8,401	–	41,646
At December 31, 2024	**19,598,141**	**65,780**	**2,596,312**	**22,260,233**
At January 1, 2025	19,598,141	65,780	2,596,312	22,260,233
Financing cash flows	2,918,632	(40,227)	(2,275)	2,876,130
Interest paid	(566,552)	(4,709)	(50)	(571,311)
Interest accrued	577,894	4,709	100,068	682,671
Convertible bond conversion	–	–	(2,694,055)	(2,694,055)
Other non-cash movements	54,102	54,608	–	108,710
At December 31, 2025	**22,582,217**	**80,161**	**–**	**22,662,378**

	Bank borrowings	Lease liabilities	Convertible bonds	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	19,598,141	65,780	2,596,312	22,260,233
Financing cash flows	4,109,588	(11,592)	–	4,097,996
Interest paid	(186,174)	(1,798)	–	(187,972)
Interest accrued	242,440	1,798	60,177	304,415
Convertible bond conversion	–	–	(26,136)	(26,136)
Other non-cash movements	(2,375)	14,485	–	12,110
At May 31, 2025 *(Unaudited)*	**23,761,620**	**68,673**	**2,630,353**	**26,460,646**
At January 1, 2026	22,582,217	80,161	–	22,662,378
Financing cash flows	5,880,882	(17,091)	–	5,863,791
Interest paid	(220,105)	(1,675)	–	(221,780)
Interest accrued	279,231	1,675	–	280,906
Other non-cash movements	48,382	676	–	49,058
At May 31, 2026	**28,570,607**	**63,746**	**–**	**28,634,353**

42. ACQUISITION OF A SUBSIDIARIE

(a) Summary of acquisition

For the five months ended May 31, 2026, the acquisition of a new subsidiary is summarized as follows:

	Huizhou Jiaye
	RMB'000 (note (i))
Total consideration transferred	
Cash consideration	8,000
Less: Group's share of net fair value of identifiable assets acquired and liabilities assumed	(4,636)
Goodwill	**3,364**

(i) Acquisition of Huizhou Jiaye.

In February 2026, a subsidiary of the Group, Hangzhou Hailiang Precision Technology Co., Ltd., acquired a 70% equity interest in Huizhou Jiaye from its former shareholder, Li Jiajie, with a total consideration of approximately RMB8,000,000. The consideration was determined with reference to a valuation report prepared by an independent valuer and based on arm's length negotiations between the parties. The acquired target entity principally engaged in the production and operation of metal products.

(b) Financial information of acquisitions

The fair value of the identifiable assets and liabilities and cash and cash equivalent impact arising from the acquisitions of subsidiaries in the above transactions are summarized as follows. Valuation was performed by an independent valuer to determine the fair value of the identified assets.

	Huizhou Jiaye
	RMB'000
Fair value of identifiable net assets	
Non-current assets	
Property, plant and equipment	6,902
Intangible assets	5,172
Current assets	
Inventory	2,855
Trade receivables	9,118
Prepayments and other receivables	626
Cash and cash equivalents	89
Other current assets	386
Non-Current liabilities	
Deferred tax liabilities	1,492
Current liabilities	
Borrowings	5,976
Trade payables	6,701
Accruals and other payables	4,355
Fair value of the net assets acquired	**6,624**

	Total
	RMB'000
Cash impact	
Cash paid prior to May 31, 2026	7,500
Less: cash and cash equivalents in the subsidiary acquired	(89)
Net cash outflow on acquisition	**7,411**

The amounts of revenue and profit of subsidiaries since the acquisition date which were included in the consolidated statement of comprehensive income for the five months ended May 31, 2026 are summarized as follows:

	Huizhou Jiaye	The Group (Excluding Huizhou Jiaye)	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue	4,222	40,465,466	40,469,688
Net (losses)/profit	(2,559)	557,459	554,900

If the acquisition had occurred on January 1, 2026, consolidated [**REDACTED**] revenue and net profit of the Group for the five months ended May 31, 2026 would have been RMB40,470,033,000 and RMB554,367,000, respectively.

	Huizhou Jiaye	The Group (Excluding Huizhou Jiaye)	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue	4,567	40,465,466	40,470,033
Net (losses)/profit	(3,092)	557,459	554,367

43. CONTINGENCIES AND COMMITMENTS

43.1 Contingencies

The Company has provided guarantees to Hai Liang Group. For further details, refer to Note 44(c).

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025 and May 31, 2026, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Financial Information.

43.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment commitments:				
– Contracted, but not provided for	1,486,996	795,365	859,671	898,680
– Authorized, but not contracted	–	137,362	147,356	473,969
	1,486,996	**932,727**	**1,007,027**	**1,372,649**

44. RELATED PARTY TRANSACTIONS

(a) Parent Entities

		Ownership interest			
		As at December 31,			As at May 31,
Name	Place of incorporation	2023	2024	2025	2026
Hai Liang Group	Zhuji, Zhejiang, PRC	29.85%	30.30%	27.23%	27.23%

(i) As of December 31, 2023, 2024 and 2025 and May 31, 2026, Hai Liang Group directly held 29.24%, 29.69%, 26.70% and 26.70% of the equity and voting rights of the Company, respectively, and indirectly held 0.61%, 0.61%, 0.53% and 0.53% of the equity, and 0.62%, 0.62%, 0.54% and 0.54% of the voting rights of the Company through its holding subsidiary Zhejiang Zhengmao Venture Capital Co., Ltd. The total shareholding ratios were 29.85%, 30.30%, 27.23% and 27.23%, respectively, and the total voting rights owned were 29.86%, 30.31%, 27.24% and 27.24%, respectively.

(ii) As at December 31, 2023, 2024 and 2025 and May 31, 2026, the ultimate controlling person of the Company is Mr. Feng Hailiang. Mr. Feng Hailiang directly holds 2.99%, 2.99%, 2.61% and 2.61% of the Company's equity interests and exercises 2.99%, 2.99%, 2.61% and 2.61% of the Company's voting rights; He directly and indirectly holds an aggregate of 84.13%, 84.13%, 84.13% and 84.13% of the equity interests in Hai Liang Group, and indirectly holds 25.11%, 25.49%, 22.91% and 22.91% of the Company's equity interests and exercises 29.86%, 30.31%, 27.24% and 27.24% of the Company's voting rights through controlling Hai Liang Group; Mr. Feng Luming, son of Mr. Feng Hailiang, directly holds 0.66%, 0.94%, 0.82% and 0.82% of the Company's equity interests and exercises 0.66%, 0.94%, 0.82% and 0.82% of the Company's voting rights. In aggregate, Mr. Feng Hailiang and his son Mr. Feng Luming hold 28.76%, 29.42%, 26.34% and 26.34% of the Company's equity interests and exercise 33.51%, 34.24%, 30.67% and 30.67% of the Company's voting rights, respectively.

(b) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026:

Name of the related parties	Relationship with the Group
Hailiang Finance	An associate of the Group, a subsidiary of Hailiang Group
Zhuji Hailiang Business Hotel Co., Ltd.	A fellow subsidiary of Hai Liang Group
Zhuji Hailiang Hospital Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hangzhou Hailiang Catering Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hangzhou Hailiang Real Estate Co., Ltd	A fellow subsidiary of Hai Liang Group
Zhuji Nianxinhu Hotel Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hangzhou Haoliang Logistics Service Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hailiang Headquarters (Hangzhou) Management Co., Ltd.	A fellow subsidiary of Hai Liang Group
Shanghai Zhepu Enterprise Development Co., Ltd	A fellow subsidiary of Hai Liang Group
Liaoning Beize Energy Co., Ltd.	A fellow subsidiary of Hai Liang Group
Hailiang Real Estate Holdings Group Co., Ltd.	A fellow subsidiary of Hai Liang Group
NATREGRO Ecological Agriculture Group Co., Ltd. and its subsidiaries	An entity controlled by the ultimate controlling person
Hangzhou Haohan Logistics Service Co., Ltd.	An associate of the Group
Zhejiang Hailiang Education Technology Service Group Co., Ltd. *(iv)*	An entity controlled by the ultimate controlling person
Hangzhou Hailiang Youjiao Education Technology Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person
Hangzhou Hailiang Preschool Education Group Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person
Zhejiang Hailiang Rong'ai Education Technology Service Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person
Zhejiang Youzhi Career Education Technology Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person
Zhejiang Mingxin International Travel Co., Ltd. *(i)*	An entity controlled by the ultimate controlling person
Zhuji Hailiang Logistics Service Co., Ltd. *(ii)*	An entity controlled by the ultimate controlling person
Hangzhou Hiyouth+ Hospital Co., Ltd. *(iii)*	An entity controlled by the ultimate controlling person
Hailiang Real Estate Holding Group Management Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Hailiang Biotechnology Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Hailiang Technology Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Haoliang Zhixiang Information Technology Consulting Co., Ltd.	An entity controlled by the ultimate controlling person
Chengcheng Haicheng Fruit Industry Co., Ltd.	An entity controlled by the ultimate controlling person
Hangzhou Hailiang Education & Research Co., Ltd	An entity controlled by the ultimate controlling person
Kangcheng Electronic Technology (Zhuji) Co., Ltd.	An entity controlled by the ultimate controlling person
Hangzhou Hailiang Youcai Education Technology Co., Ltd.	An entity controlled by the ultimate controlling person
Hengzhongda Construction Co., Ltd.	An associate of a fellow subsidiary of Hai Liang Group

Name of the related parties	Relationship with the Group
Zhejiang Beize Group Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Hailiang Supply Chain Consulting Services Co., Ltd.	A fellow subsidiary of Hai Liang Group
Zhejiang Hailiang Lishuo Sports Development Co., Ltd.	An entity controlled by the ultimate controlling person
Zhejiang Hailiang Career Education Technology Co., Ltd.	A fellow subsidiary of an entity controlled by the ultimate controlling person

(i) Zhejiang Mingxin International Travel Co., Ltd. was renamed as Ningbo Mingxin International Tourism Co., Ltd. in February 2024.

(ii) Zhuji Hailiang Logistics Service Co., Ltd. was renamed as Zhejiang Hailiang Intelligent Service Co., Ltd. in August 2025.

(iii) Hangzhou Hiyouth+ Hospital Co., Ltd. was renamed as Hangzhou Hailiang Hospital Co., Ltd. in September 2025.

(iv) Zhejiang Hailiang Education Technology Service Group Co., Ltd. was renamed as Zhejiang Hai Liang Education Development Co., Ltd. in January 2026.

(c) Material Transactions with Related Parties

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Purchase of goods and services:					
– Subsidiaries of Hai Liang Group	5,044	4,882	16,757	2,370	8,269
– Entities controlled by the ultimate controlling person	4,472	5,300	10,651	2,653	3,174
– Fellow subsidiaries of an entity controlled by the ultimate controlling person	1,322	–	–	–	–
– The parent company	8,358	2,086	2,605	50	2,782
– An associate of a fellow subsidiary of Hai Liang Group	–	–	32,544	–	6,824
	19,196	**12,268**	**62,557**	**5,073**	**21,049**

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Sales of goods and rendering of services:					
– Associates of the Group	14	8	–	–	–
– Fellow subsidiaries of Hai Liang Group	15	38	32	8	18
– Entities controlled by the ultimate controlling person	3	1	25	11	7
– The parent company	–	66	7	–	2
– A fellow subsidiary of an entity controlled by the ultimate controlling person	–	–	–	–	2
	32	**113**	**64**	**19**	**29**

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Rental expenses from short-term leases and leases of low-value assets accounted for on a simplified basis, as well as variable lease payments not included in the measurement of lease liabilities					
– Subsidiaries of Hai Liang Group	351	383	404	138	129
– Entities controlled by the ultimate controlling person	–	–	458	–	–
– A fellow subsidiary of an entity controlled by the ultimate controlling person	16	157	60	36	14
– The parent company	711	660	670	310	244
	1,078	**1,200**	**1,592**	**484**	**387**

In respect of the leases for which right-of-use assets are recognized, the Company leased Floors 9 and 10 of Hailiang Education & Research Building from Hangzhou Hailiang Education & Research Co., Ltd., an associate of Hai Liang Group. The lease term for Floor 9 commences on September 19, 2023 and expires on September 30, 2026, with a total tax-exclusive rental amount of RMB4,258,000; the lease term for Floor 10 runs from May 20, 2023 to May 19, 2026, with a total tax-exclusive rental of RMB4,213,000.

For the year ended December 31, 2023, the Company paid tax-exclusive rental of RMB2,798,000. As at December 31, 2023, the carrying amount of right-of-use assets recognized was RMB6,852,000, total lease liabilities amounted to RMB5,392,000, including current lease liabilities of RMB2,550,000.

For the year ended December 31, 2024, the tax-exclusive rental payable amounted to RMB2,753,000, which remained unpaid as at December 31, 2024. As at December 31, 2024, the carrying amount of right-of-use assets recognized was RMB4,198,000, and the lease liabilities due within one year were RMB5,595,000.

For the year ended December 31, 2025, the Group paid rental payments (excluding tax) of RMB2,533,000. Modifications to the lease terms reduced the principal portion of lease liabilities by RMB525,000. Rental payments (excluding tax) of RMB2,615,000 were payable and remained unpaid as at the end of the year.

As at December 31, 2025, the carrying amount of right-of-use assets recognized was RMB1,346,000, and lease liabilities due within one year amounted to RMB2,615,000.

For the period ended May 31, 2026, the Group paid rental payments (excluding tax) of RMB1,251,000.

Modifications to the lease terms extended the lease term to December 31, 2028, increased the principal portion of lease liabilities by RMB3,139,000. Rental payments (excluding tax) of RMB1,526,000 were payable and remained unpaid as at the end of the period.

As at May 31, 2026, the carrying amount of right-of-use assets recognized was RMB3,862,000, non-current lease liabilities amounted to RMB1,585,000, and lease liabilities due within one year amounted to RMB2,966,000.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest income					
– An associate of the Group	**41,308**	**18,057**	**17,535**	**8,409**	**2,270**

The Company entered into a Financial Services Agreement with Hailiang Finance, pursuant to which Hailiang Finance provides the Company with relevant financial services within the scope of its licensed business operations, including but not limited to deposit acceptance, loan provision, collection and payment settlement, provision of financial and financing advisory services, credit verification as well as related consulting and agency services. As at December 31, 2023, 2024 and 2025 and May 31, 2026, the balance of funds deposited by the Group with Hailiang Finance was RMB1,865,417,000, RMB2,574,229,000, RMB1,756,349,000 and RMB1,552,498,000.

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest expense					
– An associate of the Group	**–**	**15**	**31**	**13**	**13**

As at December 31, 2023, 2024, 2025 and May 31, 2026, the loan balance of the Group with Hailiang Finance was nil, RMB1,000,000, RMB1,000,000 and RMB1,000,000, and the interest expense recognized during the years ended December 31, 2023, 2024 and 2025, and during the five months ended May 31, 2025 and 2026, amounted to nil, RMB15,000, RMB31,000, RMB13,000 and RMB13,000. As at December 31, 2023, 2024 and 2025, and May 31, 2026, the balance of guarantees issued by Hailiang Finance in favor of the Group were RMB115,000,000, RMB115,408,000, RMB116,284,000 and RMB115,540,000, respectively.

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Company and its subsidiaries as the guaranteed parties				
– The parent company *(i)*	13,118,130	15,139,797	11,800,010	–
– The parent company and a fellow subsidiary of Hai Liang Group *(i)*	1,560,000	1,560,000	1,560,000	–
– An associate of the Group	115,000	115,408	116,284	115,540
	14,793,130	**16,815,205**	**13,476,294**	**115,540**
	USD'000	*USD'000*	*USD'000*	*USD'000*
– The parent company	**173,850**	**75,850**	**–**	**–**

In 2024 and 2025, certain bank borrowings of the Company's subsidiaries were guaranteed by the parent company in the form of joint and several liability. Pursuant to the guarantee agreements, the annualized guarantee fee rate is 1%. Provision and payment of guarantee fees by the Company's subsidiaries in the aggregate amounted to RMB793,000 and RMB85,000 for the years ended December 31, 2024 and 2025, respectively. There was no such transaction in 2023. As at December 31, 2025, the relevant borrowings had been fully repaid and settled.

(i) As at April 27, 2026, guarantees of RMB8,850,010,000 provided by the parent company and guarantees of RMB1,560,000,000 granted by the parent company and a fellow subsidiary of Hailiang Group have all been released.

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The Company and its subsidiaries as guarantors				
– The parent company *(i)*	**1,914,000**	**2,684,000**	**3,484,000**	**–**

The guarantor provides joint and several liability guarantees for the creditor-debt contracts entered into by the guaranteed party with financial institutions during the guarantee period, including loan contracts, foreign exchange transfer loan contracts, letter of credit issuance agreements and bank acceptance agreements.

(i) As at April 27, 2026, the guarantee of RMB2,070,000,000 provided by the Group to the parent company has been released.

Based on its current assessment, the Company does not expect any guarantees from related parties to remain outstanding and unable to be released or replaced prior to [**REDACTED**], nor any guarantees granted to related parties to remain outstanding before [**REDACTED**].

Intercompany payments on behalf of others

For the years ended December 31, 2023, 2024 and 2025, and for the five months ended May 31, 2025 and 2026, related parties paid salaries, social insurance, housing funds, communication expenses and other employee-related expenses for certain employees of the Company on the Company's behalf. The total amounts for each year were RMB1,242,000, RMB4,408,000, RMB2,636,000, RMB823,000 and RMB476,000, respectively. In addition, subsidiaries of the Company paid relevant remuneration expenses on behalf of a fellow subsidiary of the Hai Liang Group in 2025, amounting to RMB230,000.

(d) Balance with Related Parties

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
– Subsidiaries of Hai Liang Group	–	–	11	4
– Entities controlled by the ultimate controlling person	–	–	10	4
– The parent company	–	–	6	–
	–	–		–
– An associate of a fellow subsidiary of Hai Liang Group	8	–	–	–
	–	–		–
	8	**–**	**27**	**8**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
– Subsidiaries of Hai Liang Group	100	506	9,860	7,097
– An entity controlled by the ultimate controlling person	–	66	77	10
– An associate of a fellow subsidiary of Hai Liang Group	–	–	95,889	13,908
– The parent company	3	5	676	–
	103	**577**	**106,502**	**21,015**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments				
– An entity controlled by the ultimate controlling person	**32**	**–**	**–**	**–**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables:				
– A fellow subsidiary of Hai Liang Group	–	3	2	42
– An entity controlled by the ultimate controlling person	–	–	20	40
– A fellow subsidiary of an entity controlled by the ultimate controlling person	188	–	20	45
– The parent company	509	–	66	33
	697	**3**	**108**	**160**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liability				
Non-current				
– An entity controlled by the ultimate controlling person	**2,842**	**–**	**–**	**1,585**
Current				
– An entity controlled by the ultimate controlling person	**2,550**	**5,595**	**2,615**	**2,966**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables:				
– A fellow subsidiary of Hai Liang Group	–	–	230	–
Less: credit loss allowance	–	–	(12)	–
	–	–	**218**	–

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liability				
– An entity controlled by the ultimate controlling person	**–**	**3**	**3**	**–**

	As at December 31,			As at May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings				
– An associate of the Group	**–**	**1,000**	**1,000**	**1,000**

The balances of intercompany borrowings due to Hailiang Finance represent liquidity loans. The balances will not be settled prior to [**REDACTED**].

All balances with related parties are of a trade nature, except for borrowings.

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9(a), was as follows:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	322	322	328	135	135
Salaries, wages and bonuses	13,556	15,385	11,791	3,564	3,226
Pension costs, housing fund, medical insurance and other social benefits	917	1,033	937	480	366
	14,795	**16,740**	**13,056**	**4,179**	**3,727**

45. EVENTS AFTER THE REPORTING PERIOD

(a) Employee Share Ownership Plan

In January 2026, the Company's 2026 First Extraordinary General Meeting and the 6th Meeting of the 9th Board of Directors approved the Draft *2026 Employee Share Ownership Plan* (hereinafter referred to as the "ESOP Plan") and the *2026 Employee Share Ownership Plan Management Measures*. In July 2026, the 13th Meeting of the 9th Board of Directors approved the revised ESOP Plan and the revised *2026 Employee Share Ownership Plan Management Measures*.

The ESOP Plan covers a maximum of 300 participants, including 8 directors and senior management of the Company and its subsidiaries. Funding is from employees' legal remuneration and self-raised funds; the Company provides no financial assistance and there is no third-party [**REDACTED**] arrangement. The ESOP Plan will acquire up to 80,636,089 A Share ordinary shares (representing 3.52% of the total share capital) from the Company's dedicated share repurchase account via non-trading transfer, at a price of RMB9.00 per share in compliance with relevant regulatory requirements. With a 120-month term, the underlying shares will be unlocked in three tranches (30%/30%/40%) upon the 12th/24th/36th month after the completion of transfer, with unlock conditions linked to the Company's 2026-2028 performance assessment indicators (growth rates of net profit, overseas sales volume, new energy materials and AI thermal management copper-based materials sales volume) and participants' personal performance assessment results. Participants voluntarily waive the voting rights attached to the underlying shares and only retain dividend and investment income rights, and the ESOP Plan is independent from the Company's controlling shareholders, actual controllers, directors and senior management and does not constitute a concerted action relationship therewith.

On August 4, 2026, a total of 70,636,089 shares held in the Company's dedicated share repurchase account was transferred via off-exchange transfer to the securities account entitled "ZHE JIANG HAI LIANG CO., LTD. - 2026 Employee Share Ownership Plan", accounting for 3.08% of the Company's total share capital and at an actual transfer price of RMB8.872 per share.

(b) Acquisition of Partial Equity Interest in Gansu Hailiang

On July 29, 2026, the 14th Meeting of the 9th Board of Directors of the Company approved the *Proposal on Acquiring Partial Equity Interest in the Controlled-subsidiary and the Related Party Transaction*. And the proposal was approved by the 5th Extra-Ordinary Shareholders' Meeting on August 14, 2026. The Company plans to acquire 18.6916% equity interest in its controlled subsidiary, Gansu Hailiang, for RMB971,598,000. Upon completion of this transaction, the Company's shareholding in Gansu Hailiang will rise from 48.5981% to 67.2897%. Full payment shall be made by August 28, 2026.

(c) Dividend distribution

Pursuant to the resolution adopted at the Company's 16th Meeting of the 9th Board of Directors on August 26, 2026, the Company shall distribute a cash dividend of RMB0.50 per 10 shares (tax inclusive) for dividend distribution. This profit distribution shall not involve capitalization of capital reserves to increase share capital, nor shall it include bonus shares. The dividend distribution is still subject to the review and approval by the shareholders' general meeting of the Company.

46. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group like transactions and events in similar circumstances, unless allowed by other standards. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In

addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The investments in associates and joint ventures are stated at cost less impairment in the Company's statement of financial position. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable.

Changes in the Group's interests in associates

When the Group reduces its ownership interests in an associate or a joint venture but the Group continues to use the equity method (including situations that change of ownership interest in an associate or a joint venture due to capital increase of other shareholders to the associate or the joint venture), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

(3) Business Combinations

(i) Business Combination not Under Common Controls

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(ii) Business Combination Under Common Controls

An acquisition of a business which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination with all periods presented as if the operations of the Group and the business acquired have always been combined. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity.

(4) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write-off the cost of investment properties over their estimated useful lives and after taking into account of their estimate residual value, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(7) Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents buildings under construction and production lines under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(8) Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(9) Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(10) Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value through profit and loss, gains and losses will be recorded in profit or loss.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.

(iv) Impairment of Financial Assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Details, please refer to credit risks in Note 3.2.

(11) Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges),

- hedges of a particular risk associated with the cash flows of recognized assets or liabilities or highly probable forecast transactions (cash flow hedges), or

- hedges of a net investment in a foreign operation (net investment hedges).

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items.

- at the inception of the hedging relationship there is formal designation and documentation of the edging relationship and the Group's risk management objective and strategy for undertaking the hedge.

- the hedging relationship meets all of the following hedge effectiveness requirements:

  (i) there is an economic relationship between the hedged item and the hedging instrument;

  (ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and

  (iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness (irrespective of whether recognized or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

Derivatives that do not apply hedge accounting

Certain derivative instruments do not apply hedge accounting. Changes in the fair value of such derivative instruments are recognized immediately in profit or loss and are included in other gains/(losses), net.

Accounting policy for fair value hedges

Changes in the fair value of commodity derivatives that are designated and qualify as hedging instruments of fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged items that are attributable to the hedged risk. The gain or loss relating to the ineffective portion is recognized in profit or loss within other gains/(losses).

(12) Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, accruals and other payables, borrowings and rental received in advance. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(13) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Costs of inventories are determined on the month-end weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Carrying amount of inventories includes any hedging gains or losses on the fair value hedged inventories that are attributable to the hedged commodity risk. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Share Capital and Capital Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are canceled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(15) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(16) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognized when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(17) Convertible Bonds

Convertible bonds that can be converted into equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments, which contain both a liability component (together with the early redemption option which is closely related to the host liability component) and an equity component.

At initial recognition, the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible instrument. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortized cost, calculated using the effective interest method, until extinguished on conversion or maturity. The equity component is recognized in equity, net of any tax effects, until either the bonds are converted or redeemed.

If the bonds are converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued. If the bonds are redeemed, the equity component is transferred to retained profits.

(18) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(19) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) Basic Pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(20) Share-Based Payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by

recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. For details see Note 37.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted or is otherwise beneficial to the employee as measured at the date of modification.

(21) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(22) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income from financial instruments is calculated by effective interest method and recognized in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortization based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

(23) Dividend Income

Dividend income is recognized when the right to receive dividend payment is established.

(24) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(25) Government Grant

Government grants are monetary assets or non-monetary assets obtained by the Group from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Group for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

Government grants are recognized when the Group can comply with the conditions attached to them and when they can be received.

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognized as deferred income. The amount recognized as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Group's daily activities shall be included in other income; and the government grants unrelated to the Group's daily activities shall be included in non-operating income);

Government grants related to income that are used to compensate relevant costs or losses of the Company in subsequent periods are recognized as deferred income and recorded in current profit or loss when such costs and losses are recognized (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the government grants used to compensate relevant costs or losses that have been incurred by the Group are recorded directly in current profit or loss (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses.

The interest subsidies for policy-related preferential loans obtained by the Group are divided into two types and subject to accounting treatment separately:

- Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to Group at a policy-based preferential interest rate, the Group will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.

- Where the interest subsidies are paid directly to the Group, the Group will use such interest subsidies to offset the corresponding borrowing costs.

(26) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modification, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(27) Leases

(i) Definition of a Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) The Group as a Lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

(iii) The Group as a Lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to May 31, 2026 and up to the date of this report.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

SUMMARY OF ARTICLES OF ASSOCIATION

This appendix contains a summary of the main provisions of the Articles of Association (draft) approved at the company's first extraordinary shareholders' meeting in 2026, and it will take effect from the date of [**REDACTED**] of H shares on the Hong Kong Stock Exchange. The primary purpose of this appendix is to provide potential [**REDACTED**] with an overview of the company's articles of association, and it does not contain all the information that may be important to potential [**REDACTED**].

1. General Provisions

On December 18, 2007, the company received approval from the China Securities Regulatory Commission (hereinafter referred to as "CSRC") to issue 55 million ordinary shares in RMB to the public for the first time. It was listed on the Shenzhen Stock Exchange on January 16, 2008.

From the date of its entry into force, the Articles of Association of our company shall become a legally binding document regulating the organization and behavior of the company, as well as the rights and obligations between the company and its shareholders, and among shareholders. It shall be a legally binding document for the company, shareholders, directors, and senior management personnel. According to these Articles of Association, shareholders may sue other shareholders, shareholders may sue directors and senior management personnel of the company, shareholders may sue the company, and the company may sue shareholders, directors, and senior management personnel.

2. Business purpose and scope

After legal registration, the company's business scope includes: general items: non-ferrous metal alloy manufacturing; non-ferrous metal rolling processing; metal material manufacturing; metal cutting processing services; sales of high-performance non-ferrous metals and alloy materials; sales of non-ferrous metal alloys; manufacturing of refrigeration and air conditioning equipment; sales of household appliance parts; sales of refrigeration and air conditioning equipment; solar power generation technology services; photovoltaic power generation equipment leasing; general cargo warehousing services (excluding items requiring licensing approval such as hazardous chemicals); production waste metal recycling; renewable resource sales; renewable resource processing. (Except for items that require approval according to law, business activities shall be carried out independently in accordance with the business license.).

3. Shares

(1) Share issuance

The shares of the company are in the form of stocks.

The issuance of the company's shares adheres to the principles of openness, fairness, and impartiality, with each share of the same category possessing equal rights.

For shares of the same category issued at the same time, the issuance conditions and prices per share are the same; subscribers pay the same price per share for the shares they subscribe to.

The par value of the shares issued by the company is indicated in Renminbi. The shares issued by the company and listed on the Shenzhen Stock Exchange are hereinafter referred to as "A shares", while the shares [**REDACTED**] by the company and [**REDACTED**] on the Hong Kong Stock Exchange are hereinafter referred to as "H shares".

The A shares issued by the company are centrally depository with China Securities Depository and Clearing Corporation Limited, Shenzhen Branch. The H shares [**REDACTED**] by the company can be depository with the entrusted management company under the Hong Kong Securities Clearing Company Limited in accordance with the laws of the listing place and the conventions of securities registration and depository, or can be held by shareholders in their personal names.

(2) Share increase/decrease and repurchase

In accordance with the needs of operation and development, and pursuant to the provisions of laws and regulations, the company may, upon resolutions made by the shareholders' meeting, increase its capital in the following ways:

i. Issue shares to unspecified objects;

ii. Issue shares to specific targets;

iii. Distribute bonus shares to existing shareholders;

iv. Convert public accumulation funds into share capital;

v. Other methods stipulated by laws, administrative regulations, and the CSRC.

The company may reduce its registered capital. When reducing its registered capital, the company shall follow the procedures stipulated in the Company Law, other relevant regulations, and these Articles of Association.

The company shall not purchase its own shares. Under the following circumstances, the company may purchase its own shares in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the company's stock is listed, and the provisions of these Articles of Association:

i. Reducing the registered capital of the company;

ii. Merging with other companies that hold shares of our company;

iii. Use the shares for employee stock ownership plans or equity incentives;

iv. Shareholders request the company to purchase their shares due to their dissent against the merger or division resolution made by the shareholders' meeting;

v. Use the shares to convert corporate bonds issued by the company that are convertible into stocks;

vi. It is necessary for the company to safeguard its corporate value and shareholders' interests;

vii. Other circumstances permitted by laws, administrative regulations, securities regulatory rules of the place where the company's stock is listed, etc.

(3) Share transfer

The shares of the company shall be transferred in accordance with the law. All transfers of H shares shall be made by a written instrument of transfer in the usual or common form or any other form acceptable to the board of directors (including the standard transfer form or transfer form prescribed by the Hong Kong Stock Exchange from time to time); and such instrument of transfer may only be executed by handwriting or affixed with the valid seal of the company (if the transferor

or transferee is the company). If the transferor or transferee is a recognized clearing house (hereinafter referred to as "recognized clearing house") or its agent as defined in the relevant regulations in force from time to time under the laws of Hong Kong, the instrument of transfer may be signed by handwriting or machine printing. All instruments of transfer shall be kept at the statutory address of the company or at such other address as the board of directors may from time to time designate.

The company does not accept its own shares as the subject matter of a pledge.

Shares issued by a company prior to its public offering shall not be transferred within one year from the date its shares are listed and traded on a stock exchange.

Company directors and senior management personnel shall declare to the company the shares (including preferred shares) they hold in the company and any changes to their holdings. During their term of office determined at the time of appointment, the number of shares transferred each year shall not exceed 25% of the total number of shares of the same category they hold in the company. The shares they hold in the company shall not be transferred within one year from the date the company's stock is listed and traded. Within half a year after leaving their positions, the aforementioned personnel shall not transfer the shares they hold in the company.

If the securities regulatory rules of the place where the company's stock is [**REDACTED**] stipulate otherwise regarding the restrictions on the transfer of the company's shares, such provisions shall prevail.

4. Shareholders and shareholders' meeting

(1) General provisions for shareholders

The company establishes the register of shareholders based on the vouchers provided by the securities registration and clearing institution. The register of shareholders serves as sufficient evidence to prove that shareholders hold shares in the company. The original register of H-share shareholders is stored in Hong Kong for shareholders to inspect. The company may suspend the registration procedures for shareholders in accordance with applicable laws and regulations as well as the securities regulatory rules of the place where the company's shares are listed. Shareholders enjoy rights and bear obligations according to the type of shares they hold; shareholders holding the same type of shares enjoy equal rights and bear the same obligations.

Any shareholder registered on the shareholders' register or any person requesting to have their name (or title) registered on the shareholders' register may apply to the company for a replacement share certificate if their share certificate is lost. H-share shareholders who lose their share certificates and apply for replacement may handle the matter in accordance with the laws of the place where the original H-share shareholders' register is kept, the rules of the securities exchange, or other relevant regulations.

Any change to the rights attached to a class of shares shall be subject to the approval of at least two-thirds of the voting rights held by shareholders who hold shares of the same class and have the voting rights to amend the rights of the class of shares.

(2) Controlling shareholders and actual controllers

The controlling shareholders and actual controllers of a company shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, and the provisions of the CSRC and stock exchanges, in order to safeguard the interests of listed companies.

(3) General provisions of the shareholders' meeting

The shareholders' meeting of the company is composed of all shareholders. As the company's authority, the shareholders' meeting exercises the following functions and powers according to law:

i. Elect and replace directors not assumed by employee representatives, and decide on matters relating to the remuneration of directors;

ii. Deliberate and approve the report of the board of directors;

iii. Deliberate and approve the company's profit distribution plan and loss recovery plan;

iv. Make resolutions on the increase or reduction of the company's registered capital;

v. Make resolutions on the issuance of corporate bonds;

vi. Making resolutions on the merger, division, dissolution, liquidation, or change of corporate form of the company;

vii. Amend the Articles of Association;

viii. Make resolutions on the employment and dismissal of accounting firms that undertake the company's audit business;

ix. Deliberate and approve the guarantee matters stipulated in Article 47 of this Articles of Association;

x. Deliberate matters related to the company's purchase or sale of major assets within one year that exceed 30% of the company's latest audited total assets;

xi. Deliberate and approve matters related to changing the purpose of the raised funds;

xii. Review the equity incentive plan and employee stock ownership plan;

xiii. Deliberate other matters that shall be decided by the shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the company's stocks are listed, or these Articles of Association.

Shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting is held once a year and should be convened within six months after the end of the previous fiscal year.

In any of the following circumstances, the company shall convene an extraordinary shareholders' meeting within 2 months from the date the event occurs:

i. The number of directors is less than 2/3 of the number stipulated in the Company Law or the number specified in these Articles of Association;

ii. When the company's unrecovered losses reach one-third of the total share capital;

iii. Upon request by shareholders individually or collectively holding more than 10% of the company's shares;

iv. When the board of directors deems it necessary;

v. When the audit committee proposes to convene;

vi. Other circumstances stipulated by laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the company's stock is listed, or these Articles of Association.

(4) Convening of the shareholders' meeting

The board of directors should convene the shareholders' meeting on time within the prescribed time limit.

With the consent of more than half of all independent directors, the independent directors have the right to propose to the board of directors to convene an extraordinary shareholders' meeting. For the proposal of the independent directors to convene an extraordinary shareholders' meeting, the board of directors shall, in accordance with laws, administrative regulations, securities regulatory rules of the place where the company's stock is listed, and the provisions of these Articles of Association, provide written feedback on whether to agree or disagree to convene an extraordinary shareholders' meeting within 10 days after receiving the proposal.

If the board of directors agrees to convene an extraordinary shareholders' meeting, a notice for convening the meeting will be issued within 5 days after the board of directors makes the resolution; if the board of directors does not agree to convene an extraordinary shareholders' meeting, it will state the reasons and make an announcement.

The audit committee has the right to propose to the board of directors to convene an extraordinary shareholders' meeting and shall submit the proposal in writing to the board of directors. The board of directors shall, in accordance with the provisions of laws, administrative regulations, and these Articles of Association, provide written feedback on whether to agree or disagree to convene an extraordinary shareholders' meeting within 10 days after receiving the proposal.

If the board of directors agrees to convene an extraordinary shareholders' meeting, a notice for convening the meeting will be issued within 5 days after the board of directors makes the resolution. Any changes to the original proposal in the notice shall be subject to the consent of the audit committee.

If the board of directors does not agree to convene an extraordinary shareholders' meeting, or fails to provide feedback within 10 days after receiving the proposal, it shall be deemed that the board of directors is unable or unwilling to perform its duty of convening the shareholders' meeting. The audit committee may convene and preside over the meeting on its own.

Shareholders individually or collectively holding more than 10% of the company's shares have the right to request the board of directors to convene an extraordinary shareholders' meeting and shall submit their request in writing to the board. The board of directors shall, in accordance with laws, administrative regulations, and the provisions of these Articles of Association, provide written feedback on whether or not to convene an extraordinary shareholders' meeting within 10 days after receiving the request.

If the board of directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the meeting within 5 days after the board of directors has made the resolution. Any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the board of directors does not agree to convene an extraordinary shareholders' meeting, or fails to provide feedback within 10 days after receiving the request, shareholders individually or collectively holding more than 10% of the company's shares have the right to propose to the audit committee to convene an extraordinary shareholders' meeting, and shall submit a written request to the audit committee.

If the audit committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of the meeting within 5 days of receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders.

If the audit committee fails to issue a notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the audit committee does not convene and preside over the shareholders' meeting. Shareholders who individually or jointly hold more than 10% of the company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.

(5) Proposals and notices of the shareholders' meeting

When the company holds a shareholders' meeting, the board of directors, the audit committee, and shareholders individually or jointly holding more than 1% of the company's shares have the right to submit proposals to the company.

Shareholders individually or collectively holding more than 1% of the company's shares may submit an interim proposal in writing to the convener 10 days before the shareholders' meeting is held. The interim proposal should have clear topics and specific resolutions. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal, announce the content of the interim proposal, and submit it to the shareholders' meeting for consideration, except where the interim proposal violates laws, administrative regulations, securities regulatory rules of the place where the company's stock is listed, or the company's articles of association, or does not fall within the scope of the shareholders' meeting's authority.

Except for the circumstances specified in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the shareholders' meeting or add new proposals after issuing the notice.

The shareholders' meeting shall not vote on or make resolutions on proposals that are not listed in the notice or do not comply with the provisions of these Articles of Association.

The convener will notify all shareholders in writing (including through an announcement) 20 days prior to the convening of the annual shareholders' meeting, and 15 days prior to the convening of the extraordinary shareholders' meeting. When calculating the starting period, the company excludes the day of the meeting.

(6) Convening of the shareholders' meeting

All ordinary shareholders or their proxies registered on the record date of the equity registration are entitled to attend the shareholders' meeting. They shall exercise their voting rights in accordance with relevant laws, regulations, securities regulatory rules of the place where the company's stock is listed, and these Articles of Association (unless individual shareholders are required by securities regulatory rules of the place where the company's stock is listed to abstain from voting on specific matters).

Shareholders may attend the shareholders' meeting in person, or they may appoint an agent to attend, speak, and vote on their behalf. The agent does not need to be a shareholder of the company.

The shareholders' meeting shall be presided over by the chairman of the board. If the chairman is unable to perform his duties or fails to perform his duties, a director jointly recommended by a majority of the directors shall preside over the meeting.

The shareholders' meeting convened by the audit committee shall be presided over by the convener of the audit committee. If the convener of the audit committee is unable to perform his/her duties or fails to perform his/her duties, a member of the audit committee jointly recommended by more than half of the audit committee members shall preside over the meeting.

A shareholders' meeting convened by shareholders themselves shall be presided over by the convener or a representative elected by the convener.

When convening a shareholders' meeting, if the meeting chairperson violates the rules of procedure, making it impossible for the shareholders' meeting to continue, with the consent of more than half of the shareholders present who have voting rights, the shareholders' meeting may elect a new person to serve as the meeting chairperson and continue the meeting.

The shareholders' meeting shall have meeting minutes, which shall be in the charge of the secretary of the board of directors. The meeting minutes shall record the following contents:

i. Time, location, agenda, and name or title of the convener of the meeting;

ii. The name of the meeting chairperson, as well as the directors and senior management personnel who attended or were present at the meeting;

iii. The number of shareholders and agents attending the meeting, the total number of voting shares held, and their proportion in the total number of shares of the company;

iv. The deliberation process, key points of speeches, and voting results for each proposal;

v. Shareholders' inquiries or suggestions, as well as corresponding replies or explanations;

vi. The names of the lawyers, vote counters, and scrutineers;

vii. Other contents that shall be included in the meeting minutes as stipulated in these Articles of Association.

(7) Voting and resolutions of the shareholders' meeting

The resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution passed by the shareholders' meeting shall be approved by more than half of the voting rights held by the shareholders attending the meeting.

A special resolution passed by the shareholders' meeting shall require the approval of more than two-thirds of the voting rights held by the shareholders attending the meeting.

The following matters shall be passed by the shareholders' meeting through ordinary resolutions:

i. Work report of the board of directors;

ii. Profit distribution plans and loss recovery plans drafted by the board of directors;

iii. Appointment and dismissal of board members, as well as their remuneration and payment methods;

iv. Other matters except those that shall be passed by special resolution as stipulated by laws, administrative regulations, securities regulatory rules of the place where the company's stock is listed, or as stipulated in these Articles of Association.

The following matters shall be approved by the shareholders' meeting through a special resolution:

i. Increase or decrease of the company's registered capital;

ii. Division, spin-off, merger, dissolution, and liquidation of the company;

iii. Modification of these Articles of Association;

iv. The amount of significant assets purchased or sold by the company, or guarantees provided to others, within one year exceeds 30% of the company's latest audited total assets;

v. Equity incentive plan;

vi. Other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the company's stock is listed, or these Articles of Association, as well as matters that the shareholders' meeting deems, through an ordinary resolution, to have a significant impact on the company and require a special resolution for approval.

5. Directors and Board of Directors

(1) General provisions for directors

Company directors may include executive directors, non-executive directors, and independent directors. Non-executive directors refer to directors who do not hold management positions in the company. If a company director is a natural person, they cannot serve as a director of the company in any of the following circumstances:

i. Having no civil capacity or limited civil capacity;

ii. Those who have been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the socialist market economic order, or who have been deprived of political rights due to a crime, and the execution period has not exceeded five years, or who have been granted probation and the probation period has not exceeded two years from the date of expiration;

iii. Having served as a director, factory director, or manager of a company or enterprise that went bankrupt and was liquidated, and being personally responsible for the bankruptcy of the company or enterprise, where less than 3 years have elapsed since the completion of the bankruptcy and liquidation of the company or enterprise;

iv. Having served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to close down due to illegal activities, and being personally responsible for such revocation or closure, and the period since the revocation or closure of the company or enterprise has not exceeded 3 years;

v. An individual who has a relatively large amount of debt that has not been paid off upon maturity and has been listed as a dishonest and defaulting party by the people's court;

vi. Those who have been punished by the CSRC with a ban on entering the securities market, and the period of prohibition has not expired;

vii. Those who have been publicly identified by the stock exchange as unsuitable to serve as directors or senior management personnel of listed companies, and the period has not expired;

viii. Other contents stipulated by laws, administrative regulations, securities regulatory rules of the place where the company's stock is listed, or departmental regulations.

If directors are elected or appointed in violation of this provision, such election, appointment, or employment shall be invalid. If any of the circumstances specified in this provision occurs to a director during his term of office, the company shall remove him from his position and cease his performance of duties.

(2) Board of directors

The company establishes a board of directors, consisting of 10 directors, which can be divided into executive directors, non-executive directors, and independent non-executive directors. Among them, there is one director who is a representative of the employees and four independent directors. The company has one chairman, who is elected by the board of directors with the support of more than half of all directors. Except for the re-election required upon the expiration of the term, the number of directors re-elected and replaced each year shall not exceed one-third of the total number of directors on the board.

The board of directors exercises the following functions and powers:

i. Convene the shareholders' meeting and report work to the shareholders' meeting;

ii. Implement the resolutions of the shareholders' meeting;

iii. Determine the company's business plans and investment strategies;

iv. Formulate the company's profit distribution plan and loss recovery plan;

v. Formulate plans for the company to increase or decrease its registered capital, issue bonds or other securities, and go public;

vi. Formulate plans for major acquisitions, acquisition of the company's own shares, or mergers, divisions, dissolutions, and changes in the company's form;

vii. Within the scope authorized by the shareholders' meeting, decide on matters such as the company's foreign investment, acquisition and sale of assets, asset pledge, external guarantees, entrusted financial management, related party transactions, and external donations;

viii. Decide on the establishment of the company's internal management structure;

ix. Decide on the appointment or dismissal of the company's president, secretary of the board, and other senior management personnel, and decide on their remuneration and reward and punishment matters; based on the nomination of the president, appoint or dismiss the company's vice president, chief financial officer, and other senior management personnel, and decide on their remuneration and reward and punishment matters;

x. Formulate the basic management system of the company;

xi. Formulate the amendment plan for these Articles of Association;

xii. Managing the company's information disclosure matters;

xiii. Submit a proposal to the shareholders' meeting to hire or replace the accounting firm auditing the company;

xiv. Listen to the work report of the company's president and inspect the president's work;

xv. Other functions and powers granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the company's stock is listed, or these Articles of Association, or the shareholders' meeting;

Matters that exceed the scope authorized by the shareholders' meeting shall be submitted to the shareholders' meeting for deliberation.

(3) Independent director

Independent directors shall conscientiously fulfill their duties in accordance with laws, administrative regulations, securities regulatory rules of the place where the company's stock is listed, and the provisions of these Articles of Association. They shall play a role in participating in decision-making, exercising supervision and checks and balances, and providing professional advice within the board of directors, safeguarding the overall interests of the company, and protecting the legitimate rights and interests of minority shareholders. The company shall appoint appropriate personnel to serve as independent directors in accordance with relevant laws and regulations, including at least one accounting professional with a senior professional title or certified public accountant qualification.

As members of the board of directors, independent directors bear the obligations of loyalty and diligence towards the company and all shareholders, and shall prudently perform the following duties:

i. Participate in board decision-making and express clear opinions on the matters discussed;

ii. Supervise potential major conflicts of interest between the company and its controlling shareholders, actual controllers, directors, and senior management personnel, and protect the legitimate rights and interests of minority shareholders;

iii. Provide professional and objective advice on the company's business development, and promote the improvement of the board's decision-making level;

iv. Other responsibilities stipulated by laws, administrative regulations, regulations of the CSRC, securities regulatory rules of the place where the company's stock is listed, and these Articles of Association.

(4) Special committee of the board of directors

The company's board of directors establishes an audit committee to exercise the powers of the board of supervisors as stipulated in the Company Law and other powers as stipulated by the regulatory rules of the place where the company's stock is listed.

The board of directors of the company establishes strategic and ESG committees, nomination, compensation, and assessment committees, and other specialized committees, which perform their duties in accordance with these Articles of Association and the authorization of the board of directors. Proposals from the specialized committees shall be submitted to the board of directors for review and decision. The working procedures of the specialized committees are formulated by the board of directors.

6. Senior management personnel

The company shall have one president, who shall be appointed or dismissed by the board of directors.

The company has four vice presidents, who are appointed or dismissed by the board of directors.

The president is responsible to the board of directors and exercises the following functions and powers:

i. Preside over the company's production, operation, and management work, organize the implementation of board resolutions, and report work to the board of directors;

ii. Organize the implementation of the company's annual business plans and investment schemes;

iii. Formulate the plan for the establishment of the company's internal management structure;

iv. Formulate the basic management system of the company;

v. Formulate specific regulations for the company;

vi. To propose to the board of directors the appointment or dismissal of the vice president and chief financial officer of the company;

vii. Decide on the appointment or dismissal of management personnel other than those who shall be appointed or dismissed by the board of directors;

viii. Other functions and powers granted by these Articles of Association or the board of directors.

The president attends the board meeting.

If senior management personnel perform their duties in a way that causes harm to others, the company will bear the liability for compensation; if senior management personnel are found to have committed intentional misconduct or gross negligence, they shall also bear the liability for compensation.

Senior management personnel of the company shall faithfully perform their duties and safeguard the best interests of the company and all shareholders.

If senior management personnel of a company fail to perform their duties faithfully or violate their fiduciary duties, causing harm to the interests of the company and public shareholders, they shall bear the liability for compensation in accordance with the law.

7. Financial accounting system, profit distribution, and auditing

(1) Financial accounting system

The company shall formulate its financial and accounting system in accordance with laws, administrative regulations, and the provisions of relevant departments of the state.

When distributing its after-tax profits for the current year, a company shall allocate 10% of the profits to its statutory common reserve fund. If the cumulative amount of the company's statutory common reserve fund exceeds 50% of its registered capital, no further allocation is required.

If the company's statutory common reserve fund is insufficient to cover losses from previous years, the profits of the current year shall be used to cover the losses before the statutory common reserve fund is withdrawn in accordance with the provisions of the preceding paragraph.

After the company has allocated funds to the statutory common reserve fund from its after-tax profits, it may, upon a resolution passed by the shareholders' meeting, further allocate funds to the discretionary common reserve fund from the same after-tax profits.

The remaining after-tax profits after the company has covered its losses and allocated the provident fund shall be distributed according to the proportion of shares held by the shareholders, except where these Articles of Association stipulates otherwise.

If the shareholders' meeting violates the Company Law, the shareholders shall return the profits distributed in violation of the regulations to the company; if such violation causes losses to the company, the shareholders and the responsible directors and senior management personnel shall bear the liability for compensation.

The shares of the company held by the company itself will not participate in profit distribution.

The company must appoint one or more receiving agents in Hong Kong for H-share holders. The receiving agent(s) shall collect and hold the dividends and other payables allocated by the company in respect of the H shares on behalf of the relevant H-share holders, pending payment to such H-share holders. The receiving agent(s) appointed by the company shall comply with the requirements of laws and regulations as well as the securities regulatory rules of the place where the company's shares are listed.

(2) Internal audit

The company implements an internal audit system, which clarifies the leadership structure, responsibilities and authorities, staffing, funding support, utilization of audit results, and accountability for internal audit work.

The internal audit system of the company shall be implemented upon approval by the board of directors and disclosed to the public.

(3) Appointment of accounting firm

The company employs an accounting firm that complies with the provisions of the Securities Law to conduct audits of accounting statements, verification of net assets, and other related consulting services. The employment period is one year, with the possibility of renewal.

The appointment and dismissal of accounting firms by the company must be decided by the shareholders' meeting. The board of directors shall not appoint an accounting firm before the shareholders' meeting makes a decision.

The company guarantees to provide the accounting firm it hires with authentic and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse to provide them, conceal them, or make false reports.

When the company dismisses or does not renew the appointment of an accounting firm, it shall notify the accounting firm 30 days in advance. When the shareholders' meeting of the company votes on the dismissal of the accounting firm, the accounting firm is allowed to present its opinions.

If an accounting firm proposes to resign, it shall explain to the shareholders' meeting whether there are any improper circumstances in the company.

8. Notices and Announcements

(1) Notice

The company's notice is issued in the following form:

i. Sent by a designated person;

ii. Sent via email;

iii. Through announcement (including on the designated website and the company's website in the manner specified by the stock exchange where the company's stock is listed);

iv. Other forms recognized by relevant regulatory authorities in the place where the company's stock is listed, or as stipulated in these Articles of Association.

(2) Announcement

The company designates at least one newspaper from the Securities Times, China Securities Journal, Shanghai Securities News, and Securities Daily as the designated newspaper for publishing company announcements and other information that needs to be disclosed.

The company designates CNINFO (**www.cninfo.com.cn**) and the Hong Kong Stock Exchange's HKEXnews website (**www.hkexnews.hk**) as the websites for publishing company announcements and other information that needs to be disclosed.

9. Merger, division, capital increase, capital reduction, dissolution, and liquidation

(1) Merger, division, capital increase, and capital reduction

Company mergers can be conducted through either merger by absorption or merger by new establishment.

When one company absorbs another company, it is called a merger by absorption, and the absorbed company is dissolved. When two or more companies merge to establish a new company, it is called a consolidation, and all parties involved in the merger are dissolved.

Where the payment for the merger of a company does not exceed 10% of the net assets of the company, a resolution of the shareholders' meeting may not be required, unless otherwise provided for in these Articles of Association.

If the company intends to merge in accordance with the preceding paragraph without a resolution of the shareholders' meeting, it shall obtain a resolution of the board of directors.

For the merger of companies, the parties to the merger shall sign a merger agreement and prepare a balance sheet and an inventory of property. The company shall notify creditors within 10 days from the date of making the merger resolution, and make an announcement on the company's designated newspaper or on the National Enterprise Credit Information Publicity System within 30

days. Creditors may, within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice, require the company to pay off its debts or provide corresponding guarantees.

When companies merge, the claims and debts of the merging parties shall be inherited by the surviving company or the newly established company after the merger.

When a company undergoes a division, its assets are divided accordingly.

In the event of a corporate division, a balance sheet and an inventory of property shall be prepared. The company shall notify creditors within 10 days from the date of making the division resolution, and shall make an announcement on the company's designated newspaper or on the National Enterprise Credit Information Publicity System within 30 days.

The companies after the division shall bear joint and several liability for the debts of the company before the division, unless otherwise agreed upon in a written agreement reached between the company and its creditors regarding debt settlement before the division.

When reducing its registered capital, the company shall prepare a balance sheet and an inventory of property.

The company shall notify creditors within 10 days from the date the shareholders' meeting makes a resolution to reduce the registered capital, and shall make an announcement on the company's designated newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Creditors have the right to demand that the company pay off its debts or provide corresponding guarantees within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they did not receive the notice.

When a company reduces its registered capital, the amount of capital contributions or shares held by shareholders shall be reduced accordingly in proportion to their shareholdings, except where otherwise provided by law or these Articles of Association.

If, after making up for losses in accordance with the provisions of Paragraph 2 of Article 158 of these Articles of Association, the company still has losses, it may reduce its registered capital to make up for the losses. In the event of reducing registered capital to make up for losses, the company shall not distribute to shareholders, nor shall it exempt shareholders from their obligation to pay capital contributions or share proceeds.

Where the registered capital is reduced in accordance with the preceding paragraph, the provisions of Paragraph 2 of Article 183 of these Articles of Association shall not apply, but an announcement shall be made in a newspaper or on the National Enterprise Credit Information Publicity System within thirty days from the date on which the shareholders' meeting adopts the resolution to reduce the registered capital.

After the company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the cumulative amount of statutory common reserve fund and discretionary common reserve fund reaches 50% of the company's registered capital.

If the registered capital is reduced in violation of the Company Law and other relevant regulations, shareholders shall return the funds they have received, and those who have reduced or waived their capital contributions shall restore the original state; if losses are caused to the company, the shareholders and the responsible directors and senior management personnel shall bear the liability for compensation.

When the company issues new shares to increase its registered capital, shareholders do not have a preemptive right, unless otherwise provided for in these Articles of Association or decided by a resolution of the shareholders' meeting.

In the event of a merger or division of a company, where there is a change in registered items, the company shall go through the change registration with the company registration authority in accordance with the law; where the company is dissolved, it shall go through the company deregistration in accordance with the law; where a new company is established, it shall go through the company establishment registration in accordance with the law.

When a company increases or reduces its registered capital, it shall go through the change registration procedures with the company registration authority in accordance with the law.

(2) Dissolution and liquidation

The company is dissolved for the following reasons:

i. The business term specified in these Articles of Association expires or other reasons for dissolution specified in these Articles of Association occur;

ii. The shareholders' meeting resolves to dissolve the company;

iii. Dissolution is required due to the merger or division of the company;

iv. Its business license is revoked, or it is ordered to close down or is dissolved in accordance with the law;

v. If the company encounters serious difficulties in its operation and management, and continuing to exist would cause significant losses to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholders holding more than 10% of the total voting rights of the company may petition the people's court for the dissolution of the company.

If a company encounters any of the reasons for dissolution specified in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

If the company falls under the circumstances specified in Item (i) of Article 189 of these Articles of Association, and has not yet distributed property to its shareholders, it may continue to exist by amending these Articles of Association or through a resolution passed by the shareholders' meeting.

Any amendment to these Articles of Association or resolution made by the shareholders' meeting in accordance with the preceding paragraph shall be passed by more than two-thirds of the voting rights held by the shareholders attending the shareholders' meeting.

If the company is dissolved due to the provisions in items (i), (ii), (iv), and (v) of Article 189 of these Articles of Association, it shall proceed with liquidation. The directors are obligated to liquidate the company and shall form a liquidation team within 15 days from the date the cause for dissolution arises. The liquidation team shall consist of directors. If the liquidation team is not formed within the prescribed time limit, creditors may apply to the people's court to designate relevant personnel to form a liquidation team for liquidation.

The liquidation team shall exercise the following functions and powers during the liquidation period:

i. Liquidate the company's assets and prepare a balance sheet and an inventory of assets separately;

ii. Notify and announce to creditors;

iii. Handling and settling the company's unfinished business related to liquidation;

iv. Pay off all outstanding taxes and taxes incurred during the liquidation process;

v. Clearing up claims and debts;

vi. Dispose of the remaining assets after the company has paid off its debts;

vii. Represent the company in civil litigation activities.

The liquidation team shall notify creditors within 10 days from the date of its establishment and make an announcement on the newspaper designated by the company within 60 days. Creditors shall declare their claims to the liquidation team within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they did not receive the notice.

When declaring their claims, creditors shall specify the relevant details of the claims and provide supporting materials. The liquidation team shall register the claims.

During the period of declaring creditor's rights, the liquidation team shall not pay off the creditors.

After liquidating the company's assets and preparing the balance sheet and inventory of property, the liquidation team shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

After paying liquidation expenses, wages of employees, social insurance premiums, statutory compensation, outstanding taxes, and company debts, the remaining company property shall be distributed according to the proportion of shares held by shareholders.

During the liquidation period, the company remains in existence but cannot engage in any business activities unrelated to the liquidation. The company's assets will not be distributed to shareholders until they have been liquidated in accordance with the provisions of the preceding paragraph.

After liquidating the company's assets and preparing the balance sheet and inventory of property, if the liquidation team finds that the company's assets are insufficient to pay off its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law.

After the people's court accepts the bankruptcy application, the liquidation team shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court.

After the liquidation of the company is completed, the liquidation team shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and then submit it to the company registration authority to apply for cancellation of the company's registration.

The liquidation team shall perform its liquidation duties and bear the obligations of fidelity and diligence.

If a member of the liquidation team is negligent in performing their liquidation duties, resulting in losses to the company, they shall bear the liability for compensation; if they intentionally or due to gross negligence cause losses to creditors, they shall also bear the liability for compensation.

If a company is legally declared bankrupt, it shall proceed with bankruptcy liquidation in accordance with the relevant laws on corporate bankruptcy.

10. Amend the charter

In any of the following circumstances, the company will amend its Articles of Association:

i. After the amendment of the Company Law or relevant laws, administrative regulations, and securities regulatory rules of the place where the company's stock is listed, the matters stipulated in the Articles of Association conflict with the amended laws, administrative regulations, and securities regulatory rules of the place where the company's stock is listed;

ii. The situation of the company has changed, which is inconsistent with the matters recorded in the Articles of Association;

iii. The shareholders' meeting decides to amend the Articles of Association.

11. Dispute Resolution and Applicable Law

Disputes and claims arising between foreign shareholders and the company, between foreign shareholders and directors, presidents, or other senior management personnel of the company, and between foreign shareholders and domestic shareholders, based on the rights and obligations stipulated in the company's Articles of Association and relevant laws and regulations, and related to company affairs, shall be governed by the laws and regulations of the People's Republic of China.

The disputes and claims mentioned in the preceding paragraph shall be resolved through friendly negotiation between the disputing parties or multiple parties. Alternatively, the parties may apply to an arbitration institution for arbitration, or bring a lawsuit to the people's court where the company is located.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation

Our predecessor, Hailiang Group Zhuji Panguan Co., Ltd. (海亮集團諸暨盤管有限公司), was founded in August 2000 and converted into a joint stock company with limited liability under the name of ZHE JIANG HAI LIANG CO., LTD. (浙江海亮股份有限公司) in October 2001, with a registered capital of RMB106,318,000 divided into 106,318,000 Shares of a nominal value of RMB1.00 each. In January 2008, the A Shares of our Company were listed on the Shenzhen Stock Exchange (stock code: 002203). As of the Latest Practicable Date, the total issued share capital of the our was RMB2,291,755,274.

Our registered office is at Industrial Zone, Diankou Town, Zhuji City, Shaoxing, Zhejiang Province, PRC and our principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong and have been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on December 31, 2025. Mr. CHOW Tsz Ho has been appointed as our authorized representative for the acceptance of services of process and notices on behalf of our Company in Hong Kong. Our address for acceptance of service of process in Hong Kong is the same as the address of our principal place of business in Hong Kong.

As we are incorporated in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix III — Summary of the Articles of Association". A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" of this document and Appendix III to this document.

Changes in the Share Capital of our Company

Save as disclosed below and in the section headed "History, Development and Corporate Structure", there has been no other alteration in our total issued share capital within the two years immediately preceding the date of this document.

Pursuant to Convertible Bonds issued by our Company and listed on the Shenzhen Stock Exchange in November 2019 (bond code: 128081), the period for conversion by way of our Company issuing new A Shares commenced on November 21, 2019 and ended on November 21, 2025. See "History, Development and Corporate Structure — Corporate Development — Issuance of Convertible Bonds, Conversion and Redemption" for details.

Between April 1, 2023 to March 31, 2024, a total of 11,857,963 A Shares were issued pursuant to the conversion of the Convertible Bonds and our Company's registered share capital was increased from RMB1,986,461,619 to RMB1,998,319,582.

Between April 1, 2024 to June 30, 2025, a total of 2,810,355 A Shares were issued pursuant to the conversion of the Convertible Bonds and our Company's registered share capital was increased from RMB1,998,319,582 to RMB2,001,129,937.

Between July 1, 2025 to September 26, 2025, a total of 290,625,337 A Shares were issued pursuant to the conversion of the Convertible Bonds and our Company's registered share capital was increased from RMB2,001,129,937 to RMB2,291,755,274.

Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries as of the Latest Practicable Date are set forth in the Accountants' Report in Appendix I to this document.

The following subsidiaries of the Company were incorporated within two years immediately preceding the date of this document:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
Zhejiang Hailiang Precision Technology Co., Ltd. (浙江海亮精密科技有限公司)	PRC	November 10, 2025
Zhejiang Hailiang New Energy Materials Co., Ltd. (浙江海亮新能源材料有限公司)	PRC	April 16, 2026
HAILIANG METAL ITALY S.R.L.	Italy	December 24, 2025

On March 31, 2026, the registered share capital of Gansu Hailiang Innovation Technology Development Co., Ltd. (甘肅海亮創新科技發展有限責任公司) was increased from RMB2,000,000 to RMB5,000,000.

Save as set out above, there have been no changes in the share capital of our Subsidiaries during the two years immediately preceding the date of this document.

Resolutions of our Shareholders

On January 26, 2026, the Shareholders of our Company passed, among other things, the following resolutions:

(a) the [**REDACTED**] by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares be [**REDACTED**] on the Hong Kong Stock Exchange;

(b) the number of H shares to be [**REDACTED**] before the exercise of the [**REDACTED**] shall be no more than [**REDACTED**]% of the total issued share capital of our Company as enlarged by the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the initial number of H Shares to be [**REDACTED**] pursuant to the [**REDACTED**];

(c) authorization of the Board or its authorized individual to handle matters relating to, among other things, the [**REDACTED**], the [**REDACTED**] and the [**REDACTED**] of H Shares on the Hong Kong Stock Exchange; and

(d) subject to the completion of the [**REDACTED**], the conditional adoption of the revised Articles of Association, which shall become effective on the [**REDACTED**].

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Our Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this document which are or may be material, and a copy of each has been published on the Exchange's website and our Company's own website:

(a) [**REDACTED**].

Intellectual Property Rights

Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent Name	Patent owner	Place of registration	Patent number	Application Date	Expiration Date
1. .	Annealing System for Copper Tubes	Our Company	PRC	ZL202310759889.0	June 26, 2023	June 26, 2043
2. .	Wire Billet Butt Welding Method	Our Company	PRC	ZL202310246464.X	March 9, 2023	March 9, 2043
3. .	Extrusion Press	Our Company	PRC	ZL202211677965.5	December 26, 2022	December 26, 2042
4. .	Extrusion Press with Automatic Mold Removal	Our Company	PRC	ZL202211677815.4	December 26, 2022	December 26, 2042
5. .	Extrusion Press with Automatic Mold Replacement	Our Company	PRC	ZL202211677811.6	December 26, 2022	December 26, 2042
6. .	Extrusion Mold Scrap Separation Device and Extrusion Press	Our Company	PRC	ZL202211677776.8	December 26, 2022	December 26, 2042
7. .	Extrusion Press with Automatic Scrap Removal	Our Company	PRC	ZL202211677315.0	December 26, 2022	December 26, 2042
8. .	Fatigue-Resistant Copper Alloy and Preparation Method	Our Company	PRC	ZL202211649209.1	December 21, 2022	December 21, 2042
9. .	High-Efficiency Pipe Fitting Production Equipment	Our Company	PRC	ZL202210645105.7	June 8, 2022	June 8, 2042
10. .	Press Fitting Heating and Forming Grooving Machine	Our Company	PRC	ZL202210324038.9	March 29, 2022	March 29, 2042
11. .	Automatic Cap-Fitting and Pipe Packaging Device	Our Company	PRC	ZL202111597812.5	December 24, 2021	December 24, 2041
12. .	Integrated Production Equipment for Union Fittings	Our Company	PRC	ZL202110891579.5	August 4, 2021	August 4, 2041
13. .	Automated Tin-Coating Machine for Pipe Fittings	Our Company	PRC	ZL202110748576.6	July 2, 2021	July 2, 2041
14. .	Automated Tin-Coating Device Based on Tin Wire	Our Company	PRC	ZL202110748549.9	July 2, 2021	July 2, 2041
15. .	Four-Tooth Special-Shaped Pipe Drawing Process	Our Company	PRC	ZL202011623731.3	December 31, 2020	December 31, 2040
16. .	Fully Automatic Melting-Furnace Feeding Trolley	Our Company	PRC	ZL202011578777.8	December 28, 2020	December 28, 2040
17. .	Ultra-Long Copper Tube Automatic Drawing Unit	Our Company	PRC	ZL202011328086.2	November 24, 2020	November 24, 2040
18. .	Automatic O-Ring Assembly Mechanism	Our Company	PRC	ZL202011100405.4	October 15, 2020	October 15, 2040
19. .	Press-Fitting Seal Ring Production Line	Our Company	PRC	ZL202011100400.1	October 15, 2020	October 15, 2040
20. .	Dual-Channel Triple-Spindle CNC Machine Tool	Our Company	PRC	ZL202011088621.1	October 13, 2020	October 13, 2040
21. .	Automatic Coil Unwinding and Feeding Mechanism	Our Company	PRC	ZL202010972909.9	September 16, 2020	September 16, 2040
22. .	Array-Type Magnetic Suction Pallet Lifter	Our Company	PRC	ZL202010668762.4	July 13, 2020	July 13, 2040
23. .	Magnetic Suction Pallet Lifter	Our Company	PRC	ZL202010668315.9	July 13, 2020	July 13, 2040
24. .	Automatic Scanning Device for Inkjet Printer	Our Company	PRC	ZL201911374665.8	December 27, 2019	December 27, 2039
25. .	Heat-Exchange Coefficient Measuring Device	Our Company	PRC	ZL201911289686.X	December 13, 2019	December 13, 2039
26. .	Improved Pipe Drawing Machine	Our Company	PRC	ZL201911206446.9	November 29, 2019	November 29, 2039
27. .	Grinding Head Machine (Practical)	Our Company	PRC	ZL201911203864.2	November 29, 2019	November 29, 2039
28. .	Grinding Head Machine	Our Company	PRC	ZL201911203842.6	November 29, 2019	November 29, 2039

No.	Patent Name	Patent owner	Place of registration	Patent number	Application Date	Expiration Date
29.	Dual-Machine Combined Copper Tube Drawing Unit	Our Company	PRC	ZL201911203826.7	November 29, 2019	November 29, 2039
30.	Pipe Drawing Unit Transfer Assembly	Our Company	PRC	ZL201911203821.4	November 29, 2019	November 29, 2039
31.	Pipe Drawing Machine and Drawing Unit	Our Company	PRC	ZL201911203787.0	November 29, 2019	November 29, 2039
32.	Cold Punch Drawing Die	Our Company	PRC	ZL201911199636.2	November 29, 2019	November 29, 2039
33.	Press-Fit Pipe Fitting Assembly & Method	Our Company	PRC	ZL201911003238.9	October 22, 2019	October 22, 2039
34.	Cold Pressing Method for Tin-Coated Copper Tubes	Our Company	PRC	ZL201910614943.6	July 9, 2019	July 9, 2039
35.	Production Method for Alloy Special-Shaped Tubes	Our Company	PRC	ZL201910614937.0	July 9, 2019	July 9, 2039
36.	Material Rack & Vacuum Annealing Furnace	Our Company	PRC	ZL201910332069.7	April 24, 2019	April 24, 2039
37.	Copper-Clad Aluminum Composite Busbar Process	Our Company	PRC	ZL201510111876.8	March 14, 2015	March 14, 2035
38.	High-Lubricity Floating Mandrel Manufacturing Method	Our Company	PRC	ZL201110228157.6	August 10, 2011	August 10, 2031
39.	Reverse Double-Action Pipe Extrusion Device & Method	Our Company	PRC	ZL201010518268.6	October 22, 2010	October 22, 2030
40.	Planetary Pipe Rolling Mill	Our Company	PRC	ZL201010224476.5	July 6, 2010	July 6, 2030
41.	High-Lubricity Floating Mandrel Assembly	Our Company	PRC	ZL201010186996.1	May 31, 2010	May 31, 2030
42.	Direct-Fired Bright Heat-Treatment Furnace	Our Company	PRC	ZL200810061558.5	May 6, 2008	May 6, 2028
43.	Automatic Copper Strip Unbundling System	Our Company/ Gansu Hailiang	PRC	ZL202111269262.4	October 29, 2021	October 29, 2041
44.	End-Plug Gun Module & Automatic Plugging System	Our Company/ Gansu Hailiang	PRC	ZL202010537541.3	June 12, 2020	June 12, 2040
45.	Automatic Plugging System	Our Company/ Gansu Hailiang	PRC	ZL202010536232.4	June 12, 2020	June 12, 2040
46.	Continuous Blowing-Refining Method for OFC Ingots	Our Company/ Gansu Hailiang	PRC	ZL200810061563.6	May 6, 2008	May 6, 2028
47.	Continuous Blowing-Refining Furnace for OFC Ingots	Our Company/ Gansu Hailiang	PRC	ZL200810061560.2	May 6, 2008	May 6, 2028
48.	Cold Drawing Equipment	Our Company/ Guangdong Hailiang	PRC	ZL202110289957.2	March 18, 2021	March 18, 2041
49.	Pipe Material Discharging Image-Detection System	Our Company/ Guangdong Hailiang	PRC	ZL202110223900.2	March 1, 2021	March 1, 2041
50.	Casting-Bowl Pushing Mechanism	Our Company/ Guangdong Hailiang	PRC	ZL201911054191.9	October 31, 2019	October 31, 2039
51.	Internal Purge Method for Copper Coil Production	Our Company/ Guangdong Hailiang	PRC	ZL201910862001.X	September 12, 2019	September 12, 2039
52.	Mold & D-Type Pipe Processing Device	Our Company/ Guangdong Hailiang	PRC	ZL201810962674.8	August 22, 2018	August 22, 2038
53.	Single-Crystal Seamless Copper Tube Equipment	Our Company/ Guangdong Hailiang	PRC	ZL201810545491.6	May 25, 2018	May 25, 2038
54.	Continuous Rolling Planetary Rolling Mill	Our Company/ Guangdong Hailiang	PRC	ZL201611184775.4	December 20, 2016	December 20, 2036
55.	Continuous Casting Mold	Our Company/ Guangdong Hailiang/ Zhejiang Keyu	PRC	ZL201810090356.7	January 30, 2018	January 30, 2038
56.	Iron-Bronze Tube Preparation Method	Our Company/ Shanghai Hailiang Copper Co., Ltd.	PRC	ZL202210456017.2	April 27, 2022	April 27, 2042

No.	Patent Name	Patent owner	Place of registration	Patent number	Application Date	Expiration Date
57.	High-Strength White Copper Capillary Preparation	Our Company/ Shanghai Hailiang Copper Co., Ltd.	PRC	ZL202111564878.4	December 20, 2021	December 20, 2041
58.	B10 White Copper Production Process	Our Company/ Shanghai Hailiang Copper Co., Ltd.	PRC	ZL201910880237.6	September 18, 2019	September 18, 2039
59.	Horizontal Copper Casting De-Iron Method	Our Company/ Shanghai Hailiang Copper Co., Ltd.	PRC	ZL201910648369.6	July 18, 2019	July 18, 2039
60.	Mosquito-Coil Tube End Flattening Machine	Our Company/ Shanghai Hailiang Copper Co., Ltd.	PRC	ZL201810746337.5	July 9, 2018	July 9, 2038
61.	Local Dual-Alloy Aluminum Profile Processing Method	Our Company/ Zhejiang Hailiang New Materials Co., Ltd.	PRC	ZL201810674325.6	June 27, 2018	June 27, 2038
62.	Local Dual-Alloy Aluminum Profile Equipment	Our Company/ Zhejiang Hailiang New Materials Co., Ltd.	PRC	ZL201810674324.1	June 27, 2018	June 27, 2038
63.	Copper Recovery from Furnace Ash	Our Company/ Guangdong Hailiang/ Zhejiang Keyu	PRC	ZL202111637362.8	December 29, 2021	December 29, 2041
64.	Zinc Ingot Breaking Device	Our Company/ Guangdong Hailiang/ Zhejiang Keyu	PRC	ZL202011591800.7	December 29, 2020	December 29, 2040
65.	Reversible Drawing-Machine Output Lifter	Our Company/ Guangdong Hailiang/ Zhejiang Keyu	PRC	ZL201510785206.4	November 16, 2015	November 16, 2035
66.	Rotating Tray Drawing-Machine Feeding Mechanism	Our Company/ Guangdong Hailiang/ Zhejiang Keyu	PRC	ZL201510784393.4	November 16, 2015	November 16, 2035
67.	Copper Rod Discharging Machine	Our Company/ Guangdong Hailiang/ Zhejiang Keyu	PRC	ZL201410717449.X	December 1, 2014	December 1, 2034
68.	Coil Support Base & Splitting Device	Our Company/ Zhejiang Shuoshi Machinery Co., Ltd.	PRC	ZL202011016380.X	September 24, 2020	September 24, 2040
69.	Recycled-Copper OFC Tube Preparation Method	Our Company/Zhejiang Research Institute	PRC	ZL202411806731.5	December 10, 2024	December 10, 2044
70.	Offset Guide Mechanism for V-Coil Drawing	Our Company/Zhejiang Research Institute	PRC	ZL202111074572.0	September 14, 2021	September 14, 2041
71.	Drawing-Unit Traction Mechanism	Our Company/Zhejiang Research Institute	PRC	ZL202111073686.3	September 14, 2021	September 14, 2041
72.	Rigid Pipe Large-Coil Coiling Unit	Our Company/Zhejiang Research Institute	PRC	ZL202110792365.2	July 14, 2021	July 14, 2041
73.	V-Coil Drawing Machine	Our Company/Zhejiang Research Institute	PRC	ZL202110772534.6	July 8, 2021	July 8, 2041
74.	Caterpillar-Type Drawing Unit	Our Company/Zhejiang Research Institute	PRC	ZL201910739755.6	August 12, 2019	August 12, 2039
75.	Feeding Mechanism for Marking Machine	Our Company/Zhejiang Research Institute	PRC	ZL201810878719.3	August 3, 2018	August 3, 2038

No.	Patent Name	Patent owner	Place of registration	Patent number	Application Date	Expiration Date
76. .	Copper Strip Punching Machine	Our Company/Zhejiang Research Institute	PRC	ZL201410781933.9	December 16, 2014	December 16, 2034
77. .	Copper Tube Roll-Grooving Machine	Our Company/Zhejiang Research Institute	PRC	ZL201410781046.1	December 16, 2014	December 16, 2034
78. .	Insulation Pipe Inserter	Our Company/Zhejiang Research Institute	PRC	ZL200910101486.7	August 10, 2009	August 10, 2029
79. .	Ultra-Long Copper Tube Plastic-Coating Machine	Our Company/Zhejiang Research Institute	PRC	ZL200910101485.2	August 10, 2009	August 10, 2029
80. .	Multi-Porous Double-Sided Copper Foil Manufacturing Method	Gansu Hailiang	PRC	ZL201810628949.4	June 19, 2018	June 19, 2038
81. .	Casting-Mold Surface Protection Device	Guangdong Hailiang	PRC	ZL201010560546.4	November 24, 2010	November 24, 2030
82. .	Low-Pressure Casting for Silicon Brass Faucet	Guangdong Hailiang/ South China University of Technology/Huayi Plumbing Fitting Industry Co., Ltd.	PRC	ZL201710500351.2	June 27, 2017	June 27, 2037
83. .	Lead-Free Silicon-Brass Alloy Preparation Method	Guangdong Hailiang/ South China University of Technology/Huayi Plumbing Fitting Industry Co., Ltd.	PRC	ZL201510714013.X	October 27, 2015	October 27, 2035
84 .	High-Temperature Flue Gas Recovery Apparatus for Melting Furnace	Our Company	U.S.	US18242752	September 6, 2023	September 6, 2043
85 .	Metal Melting Furnace including A Stirring Device	Our Company	U.S.	US18242253	September 5, 2023	September 5, 2043
86 .	Wire Billet Butt-Welding Apparatus	Our Company	U.S.	US18242230	September 5, 2023	September 10, 2043
87 .	Wire Billet Butt-Welding Apparatus and Wire Billet Butt-Welding Method	Our Company	U.S.	US18242191	September 5, 2023	September 5, 2043
88 .	Automatic Charging Apparatus for A Furnace	Our Company	U.S.	US18241380	September 1, 2023	September 1, 2043
89 .	Double-Acting Switch Valve	Our Company	U.S.	US18239519	August 29, 2023	August 29, 2043
90 .	Casting Furnace Featuring Submerged, Mechanical Control of Liquid Level	Our Company	U.S.	US18239234	August 29, 2023	August 29, 2043
91 .	Copper Billet Horizontal Continuous Casting Apparatus and Process with A Vertical Shaft Furnace for Smelting	Our Company	U.S.	US17700525	March 22, 2022	March 22, 2042
92 .	Brass Alloy and Method for Producing Semi-Finished Products from the Brass Alloy	HME Brass Germany GmbH	Unified Patent of the European Patent Office	EP22154005.7	January 28, 2022	January 28, 2042
93 .	Metal Melting Furnace Including A Stirring Device	Our Company	Unified Patent of the European Patent Office	EP23195441.3	September 5, 2023	September 5, 2043
94 .	Continuous Casting Mold	Our Company/ Zhejiang Keyu/Guangdong Hailiang	Japan	JP2020504328	January 25, 2019	January 25, 2039

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Trademark owner	Registration number	Expiration Date
1. . . .		PRC	Our Company	64480728	November 6, 2032
2. . . .		PRC	Our Company	64487977A	December 20, 2032
3. . . .		PRC	Our Company	64478469	November 6, 2032
4. . . .		PRC	Our Company	53611030	November 13, 2031
5. . . .		PRC	Our Company	40817050	March 13, 2031
6. . . .		PRC	Our Company	24537449	May 27, 2028
7. . . .		PRC	Our Company	24536906	September 6, 2028
8. . . .		PRC	Our Company	24537548	September 13, 2028
9. . . .		PRC	Our Company	24536714	May 27, 2028
10. . .		PRC	Our Company	24537142	May 27, 2028
11. . .		PRC	Our Company	24537005	June 27, 2028
12. . .		PRC	Our Company	24537521	June 13, 2028
13. . .		PRC	Our Company	24536875	May 27, 2028
14. . .		PRC	Our Company	24537427	December 6, 2028
15. . .		PRC	Our Company	24537534	May 27, 2028
16. . .		PRC	Our Company	24537335	May 27, 2028
17. . .		PRC	Our Company	24537201	November 20, 2028
18. . .		PRC	Our Company	24537206	June 13, 2028
19. . .		PRC	Our Company	24536683	May 27, 2028
20. . .		PRC	Our Company	5390541	June 13, 2029
21. . .		PRC	Our Company	3362208	January 27, 2035

No.	Trademark	Place of registration	Trademark owner	Registration number	Expiration Date
22. . .		PRC	Our Company	1049413	July 6, 2027
23. . .		PRC	Chengdu Bede	8361674	August 13, 2031
24. . .		PRC	Chengdu Bede	8361673	September 13, 2031
25. . .		PRC	Chengdu Bede	8361672	February 27, 2033
26. . .		PRC	Chengdu Bede	8361671	June 13, 2031
27. . .		PRC	Chengdu Bede	8361670	August 6, 2031
28. . .		PRC	Chengdu Bede	8361668	June 20, 2031
29. . .		PRC	Chengdu Bede	8361667	August 13, 2031
30. . .		PRC	Chengdu Bede	8361666	September 13, 2031
31. . .		PRC	Chengdu Bede	8361665	February 27, 2033
32. . .		PRC	Chengdu Bede	7613437	February 20, 2032
33. . .		PRC	Chengdu Bede	6287082	February 13, 2030
34. . .		PRC	Chengdu Bede	6287081	February 13, 2030
35. . .		PRC	Chengdu Bede	20814212	September 20, 2027
36. . .		PRC	Chengdu Bede	20814140	September 20, 2027
37. . .		PRC	Chengdu Bede	20642363	September 6, 2027

Copyrights

As at the Latest Practicable Date, we have registered the following copyrights which we considered to be or may be material to our business:

No.	Copyright	Copyright Owner	Registration Number	Registration Date
1. . . .	Warehouse Management System V1.0	Our Company	2022SR1607517	December 24, 2022
2. . . .	Employee Behavior Management System V1.11.5	Our Company	2022SR1607519	December 24, 2022
3. . . .	Hedging Management System V1.0	Our Company	2022SR1607518	December 24, 2022
4. . . .	Material Management System V1.0	Our Company	2022SR1604580	December 23, 2022
5. . . .	Customs Declaration Management System V1.0	Our Company	2022SR1604579	December 23, 2022
6. . . .	Bulk Commodity Risk Management Platform V1.0	Our Company	2022SR0341563	March 14, 2022
7. . . .	Hailiang Golden Tax Invoicing Platform V1.0	Our Company	2022SR0154810	January 25, 2022
8. . . .	Intelligent Crane Dispatching System V1.0	Our Company	2022SR0117145	January 18, 2022
9. . . .	Hailiang Copper Foil Capacity Management System V1.0	Gansu Hailiang	2025SR0116387	January 17, 2025
10. . .	Hailiang Copper Foil Product Traceability Management System V1.0	Gansu Hailiang	2024SR2098494	December 17, 2024
11. . .	Visual Data Entry Platform V1.0	Gansu Hailiang	2024SR2099084	December 17, 2024
12. . .	Hailiang New Materials Risk Control Digital Intelligent Service Platform V1.0	Gansu Hailiang	2024SR2098499	December 17, 2024
13. . .	Hailiang Copper Foil Yield Management System V1.0	Gansu Hailiang	2024SR2098493	December 17, 2024
14. . .	Hailiang LIMS Laboratory Management System V1.0	Gansu Hailiang	2024SR2098492	December 17, 2024
15. . .	Hailiang Copper Foil Traceability System V1.0	Gansu Hailiang	2024SR2098496	December 17, 2024
16. . .	Hailiang Copper Foil Energy Management System V1.0	Gansu Hailiang	2024SR2098495	December 17, 2024

No.	Copyright	Copyright Owner	Registration Number	Registration Date
17. . .	Hailiang Copper Foil Quality Statistical Process Control System V1.0	Gansu Hailiang	2024SR2098498	December 17, 2024
18. . .	Work Safety Dual-Prevention Mechanism Early Warning Management System V1.0	Gansu Hailiang	2024SR2091407	December 16, 2024
19. . .	Hailiang LIMS Laboratory Management System APP V1.0	Gansu Hailiang	2024SR2094660	December 16, 2024
20. . .	Hailiang Copper Foil Workshop Intelligent Inspection System V1.0	Gansu Hailiang	2024SR2094661	December 16, 2024
21. . .	Gansu Hailiang Copper Foil LMS System V1.0	Gansu Hailiang	2023SR1816537	December 29, 2023
22. . .	Manufacturing Execution System APP V1.1	Gansu Hailiang	2023SR1781488	December 27, 2023
23. . .	Production Workshop Kanban System V1.0	Gansu Hailiang	2023SR1782656	December 27, 2023
24. . .	Message Early Warning Platform V1.0	Gansu Hailiang	2023SR1779096	December 27, 2023
25. . .	Hailiang Copper Foil Handheld System V1.0	Gansu Hailiang	2023SR1782605	December 27, 2023
26. . .	Copper Busbar Extrusion Control Software V1.0	Chengdu Bede	2010SR042631	August 20, 2010
27. . .	Upward Continuous Casting Copper Rod Production Control Software V1.0	Chengdu Bede	2010SR042222	August 18, 2010
28. . .	Copper Busbar Take-up Control Software V1.0	Chengdu Bede	2010SR041886	August 17, 2010
29. . .	Copper Busbar Automatic Calibration Control Software V1.0	Chengdu Bede	2010SR041653	August 16, 2010
30. . .	Copper Rod Automatic Take-up Protection Control Software V1.0	Chengdu Bede	2010SR041652	August 16, 2010
31. . .	Copper Billet Heating Control Software V1.0	Chengdu Bede	2010SR041641	August 16, 2010
32. . .	Copper Busbar Testing Control Software V1.0	Chengdu Bede	2010SR041331	August 14, 2010

No.	Copyright	Copyright Owner	Registration Number	Registration Date
33. . .	Copper Busbar Drawing Control Software V1.0	Chengdu Bede	2010SR041332	August 14, 2010
34. . .	Hailiang WMS System V1.0	Chongqing Hailiang	2021SR1941024	November 30, 2021
35. . .	Hailiang MES System V1.0	Chongqing Hailiang	2021SR1912576	November 26, 2021

Domain Names

As of the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiration date
1.	www.hailiangstock.com	Our Company	November 27, 2026

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Service Contracts

We have entered into a contract with each of our Directors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration. Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

Remuneration of our Directors

Save as disclosed in the section headed "Directors and Senior Management" and Note 8 to "Appendix I — Accountants' Report" for the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, none of our Directors received other remunerations of benefits in kind from us.

Disclosure of Interests of Directors and Chief Executive of our Company

Save as disclosed below and in "Substantial Shareholders" of this document, immediately following completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interest and/or short position in our Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which has been taken or is deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the registrar referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follow:

Interests in our Company

Name	Position held within our Company	Nature of interest	Number and class of Shares	Approximate percentage of shareholding in the total issued Shares immediately prior to the [REDACTED]	Approximate percentage of shareholding in the total issued Shares immediately after the [REDACTED]
Mr. Feng Luming	Chairman of the Board, Executive Director and president	Beneficial owner	18,883,900 A Shares	0.82%	[**REDACTED**]%
Dr. Wang Shuguang[(1)]	Non-executive Director	Beneficial owner	3,621,383 A Shares	0.16%	[**REDACTED**]%
Mr. Wu Changming[(1)]	Executive Director and vice president	Beneficial owner	3,609,790 A Shares	0.16%	[**REDACTED**]%
Dr. He Wentian[(1)]	Executive Director	Beneficial owner	3,000,000 A Shares	0.13%	[**REDACTED**]%
Dr. Su Hao[(1)]	Executive Director	Beneficial owner	3,000,000 A Shares	0.13%	[**REDACTED**]%
Dr. Luo Chong[(1)]	Executive Director	Beneficial owner	3,009,164 A Shares	0.13%	[**REDACTED**]%

Note:

(1) Representing the Shares in which the Directors were interested under the 2021 Employee Stock Ownership Plan and 2026 Employee Stock Ownership Plan.

Disclosure of Interests of Substantial Shareholders

Interests in our Company

For information on the persons who will, immediately following the completion of the [**REDACTED**], having or be deemed or taken to have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company, see the section headed "Substantial Shareholders".

Interests of Substantial Shareholders of Other Members of Our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group:

No.	Name of Members of our Group	Name of Shareholder/Percentage of Shareholding
1	Gansu Hailiang New Energy Materials Co., Ltd. (甘肅海亮新能源材料有限公司)	Shenchuangtou Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥)) 23.36%

No.	Name of Members of our Group	Name of Shareholder/Percentage of Shareholding
2 . . .	Shandong Hailiang Aobote Copper Industry Co., Ltd. (山東海亮奧博特銅業有限公司)	China Nonferrous Mining Corporation Limited (中國有色礦業集團有限公司) 30.00%

Disclaimers

Save as disclosed in this document:

(a) none of our Directors or any of the parties listed in "— Other Information — Qualification and Consents of Experts" below is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the [**REDACTED**] and the [**REDACTED**], none of the parties listed in "— Other Information — Qualification and Consents of Experts" below:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(d) none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are [**REDACTED**] on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

A SHARE EMPLOYEE STOCK OWNERSHIP PLANS

Our Company adopted the 2021 Employee Stock Ownership Plan and the 2026 Employee Stock Ownership Plan (collectively, the "**A Share Employee Stock Ownership Plans**") in April 2021 and January 2026, respectively, which were outstanding as of the Latest Practicable Date. Given the Employee Stock Ownership Plans do not involve issue of new Shares by our Company, the terms of the Employee Stock Ownership Plans are not subject to the provisions of Chapter 17 of the Listing Rules regarding share schemes involving issue of new shares. Save as otherwise disclosed, the terms of each of the Employee Stock Ownership Plan are substantially similar and are summarized below.

(i) Participants of the schemes

The participants of the A Share Employee Stock Ownership Plans include directors, senior management and other employees of our Company as set out in the schemes.

(ii) Source of shares and participants' interest in the scheme

Our Company will repurchase the A Shares from the open market and such A Shares will be transferred to the accounts of the relevant A Share employee stock ownership plans at the purchase price as set out under each plan. Each participant of the Employee Stock Ownership Plans will be entitled to a corresponding portion of A Shares underlying the A Share Employee Stock Ownership Plans ("**Awards**").

(iii) Term of the scheme

The 2021 Employee Stock Ownership Plan is valid for a period of eight years commencing from date of the Shareholders' approval.

The 2026 Employee Stock Ownership Plan is valid for a period of 120 months commencing from date of the Shareholders' approval and the announcement of the last transfer of the relevant A Shares into the account of the 2026 Employee Stock Ownership Plans (the "**Announcement Date**"). Should the Employee Stock Ownership Plans not be extended upon its expiration, they will automatically terminate.

(iv) Administration of the scheme

The A Share Employee Stock Ownership Plans are subject to the approval of the Shareholders. Each scheme is administered by a committee (the "**ESOP Management Committee**"), the members of which are elected by the participants of the plan. The ESOP Management Committees of each plan oversee the day-to-day management of the Employee Stock Ownership Plan and exercise shareholders' rights on behalf of the participants.

(v) Performance Targets and Lock-up

Under the 2021 Employee Stock Ownership Plan, the Awards held by the participants shall be lock-up for 12 months commencing from the last transfer of the relevant A Shares into the 2021 Employee Stock Ownership Plan. After the lock-up period expires, the ESOP Management Committee will review the unlocking arrangements for participants based on their performance evaluations and other factors.

Under the 2026 Employee Stock Ownership Plan, subject to fulfillment of the performance targets at company level and participant level, the Awards held by the participants shall be lock-up for 12 months, 24 months and 36 months in the proportion of 30%, 30% and 40%, respectively, after the Announcement Date of the Company's transfer of the last tranche of underlying Shares to the account of the 2026 Employee Stock Ownership Plan. The A Shares underlying the unlocked Awards shall be sold by the Management Committee as authorized by the meetings of the participants, with the net proceeds to be distributed to the relevant participants proportionately.

(vi) Total number of shares held by the schemes

As of the Latest Practicable Date, the total number of A Shares held by the 2021 Employee Stock Ownership Plan was 5,600,044, representing approximately [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**] (assuming no changes to our issued Shares between the Latest Practicable Date and the [**REDACTED**]). The following table set forth the details of the grantees under the 2021 Stock Ownership Plans that are Directors our Company as of the Latest Practicable Date:

Name of grantee	Position in our Company	A Shares held by the scheme as of the Latest Practicable Date	Approximate percentage of issues Shares as of the Latest Practicable Date	Approximate percentage of issues Shares immediately after the [REDACTED][(1)]
2021 Stock Ownership Scheme				
Mr. Wu Changming	Executive Director and vice president	21,383	0.0009%	[**REDACTED**]%
Dr. Luo Chong	Executive Director	9,790	0.0004%	[**REDACTED**]%
Dr. Wang Shuguang	Non-executive Director	9,164	0.0004%	[**REDACTED**]%
Other participants[(2)]	/	5,559,707	0.24%	[**REDACTED**]%

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

(2) The remaining two highest paid employees during the period ended May 31, 2026 (excluding three Directors) were not grantees of the 2021 Stock Ownership Scheme.

Under the 2026 Employee Stock Ownership Plan, each participant's entitlement shall be no more than 1% of the total number of A Shares of the Company. As of the Latest Practicable Date, 70,636,089 Shares have been granted and held by under the 2026 Employee Stock Ownership Plan, representing approximately [**REDACTED**]% of the issued Shares immediately following the completion of the [**REDACTED**] (assuming no changes to our issued Shares between the Latest Practicable Date and the [**REDACTED**]). The remaining 10,000,000 Shares shall be reserved for further distribution, before which the voting right attaching to the remaining Shares shall be excluded. The following table set forth the details of the grantees under the 2026 Stock Ownership Plans that are Directors our Company as of the Latest Practicable Date:

Name of grantee	Position in our Company	A Shares held by the scheme as of the Latest Practicable Date	Approximate percentage of issues Shares as of the Latest Practicable Date	Approximate percentage of issues Shares immediately after the [REDACTED][(1)]
2026 Stock Ownership Scheme				
Dr. Wang Shuguang	Non-executive Director	3,600,000	0.16%	[**REDACTED**]%
Mr. Wu Changming	Executive Director and vice president	3,600,000	0.16%	[**REDACTED**]%
Dr. He Wentian	Executive Director	3,000,000	0.13%	[**REDACTED**]%
Dr. Su Hao	Executive Director	3,000,000	0.13%	[**REDACTED**]%
Dr. Luo Chong	Executive Director	3,000,000	0.13%	[**REDACTED**]%
Other participants[(2)]	/	54,436,089	2.38%	[**REDACTED**]%

Notes:

(1) The calculation is based on the assumption that the [**REDACTED**] is not exercised, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].

(2) The remaining two highest paid employees during the period ended May 31, 2026 (excluding three Directors) were not grantees of the 2026 Stock Ownership Scheme.

OTHER INFORMATION

Estate Duty

We have been advised that no material liability for estate duty under the PRC law is likely to fall upon our Company or any of our subsidiaries.

Litigation

So far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

Joint Sponsors

The Joint Sponsors have made an [**REDACTED**] on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and permission to [**REDACTED**], our H Shares in [**REDACTED**], our H Shares to be [**REDACTED**] pursuant to the [**REDACTED**] (including any H Shares which may fall to be [**REDACTED**] pursuant to the exercise of the [**REDACTED**]). All necessary arrangements have been made to enable the securities to be admitted into [**REDACTED**].

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, we have agreed to pay each of the Joint Sponsors a fee of US$400,000 to act as the sponsors of our Company in connection with the proposed [**REDACTED**] on the Hong Kong Stock Exchange.

Qualification and Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
GF Capital (Hong Kong) Limited	Licensed corporation to conduct Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Confucius International CPA Limited	Certified Public Accountants (Public Interest Entity Auditors registered in accordance with the Financial Reporting Council Ordinance)
Grandall Law Firm (Hangzhou)	Legal advisors to our Company as to PRC laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

Name	Qualification
PricewaterhouseCoopers Consultants (Shenzhen) Limited, Shanghai Branch . . .	Transfer pricing consultant
DLA Piper Singapore Pte. Ltd. .	Legal Advisors to our Company as to international sanction laws
Pagel, Davis & Hill, P.C.	Legal Advisors to our Company as to State of Texas law
Potomac Law Group, PLLC . . .	Legal Advisors to our Company as to State of Delaware
BrownWinick Law Firm	Legal Advisors to our Company as to State of Iowa law
Noerr Partnerschaftsgesellschaft mbB	Legal Advisors to our Company as to German law
DFDL (Thailand) Limited	Legal Advisors to our Company as to Thailand Law

Save a disclosed in this document, as of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Binding effect

This document shall have the effect, if an [**REDACTED**] is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

Compliance Advisor

We have appointed Maxa Capital Limited as our compliance advisor in compliance with Rule 3A.19 of the Listing Rules.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred material preliminary expenses.

No Material Adverse Change

The Directors confirm that there has been no material change in our financial or trading position since May 31, 2026.

Promoters

The promoters of our Company comprised all of the 36 then shareholders of our Company, as of October 29, 2001 before our conversion into a joint stock limited liability company. Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the [**REDACTED**] or the related transactions described in this document.

Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Related Party Transactions

Within the two years immediately preceding the date of this document, we have entered into the related party transactions as described in Note 43 of Appendix I to this document.

Miscellaneous

Save as disclosed in this document:

(a) within the two years preceding the date of this document: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H Shares to be [**REDACTED**], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(i) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Statutory and General Information — Other Information — Qualification and Consents of Experts" in Appendix IV to this document; and

(b) a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about Our Business — Summary of Our Material Contracts" in Appendix IV to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.hailiangstock.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report prepared by Confucius International CPA Limited, the text of which is set forth in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the [three years ended December 31, 2025 and the five months ended May 31, 2026];

(d) the report from Confucius International CPA Limited on the unaudited [**REDACTED**] financial information of our Group, the text of which is set out in Appendix II to this document;

(e) the material contracts referred to in "Statutory and General Information — Further Information about Our Business — Summary of Our Material Contracts" in Appendix IV to this document;

(f) the service contracts referred to in "Statutory and General Information — Further Information about our Directors and Substantial Shareholders — Service Contracts" in Appendix IV to this document;

(g) the written consents referred to in "Statutory and General Information — Other Information — Qualification and Consents of Experts" in Appendix IV to this document;

(h) the legal opinions issued by Grandall Law Firm (Hangzhou), our PRC Legal Advisors, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC laws;

(i) the legal opinions issued by DLA Piper Singapore Pte. Ltd., our legal advisor as to international sanction laws, in respect of certain International Sanctions matters of our Group;

(j) the legal opinions issued by Pagel, Davis & Hill, P.C., our legal advisor as to State of Texas law, in respect of certain of the Group members established in the State of Texas;

(k) the legal opinions issued by Potomac Law Group, PLLC, our legal advisor as to State of Delaware law, in respect of certain of the Group members established in the State of Delaware;

(l) the legal opinions issued by BrownWinick Law Firm, our legal advisor as to State of Iowa law, in respect of certain of the Group members established in the State of Iowa;

(m) the legal opinions issued by Noerr Partnerschaftsgesellschaft mbB, our legal advisor as to German law, in respect of certain of the Group members established in Germany;

(n) the legal opinions issued by DFDL (Thailand) Limited, our legal advisor as to Thailand law, in respect of certain of the Group members established in Thailand;

(o) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in "Industry Overview" in this document; and

(p) the PRC Company Law, PRC Securities Law and Overseas Listing Trial Measures, together with their unofficial English translations.