2024
ANNUAL REPORT

Xingye Alloy Materials Group Limited

興業合金材料集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 00505

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HU Changyuan *(Chairman)*
Mr. HU Minglie *(Chief Executive Officer)*
Mr. ZHU Wenjun

Independent Non-Executive Directors

Mr. CHAI Chaoming
Dr. LOU Dong
Ms. LU Hong

Audit Committee

Mr. CHAI Chaoming *(Chairman)*
Ms. LU Hong
Dr. LOU Dong

Remuneration Committee

Dr. LOU Dong *(Chairman)*
Ms. LU Hong
Mr. ZHU Wenjun

Nomination Committee

Mr. CHAI Chaoming *(Chairman)*
Ms. LU Hong
Dr. LOU Dong

COMPANY SECRETARY

Ms. MUI Ngar May, Joel

AUTHORISED REPRESENTATIVES

Mr. ZHU Wenjun
Ms. MUI Ngar May, Joel

PRINCIPAL LEGAL ADVISORS

Hong Kong

Zhong Lun Law Firm LLP

PRC

DeHeng Law Offices (Hangzhou)

Cayman Islands

Conyers Dill & Pearman, Cayman

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Hong Kong

Flat 11, 11/F., Hung Tai Industrial Building
37-39 Hung To Road, Kwun Tong
Kowloon, Hong Kong

PRC (Copper Processing Business)

No. 68, Jin Xi Road
Hangzhou Bay New Zone
Ningbo
Zhejiang Province
315336, PRC

PRC (Online Gaming Business)

No. 31, Jiaan Road
Shenzhen
Guangdong Province
518066, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
P.O. Box 705
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank
Bank of China

COMPANY WEBSITE

www.xingyealloy.com

STOCK CODE

505

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I would like to sincerely present the annual report of Xingye Alloy Materials Group Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 ("**2024**" or the "**reporting period**").

In 2024, despite the complex and ever-changing global macro situation, ongoing geopolitical conflicts, and slowing economic recovery, our copper processing business experienced rapid growth under the policy stimulus of the Chinese government's efforts to stabilize the economy, expand domestic demand, and focus on promotional expenses. Under the leadership of the Board, the Group focused on strategic positioning, accelerated product structure adjustment, consolidated operational management foundation, expanded the share of new and old products, eliminated outdated equipment production capacity, promoted technological transformation and upgrading, and exceeded the targets set at the beginning of 2024.

In 2024, the Group also faced severe challenges from competitors in terms of product homogenization and low price competition. The combination of high copper prices and the cancellation of export tax rebate policies for copper products by the government has weakened the profitability across the industry. In response to this situation, the Group relied on flexible pricing strategies, effective cost reduction measures, and proactive market expansion initiatives. With the steadfast leadership and unwavering support of the Board and the unremitting efforts of all employees of the Group, the Group has broken its annual production and sales record since its establishment. During the reporting period, the Group achieved a total annual sales volume of 166,401 tons.

Hereby, I am pleased to announce that the profit attributable to equity shareholders of the Company in 2024 was RMB241.2 million, and the total revenue was RMB8,053.4 million.

OUTLOOK

In 2025, with the new US government taking office, it is expected that trade frictions between China and the United States, as well as globally, will continue to escalate. Geopolitics will have a more significant impact on the global economy, and the uncertainty of global economic recovery will be great. But under the national policy stimulus of boosting economic confidence and driving consumption, the domestic economy is expected to continue or even exceed the development momentum of 2024. Facing a more severe and unknown internal and external situation, the Group has formulated a pragmatic and stable annual business strategy goal, continuously trying and innovating business models, expanding resource channels, optimizing resource allocation, and improving human resource efficiency management to increase shareholder equity in 2025. We believe that under the leadership of the Board and the hard work of all employees of the Group, the Group has the ability to cope with various pressures and challenges from both internal and external sources, steadfastly achieve the set goals, and realize the goal of becoming a world-class copper processing enterprise.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude and blessings to all shareholders, all employees, partners and all sectors of society.

HU Changyuan
Chairman

Hong Kong, 31 March 2025

OVERALL BUSINESS REVIEW

The Group's total revenue for the year ended 31 December 2024 ("**2024**") amounted to RMB8,053.4 million, representing an increase of 27.4% as compared to RMB6,323.2 million for the year ended 31 December 2023 ("**2023**"). The Group's profit attributable to the shareholders in 2024 increased by 28.7% to RMB241.2 million from RMB187.4 million in 2023. The increase in profit was mainly attributable to the rise in copper prices in 2024 and the increase in the production output and sales volume of the Group's copper products in 2024.

COPPER PROCESSING BUSINESS

Market and Industry Review

In 2024, copper prices experienced significant fluctuations, showing an initial upward trend followed by a fall as a whole. From the beginning of 2024 to May 2024, copper prices surged sharply driven by a combination of macroeconomic factors and supply-demand dynamics, including the anticipation of interest rate cuts by the US Federal Reserve and the news that domestic smelters might reduce production due to shutdowns of overseas copper mines. Moreover, the Commodity Exchange Inc. in the United States (the "**US**") witnessed a short squeeze situation in copper futures that garnered worldwide attention, and during the process copper price continuously hit record highs. However, as the short squeeze gradually faded away and high copper prices suppressed consumption, copper prices fell rapidly. Entering the second half of 2024, the US Federal Reserve cut interest rates again and the Chinese government introduced fiscal stimulus measures. With such macroeconomic factors, copper prices started to increase again. In the fourth quarter of 2024, copper prices declined under the pressure resulted from multiple factors, including potential changes in the US tariff policies, the increasingly complex path of the US Federal Reserve's interest rate cuts, and concerns about China's economic slowdown. In 2024, London copper price hit a record high of US$11,104.5 per ton and closed the year at US$8,781.5 per ton, up 2.6% year-on-year. Meanwhile, the Shanghai Future Exchange copper price reached a peak of RMB88,940 per ton and closed the year at RMB73,770 per ton, up 7.0% year-on-year.

Looking forward to 2025, the copper market faces both challenges and opportunities. Global economic divergence, increasing trade barriers and geopolitical tensions will all bring greater uncertainty to copper prices. On the supply side, there is limited room for increasing supply through global copper mines. Despite the growth of the recycled copper market, smelters suffer from a decrease in profits due to overcapacity in smelting and therefore cut their production. On the demand side, China's economic transformation and upgrading and development of new energies support the demand for copper. Meanwhile, the demand side benefits from the electric revolution, power grid construction, white goods upgrades and replacement, as well as development of new energies, which will continue to drive the growth of copper consumption.

In 2024, the global copper plates and strips industry presented a new development trend amid changes in the macroeconomic environment. From a global perspective, the rapid growth of the new energy industry served as the core driving force of copper plates and strips consumption. In particular, the continuous advancement of infrastructure construction in major countries, along with the explosive growth in sectors such as clean energy, new energy vehicles and photovoltaic power generation, has created a strong market demand for copper plates and strips. In the domestic market, the booming development of the new energy industry effectively offset the negative impact of the downturn in real estate industry and the decline of traditional industries, enabling China to maintain its leading position in the global copper consumption market. It is worth mentioning that the prosperity of emerging industries represented by artificial intelligence and robotics contributed to the soaring demands for copper-based alloy plates and strips used in high-speed copper cable connectors, thereby creating new growth opportunities for the industry. In 2024, the total production of copper processing materials in China remained stable at 20.85 million tons, of which the production of copper and copper alloy plates and strips increased slightly to more than 2.40 million tons, reflecting the resilience of the industry in a complex economic environment.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward to 2025, we expect that the copper plates and strips industry will maintain steady growth. As strategic emerging industries keep thriving, the demand for copper plates and strips is expected to maintain strong growth. It is anticipated that red copper and high-precision copper alloy plate and strip products will have wider application in the high conductivity field, while high-performance copper alloy plates and strips will gain a larger market share in high-end fields such as new energy vehicles, semiconductor lead frames and high-speed connectors. Due to the dual impact of China's export tax rebate policies and the US government's tariff policies, the export landscapes of China's copper plates and strips products will change significantly, with an estimated decrease of more than 10% in the export of copper plates and strips in 2025. In response to this complex situation, copper plate and strip enterprises in China are required to adopt a dual strategy. Specifically, on the one hand, they need to invest more in research and development with a focus on the development of high value-added products, so as to enhance the overall competitiveness of their products; on the other hand, they shall accelerate their overseas expansion through the establishment of production bases in Southeast Asia and other regions to circumvent tariff barriers, thus reshaping the global supply chain. Overall, the copper plates and strips industry is expected to achieve high-quality development amid both challenges and opportunities in 2025.

Business Review

During 2024, the Group's copper processing business realised a total revenue of RMB8,049.0 million and sales volume of 166,401 tons, representing an increase of 27.5% and 19.5% respectively over 2023. The revenue from manufacturing and sales of precision copper plates and strips was RMB7,700.0 million, representing an increase of 27.8% from RMB6,023.7 million in 2023. The sales volume of precision copper plates and strips was 111,169 tons, representing an increase of 18.1% from 94,104 tons in the same period of 2023. The increase in revenue from copper plates and strips was mainly due to the increase in sales volume and copper prices. During 2024, the revenue from copper product processing services was RMB276.8 million, representing an increase of 19.4% from RMB231.9 million in 2023. The volume of processing services was 50,164 tons, representing an increase of 21.7% from 41,215 tons in 2023. During 2024, revenue from trading of raw materials was RMB72.2 million, representing an increase of 27.1% from RMB56.8 million in 2023. Trade sales were 5,068 tons, representing an increase of 28.6% from 3,940 tons in 2023.

Business Development

During 2024, the Group reasonably managed and controlled risks, decisively seized opportunities, and focused on the "must-win battles". By proactively seeking changes and aligning with the new development trends, the Group adjusted its operational indicators and business strategies in a timely manner. As a result, all tasks were carried out in an orderly manner and achieved expected results, mainly reflected as follows:

I. **Initial progress in the "must-win battles".** 1) While the total sales volume hit a record high, the production output and sales volume of high value-added products continued to set new records, with the sales volume exceeding 14,000 tons. 2) Steady progress was made in the construction of digital factories, with a total of 12 information projects of various scales implemented. 3) Achieved remarkable results in management improvement, with the completion of the work for 7 major modules including optimization of organizational structure and clarification of roles and responsibilities. 4) Accelerated the adjustment of energy structure and expanded energy utilization. By increasing investments in photovoltaics, purchasing green power, adopting the policy of "off-peak power consumption", carrying out energy-saving technical transformation, and phasing out outdated motors, the Group not only achieved cost reduction but also lowered carbon emissions. 5) Continuously raised safety and environmental protection awareness by organizing 14 various types of specialized training sessions on safety and environmental protection knowledge in 2024, with nearly 4,000 participants in total. In addition, the Group revised 44 management systems related to safety and environmental protection knowledge, and established a database for sharing safety and environmental protection knowledge, which contains environment, health and safety (EHS) training materials and related standards.

II. **Steady progress in enhancing basic management.** 2024 marked a year for the transition of the Group's basic management improvement efforts, shifting from external consultation to in-house teams practicing what they learnt from external consultants. The Group has summarized a number of practical methodologies that are easy to learn and understand, and compiled them into manuals for learning by the management and employees at all levels. Meanwhile, the Group has worked with top consulting firms to further explore its management enhancement potential. In addition, the Group has made bold and effective attempts on the course of developing its decision-making processes and mechanisms, and regularly organized management discussion on its strategic planning through brainstorming on specific topics, so as to form a unified consensus.

III. **The organizational systems began to show operational effects.** In terms of organizational operations, the Group broke down cross-departmental barriers from multiple dimensions, significantly improving communication efficiency. In terms of performance assessment, the Group optimized the performance assessment indicators for senior management, clarified the job duties and responsibilities of middle management, and comprehensively sorted out and updated the departmental duties and job descriptions of each center and business department.

IV. **Firm consolidation of research and development ("R&D") system construction.** The Group continues to nurture professional technicians for the production lines by virtue of the platform of R&D Center. It has completed the development of over a dozen alloy designations, engaged in the national key R&D programme and obtained relevant subsidies, made key optimization on bottleneck equipment to shorten process and increase speed, applied for numerous patents, and participated in the formulation of national and industry standards. At the same time, the Group has maintained and deepened industry-university-research cooperation with numerous well-known domestic universities and institutes, achieving fruitful results.

V. **Orderly promotion of technological transformation projects.** Over 40 technological transformation projects were completed, and the preliminary plan for production line technological transformation from 2025 to 2029 was prepared, laying a solid hardware foundation for the vision of becoming a world-class and century-old enterprise.

VI. **Fruitful achievements made in corporate culture construction.** With family culture as the core, the Group continued to carry out employee caring activities. A medical consultant team was newly established to provide better health protection for employees. The Group also organized various cultural and skill competitions, all received positive feedback from employees. Meanwhile, the Group has expanded its presence on exhibition platforms, video platforms and external magazine advertising platforms to fully demonstrate its true image and strength.

Outlook

Looking forward to 2025, with the new US government taking office, it is expected that the risks of geopolitical and trade barriers will significantly increase, and there will still be uncertainty in China's economic recovery. But the Chinese government's determination to stimulate consumption, expand domestic demand, and stabilize the economy has become increasingly evident. The prospects of emerging fields such as new energy vehicles and artificial intelligence are promising, injecting new vitality into the development of the domestic economy. In 2025, the Group will continue to focus on its strategic plan, innovate business models, expand resource channels, strengthen management foundations, utilize platform economy, deepen cost reduction and efficiency improvement, and create digital factories. We believe that with the leadership of the Board and the joint efforts of all employees of the Group, the Group has the ability to control risks and challenges, has the confidence to seize opportunities, successfully achieve established goals, and continue to move forward with determination towards realizing the vision of becoming a world-class and century old enterprise.

GAMING BUSINESS

For the year ended 31 December 2024, the Group's gaming business realised a total revenue of RMB4.4 million and a net loss of RMB4.6 million, as compared to a revenue of RMB10.8 million and a net loss of RMB4.9 million in the same period of 2023. The loss was mainly due to the decline in revenue from existing gaming products. Looking forward to 2025, the Group's gaming business will focus on cost cutting and explore various ways to expand its revenue sources.

FINANCIAL REVIEW

Revenue and gross profit

The Group's copper business achieved total revenue of RMB8,049.0 million for the year ended 31 December 2024, and the Group's online gaming business achieved revenue of RMB4.4 million for the year ended 31 December 2024.

For the year ended 31 December 2024, the Group recorded total sales revenue of RMB8,053.4 million, which increased by 27.4% from RMB6,323.2 million of 2023. The increase in the revenue of the Group's copper business was mainly due to an increase in sales volume of copper products and copper price. The Group's copper business realised a total sales volume of 166,401 tons, which increased by 19.5% from 139,259 tons of 2023. The Group recorded a gross profit of RMB761.6 million for 2024, which increased by 24.8% as compared with 2023. The increase in gross profit is mainly due to an increase in sales volume of copper products and copper price.

Other income

For the year ended 31 December 2024, the Group recorded other income of RMB35.4 million, which increased by RMB8.7 million as compared to 2023. Such increase was mainly due to an increase in government grants.

Other gains and losses, net

For the year ended 31 December 2024, the Group recorded RMB27.3 million in other losses, which increased by RMB6.8 million as compared to 2023. Such increase was mainly due to an increase in credits losses allowance on trade and other receivables.

Distribution expenses

For the year ended 31 December 2024, distribution expenses of the Group increased by RMB10.8 million from RMB57.1 million in 2023 to RMB67.9 million in 2024. The increase was mainly due to an increase in distribution services fee and freight.

Administrative expenses

For the year ended 31 December 2024, administrative expenses of the Group increased by RMB27.2 million from RMB339.7 million in 2023 to RMB366.9 million in 2024, and was mainly due to an increase in consulting services fee and personnel costs.

Net finance (costs)/income

For the year ended 31 December 2024, the Group's net finance costs were RMB16.6 million (2023: net finance income of RMB3.8 million). This was mainly due to an increase in net foreign exchange losses and interest expenses on interest-bearing borrowings.

Income tax

For the year ended 31 December 2024, the Group's income tax expense increased by RMB40.7 million to RMB76.6 million from RMB35.9 million in 2023, and the effective tax rate increased to 24.1% in 2024 as compared to 16.1% in 2023. The increase in the effective tax rate was mainly due to the decrease in the estimated additional deduction for qualified R&D expenses.

Profit attributable to the shareholders of the Company

As a result of the aforementioned factors, the profit attributable to the shareholders of the Company increased by RMB53.8 million to RMB241.2 million in 2024 from RMB187.4 million in 2023.

Liquidity and financial resources

As at 31 December 2024, the Group recorded net current assets of RMB1,195.4 million, compared with net current assets of RMB860.2 million as at 31 December 2023.

The short-term interest-bearing borrowings represented 69.4% of total interest-bearing borrowings as of 31 December 2024. As at the date of this annual report, the Group had not experienced any difficulty in raising funds by securing and rolling over short-term loans borrowed from various banks in the PRC, which were renewed on an annual basis in accordance with local market practice.

The Group is able to generate cash from operating activities, has good credit standing and relationships with principal lending banks, and possesses available undrawn banking facilities together with bank deposits of RMB2,903.8 million (including long term loan facilities amounting to RMB1,148.6 million) and RMB1,626.0 million (comprised of restricted bank deposits of RMB766.8 million, bank deposits with maturity over three months of RMB178.0 million and cash and cash equivalents of RMB681.2 million) respectively. Based on previous experience and the Group's relationships with its principal lending banks, the Board believes that the Group can rollover existing short-term bank borrowings upon their maturity in 2025. The Board is confident that the Group has adequate financial resources to sustain its working capital requirements and to meet its foreseeable debt repayment requirements.

As at 31 December 2024, the Group had bank loans and other borrowings of approximately RMB948.5 million, which shall be repaid within 1 year. As at 31 December 2024, 49.7% of the Group's debts were on a secured basis.

The gearing ratio as at 31 December 2024 was 34.8% (31 December 2023: 32.1%), which is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all interest-bearing borrowings, lease liabilities and bills payable as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Company, as shown in the consolidated statement of financial position, plus net debt.

Charge on assets

As at 31 December 2024, the Group pledged assets with an aggregate carrying value of RMB619.0 million (31 December 2023: RMB485.8 million) to secure bank loan facilities.

Capital expenditure

In the year ended 31 December 2024, the Group invested RMB252.4 million (31 December 2023: RMB282.4 million) in the purchase of property, plant and equipment. This capital expenditure was largely financed by internal resources and bank loans.

Capital commitments

As at 31 December 2024, future capital expenditures, for which the Group had contracted but not provided for, amounted to approximately RMB152.9 million (31 December 2023: RMB324.5 million), which is mainly for plant construction and capacity expansion of the Group's copper processing business.

Important Events After the End of the Financial Period

There are no important events affecting the Group which have occurred after the end of the financial year ended 31 December 2024 and up to the date of this annual report.

SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group had no significant investment in equity interest with a value of 5% or more of the Group's total assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other future plans for material investments or capital assets as at 31 December 2024.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities.

MARKET RISK

The Group is exposed to various types of market risks, including fluctuation in copper prices and other commodities' prices, and changes in interest rates and foreign exchange rates.

The Group exports a portion of its products to and purchases a considerable amount of raw materials mainly copper products and production equipment from international markets where transactions are denominated in USD or other foreign currencies. Therefore, the Group has exposure for foreign exchange risks and the Group uses foreign exchange forward contracts and options to hedge its foreign exchange risks. For details of the Group's foreign currency forward contracts and options, please refer to note 19 to the financial statements.

EMPLOYEES

As at 31 December 2024, the Group had 1,757 employees. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages to our employees. Benefits of our employees include salaries, pension, medical insurance scheme and other applicable social insurance. In addition, share options or share awards may be granted or awarded to eligible employees of the Group (including directors) in accordance with the terms of the approved share option scheme or share award scheme respectively. Promotion and salary increments are assessed based on performance. The Group's success is dependent upon the skills and dedication of its employees. The Group recognises the importance of human resources in a competitive industry and has devoted resources to train employees. The Group has established an annual training program for our employees so that new employees can master the skills required to perform their roles and responsibilities and existing employees can upgrade or improve their skills. The remuneration of employees is disclosed in note 7(b) of the notes to consolidated financial statements.

ENVIRONMENTAL AND REGULATORY POLICES

Environmental protection and energy conservation are fundamental standards in our production and operations. The Group has made vigorous endeavors to foster the recycling of resources and has established dedicated recovery plants that recycle relevant metals and other resources for remanufacturing purposes in order to minimise the impact on the environment.

The Group has required strict compliance of its suppliers with environmental regulations and will return and reject raw materials containing hazardous substances exceeding the recommended limits in terms of concentration or goods for which certificates, approvals and verification issued by relevant regulatory authorities have not been obtained.

The principal operating companies of the Group are situated in the PRC, whilst the Company is incorporated in the Cayman Islands and its shares are listed in Hong Kong. The Group has complied with all the relevant laws, rules and regulations in the PRC, the Cayman Islands and Hong Kong.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Trustee of the share award scheme adopted by the Company on 18 April 2016 (the "**Share Award Scheme**"), pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange by the Trustee a total of 11,662,000 shares of the Company at a total consideration of HKD12,160,000 (equivalent to RMB11,092,000) throughout 2024.

Except for the purchase of shares under the Share Award Scheme mentioned above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

The Board is committed to promoting good corporate governance to safeguard the interests of the shareholders of the Company (the "**Shareholders**") and believes that maintaining a high standard of corporate governance is essential to the success of the Group and focuses on enhancing greater accountability and transparency and meeting the expectations of all of the Group's various stakeholders.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2024, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The current practices will be reviewed by the Board regularly to follow the latest practices of corporate governance.

COMPLIANCE WITH THE MODEL CODE AS SET OUT IN APPENDIX C3 TO THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors of the Company (the "**Directors**"), all the Directors confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2024.

CORPORATE CULTURE

Providing high-quality products with innovation, confidence and integrity to our customers and share success with our employees, shareholders and stakeholders are the key success factors of an enterprise.

Since 2015, the Group established "Happy Working Life in Xingye (興業幸福家園)" to enhance the unity of the Group and sense of belonging of the employees in order to have a stable and sustainable development of the enterprise. The Group believes that the theme of the employees' happiness, customers' delight and the shareholders' satisfaction, in order to foster the employees with "Xingye's spirit" and serve the customers with corporate philosophy, dedicating to becoming a respected enterprise with a long history.

BOARD OF DIRECTORS

Board composition

The Board currently has three Executive Directors, namely, Mr. HU Changyuan (Chairman), Mr. HU Minglie (Chief Executive Officer) and Mr. ZHU Wenjun, and three independent non-executive Directors, namely, Mr. CHAI Chaoming, Dr. LOU Dong and Ms. LU Hong. The size and composition of the Board are reviewed regularly to ensure that they are well balanced with each Director having sound knowledge, experience and expertise relevant to the business and development of the Group. There is no financial, business, family or other material relationships among members of the Board except for a family relationship between Mr. HU Changyuan (Chairman) and Mr. HU Minglie (Chief Executive Officer). Biographical details of the Directors and relationship among Directors (if any) are set forth in the section headed "Biographical Details of the Directors" of this annual report.

An updated list of its Directors identifying their roles and functions and whether they are independent non-executive directors is published on the Company's website and the designated website of the Stock Exchange (the "**Stock Exchange's website**").

At least one-third of the members of the Board are independent non-executive Directors and the Board comprises at least three independent non-executive Directors, which meet the minimum requirements of the Listing Rules. Therefore, the number of the independent non-executive Directors appointed by the Company is in compliance with Rule 3.10 and Rule 3.10A of the Listing Rules.

The Company has received annual confirmation of independence from the three independent non-executive Directors regarding the independent criteria under Rule 3.13 of the Listing Rules. The Board is of the view that all independent non-executive Directors are independent within the definition of the Listing Rules.

Responsibilities of the Board

The principal duty of the Board is to ensure that the Company is properly managed in the interests of the Shareholders. The Board, led by the Chairman, is responsible for giving guidance to and exercising effective checks on the management. In general, the duties of the Board are: (i) formulating long-term strategies of the Group and supervising their implementation; (ii) reviewing and approving the business plans and financial budgets of the Group; (iii) approving the annual and interim results of the Group; (iv) reviewing and supervising risk management and internal control of the Group; (v) ensuring a high standard of corporate governance and compliance; (vi) overseeing the performance of the management; and (vii) considering and approving the grant of share awards.

The Board delegates on specific terms to the management to carry out defined strategies and report to the Board in respect of day-to-day operations. For such purposes, the Board has laid down clear terms of reference which specify those circumstances under which the management shall report to the Board and those decisions and commitments for which prior approval of the Board is required.

The Company convenes at least four regular Board meetings a year and meets more frequently as and when required. During the year ended 31 December 2024, the Board convened a total of 4 Board meetings (including 4 regular Board meetings) and the individual attendance record of the Directors is tabulated as follows:

Name of Director	Number of meetings held while being a Director	Number of meetings attended
Executive Directors		
Mr. HU Changyuan *(Chairman)*	4	4
Mr. HU Minglie *(Chief Executive Officer)*	4	4
Mr. ZHU Wenjun	4	4
Independent Non-executive Directors		
Mr. CHAI Chaoming	4	4
Dr. LOU Dong	4	4
Ms. LU Hong	4	4

Notice of at least 14 days should be given to the Directors of a regular Board meeting to give all Directors an opportunity to attend the meeting. All Directors are supplied with comprehensive Board papers and relevant materials within a reasonable period of time before the intended meeting date (usually no less than one week before the Board meeting). In respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying Board papers should be sent in full to all Directors in a timely manner and at least 3 days before the intended date of Board meeting or Board committees meeting, which ensure that all Directors would have the opportunity to include matters in the agenda.

Directors are free to express their views at the meetings of the Board. Important decisions will only be made after detailed discussion at the Board meetings. Directors confirmed that they have responsibility to act in the interests of the public and the Company, particularly in the interests of minority Shareholders. In the event of a conflict of interests between Shareholders' interests and any other interests, Shareholders' interests shall prevail.

Directors have free access to the management for enquiries and to obtain further information so as to facilitate the decision-making process. The management would also be invited to attend Board meetings from time to time for detailed explanation of the issues under discussion and respond to enquiries from the Directors.

Detailed minutes of meetings are compiled for Board meetings or Board committee meetings. Minutes of the meetings must record issues in detail which are considered by the Directors during the meeting as well as the resolutions passed, including any concerns or objections put forward by the Directors.

One week's time will be available to all the Directors and the Board committee members to provide comments on the draft minutes of the relevant meetings. The draft minutes will then be approved with confirmation given by the chairman of the meetings or the chairman of the Board committee.

Minutes of Board meetings or Board committee meetings are kept by the secretary to the Board or the Company Secretary and are available for inspection by the Directors at all times.

All Directors are free to communicate with the secretary to the Board and the Company Secretary who are responsible for ensuring and advising on compliance of all procedures in connection with the Board and all applicable rules and regulations.

The Board and Board committees are provided with sufficient resources for performance of their duties including but not limited to hiring consultants when necessary at the expense of the Company. Individual Directors can also hire consultants for advice on any specific issues at the expense of the Company.

All Directors can obtain from the secretary to the Board or the Company Secretary timely information and latest development about rules and regulations and other continual responsibilities which directors of listed companies must observe so as to ensure that each Director is informed of his/her own duties and that the Company implements Board procedures consistently and complies with the legislations properly.

Corporate Governance Functions

The Company is committed to achieving high standards of corporate governance to safeguard, uphold and maximize the interests of Shareholders and to enhance corporate value and accountability. The Board determines the corporate governance policy and is responsible for the following corporate governance duties:

– To develop, review and update the Company's policies and practices on corporate governance;

– To review and monitor the training and continuous professional development of directors and senior management;

– To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

– To review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2024, the Board had performed the above duties.

Directors' and officers' liability

Appropriate directors' and officers' liability insurance has been arranged for the Directors and officers of the Company for the year ended 31 December 2024.

Directors' training and continuing professional development

The Directors are committed to comply with Code Provision C.1.4 of the CG Code on Directors' training so as to ensure that their contribution to the Board will be informed and relevant.

The Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company. The Company from time to time updates and provides written training materials to the Directors, and organizes seminars on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices.

The Company arranged an in-house briefing on regulatory update of director's duties for listed companies to Directors conducted by a law firm during the year ended 31 December 2024. All Directors, namely Mr. HU Changyuan, Mr. HU Minglie, Mr. ZHU Wenjun, Mr. CHAI Chaoming, Dr. LOU Dong and Ms. LU Hong, attended the in-house training.

All Directors have participated in appropriate continuous professional development programmes and reading materials to develop and refresh their knowledge and skills and provided the Company with their record of training they received for the year ended 31 December 2024.

MECHANISM ON INDEPENDENT VIEWS TO THE BOARD

The independent non-executive Directors comprised professionals who are capable of safeguarding the corporate governance of the Company and protecting the interests of all Shareholders. Through serving on the Board committees, taking active participation and sharing of valuable impartial view on matters discussed at the Board and/or Board committees meetings and taking lead in managing issues involving potential conflict of interests, all independent non-executive Directors have provided the independent view to the Board and made various contributions to the effective direction of the Company.

The Board shall review the mechanism on independent views and input to the Board on an annual basis, and has reviewed it during the year ended 31 December 2024, to ensure its implementation and effectiveness.

DIRECTORS' APPOINTMENT, RE-ELECTION AND REMOVAL

The Company follows a formal, considered and transparent procedure for the appointment of new directors. The Nomination Committee has formulated a nomination policy and is responsible for identifying and nominating suitable candidates for the Board's consideration as additional directors or to fill in casual vacancies on the Board and making recommendations to the Shareholders regarding any Directors proposed appointment or re-election at annual general meetings.

Details of the selection process of new Directors and a summary of work performed by the Nomination Committee in 2024 are set out under the "Nomination Committee" section below.

According to Articles 87(1) and 87(2) of the Company's Articles of Association, one-third of the Directors shall retire from office by rotation at least once every three years and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Any Director appointed by the Board pursuant to Article 86(3) shall not be taken into account in determining which particular Director or the number of Directors who are to retire by rotation. Pursuant to Article 86(3) of the Company's Articles of Association, any Director appointed by the Board either to fill a casual vacancy or as an addition shall hold office only until the first annual general meeting of the Company after his appointment and shall be eligible for re-election.

Each of the executive Directors of the Company had entered into a service contract with the Company with effect from their respective date of appointment until terminated in accordance with the term of the service contracts. Under the service contracts, either the executive Director or the Company may terminate such appointment at any time by giving to the other not less than three month's prior notice in writing.

Each of the independent non-executive Directors of the Company had entered into an appointment letter with the Company and were appointed for a term of 3 years.

DIVISION OF RESPONSIBILITIES

The posts of Chairman and the Chief Executive Officer are distinct and separate. The Chairman is responsible for supervising the functions and performance of the Board, while the Chief Executive Officer is responsible for the management of the businesses of the Group. The current Chairman and Chief Executive Officer of the Company are Mr. HU Changyuan and Mr. HU Minglie, respectively.

The Board has three independent non-executive Directors who have brought in strong independent judgment, knowledge and experience. In addition, each executive Director is delegated individual responsibilities to monitor and oversee operations of a specific area, and to implement strategies and policies that are set by the Board. Currently, all the members of each of the Audit Committee and the Nomination Committee are independent non-executive Directors, whereas the majority of members of the Remuneration Committee are independent non-executive Directors. This structure ensures a sufficient balance of power and authority as well as a segregation of powers within the Group.

BOARD COMMITTEES

The Board has appointed the following Board committees to oversee particular aspects of the Company's affairs:

Audit Committee

The Audit Committee was established on 1 December 2007 with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board in accordance with the requirements of Listing Rules and the CG Code, which are published on the Company's website and the Stock Exchange's website. During the year ended 31 December 2024, the Audit Committee comprised three independent non-executive Directors, namely, Mr. CHAI Chaoming (Chairman), Dr. LOU Dong and Ms. LU Hong. The Audit Committee meets formally at least twice a year.

Two Audit Committee meetings were held during the year ended 31 December 2024. At the meetings, the members of the Audit Committee executed the major duties and responsibilities which are provided below. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Member	Number of meetings held while being a Member	Number of meetings attended
Mr. CHAI Chaoming *(Chairman)*	2	2
Ms. LU Hong	2	2
Dr. LOU Dong	2	2

The major duties and responsibilities of the Audit Committee include the followings:

– to review the Group's annual and interim reports as well as financial reports, recommendations on management put forward by auditors and responses from the Company's management;

– to review matters related to accounting policies and accounting practices adopted by the Group;

– to review the risk management and internal control systems of the Company;

– to review internal control matters with the external auditors;

– to review the external auditors' statutory audit plan and letters to the management (if any);

– to advise the Board on appointment, re-appointment and removal of hired external auditors, approve remuneration and terms of engagement of external auditors and to handle any problems in relation to the resignation or dismissal of auditors; and

– to review continuing connected transactions (if any) and examine the adequacy of internal controls of the Group as part of the standard procedures.

The duties of the Audit Committee also include reviewing the scope and results of the audit and its cost effectiveness, and the independence and the objectivity of the Company's auditor. The Audit Committee will review the independence of the Company's auditor and the resources and adequacy of the internal audit function at least once a year. Where the auditor also supplies non-audit services to the Company, the Audit Committee will keep the nature and extent of such services under review, and seek a balance between the maintenance of objectivity and value for money.

The Audit Committee has free access to the accountants and senior management of the Group and to any financial and relevant information which enable them to discharge their functions effectively and efficiently. Besides internal assistance being available, the Audit Committee may request for assistance and advice from external auditors as and when they think necessary at the expenses of the Company. The Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the external auditors. In addition, the Audit Committee should meet with the external auditors without the presence of the executive Directors to discuss the Group's financial reporting and any major and financial matters arising during the year ended 31 December 2024 at least once a year.

In addition, the Audit Committee is authorized:

- to investigate into any matter within the ambit of its written terms of reference;
- to have full access to and co-operation by the management;
- to have full discretion to invite any Director or executive officer to attend its meetings; and
- to have reasonable resources to enable it to discharge its functions properly.

Remuneration Committee

The Remuneration Committee was established on 1 December 2007 with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board in accordance with the requirements of the Listing Rules and the CG Code, which are published on the Company's website and the Stock Exchange's website. During the year ended 31 December 2024, the Remuneration Committee comprised two independent non-executive Directors and one executive Director, namely, Dr. LOU Dong (Chairman) and Ms. LU Hong and Mr. ZHU Wenjun. Its primary objective is to ensure that the Company can recruit, retain and motivate high-calibre staff in order to reinforce the success of the Company and create value for our Shareholders. The Remuneration Committee is also responsible for making recommendations to the Board on Directors' and senior management remuneration packages and on establishment of a formal and transparent procedure for developing remuneration policy. When recommending the remuneration package for each individual Director, the Remuneration Committee will consider his/her qualification(s) and experience, specific duties and the prevailing market packages available for a similar position. The Remuneration Committee shall aim to meet at least twice a year.

Two Remuneration Committee meetings were held during the year ended 31 December 2024. At the meetings, the Remuneration Committee reviewed the remuneration policy and packages of the Directors and senior management and information regarding the directors' remuneration in the interim report, if any, and the annual report; and made recommendation to the Board for approval. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Member	**Number of meetings held while being a Member**	**Number of meetings attended**
Dr. LOU Dong *(Chairman)*	2	2
Ms. LU Hong	2	2
Mr. ZHU Wenjun	2	2

The remuneration of members of the senior management (being the three executive Directors) by band and other remuneration related matters for the year ended 31 December 2024 is set out below:

Remuneration bands *(RMB)*	**Number of person(s)**
1,000,001 to 2,000,000	1
3,000,000 to 5,000,000	2

Directors' Remuneration Policy

The Company has established a formal and transparent policy on Directors' remuneration and other remuneration related matters. Such remuneration policy is to ensure that all Directors, are sufficiently compensated for their efforts and time dedicated to the Company and remuneration offered is appropriate for their duties and in line with market practice. No Director, or any of his/her associates, is involved in deciding his/her own remuneration.

According to such directors' remuneration policy, the policy and structure for the remuneration of Directors are set out below:

(a) Independent non-executive Directors and non-executive Directors receive a basic fee and other discretionary remuneration. Such basic fee is set at a level that reflects the competencies and contribution required in view of the Group's complexity, the extent of the responsibilities and the number of Board meetings or relevant meetings of the Board committee(s) that he or she has to attend. In addition to the basic fee, independent non-executive Directors and non-executive Directors receive compensation for being chairman of the Board committee(s) if he or she is not the Chairman of the Board. Generally the Company shall not grant equity-based remuneration with performance related elements to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(b) When executive Directors are employed on a contractual basis, their remuneration is fixed according to current market rates and conditions in Hong Kong and PRC (where applicable) and subject to reassessment annually or periodically, as mutually agreed between the Company and executive Directors. The remuneration committee should consult the Chairman of the Board about their proposals relating to the remuneration of other Executive Directors and have access to professional advice if considered necessary. Executive Director's remuneration consists of both variable and non-variable elements. The total level of the non-variable elements of the remuneration is determined by taking into consideration the job description and responsibilities and the Group's magnitude and complexity. Executive Directors may also receive other benefits, including but not limited to, defined contribution retirement scheme plan, plan providing for hospitalization and outpatient benefits, accommodation benefit, and use of company car. The variable element is discretionary in nature and consists of year-end bonuses on the basis of both the executive Director's and the Group's performances as recommended by the Chairman of the Board and approved by the remuneration committee and the Board.

Nomination Committee

The Nomination Committee was established on 1 December 2007 with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board in accordance with the requirements of the CG Code, which are published on the Company's website and the Stock Exchange's website. During the year ended 31 December 2024, the Nomination Committee comprised three independent non-executive namely, Directors Mr. CHAI Chaoming (Chairman), Dr. LOU Dong and Ms. LU Hong. The Nomination Committee meets formally at least once a year.

One Nomination Committee meeting was held during the year ended 31 December 2024. At the meeting, the members of the Nomination Committee executed the major duties and responsibilities which are provided below. The individual attendance record of each member of the Nomination Committee is tabulated as follows:

Name of Member	Number of meetings held while being a Member	Number of meetings attended
Mr. CHAI Chaoming *(Chairman)*	1	1
Dr. LOU Dong	1	1
Ms. LU Hong	1	1

According to the written terms of reference of the Nomination Committee, the major duties and responsibilities of the Nomination Committee include:

- to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to review whether or not an independent non-executive Director is independent for the purpose of the Listing Rules on an annual basis;
- to be responsible for identifying and nominating appropriate candidate(s) to fill Board vacancies as and when they arise;
- to assess the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;
- to advise the Board on issues regarding appointment or re-appointment of Directors and succession of Directors; and
- to review the board diversity policy.

The Board has adopted a nomination policy ("**Nomination Policy**") setting out process and procedure for nomination of directors by the Nomination Committee. The objective of the Nomination Policy is to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of Directors. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities.

The Nomination Committee had convened a meeting for the nomination of Directors for re-election at the forthcoming annual general meeting of the Company and had resolved that which Directors shall retire, and, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy with effect from 28 August 2013 and discussed all measurable objectives (if any) set for implementing the policy. The Board had reviewed the implementation and effectiveness of the said policy during the year ended 31 December 2024.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board will be beneficial for the enhancement of the Company's performance. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional and industry experience, skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The Board had achieved gender diversity of the Board since May 2016. Gender diversity at workforce levels (including our senior management) is disclosed (on page 82) in the Environmental, Social and Governance Report in this annual report. The Company is aiming to achieve a more balanced gender ratio in the workforce in the future and will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

ACCOUNTABILITY AND AUDIT

Directors' and Auditors' acknowledgement

The Board acknowledges its responsibilities for the preparation of the financial statements for each financial year, which should give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows for that year in compliance with relevant laws and disclosure provisions of the Listing Rules.

In preparing the financial statements for the year ended 31 December 2024, the Directors have adopted appropriate and consistent accounting policies and made prudent and reasonable judgments and estimations. The financial statements for the year ended 31 December 2024 have been prepared on a going-concern basis.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. A statement by the auditor about their reporting responsibility is set out in the Independent Auditor's Report.

Auditors' Remuneration

During the year ended 31 December 2024, the Company engaged KPMG as the external auditors of the Group until the conclusion of the next Annual General Meeting.

The fees in respect of audit services provided by KPMG for the year ended 31 December 2024 amounted to approximately RMB2.46 million. For the year ended 31 December 2024, the fees for non-audit services (tax advisory services and as scrutineer for vote taking at the 2024 annual general meeting) provided by KPMG amounted to RMB315,000.

Risk Management and Internal Control

The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems of the Group and reviewing their effectiveness on an ongoing basis. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee. Management has provided a confirmation to the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024. The risk management and internal control systems are designed to manage, not eliminate, the risks of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The main framework of the Group's risk management and internal control systems at each level are summarized as follows:

- the Board evaluates and determines the nature and extent of risks including, amongst others, material risks relating to environmental, social and governance ("**ESG**"), it is willing to take in achieving the Group's strategic objectives;

- the Audit Committee oversees management in the design, implementation and monitoring of the risk management and internal control systems;

- the management designs, implements and maintains appropriate and effective risk management and internal control systems, monitors risks (including ESG risks) and takes measures to mitigate risks in day-to-day operations; and

- the Risk Management and Internal Audit Department reviews the adequacy and effectiveness of the Group's risk management and internal control systems, and reports to the Audit Committee the findings of the review and makes recommendations to the Board and management to improve the material weaknesses.

Process Used to Identify, Evaluate and Manage Significant Risks

The processes used to identify, evaluate and manage significant risks by the Group are set out below:

Risk Identification and Assessment

- Identifies risks that may potentially affect the Group's business and operations as well as those relating to the Group's ESG performance and reporting;
- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact on the business and the likelihood of their occurrence.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

The Company has set up a department for risk control and internal audit of the Group. The review of risk management and internal control will be conducted quarterly.

The scope of review was suggested by the Risk Management and Internal Audit Department, and was previously approved by the Audit Committee. The Risk Management and Internal Audit Department has reported major findings and areas for improvement to the Audit Committee. All recommendations from the Risk Management and Internal Audit Department are properly followed up by the Group to ensure that they are implemented within a reasonable period of time.

During the year ended 31 December 2024, the Directors, through the Audit committee, reviewed the effectiveness of the risk management and internal control systems, and considered the said systems to be effective and adequate.

Dissemination of Inside Information

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted a disclosure policy which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With these guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to make decisions regarding the need for disclosure.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

– is well aware of its obligations under the Listing Rules and the overriding principle that information, which is considered as inside information, should be disseminated to the Shareholders and published promptly when it is the subject of a decision;

– conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission;

- informs all Directors, senior management and related staff of the latest regulations and requirements according to the letters issued or announcements published by the Stock Exchange;
- has developed procedures and mechanisms for the disclosure of inside information;
- has included in its employees' code of conduct a strict prohibition on the unauthorised use of confidential, sensitive or inside information, and has communicated such prohibition to all staff; and
- has established and implemented procedures for responding to external enquiries about the Company's affairs. For example, only Chairman, Chief Executive Officer and delegated executive Directors can act as the Company's spokespersons and has authority to respond to enquiries on designated topics.

Whistle Blowing Policy and Anti-Corruption Policy

To achieve and maintain the highest standards of openness, probity and accountability, the Company adopted a whistle blowing policy from 29 March 2012. This policy aims to govern and deal fairly and properly with concerns raised by the Company's employees about any suspected misconduct or malpractice regarding financial reporting, internal control or other matters within the Company.

To achieve and conduct business honestly, ethically and with integrity, the Company adopted a anti-corruption policy since 5 July 2022. This policy aims to set out the responsibilities of all business units and employees of the Group to comply with the applicable anti-corruption laws, rules and regulations. The Group adopts a zero-tolerance principle against corrupt practices.

Further disclosures of whistleblowing and anti-corruption are set out in the Environmental, Social and Governance Report in this annual report.

COMPANY SECRETARY

The Company has engaged and appointed a representative from an external secretarial service provider as the Company Secretary of the Company. The primary contact person of the Company with the company secretary is Mr. ZHU Wenjun, an executive Director and the Chief Financial Officer of the Group. The biographical details of Mr. ZHU Wenjun are set out under the section headed "Biographical Details of Directors" of this annual report.

According to the Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2024.

SHAREHOLDERS AND INVESTOR RELATIONS

Communication with Shareholders and Investors

The Company is committed to providing Shareholders and other stakeholders (including potential investors) with balanced and understandable information about the Company. The Company uses various communication methods to ensure its Shareholders are kept well informed of key business imperatives. These include general meetings, annual reports, interim reports, various notices, announcements and circulars.

To ensure all Shareholders timely access to important corporate information, the Company utilises its corporate website to disseminate to the Shareholders information such as announcements, circulars and annual and interim reports. Any information or documents of the Company posted on the Stock Exchange's website are also published on the Company's website (www.xingyealloy.com) under the "Investor Relations" section. Other corporate information about the Company's business developments, goals and strategies, corporate governance and risk management are also available on the Company's website.

The Board continues to maintain regular dialogue with institutional investors and analysts to keep them informed of the Group's strategy, operations, management and plans.

The annual general meeting and other general meetings of the Company provide a useful forum for Shareholder(s) to exchange views with the Board. The Company provides Shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. The Chairman of the Board and other Directors, the chairmen of board committees or their delegates, and the representative of external auditors are available to answer Shareholders' questions at the annual general meeting. The chairman of the independent board committee or his/her delegate will be also available to answer questions at any general meeting if a connected transaction or any other transaction that is subject to independent shareholders' approval is required.

The individual attendance record of the Directors at the 2024 annual general meeting ("**AGM**") is tabulated below:

	AGM
Executive Directors	
Mr. HU Changyuan *(Chairman)*	✓
Mr. HU Minglie *(Chief Executive Officer)*	✓
Mr. ZHU Wenjun	✓
Independent Non-executive Directors	
Mr. CHAI Chaoming	✓
Dr. LOU Dong	✓
Ms. LU Hong	✓

Shareholders may make direct enquiries about their shareholdings to the Company's Hong Kong branch share registrars. To the extent the requisite information of the Company is publicly available, Shareholders and other stakeholders (including potential investors) may put forward their enquiries about the Company to the Board or the Company Secretary at the Company's head office in Hong Kong or by email, the contact details are also available on the Company's website.

The Company had adopted a shareholders' communication policy since March 2012 which had been published on the website of the Company. The Company has an ongoing dialogue with Shareholders and other investors through various communication channels set out in the shareholders' communication policy and takes any areas of concern into consideration when formulating its business strategies. The Board had reviewed the implementation and effectiveness of the said policy and considered to be effective and adequate.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to put forward enquiries to the Board

The Company's website provides an email address and enquiry telephone lines to enable Shareholders to make any enquiries and concerns to the Board. Shareholders may put forward enquiries to the Board through the Company Secretary who will direct the enquiries to the Board for handling.

Procedures for Shareholders to convene an extraordinary general meeting

Pursuant to Article 58 of the Articles of Association of the Company, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis in the share capital of the Company, shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and the foregoing shareholders shall be able to add resolutions to the meeting agenda; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to put forward proposals at general meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Act, However, Shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above.

If a Shareholder wishes to propose a person (the "**Candidate**") for election as a director of the Company at a general meeting, he/she shall deposit a written notice at the Company's head office at Flat 11, 11th Floor, Hung Tai Industrial Building, 37-39 Hung To Road, Kwun Tong, Kowloon, Hong Kong or Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The written notice must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules.

The procedures for Shareholders to propose a person for election as director is published on the Company's website.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "**Dividend Policy**") which does not have any pre-determined dividend payout ratio. In considering dividend payment, the Board will take into account factors such as depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the directors of the Company may consider relevant from time to time. The Board will review the Dividend Policy from time to time and the Dividend Policy does not constitute any commitment or obligation of the Company to declare dividends.

CONSTITUTIONAL DOCUMENTS

The constitutional documents of the Company (i.e. the Amended and Restated Memorandum of Association and Articles of Association) are available on the Company's website and the Stock Exchange's website.

There was no significant change in the Company's constitutional documents during the year ended 31 December 2024.

ABOUT THE REPORT

Basis for Preparation

The Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (Appendix C2 of the *Listing Rules*), effective as of December 31, 2023, issued by the Stock Exchange of Hong Kong Limited ("**HKEX**"). It also refers to the *International Financial Reporting Standard for Sustainability Disclosures No. 2 Climate-related Disclosures* (IFRS S2) issued by the International Sustainability Standards Board (ISSB) and the *United Nations Sustainable Development Goals* (UN SDGs) issued by the United Nations.

Reporting Scope

The information disclosed in this report covers Xingye Alloy Materials Group Limited and its subsidiaries (hereinafter referred to as the "Company" or the "Group"), consistent with the scope of the consolidated financial statements of Xingye Alloy (00505.HK). The full name and abbreviations of the Company appearing in this report are as follows:

Full name	**Short name**
Xingye Alloy Materials Group Limited	Xingye Alloy, the Company
Ningbo Xingye Shengtai Group Co., Ltd.	Shengtai
Ningbo Xingye Xintai New Electronic Materials Co., Ltd.	Xintai
Ningbo Xinyue Alloy Materials Co., Ltd.	Xinyue

Note: In May 2024, Xinyue commenced production, leading to increased consumption of energy, water, and other resources.

Time Period: The Report is an annual report, with the reporting period ranging from January 1, 2024, to December 31, 2024. For text information that exceeds this scope, explanations will be provided where applicable.

Data Sources and Description

The data and cases in the Report come from the original records of actual operations or annual reports of the Company. Unless otherwise stated, the financial data in the Report are expressed in RMB. The annual report shall prevail in case of any inconsistency with it. Unless otherwise stated, the statistical standard of the key quantitative performance data in the Report is consistent with the scope of the consolidated financial statements in the Group's annual report. The scope of data covered in the Report is detailed in the "ESG Key Quantitative Performance" description.

Reporting Principles

The Report follows the reporting principles of the *Environmental, Social and Governance Reporting Guide* by the Stock Exchange of Hong Kong, including:

Materiality: The Company identified the material topics of concern related to the operation to investors and other stakeholders as highlights of the Report. The presentation of material topics in the Report focuses on the industry characteristics involved in the Company's operations and the characteristics of the region where it is located. The analysis and results of material topics are detailed in the Section "ESG Management" of the Report. The Report highlights ESG matters that may have an important impact on investors and other stakeholders.

Accuracy: The Report is intended to be as accurate as possible. The data standard, calculation basis, and assumption conditions have been explained in the quantitative information to guarantee that the calculation error range will not mislead the users. Quantitative information and notes are detailed in the Section "Key Quantitative Performance Table of ESG" in the Report. The Board of Directors warrants that there are no false records, misleading statements, or material omissions in the Report.

Balance: The Report reflects objective facts and impartially discloses positive and negative information related to the Company. There is no negative events of the Company that should have been disclosed but were not disclosed.

Quantification and consistency: The Report discloses key quantitative performance indicators and, where possible, historical data. The statistics and disclosure of the same indicator in the Report are consistent from one reporting period to another; any change shall be fully explained in the notes to the Report so that stakeholders can conduct meaningful analyses and assess the trend of the Company's ESG performance level.

Report Publication

This report is published in both Chinese and English. You can download this report from Xingye Alloy's official website at http://www.xingyealloy.com/. In case of any discrepancies, the Chinese version shall prevail.

Contact Information

Should you have any suggestions or feedback regarding this report, please contact us through:

- Tel: 0574-63216796
- Email: esg@cn-shine.com

1. ESG MANAGEMENT OF THE BOARD OF DIRECTORS

1.1 ESG Governance Structure

The Company has established a top-down Environmental, Social, and Corporate Governance (ESG) governance structure, with the board of directors as the decision-making level bearing ultimate responsibility for ESG. The ESG Office is established under the Board of Directors, responsible for coordinating and coordinating the Group's ESG affairs. The senior management level has established a special working group on climate change and sustainable development, covering departments such as the General Manager Office, Human Resources Center, Safety and Environmental Protection Office, Energy Office, Procurement Center, etc. The special working group is responsible to the ESG Office and focuses on promoting and implementing specific ESG projects.

ESG Governance Structure of Xingye Alloy

ESG Responsibilities of Xingye Alloy

Responsibilities of the Board of Directors:

1) Develop the Group's ESG strategies, review and approve ESG goals, strategies, and governance structures.

2) As the highest responsible institution for ESG affairs, supervise all ESG matters and ensure the effectiveness of ESG management.

3) Review and approve ESG reports and other ESG disclosure documents to ensure the accuracy and completeness of information.

4) Identify and evaluate ESG related risks and opportunities, and develop corresponding management strategies.

Responsibilities of ESG Office:

1) Develop ESG management system and work rules, promote the construction and improvement of ESG management system.

2) As the daily management organization of ESG affairs, coordinate the ESG work of various departments within the Group to ensure the smooth progress of various ESG tasks.

3) Responsible for collecting, organising, and analysing ESG related information, preparing and publishing the Company's annual ESG report.

4) Assist in setting ESG goals, track their progress, and regularly report to the senior management level and the board of directors.

Responsibilities of the Special Working Group on Climate Change and Sustainable Development:

1) Responsible for the execution and implementation of specific projects according to the plans of the board of directors and ESG office.

2) Collect and analyse ESG data from other departments and assist the ESG office in preparing reports.

3) Organize ESG training and campaigns to enhance the Company's internal understanding of ESG concepts and practices.

4) Support the daily work of the ESG office and report work progress to the ESG office.

1.2 Stakeholder Communication and Engagement

The Company values the opinions of stakeholders and established a regular communication mechanism. The Company attaches great importance to concerns to stakeholders and includes them in the Company's operations and decision-making processes, respectively.

Major Stakeholders	Communication Channels	Topics of Concern
Shareholders and investors	• General meeting of shareholders • Information disclosure and investor communication	• Risk management • Economic performance • Corporate governance • Protection of investors' rights and interests • Intellectual property protection
Government and regulators	• Information disclosure • Policy interpretation • Conference communication • Supervision and inspection	• Risk management • Anti-corruption and anti-bribery • Discharge and waste • Resource utilization • Water resource utilization • Circular economy • Environmental management • Addressing climate change
Customers	• Customer satisfaction survey • Customer visit • Industry communication	• Product quality and safety • Customer service • Information security and customer privacy protection
Suppliers	• Supplier evaluation and audit • Supplier training • Intellectual property protection	• Supply chain management • Anti-corruption and anti-bribery
Employees	• Regular meetings • Employee activities • Unions • Complaints and feedback	• Employee rights and interests • Employee diversity and benefits • Employee training and development • Occupational health and safety
Industry	• Industry associations • Industry communication	• Innovative R&D
Communities	• Community activities • Media communication	• Social welfare

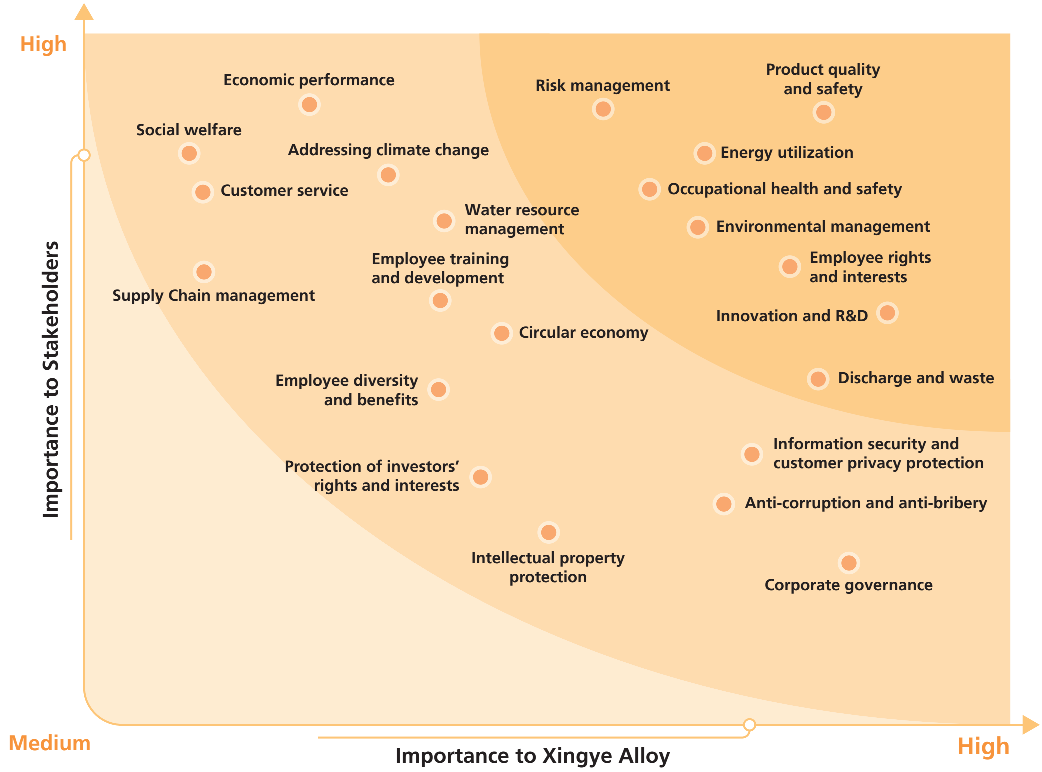
1.3 Identification and Analysis of Materiality Topics

Analysis Process for Materiality Topics

To ensure the effectiveness of the Company's ESG strategy, the Board of Directors annually identifies the Company's material ESG topics following a process of identification, evaluation and screening, and analyses and ranks the materiality of the topics. The process of determining materiality will be guided by the following principles:

- Including opinions from key stakeholders and identifying the ESG topics of which they are concerned;
- Including opinions from the management to identify ESG topics that are material to the Company's business;
- The Board of Directors selects topics that are of high interest to stakeholders and have a material impact on the Company's business as material ESG topics.

Matrix of Materiality Topics



Management of Materiality Topics

In 2024, the Company made adjustments to the list of materiality topics on the basis of macro policy research, industry analysis and the sorting out of materiality topics. The Company adjusted the expression of one issue and separated another into two to make it easier for stakeholders to understand and choose.

In 2024, the Company identified 22 ESG topics, including 8 material topics with high impacts and 14 material topics with moderate impacts.

2024 Material Topics	2023 Material Topics	Reasons for Change
Data security and customer privacy protection	Customer privacy protection	Expression was adjusted to emphasize the Company's management and practices in ensuring data security
Energy utilization Water resource management Circular economy	Resource utilization	The topic has been split. Based on peer benchmarks, policy requirements, and rating alignments, the Company's performance in related topics has been assessed and disclosed separately

1.4 ESG Objective Management

The Company is concerned about the United Nations Sustainable Development Goals (SDGs). Based on its own sustainable development strategy, it has defined the five SDGs that are most relevant to the Company, so as to make positive contributions to global sustainable development through its own actions.

	Contribution to the SDGs	Xingye Alloy's Key Issue
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	**Addressing climate change** **Energy utilization** **Circular economy** **Discharge and waste**
7 AFFORDABLE AND CLEAN ENERGY	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix. 7.3 By 2030, double the global rate of improvement in energy efficiency.	
13 CLIMATE ACTION	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities.	**Supply Chain Management**

	Contribution to the SDGs	Xingye Alloy's key issue
4 QUALITY EDUCATION	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	**Employee rights and interests** **Employee training and development** **Employee diversity and benefits** **Social welfare**
8 DECENT WORK AND ECONOMIC GROWTH	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.	
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5 Substantially reduce corruption and bribery in all their forms. 16.6 Develop effective, accountable and transparent institutions at all levels.	**Corporate governance** **Anti-corruption and anti-bribery**

The Company has established water use targets, GHG emission targets, non-hazardous waste targets, hazardous waste targets and energy use targets, and tracks progress towards these targets on an annual basis. The progress of the environmental targets is disclosed in the "Environment" section of this report.

Water use objective

40% reduction in water use per unit of product (m^3/t product) in 2025 compared to 2018

GHG emission objective

50% reduction in GHG emissions per unit of product (t CO_2e/t product) in 2025 compared to 2018

Non-hazardous waste objective

30% reduction in non-hazardous waste generation per unit of product (kg/t product) in 2025 compared to 2019

Hazardous waste objective

15% reduction in hazardous waste generation per unit of product (kg/t product) in 2025 compared to 2018

Energy use objective

20% reduction in comprehensive energy consumption per unit of product (MWh/t product) in 2025 compared to 2018

2. ENVIRONMENT: GREEN INNOVATION PAINTS A LOW-CARBON FUTURE

2.1 Addressing Climate Change

As the global community has an increasing concern about climate change, the Company actively responds to international initiatives such as the United Nations Sustainable Development Goals, the Ten Principles of the UN Global Compact, and the Science Based Targets initiative (SBTi). Based on the *International Financial Reporting Sustainability Disclosure Standard 1: General Requirements for Financial Disclosures Related to Sustainable Development (IFRS S1)* and *International Financial Reporting Sustainability Disclosure Standard 2: Climate related Disclosures (IFRS S2)* issued by the International Sustainability Standards Board (ISSB), the Company considers climate change as a key issue, identifies and manages climate change risks and opportunities, and strives to achieve global sustainable development.

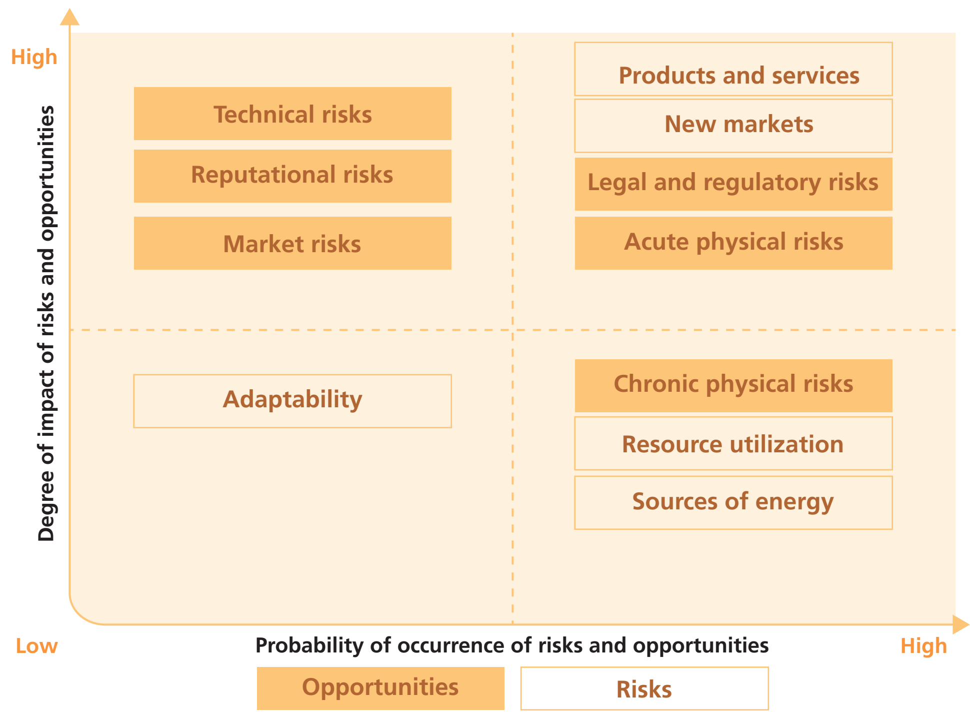
Governance

To actively respond to the international carbon neutral development trend, the Company has taken climate change and greenhouse gas emissions as an important consideration in its sustainability strategy. In 2024, the Company set up a special working group on climate management change and sustainable development, aiming to focus resources and expertise across divisions, carry out top-down governance on climate and sustainable development issues, and promote the high-quality implementation of relevant key projects. The Company has formulated and published the *Environmental Management and Climate Change Policy* to standardise the Company's management policies and measures in environmental protection, energy conservation and emission reduction.

Strategy

The Company conducts rigorous peer bench-marking analyses and dissects advanced experiences and cutting-edge trends as references. At the same time, the Company actively organised cross-departmental in-depth interviews to fully explore the potential risks and opportunities of each segment in the context of climate change.

Identification Matrix of Climate Change Risks and Opportunities



Major Risks of Climate Change of Xingye Alloy

Identification Results of Major Risks of Climate Change			Potential Financial Impacts
Risks	Transition risks	**Reputational risks** Stakeholders expect the Company to take proactive management actions and improve transparency in addressing climate change as transitions to a low-carbon economy. The Company's inability to respond well to the claims of these stakeholders can affect its reputation.	• Increase in financing costs
		Policy and legal risks New policies and regulations may gradually be introduced to manufacturing and processing enterprises. The Company's environmental impacts in the manufacturing process shall comply with the requirements of laws and regulations.	• Increase in credit risk • Increase in product development costs
		Market risks Customer behavior will change with climate change. The demand for environmentally friendly products continues to increase, and the Company's failing to offer such products with lower carbon footprints may face reduced demand for its products and services.	• Decrease in operating revenue
		Technical risks The Company needs to invest more money in acquiring low-carbon equipment, and the operating costs of technology production increase.	• Increase in operating costs • Increase in operational inputs
	Physical risks	**Acute physical risks** The Company may be interrupted in production due to a possible interrupted supply of water and electricity in case of extreme weather conditions, such as typhoons and heavy rains, resulting in economic losses.	• Increase in operating costs • Decrease in operating revenue
		Chronic physical risks Persistent hot weather as a result of climate change may cause a dramatic increase in the Company's electricity consumption and increase operating costs.	• Increase in operating costs

Major Opportunities of Climate Change of Xingye Alloy

Identification Results of Major Opportunities of Climate Change		Potential Financial Impacts
Opportunities	**Efficiency of resource utilization** Improved efficiency in the utilization of energy and water resources can help the Company reduce costs in operations.	• Decrease in operating costs
	Sources of energy Increased utilization of low-emission energy/clean energy sources in operations contributes to reducing the risk of future energy price increases.	• Decrease in operating costs
	Products and services The Company can improve the efficiency of energy utilization through technological innovation and renovation, etc., to reduce emissions, lower the carbon footprints, and make its products more competitive in environmental protection.	• Revenue growth due to increased demand for products
	Adaptability The Company actively participates in industry communication to understand the industry dynamics of green products to better manage climate change-related risks and seize opportunities.	• Increase in operating revenue

Risk Management

The Company formulates and implements risk management measures to reduce climate risks, seize green development opportunities, and promote sustainable development.

Risk Management Process for Addressing Climate Change of Xingye Alloy

Stage	Specific Content
Risk Identification	• Based on its actual business operations, deeply explore potential risks that may be encountered under the background of climate change, while actively introducing external authoritative climate risk assessment institutions and industry experts to identify various potential climate risks.
Risk Assessment	• Conduct quantitative analysis of identified risks and opportunities. Assess repair costs for damaged production equipment caused by extreme weather, cost increases due to climate-related raw material price fluctuations, and potential benefits from market opportunities brought by green transformation, etc. • Consider the likelihood and impact of different risks. Evaluate from multiple dimensions such as finance, operations, and the market, and provide a basis for subsequent ranking and management.
Risk Ranking	• Rank risks according to the likelihood and impact of their occurrence as per results of risk assessments. Risks that may cause major production disruptions and huge economic losses are listed as high priority, such as factory flood disasters caused by heavy rain. Risks with relatively small impacts and low probabilities of occurrence are listed as low priority, such as the impact of temperature fluctuations on the Company's electricity consumption. By clarifying priorities, the Company's resources can be more reasonably allocated to the management of key risks.
Risk Management	• Develop the *Emergency Plan for Natural Disasters and Accidents*. Clarify the response processes and responsibility divisions when encountering various climate-related disasters. • Regularly conduct emergency drills and training to improve the Company's ability to respond to disasters. • Integrate climate-related risks into the existing risk management process. Form a complete risk management system from strategic planning, daily operation monitoring to emergency response to effectively resist climate risks.

To actively respond to the national "dual carbon" strategic goals, the Company systematically advances carbon emission management and significantly reduces the carbon footprints in manufaction and operation through two core paths: renewable energy application and energy-saving equipment upgrade.

Indicators and Targets

Climate Change Indicators and Targets of Xingye Alloy

Indicators and Targets	Progress in 2024
The GHG emissions per unit of product (tons of carbon dioxide equivalent/ton of product) in 2025 will be reduced by 50% from 2018	Total GHG emissions of 147,099.98 tonnes of CO_2 equivalent Total GHG emissions decreased by 26.88% compared to 2018 GHG emissions per unit of product of 0.89 (tonnes of CO_2 equivalent per tonne of product) decreased by 40.80% compared to 2018

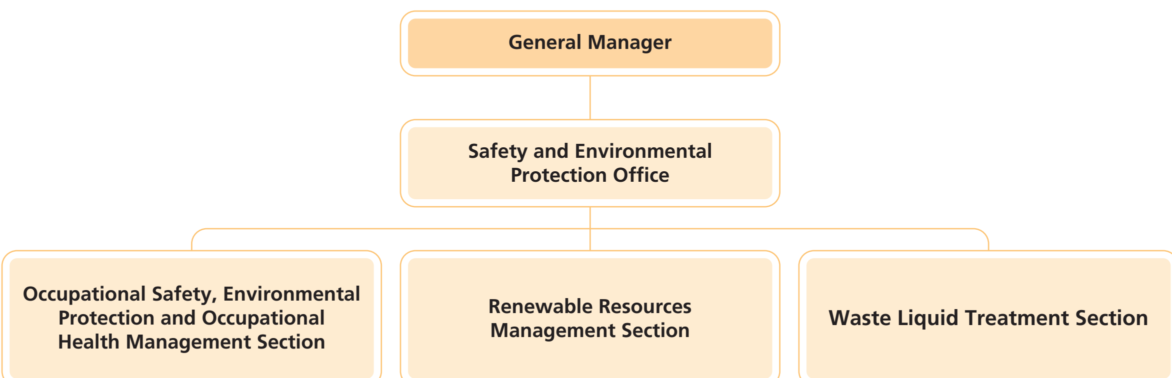
2.2 Environmental Management

Environmental Management System

The Company strictly complies with environmental laws and regulations and relevant provisions such as the *Law of the People's Republic of China on Environmental Protection* and formulates environmental management policies such as the *Environmental, Occupational Health and Safety Monitoring and Measurement Control Procedures*. In 2024, the Company revised systems such as the *Environmental Protection Responsibility System*, *Environmental Protection Education and Training System*, and *Environmental Protection Facilities Management System*, updated the names and responsibilities of relevant departments, and continuously strengthened environmental management. In 2024, Shengtai and Xintai have obtained ISO 14001:2015 Environmental Management System certification which covers 67% of the Company's production bases. In 2024, the Company was not penalized for violating environmental management-related laws and regulations, nor did it have any major environmental impacts in this regard.

The Company defines the responsibilities of the management level and all offices and sites for the development, implementation and performance of the environmental and climate change management strategy. It establishes an environmental management value and management model led by the general manager. The general manager is fully responsible for the Company's environmental management work. Subordinate levels have clear divisions of labor and perform their respective duties through coordination in an orderly manner.

Environmental Management Organizational Structure of Xingye Alloy



Name	Specific Responsibilities
General Manager	• As the first person responsible for environmental and climate management, the general manager formulates the Company's environmental and energy conservation management policy and development plan, and organizes the formulation of environmental and emission reduction targets.
Safety and Environmental Protection Office	• As the exclusive functional institution for the Company's environmental management, it is directly responsible for the Company's environmental protection work. The director of the SEP office serves is the management planner, the section chief of the occupational safety, health and environmental management section is the environmental management inspector, and the environmental protection specialist is the environmental management executor. • The director of the SEP office is responsible for identifying the environmental protection guidelines, laws, and regulations of the state and higher-level departments, and monitoring the implementation of the Company's internal environmental protection management. • Environmental protection specialist is responsible for the Company's policies and systems related to environmental protection, supervising the full implementation of the environmental protection responsibility system, and ensuring the comprehensive achievement of the Company's environmental management goals.
Occupational Safety, Environmental Protection and Occupational Health Management Section	• Be responsible for organising the formulation, supervision of the implementation, compilation, and fulfillment of the Company's environmental protection system and standard system; formulating, implementing, and completing the Company's environmental protection management goals and work plans; carrying out the Company's environmental protection supervision inspections and daily management work.
Renewable Resources Management Section	• Be responsible for the recycling, sorting, arrangement, classified storage, and disposal of various types of waste in the Company in accordance with regulations, and establishing a complete ledger; classifying, storing, and disposing of waste oil in accordance with regulations, and establishing a production management ledger; cooperating with the Company in all waste recycling sales inquiries, bidding quotations, as well as the contact work for hazardous waste transfer units.
Waste Liquid Treatment Section	• Be responsible for treating various types of waste liquids and oil-containing diatomaceous earth to ensure that the treated waste meets safety and environmental protection requirements for discharge, or meets the standards for recycling (if applicable, contacting the demand department for reuse); performing routine inspection, maintenance, and upkeep of waste liquid treatment equipment; cleaning work clothes in the production workshop.

In order to further contribute to the sustainable development of the Company, the Company has continuously increased its investment in environmental protection. In 2024, the Company invested a total of RMB15.1 million in environmental protection related expenses. In 2024, nearly 9,000 people attended the Company's environmental protection related training, with a coverage rate of 100%. The training topics include strengthening environmental protection awareness, prevention and control of solid waste and water pollution, environmental protection analysis and inspection cases, etc., to enhance employees' environmental awareness and professional skills, and strengthen the enterprise's environmental management capabilities.

2.3 Resource Utilisation and Management

The Company implements the management principle of "prioritising ecological sustainability, green and low-carbon, energy conservation and environmental protection, and circular economy". It is committed to giving full play to the technical advantages of energy conservation, emission reduction, and circular economy to achieve harmonious coexistence among people, enterprises, and the environment.

Energy Management

The Company strictly complies with the *Law of the People's Republic of China on Energy Conservation* and *Law of the People's Republic of China on Renewable Energy*. It has formulated management policies such as the *Energy Conservation and Emission Reduction Management System*, *Energy Management System*, *Energy Conservation and Consumption Reducing Management System*, and *Electricity Management System,* which are committed to strengthening energy management, improving energy use efficiency, reducing energy consumption and greenhouse gas emissions.

The energy used by the Company is mainly electricity and natural gas. Electricity and natural gas are clean secondary energy sources that produce no pollution. The Company has established an energy control and supervision team responsible for collecting, analysing, and monitoring energy data, conducting regular energy audits, evaluating enterprise-wide energy utilization, identifying areas of energy waste, and providing a basis for formulating precise energy-saving strategies. The daily work of the team includes detailed statistics on the energy consumption of each production workshop, monthly monitoring of the completion of energy-saving targets, analysis of the energy consumption proportion in different production processes, and identification of areas with greater energy-saving potential to optimise energy management and improve overall energy efficiency.

Energy Consumption of Xingye Alloy in 2024

Category	Unit	Consumption	Equivalent Energy Consumption (Tonnes of Standard Coal)
Natural gas	Cubic metre	13,412,099.00	17,838.09
Petrol	Litres	36,185.61	39.41
Diesel	Litres	176,415.11	218.58
Purchased electricity	MWh	220,430.31	27,090.89
Photovoltaic self-generation	MWh	12,546.20	1,541.93
Total	—	—	46,728.89

In 2024, the Company will continue to explore various paths to optimise energy management and motivate employees to work in a more sustainable way through measures such as the use of renewable energy, reduction of energy consumption, enhancement of energy efficiency and "green office", in order to ensure the efficient use and stable supply of energy, and to achieve synergy between environmental and economic benefits.

Energy Saving and Carbon Reduction Key Initiatives of Xingye Alloy in 2024

Type	Specific Content
Using Clean Energy	
Green Electricity Consumption	• Photovoltaic installed capacity: The newly added installed capacity is 8.6 megawatts, and the total installed capacity of photovoltaic in the factory area is 19.6 megawatts, a year-on-year increase of 78.90%. • Photovoltaic power generation: photovoltaic power generation capacity of 12,546.20 MWh, an increase of 18.54% year-on-year, and a reduction of 7,347.05 tonnes of carbon dioxide emissions. • Purchased green power: purchased 20,000 MWh of green power, a year-on-year increase of 157%. • In 2024, the Company's renewable electricity share will be 13.97%, an increase of 5.5 percentage points over last year.
Reducing Energy Consumption	
Electricity Storage	The addition of a 2 MW energy storage project, which takes advantage of the national peak and valley times for storage of valley power and discharges it during the peak hours, providing a comprehensive use of energy. The total discharge from the energy storage project in 2024 was 9,452.16 MWh, with a discharge efficiency of 88%.
Waste Heat Recovery	The Company recycles waste heat from the production process, based on the switching of hot water and steam machine controlled by Programmable Logic Controller (PLC) to heat the brush scraping line tank. This achied savings of approximately 32,850 cubic metres of natural gas per year saved from waste heat recovery, and reduced emissions by approximately 71.48 tonnes of CO_2 equivalent.

Energy Saving and Carbon Reduction Key Initiatives of Xingye Alloy in 2024

Type	Specific content
Improving the Efficiency of Energy Use	
Equipment Upgrade	• Installed on-line monitoring system to keep abreast of the power consumption situation in the plant and took reasonable energy-saving measures. • Adopting capacitor compensation to improve the power factor of power-using equipment and reduce reactive power loss. • Replacing traditional motors with intelligent MEC devices and energy-efficient motors, improving motor efficiency by about 20%. • Eliminating S9 series oil-immersed transformers and replacing them with S20 oil-immersed transformers, reducing losses by about 40%. • Add new equipment design and manufacturing links for energy saving and emission reduction, saving energy by more than 20%. • Renewal and reconstruction of Class A large-scale intelligent equipment, saving power consumption by more than 10%. • Used LED energy-saving lamps and lanterns in all areas. Compared with traditional lamps and lanterns, saved more than 60% energy.
Process Improvement	• Through the introduction of an advanced equipment management system, the EAMic system, the remote monitoring and maintenance of equipment is realised, improving the efficiency and reliability of equipment management.

Energy Saving and Carbon Reduction Key Initiatives of Xingye Alloy in 2024

Type	Specific content
Green Office	
Expanded Greening	• The plant is built with large green belts and lawns to increase the area of greenery.
Energy Efficiency	• Strictly limit the use of high-energy-consumption lighting equipment, turn off lights when there is sufficient natural light, and advocate that employees develop the habit of switching off lights before leaving. • Installed charging piles in the factory area, and encourage walking, cycling, electric cars, electric buses and other sustainable transport methods. • Reasonably adjust the air-conditioning on and off time, set the temperature in the appropriate range, and accurately control the lighting hours in each area according to the actual demand to avoid energy waste. • Remind employees to switch on and off computers, printers and other power-consuming equipment reasonably to avoid prolonged idle operation. • Equipped with large windows and sensor side lights.
Training Incentives	• Popularise energy-saving knowledge and skills among employees by conducting multi-level energy-saving awareness training, organise energy-saving lectures, distribute energy-saving brochures and post energy-saving slogans. • Developing an incentive mechanism for employees to save energy, and rewarding employees with outstanding performance in energy-saving work.

Water Resource Management

The Company's source of water for production is municipal water supply. The Company complies with the *Water Law of the People's Republic of China* and has formulated the *Water Use Management System* and other management documents to regulate water use and conservation in production and operation. In 2024, the Group's water consumption was 594,598.00 cubic metres, and water consumption per unit of product was 3.63 cubic metres per tonne of product.

Key Technological Initiatives for Water Resource Management of Xingye Alloy in 2024

Technology	Specific content
Rainwater Harvesting System	• Constructed nine production and manufacturing workshop rainwater collection systems, which collect, store and purify rainwater for use in cooling, cleaning, dust removal and other processes in industrial production. Reduced reliance on tap water, lowered production costs, realised the recycling of water resources and reducing wastewater discharge.
Deionized Water Equipment	• In accordance with the original treatment process, a large amount of waste cleaning water is discharged every year after treatment to meet the standards. Reasonable configuration of deionised water equipment can make full use of this part of the water to make deionised water and reduce the amount of tap water, achieving water recycling rate of more than 95%.
Cooling Tower Circulating Water Reuse Technology	• Applied the cooling tower circulating water reuse technology to a number of production and operation sites, with a water reuse rate of more than 98%. The water treated by reverse osmosis equipment can be partially or completely reused in the cooling tower circulating water system, which can reduce impurities such as dissolved solids, organic matter, and bacteria in the water and lower wastewater discharge.

Circular Economy

The Company prioritizes green packaging and recycled material usage as core elements of implementing its circular economy model. It is committed to bringing sustained environmental benefits and becoming a model of circular economy practice in the industry.

In terms of product packaging, the packaging materials used by the Company's products mainly include wooden frames, paper cores, lining fabrics, etc. To standardize the use of packaging materials, the Company has formulated the *Product Packaging Control Regulations*. In 2024, the Company recycled a total of 3,641 wooden frames and 16,215.5 kilograms of paper cores.

Highlights of the Use of Renewable Energy by Xingye Alloy in 2024

- The Company obtained the SCS Recycled Content (RC) certification in May 2024, and a total of nine products, H65, XYK-4, XYK-33, XYK-36, XYK-5, BZn18-18, BZn18-26, QSn6.5-0.1 and C19000, were certified.
- The Company adopts 65% recycled copper materials in some of its garment button products, and has passed the Global Recycling Standard (GRS 4.0) recycling certification, and in June 2024, obtained the certificate.
- The Company vigorously promotes the application of recycled materials to reduce dependence on virgin metals, promotes the application of nickel-plated bronze, tin-plated brass and other corner materials in alloys, and uses more than 80% of recycled materials in production to promote a circular economy.

SCS Global Services does hereby certify that an independent assessment has been conducted on behalf of:

Ningbo Xingye Xintai New Electronic Material Co., Ltd.
No. 68 Jinxi Road, Hangzhou Bay New Region, Ningbo City, Zhejiang, China

For the following product(s):

Metals:
Bronze strip QSn6.5-0.1

The product(s) meet(s) all of the necessary qualifications to be certified for the following claim(s):

SCS RECYCLED CONTENT CERTIFIED
Conforms to SCS Recycled Content Standard V7-0 for a **Minimum 85% Pre-Consumer Recycled Copper Content**. The material quantification and mass-balance calculations are completed on a dry-weight basis.

CERTIFIED RECYCLED CONTENT
MINIMUM 85% RECYCLED CONTENT PRE-CONSUMER

Registration # SCS-RC-10246
Valid from: June 28, 2024 to May 6, 2025

SCSglobal SERVICES

Nicole Munoz, Vice President
2000 Powell Street, Ste. 600, Emeryville, CA 94608 USA

SCS Recycled Content (RC) Certificate

intertek
Total Quality. Assured.
Intertek Testing Services NA, Inc.
900 Chelmsford Street
Lowell MA 01851

Scope Certificate
Scope Certificate Number ITS-TE-00024178-GRS-02266500
Scope Certificate Version Number ITS-TE-00024178-GRS-02266500

Intertek
certifies that

Ningbo Xingye Shengtai Group Co., Ltd.
Textile Exchange-ID (TE-ID): TE-00024178
License Number: TE-00024178
Jinxi Road, Hangzhou Bay New Region,
Cixi Economic Development Zone, 315336,
Ningbo City, Zhejiang Province, China

has been audited and found to be in conformity with the

GLOBAL RECYCLED STANDARD 4.0 (GRS 4.0)

Product categories mentioned below (and further specified in the product appendix) conform with the standard(s):
Functional accessories (PC0017)
Process categories carried out under responsibility of the above mentioned organization for the certified products cover:
Mechanical recycling (PR0017); Molding (PR0018); Warehousing distribution of non-final products (PR0031)
*The processes marked with an asterisk may be carried out by subcontractors

This certificate is valid until: 2025-06-11
Audit criteria:

Place and Date of Issue
Lowell, MA, USA, 2024-06-12
Last Updated: 2024-06-12
Extended Until:
Status: Valid

intertek Global Recycled Standard

Calin Moldovean
President, Business Assurance

Page 1 of 3

Global Recycling Standard (GRS 4.0)
Recycling Certificate

2.4 Discharge and Waste Management

Wastewater Management

The Company's wastewater primarily comprises domestic sewage and production wastewater. The production wastewater is treated at the Company's self-built sewage treatment station and then discharged into the municipal sewage pipelines. The domestic sewage is pretreated in an oil separator and septic tank and then discharged into the municipal sewage pipelines after treatment. Finally, it enters the sewage treatment plant in Hangzhou Bay New Area. The Company complies with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and other laws and regulations as well as the *Comprehensive Sewage Discharge Standards (GB8978-1996), Indirect Discharge Standards for Nitrogen and Phosphorus Pollutants in Wastewater from Industrial Enterprises (DB33/887-2013)* and other relevant standards.

In 2024, the Company revised systems such as the *Wastewater Management Process* and the *Inland River Management System of the Company*. The Company has established a management ledger for wastewater discharge and implements a rigorous testing on parameters in the wastewater, such as pH value, chemical oxygen demand (COD), suspended solids, ammonia nitrogen, and ions of metals such as iron, copper, and zinc to ensure the compliant discharge of wastewater. The Company hires external institutions to conduct wastewater discharge monitoring every year, continuously upgrades wastewater treatment and reuse technologies, and minimizes the impact on the receiving water bodies. In 2024, all of the Company's wastewater discharges met the standards and had received no penalty from regulatory authorities due to excessive pollutant discharge or illegal discharge.

Case: Retrofitting a Reverse Osmosis Purification Plant to Improve Return Water Utilisation

In 2024, the Company carried out the technical feasibility analysis of water purifier renovation, and planned to introduce a set of 20m^3 reverse osmosis water purifier unit to use the return water from the sewage station as a water source to prepare pure water, so as to meet the demand for pure water for production and at the same time, to improve the utilisation rate of the return water to reduce the amount of water consumption.

Wastewater Discharge of Xingye Alloy in 2024

Indicators	Unit	Value
Industrial wastewater discharge volume	Cubic metres	61,019.80
Industrial wastewater discharge density	Cubic metres/ tonne of product	0.37
Chemical Oxygen Demand (COD) discharge in wastewater	Tonnes	4.88
Ammonia and Ditrogen (NH3-N) discharge in wastewater	Tonnes	0.19
Suspended Solids (SS) discharge in wastewater	Tonnes	0.05

Waste Gas Management

The waste gases generated by the Company primarily include natural gas combustion waste gas, rolling waste gas, sulfuric acid mist, and waste gas from the liquid ammonia station. The Company strictly abides by the *Law of the People's Republic of China on Prevention and Control of Air Pollution* and other relevant laws and regulations on waste gas and air pollution prevention and control, as well as the *Emission Standards for Air Pollutants from Industrial Furnaces and Kilns (GB9078-1996)*, *Comprehensive Emission Standards for Air Pollutants (GB16297-1996)* and other relevant standards.

In 2024, the Company revised the *Waste Gas Management System* to guide and regulate the monitoring and management of waste gas emission. It also established a management ledger for waste gas emission to ensure that pollutants in the waste gas, such as particulate matter, lead and its compounds, tin and its compounds, nickel and its compounds, nitrogen oxides, and sulfur dioxide, meet the discharge standards. The Company hires external institutions to conduct waste gas emission monitoring every year, continuously upgrades waste gas treatment and self-cleaning processes, and minimizes the impact on the atmosphere. The Company requires all facilities to take all necessary measures in terms of atmospheric emission management to protect the environment. In 2024, all of the Company's waste gas emissions met the standards.

Waste Gas Discharge of Xingye Alloy in 2024

Indicators	Unit	Value
Particulate matter (PM) emission in waste gas	Tonnes	9.51
Sulphur Oxides (SOx) emission in waste gas	Tonnes	0.59
Nitrogen Oxides (NOx) emission in waste gas	Tonnes	8.27
Other exhaust pollutants (oil mist, non-methane hydrocarbons) emission in waste gas	Tonnes	0.08

Waste Management

The waste in the Company's production and operation is categorized into non-hazardous waste and hazardous waste. Non-hazardous wastes mainly include slag, copper scale, waste cardboard, waste plastics, workshop trimmings, etc. Hazardous wastes mainly include smelting fly ash, copper-containing sludge, waste mineral oil, water treatment concentrated oil, oil-containing rags, waste packaging bags, waste diatomaceous earth etc.

The Company strictly complies with the laws and regulations in the field of waste treatment and recycling, such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, National Hazardous Waste List, Measures on the Management of Hazardous Waste Manifests*, and *Measures on the Management of Recycling of Renewable Resources*. In 2024, 100% of the waste generated by the Company was disposed of in a compliant manner.

In 2024, the Company revised the *Solid Waste Management System* to standardize the discharge and disposal of solid waste, ensure safety and controllability, and reduce its impact on the surrounding environment. All bases of the Company strictly implements the compliant collection, classification, storage, and transfer of different types of waste. The Company has established a *Solid Waste Management Ledger* to record the categories, amounts, transportation methods, and treatment methods of waste, so as to strengthen management and tracking.

The Company's non-hazardous waste is collected and classified within the plant area and then will be recycled by waste recycling companies. Hazardous waste is temporarily stored in the hazardous waste warehouse and regularly sends to qualified units for safe disposal. In addition, the Company's use of sludge drying equipment, having an excellent waste minimisation effect, is expected to reduce the amount of hazardous waste by at least 370 tonnes per year, accounting for 25.87% of it's annual amount of hazardous waste.

Waste Discharge of Xingye Alloy in 2024

Indicators	Unit	Value
Hazardous waste	Tonnes	1,387.34
By disposal method: incineration with energy recovery	Tonnes	93.23
By disposal method: recycling/reuse	Tonnes	1,294.11
Hazardous waste density	Tonnes/tonne of product	0.0084
Non-hazardous waste	Tonnes	4,994.32
By disposal method: incineration with energy recovery	Tonnes	553.65
By disposal method: recycling/reuse	Tonnes	4,440.67
Non-hazardous waste density	Tonnes/tonne of product	0.0301

3. SOCIAL: GATHERING WISDOM, BRIDGING INNOVATION AND DEVELOPMENT

3.1 High-Quality Products and Services

Product Quality and Safety

Xingye Alloy has always regarded product quality as the cornerstone of its corporate strategy and development. The Company strictly complies with the *Product Quality Law of the People's Republic of China as well as industry standards and specifications, including GB/T 2059 Copper and Copper Alloy Strip,GB/T 2040 Copper and Copper Alloy Sheet,GB/T 17793 Wrought Copper and Copper Alloy Plates and Strips—Dimensions and Tolerances,GB/T 26301 Zinc Cupronickel Strip for Shielding, YS/T 1040 Zinc Cupronickel Strip for Resonators, and YS/T 1082 Copper Strip for Lamp Lead Frames.* Through meticulous management of all production processes, the Company continuously delivers high-quality products to its customers.

In 2024, the Company further improved its product quality management system and enhanced its quality management organisational structure. Led by the Quality Management Center, which oversees the Quality Inspection Section and the Quality Assurance Section, the Company ensures rigorous inspection and control throughout the entire process—from raw material intake and production to final product delivery.

In terms of system construction, the Company continuously improves multiple procedural documents such as the *Control Procedure for Nonconforming Products*, *Control Procedure for Corrective and Preventive Actions*, and *Control Procedure for Product Monitoring and Measurement*. The revised content includes clarifying the work responsibilities of relevant departments, adding preventive and corrective measures, and refining relevant standard systems according to the quality requirements of different products. It also includes clarifying the requirements related to product quality, product defects, product acceptance, etc., realising full-process quality control over raw materials, auxiliary materials, in-process products, and finished products.

The Company conducted multiple internal quality audits, focusing on evaluating the effectiveness of the product quality management system and verifying the quality compliance of various product categories. In addition, the Company regularly engaged qualified third-party institutions to carry out external supervision audits of its quality management system. In 2024, 100% of the Company's manufacturing sites obtained ISO 9001:2015 Quality Management System certification, and 67% achieved certification under the IATF 16949:2016 Automotive Quality Management System standard.

Quality Internal and External Audit Overview of Xingye Alloy

Quality Internal Audit Overview of Xinye Alloy in 2024
• In January and August 2024, the Company conducted two product audits using the VDA 6.5 standard, covering a total of 8 products. All products achieved a QKZ index of ≥95%, meeting the quality control requirements for product performance.
• In February and October 2024, the Company conducted two process audits using the VDA 6.3 standard, covering 7 products. The quality capability of the mass production processes for all products reached ≥90%.

Quality External Audit Overview of Xinye Alloy in 2024
• In May 2024, the Company engaged a professional third-party certification body to carry out audits at Shengtai and Xintai based on the IATF 16949:2016 Automotive Quality Management System, and successfully obtained the certification.
• In August 2024, the Company commissioned a third-party certification body to conduct external audits for Shengtai and Xintai under the ISO 9001:2015 Quality Management System and successfully obtained the certification.

The Company has established a product recall procedure in accordance with the *Nonconforming Product Control Procedure*, which sets measures such as timing, tracking, review, and approval of recalls, public announcements, handling of recalled products, reporting, and public relations approaches. These provisions ensure a prompt response and effective risk control. In 2024, no nonconforming product recalls occurred.

The Company actively introduced automated and intelligent production equipment. It uses automated production lines and smart management systems to achieve continuous production and automated inspection of copper bars, thereby reducing manual intervention. Through real-time monitoring and analysis of the production process, the Company optimised workflow and improved efficiency and quality.

In 2024, the Company conducted over 100 internal and external training sessions focusing on product quality enhancement and acceptance, covering topics such as key customer quality control projects, quality issue analysis and resolution, and theories and applications of metallic materials. These efforts not only enhanced employees' professional capabilities but also laid a solid foundation for the Company's continuous product quality improvement and customer satisfaction enhancement.

Quality Improvement Practices of Xingye Alloy

“Quality Month” Campaign
In September 2024, the Company’s Quality Management Center, in collaboration with various departments, launched a series of themed activities under the “Quality Month” initiative. Centered on the theme “Address Root Causes and Ensure Product Quality with Full Commitment,” the campaign focused on quality targets, reinforced the implementation of key tasks, and concentrated efforts on enhancing product quality, striving for continuous progress and excellence in quality management.

Skills Competition
To comprehensively enhance employees’ operational skills and identify and nurture technical talents, starting from October 2024, the Company’s labor union and workshops organised a series of skills competitions. The events covered nearly 20 specialised and general categories, attracting participation from over 150 employees. On-site competitions were held to showcase technical expertise, with top three performers in each category recognised and awarded.

Product Innovation

Continuous innovation in products and technologies is a core driving force behind the Company’s development. To ensure efficient management of the R&D process, the Company has established relevant documents such as the *Technical Research Management Policy*, which outlines standardised procedures covering the entire process—from frontier research planning and technical feasibility analysis to project initiation, pilot production, customer validation, and project closure.

The Company’s R&D team consists of professionals from diverse fields, including materials engineering, metallurgical engineering, civil engineering, electrical automation, construction engineering, and CNC technology. Currently, the team comprises 114 R&D personnel, including 9 with master’s degrees, 2 with doctoral degrees, 5 postdoctoral researchers, and 5 foreign experts in the copper processing industry, providing strong support for technological innovation. To unleash employees’ innovation potential, the Company has established five major categories of innovation awards under the *Employee Reward Policy*, encouraging staff to pursue research and development initiatives aligned with production practices and their individual strengths. In 2024, the Company presented a total of 24 awards, with incentive payouts totaling nearly RMB 3 million.

Five Major Categories of Innovation Awards of Xingye Alloy

Type	Award Description
Technological Innovation Award	Reward employees for innovations in processes, equipment, quality, cost, and safety that are closely related to production
Government Project Award	Reward employees for participating in high-level industrial science and technology award projects
Patent Project Award	Reward employees for participating in patent licensing and government-type patent projects
Standard Project Award	Reward employee participation in standard projects relating to standard specification, revision, and government category
Award for Papers	Reward employees for publishing papers according to categories and grades

Adhering to the R&D philosophy of "projects driven by market demand and outcomes serving market needs," the Company invested RMB 186.41 million in research and development in 2024 and provided extensive internal and external training opportunities for its R&D personnel. By the end of 2024, the Company had achieved a number of innovative outcomes, offering the downstream industries higher-quality and more diversified material options.

Innovation Achievement Highlights of Xingye Alloy

Increasing Recycled Material Use and Reducing Material Consumption
Xingye Alloy has developed two new alloys, XYK-41 and XYK-29, to effectively utilise large quantities of edge trimmings generated during the nickel or tin plating processes. These innovations contribute to environmental protection and resource efficiency while also reducing production costs.
XYK-41 is composed of copper, zinc, tin, nickel, and silicon. It enables efficient recycling of edge trimmings from alloy nickel or tin plating processes. While maintaining comparable material strength, XYK-41 achieves a cost reduction of approximately 10% to 15%, striking a balance between performance and economic efficiency.
XYK-29 is composed of copper, nickel, silicon, and tin, and can utilise scrap materials generated during the tin-plating process. Through optimised formulation and improved processes, the proportion of recycled material used in XYK-29 increased significantly from the original 40%-50% to over 80%, markedly enhancing resource utilisation and demonstrating strong sustainability advantages.

Developing Alternatives to Beryllium Copper to Improve Safety and Environmental Performance

Beryllium copper releases harmful beryllium dust during processing, posing serious health risks to operators. To address this, the Company is actively promoting the industrialisation of titanium-copper alloys and has developed high-precision, ultra-thin, high-strength copper alloy strip foils such as XYK-23 to provide safer and more environmentally friendly material solutions.

XYK-23 completed its initial pilot production in 2024. It offers high strength, excellent stress relaxation, and fatigue resistance, making it a viable replacement for imported copper-titanium alloys and solving key issues such as high costs and long lead times. This material is well-suited for applications in AI and consumer electronics connectors, supporting the trend toward higher precision, miniaturisation, and lightweight design.

Titanium-copper alloys also exhibit strong environmental performance and non-magnetic properties, making them applicable to electronics, communication devices, and electrical equipment. Their superior resistance to stress and thermal stress relaxation makes them particularly suitable for compact and thin products requiring high dimensional stability and durability, with great potential for replacing beryllium copper.

Promoting Innovation in High-Performance Copper Alloys to Support AI Industry Development

To meet the demand for high-performance and high-precision materials in AI products, the Company has developed a range of copper alloy materials specifically designed for AI chip brackets, heat dissipation components, and high-speed connectors, including models such as XYK-7, XYK-38, XYK-22, QSn6.5-0.1, and XYK-32. These materials exhibit excellent thermal conductivity, electrical conductivity, and machinability.

In AI chip carrier applications, XYK-7 and XYK-38 demonstrate exceptional performance, especially with their low thermal shrinkage rates, which enable greater dimensional stability and uniformity during chip packaging. This significantly improves product consistency and packaging efficiency. These materials also offer strong workability, flat sheet form, and low internal stress, making them ideal for high-precision etching and semi-etching processes.

To address thermal management needs in AI devices, XYK-22 and QSn6.5-0.1 provide excellent electrical and thermal conductivity, meeting the requirements of applications such as vapor chambers. These materials maintain good flatness and processing stability, are suitable for etching processes, and exhibit a degree of high-temperature resistance, enabling them to withstand sintering processes up to 800°C. They also offer stable welding performance, making them suitable for high-temperature manufacturing environments.

In the field of high-speed backplane connectors, the Company's XYK-32 copper alloy achieves thicknesses as thin as 0.03 mm with excellent bendability, effectively supporting connector applications amid trends toward miniaturisation and structural complexity. It meets design requirements for high-performance connectors featuring high transmission rates, high throughput, and low latency. This material offers a yield strength exceeding 1,000 MPa, electrical conductivity above 40%, and superior fatigue resistance and stress relaxation properties, making it ideal for applications demanding high reliability and electrical performance.

At the same time, the Company has received widespread attention and high recognition from various sectors of society for its outstanding R&D and innovation capabilities, earning multiple scientific research honours and awards.

Science and Technology Innovation Honours of Xingye Alloy in 2024
Corporate Awards:
• First Prize of the China Nonferrous Metals Industry Science and Technology Award • Key Pilot Unit for the Implementation of International Standards on Innovation Management and Intellectual Property in Zhejiang Province • Zhejiang Export Famous Brand of the Year 2024 • Top 100 Enterprises in Ningbo • Top 100 Manufacturing Enterprises in Ningbo • Top 100 Competitive Enterprises in Ningbo
Research/Product Awards:
• The project *"Research on Key Technical Standards for Advanced Structural and Functional Materials in the Nonferrous Metals Sector"* received the First Prize of the China Nonferrous Metals Industry Science and Technology Award. • The product *"Copper Alloy Strip for Lead Frames"* was selected for Zhejiang Province's List of First Batch of New Materials.

The Company places great importance on innovation and collaboration. In 2024, Xingye Alloy continued to deepen industry-academia collaboration, launching nine joint research projects, including two under the National Key R&D Program of the Ministry of Science and Technology. These initiatives reflect the Company's strong capabilities and commitment to innovation in frontier technology research and application.

Industry-Academia Collaboration Highlights of Xingye Alloy

Joint Innovation Between Xingye Alloy and Academic Institutions
• In cooperation with Central South University, the Company developed a copper-nickel-tin alloy strip project. In 2024, this collaboration successfully achieved the industrialisation of the first copper-nickel-tin alloy product, XYK-46, and completed the production of the initial batch of samples.
• The Company is also steadily advancing the pilot production and industrialisation research of titanium-copper alloys in partnership with Xi'an University of Architecture and Technology and GRINM Group Corporation, actively exploring the application and implementation of related technologies.

Intellectual Property Protection

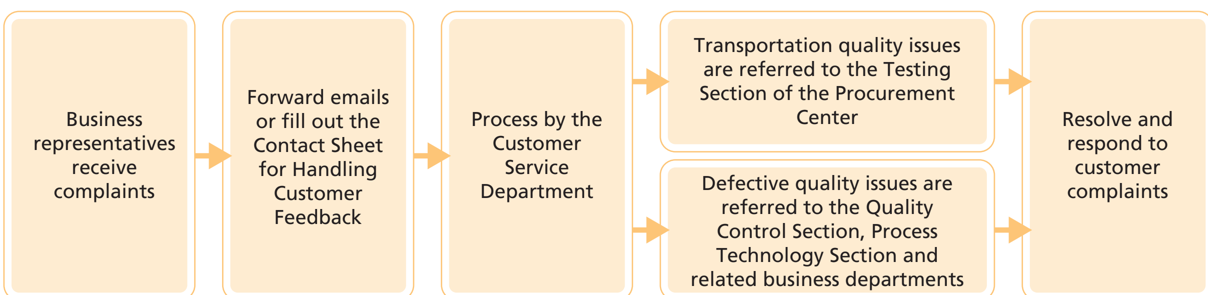
To safeguard its research and innovation achievements and prevent intellectual property disputes, the Company strictly complies with the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and other relevant laws and regulations. The Company has also established the *Patent Management Policy* to standardise internal procedures related to intellectual property application, protection, and utilisation, thereby building a comprehensive proprietary intellectual property system.

At the same time, to enhance employees' awareness of intellectual property protection, the Company regularly shares articles, case studies, and the latest policies on platforms such as its corporate WeChat and official accounts. It also organises specialised intellectual property training for key departments, focusing on relevant laws and regulations, protection measures, and key considerations. In 2024, the Company was granted 8 invention patents and 4 utility model patents, and submitted 4 invention patent applications and 3 utility model patent applications.

Customer Service

In terms of customer service, the Company has formulated system documents such as the *Customer Service Control Procedure*, *Customer Complaint, Return, and Claim Handling Process*, and *Management Process for Handling Finished Products with Quality Issues* to ensure the standardisation and normalisation of customer service processes in pre-sales, sales, and after-sales stages.

Customer Service Process of Xingye Alloy



To enhance customer service quality and continuously improve the customer experience, the Company has implemented a series of measures covering training, customer feedback management, and service improvement. These efforts aim to better meet customer needs, increase customer satisfaction, and foster long-term cooperative relationships between the Company and its clients. As of the end of 2024, the Company achieved a 100% customer complaint resolution rate, with an overall customer satisfaction score of 95.58.

Customer Service Practices of Xingye Alloy

Type	Detailed Practices
Employee Training and Development	• Conducted multiple customer service training sessions covering topics such as performance review and improvement, user guidance for new products, and professional sales knowledge, with a total of 198 training hours completed. • Incorporated customer complaint rate as a new performance evaluation metric and regularly organised relevant training and assessments.
Customer Service and Feedback Optimization	• Enhanced localised customer support by adding two stationed staff at the Guangdong office and one in Wenzhou. • Significantly increased the frequency of customer visits, now covering clients in more than six countries. • Conducted a customer satisfaction survey in 2024, achieving an overall satisfaction score of 95.58. Based on feedback, the Company developed the 2024 Customer Satisfaction Improvement Plan, with relevant departments analysing the results and implementing corresponding improvement measures.
Digital Management	• Introduced digital customer complaint dashboard to monitor complaint status, enabling more timely and efficient analysis and response to customer feedback.

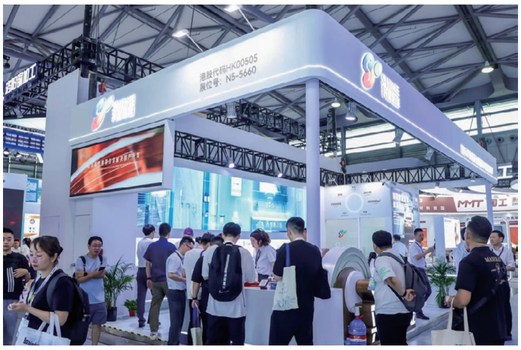
Industry Engagement

The Company keeps pace with industry trends and technological developments by actively participating in industry conferences, seminars, and exhibitions. Through in-depth exchanges with peers, it continuously enhances its technical expertise, management capabilities, and market competitiveness, while promoting internal and external collaboration and growth.

Industry Engagement Case of Xingye Alloy

Munich Shanghai Electronics Show

In July 2024, the Company actively participated in electronica China and the Shanghai International Industrial Materials Exhibition. During the events, it was interviewed by *International Cable & Connectivity* magazine and engaged in industry and technical discussions with over 190 companies. Through interactions with potential clients, the Company successfully identified new market opportunities and achieved strong promotional results within the industry.



3.2 Supply Chain Management

Supplier's Quality Management

The Company's suppliers are categorised into two types: raw material suppliers and substance suppliers, which are managed by the Raw Material Procurement Center and Substance Procurement Center respectively. Raw material suppliers are divided into new material suppliers for manufacturing and sales suppliers, and substance suppliers are divided into Class I, Class II, Class III spare part suppliers and Class IV outsourcing parties.

To further strengthen quality management, the Company revised its *Raw Material Procurement Control Procedures* to refine the management structure, supplier risk assessment requirements, annual performance assessment requirements, and management of suppliers after annual review.

Supplier Management Process of Xingye Alloy

Main Process	Detailed Practices
Supplier Development and Assessment	• Search for raw material suppliers according to technological and quality requirements of the products. • Qualification assessment: Assess new suppliers in various ways, including basic information, qualifications, products, services, labor and business ethics, environment and occupational health and safety, conflict minerals control, etc., and record the assessment results in the *Raw Material Supplier Risk Assessment Record*; conduct on-site assessment of new suppliers where necessary to further confirm whether they are ready to cooperate, and confirm whether they are qualified suppliers based on the assessment results. • Sample assessment: Procurement personnel fill out the *Supplier Sample Assessment Form* based on the samples provided by the suppliers, and submit it to the Quality Control Section, Technology Center/R&D Center for verification, and conduct batch purchasing after the samples are qualified through assessment.
Verification of Procured Products	• Internal verification: Inspectors check the material information, issue and submit the *EAS System Inspection Notice* to the raw material inspector for inspection in accordance with the *Raw Material Inspection Standards*. • Customer verification: The Company provides the information, or arranges the field verification according to the customer's requirements; • Verification of products from customer-specified sources: Verify the conformity or check the conformity of the supplier's products through regular second party reviews.
Supplier Performance Monitoring	• Score the supplier's product quality and delivery time, cooperation, excess freight, cost assessment, etc. based on the *Monthly Supplier Performance Assessment Form*. When the monthly performance is "unqualified", the Company sends the *Rectification Report for Abnormal Quality* to the supplier, requesting the closure of the improvement matters within 2 months. In case of failure to close the improvement matters within the specified period, the Company will include the supplier in the *List of Pending Suppliers* and select new qualified suppliers. • Make the annual supplier performance assessment in the *Annual Supplier Performance Assessment Form* based on the results of the year's supply performance monitoring. When the performance is unqualified for three times in the year, it will be reported to the Company's Procurement Director for approval upon disqualification.

Main Process	Detailed Practices
Supplier Quality Management System Development	• In every year, review the system certification status of qualified suppliers of raw materials for manufacturing, prepare the *Supplier QMS Development Plan* for suppliers that have not passed ISO 9001:2015 System certification, send the *QMS Development Plan Confirmation Letter* to suppliers, confirm their opinions, and follow up on the certification of suppliers' quality management systems.
Annual Review of Suppliers	• Conduct reviews according to the *Annual Supplier Review Plan*, issue the *Supplier Review Checklist* to suppliers who need to implement self-assessment, review and score the review results according to the information provided by suppliers, and conduct on-site reviews according to the *Supplier Review Checklist*. • The Company disqualifies suppliers with annual review scores under the 60th percentile. If the disqualified suppliers intend for continuous cooperation, the Company needs to re-assess the supplier in accordance with the process of assessing and selecting new suppliers after determining that the supplier's product quality and delivery time have improved through several small batch verifications.

As of the end of 2024, the Company provided training to suppliers in the list of qualified suppliers through internet or video calls, and offered face-to-face guidance in combination with quality control and process control during on-site audits.

Sustainable Supply Chain

Xingye Alloy actively practices the concept of sustainable procurement and continuously advances the supply chain management system. In 2024, the Company revised and implemented the *Regulations on the Control of Environmental Protection Hazardous Substances*, adding the 31st list of Substances of Very High Concern (SVHC), and strictly regulating the environmental compliance requirements of suppliers. At the same time, in order to further standardise procurement behaviors, the Company formulated and implemented the *Sunshine Procurement System* and *Integrity Management Implementation Regulations*, clarifying the standard procurement process and integrity self-discipline requirements, so as to build an open and transparent procurement management system. In March 2025, Shengtai was awarded a Bronze Medal rating by EcoVadis, a globally recognised sustainability assessment platform. The Company performs better than 77% of the evaluated enterprises, representing a significant milestone in the Company's journey toward global sustainability.

Sustainable Supply Chain Management Practices of Xingye Alloy

Management Type	Detailed Practices
Sustainable Supply Chain Management	• All suppliers are required to strictly comply with the *Restriction of Hazardous Substances Directive* (RoHS), *the Registration, Evaluation, Authorisation and Restriction of Chemicals* (REACH), as well as the Company's and clients' environmental protection requirements. • All qualified raw material suppliers must sign a *Declaration of Non-Use of Hazardous Substances*, committing to compliance with prohibited substance standards. • On-site environmental audits are conducted for the top five distributors and top three manufacturers by procurement volume. These audits are assessed using the *Raw Material Supplier Audit Checklist* to evaluate environmental risks, with suppliers required to immediately rectify any non-compliance issues. • Specialised training is provided to internal procurement personnel on REACH, Persistent Organic Pollutants (POPs), and client environmental requirements, to raise awareness of sustainability, enhance professional capabilities, and ensure that relevant requirements are effectively communicated to suppliers.
Supply Chain Social Management	• 100% of procurement staff are required to sign an *Employee Code of Integrity and Self-Discipline*, and the Company has signed *Integrity Agreements* with 101 substance and raw material suppliers. • Adds social responsibility review items into the *Raw Material Supplier Audit Checklist* to ensure that suppliers comply with ethical standards, such as the prohibition of child labor and forced labor. • Established a whistleblower hotline and email channel to protect suppliers' legitimate rights and interests and to monitor compliance in procurement practices. • Suppliers found in violation of integrity commitments or social responsibility requirements will be held accountable as appropriate, and their cooperation with the Company will be terminated immediately.

Responsible Minerals Management

The Company has publicly published a *Statement on Conflict Minerals* on its official website, declaring its commitment not to use conflict-affected minerals (such as gold, tin, tantalum, and tungsten) sourced from the Democratic Republic of the Congo and its neighboring countries. In line with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, the Company continues to improve its internal management procedures.

All suppliers are required to clarify whether the products they provide contain any conflict minerals and are encouraged to avoid the use of such materials. If a supplier's product does involve conflict minerals, the supplier must obtain relevant certifications proving that no conflict minerals were used in the smelting and refining process, in accordance with applicable industry measures. In 2024, Xingye Alloy did not engage in the procurement or use of any conflict minerals.

3.3 Employee Rights and Development

Employee Employment and Rights

Xingye Alloy strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other applicable labor regulations. The Company has established a comprehensive set of internal policies, including the *Recruitment Management Policy*, *Resignation Management Policy*, *Anti-Harassment and Anti-Abuse Guidelines (Trial)*, *Wage and Compensation Management Policy*, *Foreign Labor Protection Policy*, *Special Group Employee Protection Policy*, *Intern and Apprentice Protection Policy*, *Anti-Discrimination Policy*, *Prevention of Forced Labor Policy*, *Disciplinary Measures Prevention Policy*, *Prohibition of Child Labor Policy*, and the *Third-Party Recruitment Agent Management Policy*. In 2024, two additional policies, the *Labor Rights Protection Policy* and the *Reward and Disciplinary Document Management Policy,* were introduced to further establish a reliable, effective, and responsible management system that ensures full protection of employee rights.

The Company is committed to legal employment practices and strictly prohibits the use of child labor. Recruitment procedures are rigorously followed, including ID verification and random checks, to eliminate child labor risks at the source. In the event of any inadvertent hiring of underage workers, the Company will provide all necessary assistance to return the individual to their guardian's location, bear all associated costs, and offer support as appropriate to safeguard their legal rights. In addition, the Company maintains a zero-tolerance policy against all forms of forced labor. Regular investigations are conducted at production sites to identify and address potential issues in a timely manner, effectively preventing the occurrence of actual or suspected forced labor incidents.

The Company upholds the principles of equal employment and equal pay for equal work. The Company imposes no restrictions based on nationality, race, gender, age, or other factors in its recruitment process, ensuring all employees have equal and fair opportunities for employment and career development. Work hours are arranged in compliance with national labor laws, and any overtime beyond the standard 8-hour workday is compensated according to legal requirements, thereby safeguarding employees' rights. Statutory holidays and rest periods are also arranged in accordance with regulations to ensure employees enjoy their full entitlement to leave.

In 2024, the Company did not experience any violations related to employment or labor standards, nor were there any instances of child labor or forced labor.

Employee Employment and Rights Indicators of Xingye Alloy

Indicators	**Value for 2024**
Total number of employees	1,757
Coverage of labor contracts	100%
Coverage of social insurance	100%

The Company places great emphasis on addressing employee concerns and protecting their rights, striving to foster an open and transparent working environment. To ensure timely responses to employee feedback and requests, the Company has established the *Employee Feedback Management Policy* and set up multiple communication channels. Employees may voice their opinions through direct supervisors, higher-level managers, the labor union, the Human Resources Center, or the General Manager Office. Available feedback methods include in-person meetings, the General Manager's mailbox, telephone, email, "Employee Voice" reception days, and suggestion boxes.

2024 Employee Satisfaction Survey

To assess employee satisfaction, gather constructive feedback, and support the Company's long-term strategic development and cohesion, the Human Resources Center organised an employee satisfaction survey in December 2024. The overall employee satisfaction score was 82%.

In response to employee feedback on areas such as dining and accommodation conditions, the fairness of the reward and penalty system, wages, leave policies, and rest periods, the Company has developed corresponding improvement plans. These measures will be implemented progressively to further enhance employee satisfaction and strengthen organisational cohesion.

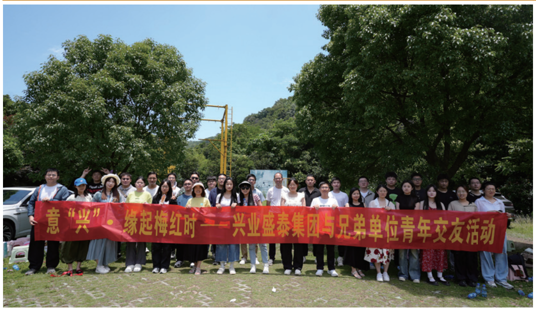
Employee Diversity and Welfare

The Company strictly complies with the *Law on the Protection of Women's Rights and Interests* and the *Provisions on Labor Protection for Female Employees*, actively safeguarding the rights of female employees. To promote workforce diversity, the Company has also established internal regulations such as the *Special Group Employee Protection Policy* and the *Foreign Labor Protection Policy*. As of the end of 2024, the Company employed a total of 65 retired employees and 24 employees with disabilities.

The Company is committed to creating a workplace environment that supports personal growth and work-life balance. It continuously carries out diverse employee care activities to enhance employees' sense of belonging and happiness.

Employee Welfare Measures of Xingye Alloy

Type	Detailed Practices
Life Care	• Provided traditional Chinese medicine consultations, health therapies, and psychological counseling for all employees, totaling over 1,200 visits. • Set up nursing rooms and provided benefits such as paid parental leave to help employees balance family responsibilities and work. • Partnered with neighboring enterprises to organise social events for young employees, creating opportunities for interaction among single staff members. • Continued to operate the mutual aid fund, supporting nearly 80 employees in need through various care initiatives.
Cultural and Sports Activities	• Organised a tree planting event under the theme "Build a Centenary Enterprise, Create a Green Home." • Sponsored the "Xingye Alloy Cup" basketball league. • Hosted hiking activities and fun sports competitions. • Celebrated festivals such as Women's Day, Dragon Boat Festival, and Mid-Autumn Festival through themed cultural events.
Summer Care Program for Employees' Children	• With the theme "Reviving Arts and Sports, Enjoying Homework," encouraged children to step out of the classroom. • Held a summer camp in collaboration with partner schools, arranging teachers and educational materials to provide learning opportunities during the summer break. • Offered basketball and football summer camps. • Introduced new courses such as Chinese traditional culture, patriotic education, and safety awareness, including visits to the New District Security Experience Museum to strengthen children's safety awareness and self-protection abilities. • Organised educational trips to Shanglin Lake Yue Kiln Celadon Museum, Hemudu Museum, and the New District Exhibition Hall, where children engaged in hands-on experiences making Yue Kiln celadon and Hemudu pottery.



Youth Social Events

Women's Day Celebration

Basketball League

Spring Festival Garden Fair

Summer Day Camp for Employees' Children

Fun Sports Games

Occupational Health and Safety

The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Criteria for Determining Major Accident Hazards in Industrial and Trade Enterprises*, the *Guidelines for Safety Risk Prevention and Control in Hazardous Chemical Production and Construction Projects (Trial)*, the *Zhejiang Province Occupational Disease Prevention and Control Regulations*, and other relevant laws and regulations. It has established internal policies such as the *Personal Protective Equipment Distribution Standards*, *Employee Medical Examination Management Policy*, and *Occupational Health Management Policy*. In 2024, the Company revised and updated the *Safety Regulations for Confined Space Operations in Industrial and Trade Enterprises* and the *Criteria for Determining Major Accident Hazards Related to Special Equipment*, to comprehensively standardise production safety procedures and minimise the risk of various safety incidents.

In 2024, both Shengtai and Xintai obtained ISO 45001:2018 Occupational Health and Safety Management System certification which covers 67% of the Company's production sites. No major production safety accidents occurred during the year.

The Company regularly entrusts professional third-party institutions to conduct testing of occupational disease hazard factors. The institutions determined that the Company's employees at highest risk of occupational diseases include cleaners, furnace operators, casting pullers, rollers, sawyers, etc. The main occupational disease hazard factors are noise, high temperature, ionising radiation, silica dust, copper dust, lead fumes, and copper fumes. Based on the results and suggestions of the *Workplace Occupational Disease Hazard Factors Testing Report*, the Company has taken a series of protective measures, such as constructing soundproof rooms, regularly replacing and distributing protective articles, and maintaining ventilation and dust removal facilities to effectively ensure the occupational health and safety of employees during the production process. In addition, the Company has completed rectifications for the issues raised in the third-party safety status assessment and the design diagnosis of environmental protection equipment safety facilities, forming a closed loop and relevant rectification confirmation letters.

Occupational Health and Safety Practices of Xingye Alloy

Type	Detailed Practices
Education and Training	• In 2024, the Company conducted a total of 118 safety and health training sessions for all employees, reaching nearly 15,000 participants and achieving 100% coverage. The February sessions covered topics such as legal responsibilities related to safety, implementation of safety duties, and occupational health protection, with 1,600 participants. The November sessions focused on promoting safety regulations and safety culture, also training 1,600 participants. • A total of 14 management skills enhancement training sessions were organised for frontline supervisors in 2024, covering topics such as special equipment safety and hazardous chemicals handling. These sessions reached 958 participants.
Safety Trills	• In 2024, the Company organised seven emergency drills involving 1,388 participants. The drills covered fire evacuation, hazardous waste leakage, hazardous chemical spills, and special operations rescue. These exercises helped identify weaknesses in the emergency plans, which were subsequently improved, while also increasing participants' familiarity with emergency procedures and enhancing response capabilities. • In April and October 2024, company-wide fire drills were conducted to raise employees' awareness and emergency response skills.
Exams and Competitions	• In 2024, the Company held one "Safety and Health Cup" safety knowledge competition to promote a strong safety culture and improve employees' safety awareness and competence.
Physical Examination	• The Company strictly implemented pre-employment, on-the-job, and post-employment occupational health checkups. • Biennial general health checkups were provided for all employees as a welfare benefit. • A doctor was invited to deliver a lecture on heatstroke prevention. • A full-time physician was stationed onsite twice a week to provide traditional Chinese medicine services such as acupuncture, pulse diagnosis, prescriptions, and health consultations. As of the end of 2024, more than 500 consultations had been conducted, covering all employees across the Company.

Fire Drill

"Safety and Health Cup"
Safety Knowledge Competition

Company-Wide Safety Education and Training

Employee Training and Development

Xingye Alloy places importance on the comprehensive development of talents. It has formulated the *Training Management System*, *Internal Lecturer Management System*, *Education (Degree) Enhancement Management System*, *Employee Evaluation Management System*, and *Xingye Craftsman Selection Management Measures* to clarify the management and construction of the training system, promote the growth of various talents, motivate employees for their sustained development, and empower personal career advancement.

Talent Cultivation Practices of Xingye Alloy

Type	Detailed Practices	Achievement
Internal and External Training	• Launched internal instructor capability enhancement programs such as *Internal Instructor Course Development* and *Train the Trainer (TTT)* courses. • Engaged external institutions or third-party providers for commissioned, off-site, or invited expert training. • Training content covered quality control, procurement, processes, equipment, sales, customer complaints, and product knowledge.	• Held 146 internal training sessions, reaching a total of 27,338 participants. • Held 53 external training sessions, with 1,460 total participants. • Average training satisfaction score in 2024 was 91.3.
Mentorship Program	• Monitored the implementation of teaching and mentorship plans in each business unit, collecting feedback through daily communication and surveys to track employee progress during probation.	• 758 mentor-mentee pairs formed across business units. • Average satisfaction score in 2024 was 92.
"Qianjun" Leadership Training Series	• Aimed at enhancing the management awareness and capabilities of mid-to-senior management while nurturing future leadership talent. • Training included in-person expert sessions, online courses, book discussions, outdoor development, and field study programs.	• 11 course sessions and 3 review meetings conducted since launch. • Approximately 700 participants, with a total of over 170 training hours completed.
"Chengcai" Graduate Talent Program	• Targeted program for newly recruited university graduates to develop management and technical expertise. • Divided into three stages: "Smelting", "Rolling", and "Finishing", with a total duration of around 1.5 years. • Each trainee is assigned a mentor and counselor, with training covering technical knowledge, cultural activities, job rotation, and personal development coaching.	• 85 training sessions held, totaling over 560 training hours. • First cohort included 8 trainees, supported by 11 mentors and 33 guest lecturers. • Participants completed 2 job rotation cycles of 3 months each, gaining both theoretical and practical skills, and identifying personal interests.

Type	Description	Achievement
Industry-Academia Collaboration	• Cooperated with leading universities and faculty to organise on-site visits, exchange programs, and internship projects. • Conducted on-campus promotions and recruitment fairs at multiple universities.	• Held first live-streamed campus recruitment session on the Company's official video channel in 2024, attracting 2,660 viewers. • Added 11 new key university recruitment channels. • Invited 2 universities to visit the Company. • Signed a *Framework Agreement for Employment Internships and Practical Training* with Xi'an University of Science and Technology's School of Materials, launching a talent training and pipeline program.

"Qianjun" Program Opening Ceremony

"Chengcai" Program Mentorship Ceremony

"Qianjun" Program Classroom Session

Industry-Academia Collaboration

3.4 Community Empowerment

Upholding the principle of "giving back to society", the Company actively engages in public welfare and charitable initiatives, fulfilling its social responsibility and contributing to the community. In 2024, the Company was named a "Leading Enterprise of the Common Prosperity Community in Zhejiang Province" by the Zhejiang Federation of Trade Unions, Department of Economy and Information Technology, the State-owned Assets Supervision and Administration Commission, and Department of Industry and Commerce in the *Notice on Announcing the List of the Second Batch of Leading Enterprise of the Common Prosperity Community*. Moving forward, the Company will continue to promote initiatives that connect with people and deliver care, aiming to meet the aspirations of employees and community members for a better life, and to share the benefits of its development with society.

Community Support Practices of Xingye Alloy

Type	**Detailed Practices**
Education Donations	• Donated school uniforms and extracurricular books to Dongyi Primary School • Donated mascots to Bailu Kindergarten
Community Care	• Visited and extended greetings to medical staff at the community health center on Doctors' Day • Offered care packages to elderly residents of Haixing Village during the Double Ninth Festival • Promoted the joint development mechanism between medical institutions, enterprises, and the community
Support for New Employment Groups	• Distributed scarves to food delivery and courier workers before the Spring Festival

Visiting Elderly Community Members

Education Support Donations

Case: Strengthening Enterprise-Hospital-Community Partnerships

To strengthen its commitment to public service, explore innovative tripartite healthcare collaboration models, and deliver quality medical resources directly to workplaces, Xingye Alloy, as one of the first companies to sign the partnership agreement, participated in the launch ceremony of the "Enterprise-Hospital-Community Partnerships Initiative" on March 12, 2024. The Company joined efforts to establish a new model of joint development characterised by "community-led platforms, professional service outreach, and shared benefits for all".

4. GOVERNANCE: CONSOLIDATING GOVERNANCE AND FOSTERING SOLID FOUNDATION OF RESPONSIBILITY

4.1 Corporate Governance

Governance Structure

The Company strictly complies with laws and regulations such as the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, and *Model Code for Securities Transactions by Directors of Listed Issuers*. It has formulated the *Memorandum and Articles of Association of the Company*, *Shareholder Communication Policy*, *Written Terms of the Independent Opinion Method of the Board of Directors*, and *Remuneration Policy of the Group's Directors*. The Company stipulates the management rules for shareholders, the General Meeting of Shareholders, and the Board of Directors in the *Articles of Association* and *Written Terms of Functions of the Board of Directors and Management*, and ensures the full play of the role of the Board of Directors in major decision-making and business management. To clearly distinguish the responsibilities of the Chairman and the Chief Executive Officer, the Company has formulated the *Written Terms on the Division of Responsibilities between the Chairman and the Chief Executive Office*.

The Company establishes the governance structure of "General Meeting of Shareholders, Board of Directors, Board of Supervisors, and Senior Management" and actively promotes the diversity and independence of the Board of Directors to ensure that the Company operates in a standardized manner under scientific, standardized and transparent governance. The Company selects, appoints and removes directors and supervisors in accordance with the provisions of the *Articles of Association*. The Board of Directors of Xingye Alloy has Audit Committee, Remuneration Committee and Nomination Committee affiliated to it.

Governance Structure of Xingye Alloy

In 2024, the Board of Directors comprised three executive directors and three independent non-executive directors. The Company regularly reviews the scale and composition of the Board of Directors to ensure that it is well-balanced and that each of the directors posesses a wealth of knowledge, experience and expertise in relation to the operation and development of the Group's business. Each of the executive directors has the responsibility to monitor and oversee the management of specific areas and to implement the strategies and policies set by the Board of Directors. In 2024, the Board of Directors held a total of 4 meetings of the Board of Directors, including 4 regular meetings of the Board of Directors.

Protection of Investors' Rights and Interests

The Company convenes and holds regular general meetings of shareholders in strict accordance with the *Articles of Association* and other provisions to ensure that shareholders have the right to be informed of and participate in the Company's major company affairs as stipulated in laws, administrative regulations and the *Articles of Association*.

In respect of information disclosure, the Company has formulated the *Disclosure Policy* to regulate the mechanism and process of information disclosure, the persons involved and their relevant duties, thereby ensuring the standardisation and effectiveness of information disclosure. Directors shall immediately inform the Board of Directors if they become aware of any information that may constitute inside information or any information that is required to be disclosed. Employees at different levels shall have the same responsibility to identify and submit such information to their immediate leaders or to the Chief Executive Officer as the case may be.

To ensure that all shareholders have timely access to important corporate information, the Company uses its corporate website to communicate information like announcements, circulars, annual and interim reports to shareholders. Any information or documents published by the Company on the Stock Exchange's website will be published in the [Investor Relations] column of the Company's website (www.xingyealloy.com). Other corporate information relating to the Company's business development, strategic objectives, corporate governance and risk management is also available on the Company's website.

The Company has formulated the *Core Shareholder Protection Standard*. The Company's website contains a contact address and a contact number for shareholders to make inquiries to the Board of Directors. Shareholders may make inquiries to the Board of Directors through the Company Secretary, who will forward such inquiries to the Board of Directors for handling.

To regulate related-party transactions and reduce unnecessary related-party transactions, and prohibit the Company's controlling shareholders, actual controllers, directors, supervisors and senior management from using related-party transactions to harm the interests of the Company and minority shareholders, the Company is continuously improving the *Articles of Association.* It makes detailed provisions for the deliberation and disclosure of related-party transactions, and the avoidance system to ensure the fairness and impartiality of the Company's related-party transaction decisions to all shareholders. The Company also regularly conducts internal audits on related-party transactions to verify compliance, assess risk, and ensure that pricing aligns with market fairness.

4.2 Risk Management

The Company strictly complies with the *Securities and Futures Ordinance*, the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, the *Guidelines on Disclosure of Inside Information* and other relevant regulations and requirements, and continuously establishes and improves the internal control system of the Company to enhance the Company's risk management. The Company has formulated the *Internal Audit System* to ensure that all kinds of risks, including financial risks and operational risks, are always controllable.

Organizational Structure of Risk Management and Internal Control of Xingye Alloy

Name	Responsibilities
Board of Directors	Assess and determine the nature and extent of the risks acceptable to achieve the Group's strategic objectives, including, among other things, significant risks relating to environment, social and governance.
Audit Committee	Oversee management's design, implementation and monitoring of risk management and internal control systems.
Management	Design, implement and maintain appropriate and effective risk management and internal control systems to monitor risks (including environmental, social and governance risks) and take measures to mitigate daily operational risks.
Internal Audit and Risk Control Department	Review the adequacy and effectiveness of the Group's risk management and internal control systems, and report the results of the review to the Audit Committee and make recommendations to the Board of Directors and the management for improvement of significant weaknesses.

The Board of Directors is responsible for maintaining the Company's internal control system for risk management. The Board of Directors has delegated its risk management and internal control responsibilities (and related rights) to the Audit Committee. Risk management and internal control systems are designed to manage but not eliminate the risk of failure involved in achieving business objectives and to provide reasonable, but not absolute, assurance against significant misrepresentation or loss.

Risk Management Priorities of Xingye Alloy

Risk identification and assessment

- Identify risks that could potentially affect the Group's business and operations;
- Assess identified risks using management-developed criteria;
- Consider the impact of risks on the business and the likelihood of their occurrence.

Risk monitoring and reporting

- Continuously and regularly monitor the risks and ensure that appropriate internal control procedures are in place;
- Revise the risk management strategy and internal control procedures when significant changes occur;
- Report regularly to management and the Board of Directors on the results of the monitoring.

In 2024, the risks and opportunities identified by the Company involve processes such as business planning, management of laws, regulations and other requirements, environmental and safety planning, internal audit, human resource management, market development, delivery management, etc. Each risk and opportunity is matched with responsible departments, and corresponding countermeasures are clearly defined.

Excerpted List of Significant Risks of Xingye Alloy in 2024

Type	Risks and Opportunities	Countermeasures
Operational Planning	Fail to meet standards for major operational management issues, posing risks, including affecting the Company's annual performance realization, affecting the realization of the Company's strategic goals, and being detrimental to the improvement of the Company's management capabilities.	Strictly follow the *Management Objectives*, and *Process Performance Indicator Summary Table* to conduct monthly statistical summaries, incorporate non-compliant items in the *Non-compliance Analysis and Improvement*, and conduct follow-up verification upon expiration; maintain contact with government departments, industry associations, and other external stakeholders to stay informed on the policy and market trends and to ensure that the Company's strategic direction remains consistent with the progress of the society.
	Comply with business ethics, avoid transgressions, and eliminate unethical business practices.	The General Manager Office regularly organizes training and promote the *Integrity Management System* for all departments, requires Substance Procurement Center, Raw Material Procurement Center, and suppliers to sign *Integrity Agreements*, and requires Marketing Center and other departments to strictly follow the *Integrity Management System* for business activities; strengthen the supervision of the implementation of system documents, and decisively enforce disciplinary actions, in compliance with company policies, against individuals or groups that violate business ethics.
	Data security risk: confidentiality and information security risk.	Install patches on all servers, install antivirus software, and update virus codes in a timely manner; respond quickly, analyse the causes immediately, track and evaluate, reduce harm and impact; protect server passwords, prevent external personnel from operating databases; strengthen prevention and early warning, and prioritize the protection of information networks and various business systems.

Type	Risks and Opportunities	Countermeasures
Laws and Regulations and Management of Other Requirements	Comply with laws, regulations, and provisions, and conduct business activities as required, with zero violations. If continuous violations occur, the Company will be subject to national and local government penalties, resulting in economic losses and damage to the Company's image.	Strengthen the training and publicity of laws and regulations applicable to the Company, properly conduct supervision, and timely stop illegal behaviours at the initial stage.
Environmental Safety Planning	Canteen food safety and health: eliminate food poisoning and personal injury.	Strictly follow the *Canteen Food Safety Management System* to carry out food safety management.
Internal Audit	With the plan completion rate of internal audit being 100%, non-compliant items discovered during the internal audit process were rectified within the prescribed time limit and verified to be closed; the problems that have already been discovered cannot be resolved quickly, resulting in their continued existence, affecting production and operation, and being criticized in external audits and customer audits; and there were frequent delays in verification of monthly improvement plans.	When developing the *Annual Audit Plan*, consider product audit arrangements from multiple aspects; after determining the *Annual Audit Plan* at the beginning of the year, require the Quality Control Section to maintain a *Product Defect List* covering brands/customers/common specifications, so as to facilitate product switching based on actual production conditions during single-product reviews; for non-compliant items completed overdue, assess them as per the assessment requirements in the *Management System Operation Effectiveness*.
Human Resource Management	The staffing establishment is fully configured, but many positions remain vacant, making it difficult to execute numerous tasks or implement them with precision.	Prioritize the annual work plan and dynamically adjust the priorities according to the situation of the staff; diversify the training of department personnel and assign different job responsibilities according to their positions.

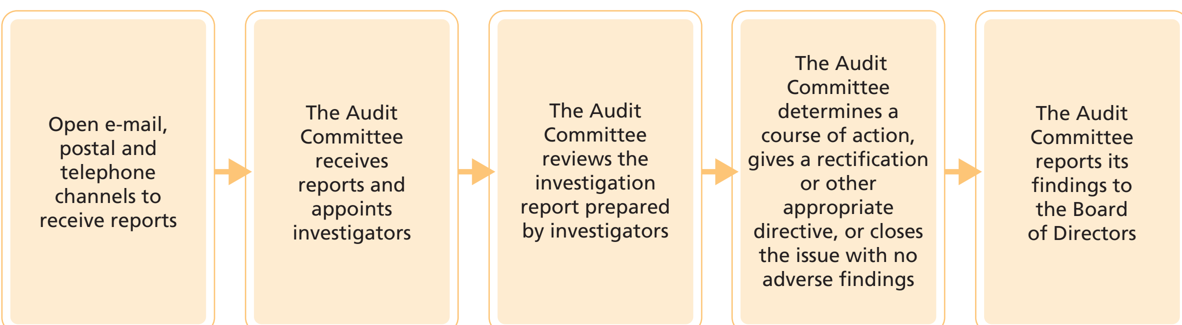
Type	Risks and Opportunities	Countermeasures
Market Development	The accuracy rate of market judgment falls below standards. It is required to monitor market trends and provide accurate information for the sales plan, ensuring the accuracy rate of market judgment is over 90%.	Marketing personnel are closely monitor market trends and customer needs to optimise inventory planning.
Delivery Management	Failure to deliver goods as required by customers.	Match orders with products in each period to improve the on-time delivery rate; schedule machine production according to technical and R&D requirements to improve quality.

4.3 Anti-Corruption and Anti-Bribery

The Company strictly complies with laws and regulations such as the *Interim Provisions on Prohibiting Commercial Bribery*, *Anti-Money Laundering Law of the People's Republic of China*, and *Foreign Corrupt Practices Act*. It has formulated institutional documents including the *Overseas Anti-Bribery Management System*, *Integrity Management System*, *Gifts and Hospitality Management System*, *Sunshine Procurement System*, and *Integrity and Honesty Management Procedures*.

The Company is committed to building a perfect and efficient business ethics system and promoting business compliance and ethical integrity. In September 2024, the Company issued the *Code of Business Ethics and Conduct*, which is designed to help employees understand the norms of behaviour to be observed in business activities, regulate the exercise of authority and the performance of duties, and achieve law-abiding compliance, dedication to their work, integrity, fairness and honesty to safeguard the healthy and harmonious development of employees and the Company.

Reporting and Handling Process of Xingye Alloy



Xingye Alloy Reporting Channels

Channel	Details
Mail	Address: Unit 11, 11/F, Hung Tai Industrial Building, 37-39 Hung To Road, Kwun Tong, Kowloon, Hong Kong
E-mail	cnb@cn-shine.com (This e-mail can only be accessed by members of the Audit Committee and by the Secretary of the Audit Committee at the direction of the Audit Committee.)
Telephone	0574-63073311 (Audit Committee Secretariat)

The Company encourages employees and the public to report any violation of integrity, honesty and other business ethics. The whistleblower shall be fully responsible for the authenticity of the content of the report. The information provided by the informant is only used for investigation and evidence collection or to notify the informant of the handling results. To protect the informant, the Company guarantees not to use it in any other occasions. It is strictly prohibited to disclose the reported information to anyone who may have a negative impact on the informant. If any unfair or confidential behavior is found, the Company will impose heavier penalties. If necessary, the Company will provide personal protection for the whistleblower, change his or her job, provide temporary housing and/or other measures.

The Company adheres to a zero-tolerance policy towards corruption and legally safeguards its own legitimate rights and interests. In October 2024, the Company carried out the 2024 anti-corruption training, which covered international and domestic anti-corruption actions, the harm of corruption to enterprises, and the Company's anti-corruption policies. The aim was to enhance employees' awareness of integrity and self-discipline, as well as their understanding of professional ethics, to provide clear guidelines for honest behaviours in daily work, and to guarantee the sustainable development of the Company. The training covered 100% employees.

In 2024, there were no incidents of corruption, bribery, extortion, fraud, or money laundering occurred at the Company, nor were there any litigation cases arising from the aforementioned matters.

4.4 Information Security and Customer Privacy Protection

The Company always upholds a high sense of responsibility and comprehensively safeguards the security of trade secrets and customer privacy, laying a solid foundation for its high-quality development. It has formulated the *Corporate Trade Secret Management Regulations* and established and improved the trade secret management system to reduce the risks of leakage and infringement. The Company has constructed a trade secret management organizational structure consisting of three levels: the decision-making body, the executive body, and the coordinating and supporting body, to carry out trade secret management work.

Organization Structure for Trade Secret Management of Xingye Alloy

Level	Organization	Responsibilities
Decision-Making Body	Trade Secret Management Committee	Formulate strategies, approve important matters, and supervise the work of the Confidentiality Office.
Executive Body	Confidentiality Office	Implement specific measures, coordinate supervision, conduct training, and enforce rewards and punishments.
Coordinating and Supporting Body	All Departments	All departments should support the work of the Trade Secret Management Committee and the Confidentiality Office and effectively manage their respective trade secrets in compliance with the Company's trade secret management system.

Countermeasures for Trade Secret Leakage Incidents of Xingye Alloy

Confidentiality Leakage Reporting Mechanism	Emergency Disposal Plan	Leakage Situation Assessment	Collection of Evidence of Infringement
• Encourage employees to report potential leakage risks, and upon verification provide rewards of RMB500 to RMB 5,000 to strengthen overall confidentiality awareness.	• Immediately control losses, investigate causes, assess situations, collect evidence, determine internal and external disposal measures, and review and improve.	• Assess the scope, method, severity, and impact of the leakage on the Company to provide a basis for rights protection.	• Collect proof of rights, values, confidentiality measures, personal information leakage, research and development, damage facts, and rights protection fees.

In September 2024, the Company conducted training on information and data security and trade secret protection, covering management structure, sensitive information management, specific management measures, infringement and rights protection matters, reward and punishment mechanisms, supervision and inspection, evaluation and improvement, and other content. The training aimed to strengthen the information security and trade secret protection system, enhance employees' awareness of information data security and trade secret protection, and clarify their key responsibilities in safeguarding the Company's core assets in the daily work, thereby providing a strong guarantee for the stable business development of the Company. The training covered 100% employees.

The Company places high importance on data security and customer privacy protection, striving to provide safe, standardized, and high-quality services. The Company has developed institutional documents such as the *Network and Information Security Emergency Management System*, *Property Control Procedure for Customers or External Suppliers*, and *Integrity and Honesty Management Procedure*, and signed confidentiality agreements with customers who have demands to ensure full protection of customer privacy and legitimate rights.

Measures for Data Security and Customer Privacy Protection of Xingye Alloy in 2024

Type	Specific Measures
Device System Upgrade	• The Company was equipped with Sangfor export firewall, WEB firewall, online behaviour management, log behaviour audit, bastion machine, server front-end firewall and backup integrated machine each, for traffic monitoring, protection, access control, log audit, permission management and data backup; • Introducing IP-guard system to strengthen internal information management through equipment control, operation behaviour auditing, screen monitoring records, etc., effectively preventing information leakage and ensuring traceability afterwards.
Third-Party Inspection	• The Company accepted the network security inspection of Ningbo city, investigated the security risks of the external network mapping system, immediately closed the mapping port and strengthened the password for system vulnerabilities, and further optimised security protection measures; • Third-party companies were hired to conduct inspections on server systems quarterly, check hardware status, system operation, database performance and resource usage, and issue inspection reports. The Company implemented necessary improvement measures based on optimisation suggestions.
Network Security Culture Construction	• In 2024, the Company conducted a total of two information security training sessions, covering phishing email identification, network malicious information identification, etc., to enhance employees' prevention awareness.

5. ESG KEY INDICATORS AND NOTES

Adhering to the principles of "accuracy" and "comparability," the Company disclosed quantitative performance that reflects the effectiveness of sustainable development management, and traced the corresponding data of previous years as much as possible.

Social Indicators and Notes

Employee Numbers

Indicators		**Unit**	2022	2023	**2024**
Total number of employees		Person	1,405	1,534	**1,757**
By gender	Male	Person	1,159	1,247	**1,402**
	Female	Person	246	287	**355**
By type of employment	Labor contract	Person	1,359	1,488	**1,690**
	Other forms of employment[1]	Person	46	46	**67**
By age group	>50 years old	Person	249	263	**300**
	30-50 years old	Person	832	937	**1,031**
	<30 years old	Person	324	334	**426**
By region	Employees from Chinese mainland	Person	1,398	1,527	**1,750**
	Overseas employees[2]	Person	7	7	**7**

Note 1: Other forms of employment include re-employed retirees and part-time employees.

Note 2: Overseas employees refer to those whose primary work location is outside Mainland China.

Employment and Labour

Indicators		**Unit**	2022	2023	**2024**
Employee turnover rate[1]		%	20.06	21.68	**32.78**
By gender	Female[1]	%	23.46	21.68	**19.44**
	Male[1]	%	19.34	21.42	**32.38**
By age group	>50 years old[1]	%	7.38	8.73	**7.33**
	30-50 years old[1]	%	18.84	15.73	**24.83**
	<30 years old[1]	%	32.72	45.05	**57.51**
By region	Employees from Chinese mainland[1]	%	20.06	21.68	**29.89**
	Overseas employees[1]	%	0	0	**0**
Number of labor disputes		Case	0	0	**0**
Employee welfare investment[2]		RMB 10,000	358	400	**1,395**
Number of employees benefiting from welfare		Person	1,405	1,534	**1,728**
Employee satisfaction survey results		Score	79	81	**82**
Number of employees engaged in positions with occupational disease risk		Person	579	582	**618**
Number of employees suffering from occupational diseases		Person	0	0	**0**
Incidence of occupational diseases		%	0	0	**0**
Proportion of participants of occupational physical examinations in employees engaged in positions with occupational disease risks [3]		%	100	100	**100**
Number of work-related fatalities		Person	0	0	**0**
Rate of work-related fatalities		%	0	0	**0**
Lost days due to work injury		Day	220	180	**45.00**
Total investment in safety operation		RMB 10,000	600	650	**699.40**
Number of employees attending work safety training [4]		Person-times	2,500	2,800	**15,019**
Number of work safety training [4]		Time	114	118	**143**
Number of emergency drills		Time	8	7	**7**
Number of employees participating in emergency drills		Person-times	232	239	**1,388**
Number of incidents of violation of safety laws and regulations		Case	0	0	**0**
Number of major accidents		Case	0	0	**0**
Employee training coverage		%	100	100	**100**
Male employee training coverage [5]		%	82.59	80.99	**79.98**
Female employee training coverage [5]		%	17.41	19.01	**20.02**
General employee training coverage [5]		%	86.17	86.86	**89.58**
Mid-level employee training coverage [5]		%	9.10	8.29	**6.02**
Management-level employee training coverage [5]		%	4.73	4.85	**4.40**

Indicators	Unit	2022	2023	2024
Average number of hours of training per capita for all employee	Hour	26.90	28.35	**33.50**
Average number of hours of training per capita for male employee	Hour	26.43	28.19	**33.31**
Average number of hours of training per capita for female employee	Hour	29.15	29.01	**34.24**
Average number of hours of training per capita for general employee	Hour	25.21	25.60	**27.04**
Average number of hours of training per capita for mid-level employee	Hour	40.70	49.02	**51.29**
Average number of hours of training per capita for management-level employee	Hour	38.80	42.28	**140.57**
Coverage of regular performance and career development evaluations	%	100	100	**100**

Note 1: [Formula] Employee turnover rate for each category = (Number of employees leaving the category/Total number of employees in the category) × 100%.

Note 2: The scope of statistics has expanded from "investments for various types of subsidies, free shuttle buses and accommodation" to "employee welfare investment", resulting in a larger growth compared to last year.

Note 3: [Formula] Proportion of participants of occupational physical examinations in employees engaged in positions with occupational disease risks = (Number of employees in occupational disease risk positions/Total number of employees participating in occupational disease medical examinations) × 100%.

Note 4: Based on the definition of three-level training, the inclusion of safety training for business units has led to a significant increase in data compared to last year.

Note 5: [Formula] Training coverage for each category of employees = (Number of employees in the category who received training/Total number of employees receiving training) × 100%.

Supply Chain Management

Indicators		Unit	2022	2023	2024
Total number of suppliers		No.	796	851	**1,037**
By region	Local suppliers	No.	785	832	**1,023**
	Overseas suppliers	No.	11	19	**14**
Number of supplier inspections		Time	49	61	**60**
Number of suppliers assessed for environmental, labor, and ethical performance in accordance with the Company's supplier assessment system		No.	49	61	**109**
Duration of supplier compliance training		Hour	8	9.5	**9.5**
Number of suppliers participating in compliance training		Person	16	71	**147**

Product Quality and Safety

Indicators	Unit	2022	2023	2024
Percentage of total products sold or shipped subject to recalls for safety and health reason	%	0	0	**0**
Number of customer complaints received on product quality or service	Time	1,263	1,462	**1,433**
Complaint handling rate[1]	%	100	100	**100**

Note 1: [Formula] Complaint handling rate = (Number of complaints handled/Number of customer complaints received regarding product quality or service) × 100%.

Product Innovation

Indicators	Unit	2022	2023	2024
Fund investment in technological innovation and R&D	RMB 10,000	13,242	10,758	**18,641**
Amount of incentives and subsidies granted by the State for technological innovation and R&D	RMB 10,000	705	936	**723**
Number of patent applications	No.	10	6	**8**
Number of patents granted	No.	8	12	**12**

Community Investment

Indicators	Unit	2022	2023	2024
Total amount of public welfare investment	RMB 10,000	12	58	**15**
Number of employees participating in volunteering services	Person	550	280	**300**
Hours of employees' volunteering services	Hour	1,700	700	**750**

Environmental Indicators and Notes

Addressing Climate Change

Indicators	**Unit**	2022	2023	**2024**
Total Scope I GHG emissions[1]	Tonnes of carbon dioxide equivalent	28,369.01	25,830.78	**29,727.99**
Total Scope II GHG emissions[2, 4]	Tonnes of carbon dioxide equivalent	122,536.21	116,211.72	**117,371.99**
Total GHG emissions[4]	Tonnes of carbon dioxide equivalent	150,905.22	142,042.50	**147,099.98**
GHG emission intensity[3, 4]	Tonnes CO_2 eq/ tonne product	1.09	1.03	**0.89**

Note 1: Scope 1 GHG emissions are derived from the Company's GHG emissions from natural gas, petrol and diesel consumption. The natural gas related emission factors refer to *China Energy Statistics Yearbook* (latest published version) and *Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial)* (2011). The petrol and diesel related emission factors refer to the factors in the Hong Kong Stock Exchange's March 2022 updated version of *How to Prepare Environmental, Social and Governance Reports - Appendix II: Environmental Key Performance Indicators Reporting Guidelines*.

Note 2: Scope II GHG emissions are calculated using a market-based calculation methodology, and the scope of accounting is the GHG emissions from purchased electricity other than solar power. The indicator is calculated based on the data of purchased non-renewable energy and the grid emission factor: in 2022, the calculation is based on the *Notice on Doing a Good Job in Managing the Reporting of GHG Emissions by Enterprises in the Power Generation Industry in 2023-2025*, and the grid emission factor is taken to be 0.5703 t CO_2/MWh; and in 2023, the calculation is based on the *Guidelines for Accounting and Reporting of GHG Emissions from Enterprises in the Guidelines for Aluminium Smelting Industry (Draft for Public Comments)*, and the grid emission factor is adopted as 0.5942 t CO_2/MWh. The 2024 factor comes from the *Announcement on the Release of CO_2 Emission Factors for Electricity in 2022* by the Ministry of Ecology and Environment of China and the National Bureau of Statistics, and the grid emission factor is taken as 0.5856 t CO_2/MWh.

Note 3: [Formula] GHG emission intensity = total GHG emissions/total production.

Note 4: The data for 2022 and 2023 have been retrospectively adjusted.

Energy Management

Indicators[1]	**Unit**	2022	2023	**2024**
Total purchased electricity	MWh	209,249	206,231	**220,430**
Of which, purchased green power[2]	MWh	0	7,782	**20,000**
Photovoltaic self-generation	MWh	6,672	10,584	**12,546**
Total natural gas	Cubic metre	12,806,233	11,610,000	**13,412,099**
Total diesel	Litres	161,500	184,545	**176,415.11**
Total gasoline	Litres	33,501	35,050	**36,185.61**
Direct energy consumption[3]	Tonnes of standard coal	18,088.86	17,008.89	**19,638.00**
Indirect energy consumption[4]	Tonnes of standard coal	25,716.70	25,345.79	**27,090.89**
Total energy consumption	Tonnes of standard coal	43,805.56	42,354.68	**46,728.89**
Total renewable energy consumption	Tonnes of standard coal	819.99	2,257.18	**3,999.93**
Energy consumption per unit of product	Tonnes of standard coal/tonne of product	0.32	0.31	**0.28**

Note 1: The unit product indicator is accounted for as the total amount of electricity and natural gas consumed per tonne of product produced; the density indicator is calculated as the total amount consumed during the year divided by the total number of tonnes produced during the year.

Note 2: In 2024, the Company is actively optimising its energy mix and increasing the use of purchased green power.

Note 3: Direct energy includes natural gas, petrol, diesel, and photovoltaic self-generation. The coefficient of equivalent standard coal is based on *GB/T 2589-2020 General Rules for Calculating Comprehensive Energy Consumption*.

Note 4: Indirect energy includes purchased electricity.

Water Resource Management

Indicators	Unit	2022	2023	2024
Water consumption[1]	Cubic metres	456,015	469,696	**594,598**
Water consumption per unit of product[2]	Cubic metres/ tonne of product	3.28	3.39	**3.59**

Note 1: Retrospective adjustments have been made to the data for 2022 and 2023. With the addition of Xingyue to the dataset, the data has increased significantly compared to last year.

Note 2: [Formula] Water consumption per unit of product = water consumption/total production.

Packaging Material Management

Indicators	Unit	2022	2023	2024
Total amount of packaging materials used for shipment of finished goods[1]	Tonnes	3,538	3,763	**5,398**
Of which, the amount of packaging materials (wood) used for finished goods[1]	Tonnes	2,988	3,151	**4,608**
Of which, the amount of packaging material (paper core) used for finished goods	Tonnes	550	612	**790**
Density of packaging materials used for shipment of finished goods[2]	Tonnes/tonne of product	0.0255	0.0272	**0.0326**

Note 1: With the Company's increased production and the addition of Xinyue to the dataset, the data has increased significantly compared to last year.

Note 2: [Formula] The density of packaging materials used for shipment of finished goods = the total amount of packaging materials used for shipment of finished goods/total production. Data for 2023 has been retroactively adjusted.

Discharge and Waste Management

Indicators[1]	**Unit**	2022	2023	**2024**
Industrial wastewater discharge volume[2]	Cubic metres	38,000	41,338	**61,019.80**
Industrial wastewater discharge density	Cubic metres/ tonne of product	0.27	0.3	**0.37**
Chemical Oxygen Demand (COD) discharge in wastewater	Tonnes	/	/	**4.88**
Ammonia and Nitrogen (NH_3-N) discharge in wastewater	Tonnes	/	/	**0.19**
Suspended Solids (SS) discharge in wastewater	Tonnes	/	/	**0.05**
Particulate Matter (PM) emission in waste gas	Tonnes	/	/	**9.51**
Sulphur Oxides (SO_x) emission in waste gas	Tonnes	/	/	**0.59**
Nitrogen Oxides (NO_x) emission in waste gas	Tonnes	/	/	**8.27**
Other exhaust pollutants (oil mist, non-methane hydrocarbons) emissions in waste gas	Tonnes	/	/	**0.08**
Hazardous waste	Tonnes	1,334	1,644	**1,387.34**
By disposal method: incineration with energy recovery	Tonnes	/	/	**93.23**
By disposal method: recycling/reuse	Tonnes	/	/	**1,294.11**
Hazardous waste generation density	Tonnes/tonne of product	0.0096	0.0119	**0.0084**
Non hazardous waste	Tonnes	3,590	3,765	**4,994.32**
By disposal method: incineration with energy recovery	Tonnes	/	/	**553.65**
By disposal method: recycling/reuse	Tonnes	/	/	**4,440.67**
Non-hazardous waste generation density[2]	Tonnes/tonne of product	0.0258	0.0272	**0.0301**

Note 1: The density indicator is calculated as the total amount of discharge during the year divided by total production during the year.

Note 2: In 2024, the Company further standardised the data statistics methodology and retrospectively adjusted the data for 2022 and 2023.

Governance Indicators and Notes

Anti-Corruption and Anti-Bribery

Indicators	**Unit**	2022	2023	**2024**
Number of cases of corruption proceedings against the Company and employees	Case	0	0	**0**
Number of reports received from employees	No.	0	0	**0**
Employee anti-corruption training coverage	%	100	100	**100**
Average anti-corruption training hours per employee	Hour	2	2	**2**
Average anti-corruption training hours per board member	Hour	3	3	**2**

6. BENCHMARK INDEX OF THE HKEX ESG REPORTING GUIDE

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REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company with its principal subsidiaries engaged in manufacturing and sales of high precision copper plates and strips, trading of raw materials, provision of processing services, the management of a portfolio of investment and development, operation and distribution of internet and mobile gaming products.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 4 to the financial statements.

BUSINESS REVIEW

A review of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results, important events affecting the Group since the end of the financial year and financial position as well as the outlook of the Group's business are provided in the "Chairman's Statement" and "Management Discussion & Analysis" on page 4 and pages 5 to 11 of this annual report. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report particularly in the section of "Management Discussion & Analysis" on pages 10 to 11 of this annual report. Environmental policies and performance, compliance with the relevant laws, rules and regulations as well as relationships with employees, customers and suppliers are provided in this annual report and "Environmental, Social and Governance Report" from pages 26 to 91 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the accompanying financial statements on page 116.

The Board does not recommend the payment of any dividend for the year ended 31 December 2024.

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the shareholders of the Company (the "**Shareholders**") who are entitled to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 10 June 2025 to 13 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 9 June 2025.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on pages 195 to 196.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 28 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 13 to the financial statements.

INTEREST-BEARING BORROWINGS

Particulars of interest-bearing borrowings of the Group as at 31 December 2024 are set out in note 22 to the financial statements.

SHARE CAPITAL AND RESERVES

Details of the movements in the share capital and reserves of the Group and the Company during the year ended 31 December 2024 are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2024 calculated under the Companies Act of the Cayman Islands amounted to RMB777,376,000.

KEY RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

The Group has always paid great attention to and maintained a good working relationship with its upstream raw materials suppliers, and has been providing quality professional and systemic customer services for its downstream customers. The aforementioned suppliers and customers are good working partners creating value for the Group. Details of key relationships with stakeholders, including employees, customers and suppliers, etc. are set out in the Environmental, Social and Governance Report of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the aggregate revenue from sales of goods attributable to the five largest customers and the largest customer of the Group accounted for approximately 15.3% and 4.6% of the Group's aggregate revenue from sales of goods respectively, while the aggregate purchases attributable to five largest suppliers and the largest supplier of the Group accounted for approximately 59.3% and 34.3% of the Group's aggregate purchases respectively.

At no time during the year ended 31 December 2024 have the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's total issued shares) had any interests in such major customers or suppliers.

SHARE AWARD SCHEME

As announced by the Company on 18 April 2016, the Board resolved to adopt a share award scheme (the "**Share Award Scheme**") in which Employees (other than Excluded Employees) may be selected by the Board to participate.

The principal terms of the Share Award Scheme are as follows:

The purpose of the Share Award Scheme is to permit the Company to grant awards to selected employees as incentives for their contributions to the Group and to attract suitable personnel for further development of the Group. Employee(s) include(s) any employee and director (including without limitation any executive director and non-executive director) of any member of the Group whereas the excluded employee(s) include(s) any employee who is resident in a place where the award of the Awarded Shares (as defined hereinbelow) and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as defined hereinbelow) (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee.

The maximum number of shares that may be awarded under the Share Award Scheme ("**Awarded Shares**") during its term is limited to 20% of the total issued shares of the Company as at the adoption date of 18 April 2016 ("**Adoption Date**"). The maximum number of Awarded Shares that may be granted to any one selected employee shall not exceed 5% of the total issued shares of the Company as at the Adoption Date.

Pursuant to the Share Award Scheme, shares will be subscribed for at a subscription price as determined by the Board, or purchased on the Stock Exchange, by the trustee ("**Trustee**") at the cost of the Company and will be held by the Trustee on trust for selected employee(s) under the Share Award Scheme before vesting. The Board may, from time to time, grant such number of Awarded Shares to any selected employee at no consideration and in such number and subject to such terms and conditions (including vesting period) as it may in its absolution discretion determine, pursuant to the Share Award Scheme. The Share Award Scheme is a discretionary scheme of the Company.

As announced by the Company on 5 May 2016, the maximum number of new shares to be issued by the Company in respect of any financial year of the Company for satisfying the Awarded Shares granted under the Share Award Scheme will be limited to 2% (i.e. 16,222,319 shares) of the total issued shares of the Company as at Adoption Date. As at 1 January 2024, 31 December 2024 and the date of this annual report, the maximum number of new shares of the Company to be issued under the Share Award Scheme was 16,222,319, representing 1.80% of the total issued shares of the Company as at the date of this annual report. The maximum number of new shares to be issued by the Company in respect of any 12-month period for satisfying the Awarded Shares granted to any one selected employee under the Share Award Scheme will not exceed 1% (i.e. 8,111,159 shares) of the total issued shares of the Company as at the Adoption Date.

During the year ended 31 December 2024, no new shares were subscribed by the Trustee, and no shares were granted to the selected employee(s), 7,000,000 shares were vested and no shares were lapsed or cancelled under the Share Award Scheme. Accordingly, since the Adoption Date and up to 31 December 2024, there were 23,862,000 shares held in trust under the Share Award Scheme.

Subject to any early termination as may be determined by the Board pursuant to the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date. The remaining life of the Share Award Scheme is approximately 1 years.

Other information of the Share Award Scheme are also set out in note 28(c) to the financial statements.

Unless otherwise defined in this section, the capitalized terms used in this section shall have the same meanings as those defined in the announcements made by the Company on 18 April 2016, 5 May 2016 and 22 December 2023 relating to the Share Award Scheme.

The table below shows the movements of the Awarded Shares granted under the Share Award Scheme involving existing shares of the Company during the year ended 31 December 2024:

		Number of shares					
Participants	**Date of grant**	**Outstanding unvested awards as at 1 January 2024**	**Granted during the year ended 31 December 2024**	**Vested during the year ended 31 December 2024**	**Lapsed during the year ended 31 December 2024**	**Outstanding unvested awards as at 31 December 2024**	**Vesting date**
Directors							
HU Changyuan	22/12/2023	2,000,000	–	2,000,000	–	–	On 23/12/2024
HU Minglie	22/12/2023	2,000,000	–	2,000,000	–	–	On 23/12/2024
ZHU Wenjun	22/12/2023	500,000	–	500,000	–	–	On 23/12/2024
Other Selected Employees	22/12/2023	2,500,000	–	2,500,000	–	–	On 23/12/2024

Notes:

1. The closing price of the shares immediately before the date on which the Awarded Shares were granted was HKD1.07.

2. The weighted average closing price of the shares of the Company immediately before the date on which Awarded Shares were vested was HKD1.02.

3. For the year ended 31 December 2024, no share awards were granted or cancelled under the Share Award Scheme and no shares of the Company are expected to be issued in relation to the share awards, and the proportion of such shares divided by the weighted average number of shares of the Company in issue for the year ended 31 December 2024 would be nil.

SHARE OPTION SCHEME

A share option scheme had been adopted by shareholders at the extraordinary general meeting of the Company held on 27 May 2016 (the "**Share Option Scheme**").

The principal terms of the Share Option Scheme are as follows:

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons (as defined hereinafter) for their contribution to, and continuing efforts to promote the interests of, our Company and to enable the Group to recruit and retain high-calibre employees.

Eligible person(s) include(s) (i) any directors (whether executive or non-executive, including any independent non-executive director) or employee (whether full time or part time) of any member of the Group; (ii) consultant, adviser, supplier or customer of any member of the Group; and (iii) any other group of classes of participants which the Board may, from time to time in its absolute discretion, consider appropriate on the basis of such participants' contribution or potential contribution to the development, growth or benefit of the Group or any member of it.

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme shall not in aggregate exceed 10% of the total issued shares of the Company, which is equivalent to 81,111,595 shares as at the date of adoption of Share Option Scheme.

Based on the above and that the Company has not granted any options since adoption of the Share Option Scheme, as at 1 January 2024, 31 December 2024 and the date of this annual report, a total of 81,111,595 shares of the Company (representing approximately 9.02% of the issued shares of the Company as at the date of this annual report) may be issued upon exercise of all options which may be granted under the Share Option Scheme.

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised after more than 10 years from the date of grant. A consideration of HKD1.00 is payable within 28 days on acceptance of an offer of the grant of options.

The total number of shares of the Company issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to an eligible person (other than those independent non-executive directors and a director who is a substantial shareholder) in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company in issue as at the date of grant. Any further grant of options in excess of this limit shall be subject to the approval of Shareholders at a general meeting. The total number of shares of the Company issued and which may be issued upon exercise of the options granted under the Share Option Scheme to eligible persons who is a director (being a substantial Shareholder) or an independent non-executive director, or any of their respective associates, in any 12-month period up to the date of grant shall not (i) exceed 0.1% of the shares of the Company in issue as at the date of grant; and (ii) having an aggregate value, based on the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on each of the relevant date(s) on which the grant(s) of such options is made to such eligible person, in excess of HKD5 million.

The subscription price of a share of the Company in respect of any particular option granted under the Share Option Scheme shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

Subject to early termination by the Company at general meeting or by the Board of Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption, i.e. 27 May 2016. The remaining life of the Share Option Scheme is approximately 1 years.

For the year ended 31 December 2024, no options had been granted, exercised, lapsed, cancelled or outstanding under the Share Option Scheme and therefore, no shares of the Company are expected to be issued in relation to the options, and the proportion of such shares divided by the weighted average number of shares of the Company in issue for the year ended 31 December 2024 would be nil.

DIRECTORS

The Directors who had held office during the year and up to the date of this annual report were:

Executive Directors

Mr. HU Changyuan *(Chairman)*
Mr. HU Minglie *(Chief Executive Officer)*
Mr. ZHU Wenjun

Independent Non-Executive Directors

Mr. CHAI Chaoming
Dr. LOU Dong
Ms. LU Hong

Pursuant to Articles 87(1) and 87(2) of the Company's Articles of Association, Mr. ZHU Wenjun and Dr. LOU Dong shall retire from their office by rotation at the forthcoming annual general meeting and, being eligible, offered themselves for re-election.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence pursuant to Rule 3.13 of the Listing Rules, and considers that each of the independent non-executive Directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors had entered into a service contract with the Company with effect from their respective date of appointment until terminated in accordance with the terms of the service contracts. Under the service contracts, either party may terminate such contract by giving to the other not less than three months' prior notice in writing.

Each of independent non-executive Directors of the Company had entered into an appointment letter with the Company for a term of 3 years until terminated by either the Company or independent non-executive Director by giving not less than two months prior notice in writing.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation) save as disclosed herein.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company, and the Stock Exchange pursuant to the Model Code were as follows:

Interest in Long Position in Shares of HKD0.10 each and Underlying Shares of the Company

Name of Directors	Capacity/Nature of Interest	Number of Shares held	Number of Underlying Shares held	Approximate percentage of shareholding *(Note 1)*
HU Changyuan	Founder of a discretionary trust/ other Interest	274,200,000 *(Note 2)*	–	30.48%
	Interest of a controlled corporation/ corporate interest	13,213,000 *(Note 3)*	–	1.47%
	Beneficial owner/personal Interest	7,200,000	–	0.80%
HU Minglie	Beneficial owner/personal Interest	10,603,000	–	1.18%
ZHU Wenjun	Beneficial owner/personal interest	2,550,000	–	0.28%
CHAI Chaoming	Beneficial owner/personal Interest	434,000	–	0.05%
LOU Dong	Beneficial owner/personal interest	300,000	–	0.03%
LU Hong	Beneficial owner/personal Interest	500,000	–	0.06%

Notes:

1. The percentages are calculated based on the total issued shares of 899,558,173 as at 31 December 2024.

2. These 274,200,000 shares were held by Luckie Strike Limited and Come Fortune International Limited which were wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust which was founded by Mr. HU Changyuan. Mr. HU was deemed to be interested in these shares by virtue of the SFO.

3. These 13,213,000 shares were held by Regency Success Limited, which was 100% controlled by Mr. HU Changyuan, Mr. HU was deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executive of the Company held or was deemed to hold any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (as defined in the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were required to be recorded in the register required to be kept pursuant to section 352 of the SFO, or is otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed in the section of "Share Option Scheme" above, at no time during the year ended 31 December 2024 was the Company, its parent company (if any), or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the following persons or corporations (other than the directors' interests disclosed in the section headed "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures") had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	**Capacity/Nature of Interest**	**Number of Shares**	**Number of Underlying Shares**	**Approximate percentage of shareholding** *(Note 1)*
Luckie Strike Limited	Beneficial owner/Beneficial interest	110,000,000 (L)	–	12.23%
Come Fortune International Limited	Beneficial owner/Beneficial interest	164,200,000 (L)	–	18.25%
Dynamic Empire Holdings Limited *(Note 2)*	Interest of a controlled corporation/ Corporate interest	274,200,000 (L)	–	30.48%
Zedra Trust Company (Singapore) Limited *(Note 2)*	Trustee (other than a bare trustee)/ Other Interest	274,200,000 (L)	–	30.48%
Zedra Malta Limited *(Note 3)*	Interest of a controlled corporation/ Corporate interest	274,200,000 (L)	–	30.48%
Zedra Holding SA *(Note 3)*	Interest of a controlled corporation/ Corporate interest	274,200,000 (L)	–	30.48%
Zedra SA *(Note 3)*	Interest of a controlled corporation/ Corporate interest	274,200,000 (L)	–	30.48%
YU Yuesu *(Note 4)*	Interest of spouse/Family interest	294,613,000 (L)	–	32.75%
bostone Group Limited *(Note 5)*	Beneficial owner/Beneficial interest	164,812,000 (L)	–	18.32%
Xie Shicai *(Note 5)*	Interest of a controlled corporation/ Corporate interest	206,930,000 (L)	–	23.00%
Ma Jiafeng *(Note 5)*	Interest of a controlled corporation/ Corporate interest	206,930,000 (L)	–	23.00%

The letter "S" denotes a short position in the share

The letter "L" denotes a long position in the share

Notes:

1. The percentages are calculated based on the total issued shares of 899,558,173 as at 31 December 2024.

2. The shares were held by Luckie Strike Limited and Come Fortune International Limited which were wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust, the trustee of which was Zedra Trust Company (Singapore) Limited (formerly known as Barclays Wealth Trustees (Singapore) Limited). Dynamic Empire Holdings Limited was deemed to be interested in all the shares in which Luckie Strike Limited and Come Fortune International Limited are interested by virtue of the SFO. Zedra Trust Company (Singapore) Limited was deemed to be interested in all the shares in which Dynamic Empire Holdings Limited was interested by virtue of the SFO. The shares registered in the name of Luckie Strike Limited and Come Fortune International Limited were also disclosed as the interest of Mr. HU Changyuan in the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures" above.

3. Zedra SA through its 100% controlled corporations (including Zedra Holding SA, and Zedra Malta Limited), is interested in 274,200,000 shares which were held by Zedra Trust Company (Singapore) Limited (formerly known as Barclays Wealth Trustees (Singapore) Limited) as trustee as referred to note 2 above. Zedra Trust Company (Singapore) Limited was indirectly wholly owned by Zedra SA. Each of Zedra SA, Zedra Holding SA and Zedra Malta Limited was deemed to be interested in all the shares in which Zedra Trust Company (Singapore) Limited was interested by virtue of the SFO.

4. Ms. YU Yuesu was deemed to be interested in these shares under the SFO by virtue of being the spouse of Mr. HU Changyuan.

5. As per the notifications filed by Ms. Ma Jiafeng ("**Ms. Ma**") and Mr. Xie Shicai ("**Mr. Xie**") respectively on 2 March 2022, these 206,930,000 shares comprises (i) 164,812,000 shares held by bostone Group Limited, which in turn beneficially owned by Ms. Ma as to 65.67% and by Mr. Xie as to 34.33% respectively; and (ii) 42,118,000 shares held by Hong Kong Nes International New Energy Limited, which in turn beneficially owned by Mr. Xie as to 34.93%. Both Ms. Ma and Mr. Xie are deemed to be interested in the above shares by virtue of the SFO. To the best knowledge of the Directors, Mr. Xie is the ultimate controlling shareholder of Ningbo Boway Alloy Materials Company Limited, a listed company in Shanghai Stock Exchange (Stock Code: 601137.SH). Ms. Ma is the spouse of Mr. Xie. Ningbo Boway Alloy Materials Company Limited manufactures and sells high-performance, high-precision, non-ferrous alloy bars, wires and plate-strips, and is a direct competitor of the Group's copper processing business.

Save as disclosed herein, as at 31 December 2024, so far as the Directors are aware, there were no other persons, other than the Directors and chief executive of the Company, who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to "Share Award Scheme" and "Share Option Scheme", no equity-linked agreements were entered into during the year or subsisted at the end of the year.

CONTRACT OF SIGNIFICANCE

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, subject to relevant laws, every Director shall be indemnified out of the assets of the Company against all losses and damages, etc. which he/she may sustain or incur in or about the execution of his/her duties in respect of his/her office or otherwise in relation thereto.

The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors and directors of subsidiaries of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, there was no transaction, arrangement or contract of significance in relation to the Company's business to which the Company, any of its subsidiaries, its holding company or its fellow subsidiaries was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors were interested in any business apart from the Group's businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group during the year ended 31 December 2024.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions of the Group are set out in note 31 to the financial statements. Those related party transactions constituted exempted connected transactions under the Listing Rules and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in the section of "Purchase, Sale or Redemption of Listed Securities" in the "Management Discussion and Analysis" in this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

STRUCTURED CONTRACTS

On 1 July 2016, Hefei Yueyou, Mr. REN Hao and Mr. LI Zhe ("**Mr. Li**", an Independent Third Party) (collectively the "**Hefei VIE Equity Owners**") entered into certain structured contracts, namely (i) an exclusive management and consulting agreement (獨家管理諮詢協議), (ii) shareholders' voting trust agreement (股東表決權委託協議), (iii) share purchase option agreement (股權購買權協議), (iv) equity pledge agreement (股權質押協議) and (v) power of attorney ancillary to the foregoing (授權委託書), (vi) Hefei VIE equity owners' commitment letter (承諾函) and (vii) spouse consent letter (配偶同意函) (collectively the "**Hefei Structured Contracts**") by the Hefei VIE Equity Owners and spouses thereof to enable the financial results, the entire economic benefits and the risks of the businesses of Hefei OPCO to flow into Hefei Yueyou and to enable Hefei Yueyou to gain management control over the operation of Hefei OPCO. The Hefei Structured Contracts were amended and restated on 5 June 2020 to replace Mr. REN Hao, who was the registered owner of 1% of the equity interest of Hefei Yueyou, with Mr. Yang.

On 22 July 2020, Ningbo Longao Network Technology Co., Ltd. (寧波龍傲網路科技有限公司) ("**Ningbo Longao**"), Ningbo Longhui Network Technology Co., Ltd. (寧波龍輝網路科技有限公司) ("**Ningbo OPCO**"), Mr. Yang and Mr. ZHU Yangxiao (Mr. Yang and Mr. ZHU Yangxiao collectively as the "**Ningbo VIE Equity Owners**", together with the Hefei VIE Equity Owners, the "**VIE Equity Owners**") and spouses thereof entered into certain structured contracts, namely (i) an exclusive management and consulting agreement (獨家管理諮詢協議), (ii) shareholders' voting trust agreement (股東表決權委託協議), (iii) share purchase option agreement (股權購買權協議), (iv) equity pledge agreements (股權質押協議) and (v) power of attorney ancillary to the foregoing (授權委託書), (vi) Ningbo VIE Equity Owners' commitment letters (承諾函) and (vii) spouse consent letter (配偶同意函) (collectively the "**Ningbo Structured Contracts**", together with the Hefei Structured Contracts, the "**Structured Contracts**") to enable the financial results, the entire economic benefits and the risks of the businesses of Ningbo OPCO to flow into Ningbo Longao and to enable Ningbo Longao to gain management control over the operation of Ningbo OPCO.

Hefei Yueyou, Shenzhen Zhangyue Network Technology Co., Ltd. (深圳掌悦網絡科技有限公司), a wholly-owned subsidiary of the Hefei OPCO (the "**Hefei OPCO Subsidiary**"), Ningbo Longao and Ningbo OPCO (collectively the "**PRC Operating Entities**") are principally engaged in the development and operation of internet and mobile gaming products. The registered owners of Hefei OPCO are Mr. Li and Mr. Yang who beneficially owns 99% and 1% of the equity interest of Hefei OPCO respectively. Hefei Yueyou and Ningbao Longao are indirectly wholly-owned subsidiaries of Funnytime which had been acquired by Xingye Investment Holdings Limited, a wholly-owned subsidiary of the Company, following the completion of the acquisition of Funnytime on 5 August 2016. The registered owners of Ningbo OPCO are Mr. Yang and Mr. ZHU Yangxiao who beneficially owns 99% and 1% of the equity interest of Ningbo OPCO respectively.

Pursuant to the Structured Contracts, Hefei Yueyou and Ningbo Longao shall, among others, respectively, (i) provide Hefei OPCO and Ningbo OPCO with exclusive management consultancy services, including among others, software development services, information technology consulting, business information consulting, corporate management information consulting and investment information consulting which in turn enable Hefei Yueyou and Ningbo Longao to exercise effective financial and operational control over the PRC Operating Entities and receive substantially all of the economic interest returns generated by the PRC Operating Entities in consideration for the business support, technical and consulting services provided by Hefei Yueyou and Ningbo Longao, at Hefei Yueyou and Ningbo Longao's discretion; (ii) act as agents of the VIE Equity Owners to attend the shareholders' meetings of Hefei OPCO and Ningbo OPCO which enable Hefei Yueyou and Ningbo Longao to exercise equity holders' voting rights of the PRC Operating Entities; (iii) obtain an irrevocable and exclusive right with an initial period of 10 years to purchase the entire equity interest in the PRC Operating Entities from the respective equity holders. This right automatically renews upon expiry until Hefei Yueyou and Ningbo Longao specify a renewal term; and (iv) obtain a pledge over the entire equity interest of the PRC Operating Entities from their respective equity holders as collateral security for all of the PRC Operating Entities' payments due to Hefei Yueyou and Ningbo Longao and to secure performance of PRC Operating Entities' obligations under the Structured Contracts.

As a result of the Structured Contracts, the financial results of Funnytime, Soul Dargon Limited, Hefei Yueyou, Ningbo Longao, and the PRC Operating Entities (collectively the "**Funnytime Group**") were consolidated by the Company since the acquisition date. For the year ended 31 December 2024, the revenue, net loss and total assets contributed by the Funnytime Group to the Group amounted to respectively RMB4.4 million, RMB4.6 million and RMB36.7 million, of which Ningbo Longao and Ningbo OPCO recorded revenue of RMB0.7 million and net loss of RMB0.3 million with RMB36.7 million in total assets.

Reasons for using the Structured Contracts

The Hefei OPCO, Hefei OPCO Subsidiary and Ningbo OPCO are principally engaged in the development and operation of internet and mobile gaming products, among which the operation of internet and mobile games is considered to be engaged in the provision of value-added telecommunications services and the internet cultural business, a restricted business and prohibited business respectively for foreign investors pursuant to the Guidance Catalogue of Industries for Foreign Investment (2015 Revision)《外商投資產業指導目錄 (2015年修訂)》.

Therefore, to comply with the applicable PRC laws and regulations, Hefei Yueyou, Ningbo Longao, Hefei OPCO, Ningbo OPCO and each of the VIE Equity Owners have entered into the Structured Contracts to enable the financial results, the entire economic benefits and the risks of the businesses of respectively the Hefei OPCO and Ningbo OPCO to flow into Hefei Yueyou and Ningbo Longao, and also to enable Hefei Yueyou and Ningbo Longao to gain management control over the operation of Hefei OPCO, Hefei OPCO Subsidiary and Ningbo OPCO.

The Structured Contracts allow the Group to effectively control the Funnytime Group and therefore recognise and receive substantially all of the economic benefits of the business and the operations of the Funnytime Group.

The risks associated with the arrangements and actions taken by the Company to mitigate the risks

Zhong Lun Law Firm, the PRC legal adviser to the Company, (the "**PRC Legal Adviser**"), has issued a legal opinion confirming that each of the Structured Contracts is legally binding and enforceable under the applicable laws of the PRC up to the date of this annual report. The Company has engaged the PRC Legal Adviser to review the Structured Contracts on an annual or otherwise on an as-needed basis to mitigate the risk of any non-compliance of PRC laws and regulations.

However, there can be no assurance that the PRC government authority would deem these contractual arrangements and/or the Structured Contracts to be in compliance with the licensing, registration or other regulatory requirements, or that the legal requirements or policies that may be adopted in the future (in particular those concerning foreign investment and/or merger and acquisition by foreign investors) would not affect the Structured Contracts and such contractual arrangements. Also, the enforceability may be affected by any applicable bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium or similar laws affecting creditors' rights generally and possible judicial or administrative actions or any PRC laws and regulations affecting creditors' rights.

Further to the above, in order the mitigate the risks, the Company had also adopted a series of internal measures including, among others, our Chief Executive Officer had conducted regular site visits to Hefei OPCO and Ningbo OPCO and conducted personnel interviews and submitted reports to the Board and our Chief Financial Officer had collected monthly management accounts, bank statements and cash balances and major operational data of Hefei OPCO and Ningbo OPCO for review, along with other internal control measures as detailed in the announcement of the Company dated 21 June 2016 in relation to Hefei OPCO (the "**Acquisition Announcement**").

Please refer to the Acquisition Announcement for further detail of the terms and conditions of the Hefei Structured Contracts, the risks associated with the Hefei Structured Contracts and the internal measures of the Company.

For the year ended 31 December 2024, there was no material change in the Structured Contracts. As of the date of this annual report, there is no unwinding of any of the Structured Contracts.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code in Appendix C1 of the Listing Rules during the year ended 31 December 2024. Details of the corporate governance practices of the Company are set out in the Corporate Governance Report in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of its Directors, as at the date of this annual report, the Company has maintained a public float of not less than 25% of the issued share capital of the Company as required under the Listing Rules.

TAX RELIEF

The Company is not aware of any relief from taxation to which the Shareholders are entitled by reasons of their holdings of the Shares. If the Shareholders are unsure about the taxation implication of purchasing, holding, disposing of, dealing in, or exercise of any rights in relation to the Shares, they are advised to consult their professional advisers.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three independent non-executive Directors, namely, Mr. CHAI Chaoming, Dr. LOU Dong and Ms. LU Hong. The Audit Committee has reviewed the audited financial statements for the year ended 31 December 2024 and has also discussed audit, risk management, internal control, continuing connected transactions (if any) and financial reporting matters including accounting practices and principles adopted by the Group.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 have been audited by KPMG. A resolution for the re-appointment of KPMG as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Xingye Alloy Materials Group Limited
HU Minglie
Chief Executive Officer and Executive Director

Hong Kong, 31 March 2025

BIOGRAPHICAL DETAILS OF THE DIRECTORS

EXECUTIVE DIRECTORS

Mr. HU Changyuan, aged 76, is an executive Director and Chairman of the Board of the Company since 13 September 2007. Mr. HU was recognized as a senior economist by the Municipal Personnel Bureau of Zhejiang Province (浙江省人事廳) in 1995. He is the founder of the Group. Mr. HU has more than 30 years of experience in the copper plates and strips industry. He was a committee member of the first council of the China Nonferrous Metals Industry Association (中國有色金屬工業協會) (the "**CNMFIA**"), a member of the People's Political and Consultation Commission of Cixi City (慈溪市政協) and was a representative to the People's Congress of Ningbo City (寧波市人大). Mr. HU was awarded the title of "Labor Model of Ningbo City" (寧波市勞動模範) by Ningbo People's Government (寧波市人民政府) in 1991. In 2005, Mr. HU served as a vice president of the Zhejiang Charity Federation (浙江省慈善總會). In 2005, Mr. HU was awarded Zhejiang Charitable Individual (浙江慈善個人獎) by the People's Government of Zhejiang. He was also awarded the title of outstanding Chinese Entrepreneur (中國優秀企業家) by the Chinese International Hua Shang Association (中國國際華商會) and International Hua Shang Magazine (國際《華商》雜誌社) in 2006. In 2007, he was awarded "Outstanding Contributions to Chinese Charities" (中華慈善事業突出貢獻獎) and the title of "China's Charity Figure" (中華慈善人物) by China Charity Federation (中華慈善總會). Mr. HU is the father of Mr. HU Minglie and a director of Luckie Strike Limited and Come Fortune International Limited, substantial shareholders within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. HU Minglie, aged 43, is an executive Director of the Company and Chief Executive Officer of the Group since 17 November 2014. He graduated from the University of Arizona with a master degree in Optical Science Engineering, and has received a MBA degree from UCLA Anderson School of Management. Mr. HU is the founding partner and chairman of Lighthouse Capital Management LLC (the "**Lighthouse Capital**"), an equity investment fund management company established in Mainland China. At the time when he established Lighthouse Capital, he had been the partner of Tianjin Raystone Taihe Fund Management LLP, another equity investment fund management company established in Mainland China, for more than four years. During his service in Lighthouse Capital, he was responsible for the structuring and management of two funds with assets under management of over RMB300 million. The funds invested in more than 20 growth oriented projects in China and overseas, which were mainly medical, equipment and mobile internet projects. Mr. HU has also actively participated in the charity activities in Mainland China and Hong Kong, and is the director of Cixi Xingye Xi Yang Hong Charitable Foundation and Si Ming Care for Aged and Children Charitable Foundation Limited. Mr. HU is the son of Mr. HU Changyuan.

Mr. ZHU Wenjun, aged 43, is an executive Director of the Company since 18 October 2016 and the Chief Financial Officer of the Company since April 2015. He is also a member of Remuneration Committee of the Company. Prior to joining the Group, he worked with Shanghai Guohe Capital, where he had led private equity investment deals in media, software, internet and financial services sectors. Mr. ZHU has over 16 years of experience of finance, investment and corporate management. He started his career with KPMG assurance services, and also worked at Deloitte Financial Advisory with its Corporate Restructuring Services. Mr. ZHU holds a M.B.A. degree from UCLA Anderson School of Management, and bachelor's degree in law from Shanghai University of International Business and Economics.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAI Chaoming, aged 55. is an independent non-executive Director of the Company since May 2009. He is the chairman of Audit Committee and Nomination Committee of the Company. He graduated and obtained a Bachelor degree in economics from Shanghai University of Finance & Economics and a Master degree in business administration from Guanghua School of Management of Beijing University. Mr. CHAI is a partner of Raystone Capital Management, LLP, a fund which focuses on private equity investment in China. Mr. CHAI has extensive corporate management and investment experience. Mr. CHAI was an independent non-executive director of Tangshan Jidong Cement Company Limited (stock code: 000401.SZ), a company listed on the Shenzhen Stock Exchange Limited in China and his appointment ceased on 2 March 2021.

Dr. LOU Dong, aged 43, is an independent non-executive Director of the Company since August 2015. He is also the chairman of Remuneration Committee and a member of Audit Committee and Nomination Committee of the Company. Dr. LOU is a Chair Professor of Finance and Citi Professor of Business at the Hong Kong University of Science and Technology ("HKUST"). He is also the Director of the HKUST Institute for Financial Research, an Associate Dean of the HKUST Business School, and the Director of the HKUST Bilingual DBA program. Prior to joining HKUST, he was a Professor of Finance at the London School of Economics.

Dr. LOU is a Research Fellow at the Centre for Economic Policy Research, a Senior Fellow at the Asian Bureau of Finance and Economic Research, and an Academic Consultant and Visitor to the Bank of England. He is a recipient of the Distinguished Young Scholars (DYS) Scheme of the National Natural Science Foundation of China. He serves as an Associate Editor of the *Journal of Finance*, *Journal of Financial Economics*, and *Management Science*.

Dr. LOU frequently advises government organizations and regularly consults for investment management companies. His research has been published in top academic journals, has won many awards, and is frequently profiled in financial media outlets including the *Wall Street Journal*, *Forbes*, and *Bloomberg*. His main research areas include asset pricing, investment management, behavioral finance, and the Chinese financial markets. Dr. LOU received a PhD in Finance from Yale University and an undergraduate degree in Computer Science from Columbia University.

Ms. LU Hong, aged 55, is an independent non-executive Director since May 2016. She is also a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. Ms. LU has over 22 years of experience in accounting, financial management, company secretarial and domestic and overseas capital markets field. She is a member of the Chinese Institute of Certified Public Accountants, Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. LU has extensive knowledge and experience in accounting and is very familiar with listing rules and regulations both in Hong Kong and PRC. She has rich experience in the listing of corporations in the PRC, Hong Kong, Singapore and the United States of America, and foreign and domestic investment and financing operations as well as mergers and acquisitions. Ms. LU also specializes in financial analysis, budgeting, financial management and tax planning. Ms. LU has been an independent non-executive director of Sino Biopharmaceutical Limited (stock code: 1177), a company listed on the main board of The Stock Exchange of Hong Kong Limited.

Various aspects of the business and operations of the Group are respectively under direct responsibilities of the Executive Directors who are regarded as the senior management of the Company.

INDEPENDENT AUDITOR'S REPORT

KPMG

Independent auditor's report to the shareholders of
Xingye Alloy Materials Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Xingye Alloy Materials Group Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 116 to 194, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Revenue recognition

Refer to note 4(a) to the consolidated financial statements and the accounting policies in note 2(v).

The Key Audit Matter	How the matter was addressed in our audit
Revenue from the sale of copper products is recognised when the goods are delivered to the customers' designated location for domestic sales or when the goods are loaded on shipping vessels for overseas sales, which is considered to be the point in time when the customer obtains control of the copper products. The Group's sales contracts with customers have a variety of terms in relation to goods acceptance and the calculation of sales rebates. Management evaluates the terms of individual contracts in order to determine the appropriate timing of revenue recognition and the amounts which should be recognised.	Our audit procedures to assess the recognition of revenue included the following: • assessing the design, implementation and operating effectiveness of the relevant key internal controls which govern revenue recognition from the sale of copper products; • inspecting customer contracts on a sample basis and evaluating the Group's revenue recognition policies, including the timing of revenue recognition and the amount of revenue recognised, with reference to the requirements of the prevailing accounting standards; • comparing the revenue recorded in the financial system with the order information and shipment information in the business system, and investigating exceptions (if any); comparing, on a sample basis, the order information and shipment information in the business system with the original documents such as sales order, bills of lading, customs declarations or receipts, invoice, etc; • comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with sales contracts and goods delivery notes with the customers' acknowledgement of receipt and acceptance of the goods or bills of lading to determine whether the revenue had been recognised in the appropriate financial period;

KEY AUDIT MATTERS (Continued)

Revenue recognition (Continued)

Refer to note 4(a) to the consolidated financial statements and the accounting policies in note 2(v).

The Key Audit Matter	How the matter was addressed in our audit
We identified revenue recognition from the sale of copper products as a key audit matter because revenue is a key performance indicator of the Group which could create an incentive for manipulation of revenue to meet targets or expectations.	• recalculating, on a sample basis, sales rebates recognised during the year with reference to the terms contained in customers' sales contracts and the actual sales volumes for customers qualifying for sales rebates, comparing our calculations with those of the Group and assessing whether the sales rebates had been completely and accurately recognised in the appropriate financial period; • inspecting samples of credit invoices and returned goods delivery notes issued in December 2024 and January 2025 to evaluate whether associated adjustments to revenue had been accurately recorded in the appropriate accounting period; and • inspecting manual adjustments to revenue made during the reporting period applying risk-based sampling techniques, enquiring of management as to the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Yue Tat Wai.

KPMG
Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Revenue	4(a)	**8,053,401**	6,323,174
Cost of sales		**(7,291,849)**	(5,712,840)
Gross profit		**761,552**	610,334
Other income	5	**35,385**	26,688
Distribution expenses		**(67,900)**	(57,052)
Administrative expenses		**(366,893)**	(339,747)
Other gains and losses, net	6	**(27,344)**	(20,475)
Profit from operations		**334,800**	219,748
Finance income		**31,822**	36,977
Finance costs		**(48,414)**	(33,144)
Net finance (costs)/income	7(a)	**(16,592)**	3,833
Profit before taxation		**318,208**	223,581
Income tax	8	**(76,627)**	(35,889)
Profit for the year		**241,581**	187,692
Attributable to:			
Equity shareholders of the Company		**241,217**	187,447
Non-controlling interests		**364**	245
Profit for the year		**241,581**	187,692
Earnings per share	12		
Basic (RMB)		**0.27**	0.21
Diluted (RMB)		**0.27**	0.21

The notes on pages 124 to 194 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 26(d).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Profit for the year		**241,581**	187,692
Other comprehensive income for the year (after tax and reclassification adjustments)	11		
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of financial statements of the Company		**(9,822)**	6,489
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of the Company's subsidiaries outside mainland China		**10,540**	(5,837)
Other comprehensive income for the year		**718**	652
Total comprehensive income for the year		**242,299**	188,344
Attributable to:			
Equity shareholders of the Company		**241,935**	188,099
Non-controlling interests		**364**	245
Total comprehensive income for the year		**242,299**	188,344

The notes on pages 124 to 194 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	13	**1,304,270**	1,131,703
Right-of-use assets	14	**61,060**	63,615
Deposits for acquisition of property, plant and equipment		**61,606**	60,377
Other non-current assets		**20,382**	20,382
Deferred tax assets	8(d)	**24,136**	22,132
		1,471,454	1,298,209
Current assets			
Inventories	17	**1,548,355**	1,319,351
Trade and other receivables	18	**1,019,967**	707,226
Derivative financial instruments	19	**8,301**	249
Restricted bank deposits	20	**766,755**	740,676
Bank deposits with original maturity over three months		**178,024**	155,106
Cash and cash equivalents	21	**681,211**	418,750
		4,202,613	3,341,358
Current liabilities			
Derivative financial instruments	19	**697**	6,415
Interest-bearing borrowings	22	**948,508**	1,048,097
Trade and other payables	23	**2,011,397**	1,402,676
Lease liabilities	24	**27**	887
Income tax payable		**46,581**	23,078
		3,007,210	2,481,153
Net current assets		**1,195,403**	860,205
Total assets less current liabilities		**2,666,857**	2,158,414

The notes on pages 124 to 194 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Interest-bearing borrowings	*22*	**417,659**	152,582
Lease liabilities	*24*	**43**	156
Deferred income	*25*	**59,988**	35,025
Deferred tax liabilities	*8(d)*	**6,000**	6,000
		483,690	193,763
NET ASSETS		**2,183,167**	1,964,651
CAPITAL AND RESERVES			
Share capital	*26(b)*	**80,774**	80,774
Reserves		**2,099,189**	1,880,887
Total equity attributable to equity shareholders of the Company		**2,179,963**	1,961,661
Non-controlling interests		**3,204**	2,990
TOTAL EQUITY		**2,183,167**	1,964,651

Approved and authorised for issue by the board of directors on 31 March 2025.

Hu Minglie

Directors

Zhu Wenjun

The notes on pages 124 to 194 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

(Expressed in RMB)

		Attributable to equity shareholders of the Company										
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	PRC statutory reserve *RMB'000*	Translation reserve *RMB'000*	Treasury shares held for Share Award Scheme *RMB'000*	Share-based compensation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2023		80,774	354,133	258,060	83,529	(13,666)	(9,597)	–	1,029,552	1,782,785	2,745	1,785,530
Profit for the year		–	–	–	–	–	–	–	187,447	187,447	245	187,692
Other comprehensive income		–	–	–	–	652	–	–	–	652	–	652
Total comprehensive income		–	–	–	–	652	–	–	187,447	188,099	245	188,344
Share Award Scheme:												
– Treasury shares held for the Share Award Scheme	*28(c)*	–	–	–	–	–	(16,130)	–	–	(16,130)	–	(16,130)
– Shares granted from the Share Award Scheme	*28(c)*	–	–	–	–	–	–	6,907	–	6,907	–	6,907
– Shares vested from the Share Award Scheme	*28(c)*	–	–	–	–	–	6,874	(6,742)	(132)	–	–	–
At 31 December 2023		80,774	354,133	258,060	83,529	(13,014)	(18,853)	165	1,216,867	1,961,661	2,990	1,964,651

The notes on pages 124 to 194 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

(Expressed in RMB)

		Attributable to equity shareholders of the Company										
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	PRC statutory reserve *RMB'000*	Translation reserve *RMB'000*	Treasury shares held for Share Award Scheme *RMB'000*	Share-based compensation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2024		**80,774**	**354,133**	**258,060**	**83,529**	**(13,014)**	**(18,853)**	**165**	**1,216,867**	**1,961,661**	**2,990**	**1,964,651**
Profit for the year		–	–	–	–	–	–	–	241,217	241,217	364	241,581
Other comprehensive income		–	–	–	–	718	–	–	–	718	–	718
Total comprehensive income		–	–	–	–	718	–	–	241,217	241,935	364	242,299
Profit appropriation to reserve		–	–	–	38,235	–	–	–	(38,235)	–	–	–
Withdrawal staff bonus and welfare fund		–	–	–	–	–	–	–	(19,118)	(19,118)	–	(19,118)
Dividend paid to non-controlling shareholder of a subsidiary		–	–	–	–	–	–	–	–	–	(650)	(650)
Capital injection from non-controlling shareholder of a subsidiary		–	–	–	–	–	–	–	–	–	500	500
Share Award Scheme:												
– Treasury shares held for the Share Award Scheme	*28(c)*	–	–	–	–	–	(11,092)	–	–	(11,092)	–	(11,092)
– Shares granted from the Share Award Scheme	*28(c)*	–	–	–	–	–	–	6,577	–	6,577	–	6,577
– Shares vested from the Share Award Scheme	*28(c)*	–	–	–	–	–	6,792	(6,742)	(50)	–	–	–
At 31 December 2024		**80,774**	**354,133**	**258,060**	**121,764**	**(12,296)**	**(23,153)**	**–**	**1,400,681**	**2,179,963**	**3,204**	**2,183,167**

The notes on pages 124 to 194 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Profit for the year		**241,581**	187,692
Adjustment for:			
Depreciation of property, plant and equipment		**108,771**	98,147
Depreciation for right-of-use assets		**1,915**	2,599
Impairment losses on trade and other receivables		**10,425**	658
Losses on disposals of property, plant and equipment		**351**	1,252
Net finance costs/(income)		**16,592**	(3,833)
Equity-settled share-based payment transactions		**6,577**	6,907
Unrealised fair value change on derivative financial instruments		**(13,770)**	(3,498)
Income tax expense		**76,627**	35,889
Amortisation of deferred income		**(18,009)**	(11,250)
		431,060	314,563
Changes in working capital:			
Inventories		**(229,004)**	(90,050)
Trade and other receivables		**(343,647)**	(161,228)
Trade and other payables		**461,758**	(132,834)
Cash generated from/(used in) operations		**320,167**	(69,549)
Interest paid		**(39,689)**	(31,881)
Income tax paid		**(55,128)**	(25,855)
Net cash generated from/(used in) operating activities		**225,350**	(127,285)

The notes on pages 124 to 194 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Interest received		**38,205**	48,901
Proceeds from disposals of property, plant and equipment		**240**	1,558
Payment for acquisition of intangible assets		**–**	(12,892)
Changes in guarantee deposits and bank deposits with maturity over three months		**(23,356)**	152,034
Acquisition of property, plant and equipment, net of deposits placed in previous years		**(252,385)**	(282,389)
Deposits for acquisition of property, plant and equipment		**(21,883)**	(53,340)
Receipt of asset-related government grant		**37,720**	312
Net cash used in investing activities		**(221,459)**	(145,816)
Cash flows from financing activities			
Repayments of interest-bearing borrowings	*21(a)*	**(2,266,046)**	(1,909,227)
Proceeds from interest-bearing borrowings	*21(a)*	**2,431,118**	2,239,532
Capital element of lease rentals paid	*21(a)*	**(198)**	(1,346)
Payment for purchase of shares in connection with Share Award Scheme	*28(c)*	**(11,092)**	(16,130)
Change in restricted bank deposits		**104,579**	59,067
Dividend paid to non-controlling shareholder of a subsidiary		**(650)**	–
Capital injection from non-controlling shareholder of a subsidiary		**500**	–
Net cash generated from financing activities		**258,211**	371,896
Net increase in cash and cash equivalents		**262,102**	98,795
Cash and cash equivalents at 1 January		**418,750**	316,859
Effect of movements in exchange rates on cash held		**359**	3,096
Cash and cash equivalents at 31 December		**681,211**	418,750

The notes on pages 124 to 194 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Prepared under International Financial Reporting Standards)

1 REPORTING ENTITY AND BACKGROUND INFORMATION

Xingye Alloy Materials Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 19 July 2007 under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 27 December 2007 (the "**Listing Date**").

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "**Group**"). The principal activities of the Group are the manufacture and sales of high precision copper plates and strips, trading of raw materials, and provision of processing services. After the acquisition of an online gaming business in August 2016, the Group's activities also include developing, publishing and operating online games and provision of related services.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The International Accounting Standards Board ("**IASB**") has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- derivative financial instruments (see note 2(h))

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group.

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Functional and presentation currency

These consolidated financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the Group's subsidiaries located in the PRC. All financial information presented in RMB has been rounded to the nearest thousand, except where otherwise indicated. The functional currency of the Company and its subsidiaries incorporated in Hong Kong and British Virgin Islands is Hong Kong dollar ("**HKD**").

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Subsidiaries and non-controlling interests

(i) Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 2(l)(ii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities (see note 2(g)).

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries and non-controlling interests

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Subsidiaries and non-controlling interests (Continued)

(ii) ***Subsidiaries and non-controlling interests*** *(Continued)*

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)(ii)).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(l)(ii)).

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 29(d). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(v)(iv)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– fair value through other comprehensive income ("**FVOCI**") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income ("**OCI**"). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Other investments in securities (Continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(h) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and commodity price risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 2(l)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

A gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

–	Plant and buildings	10 - 35 years or the shorter of lease term
–	Machinery	5 - 20 years
–	Electronic and other equipment	3 - 10 years
–	Motor vehicles	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation (where the estimated useful life is finite) and any accumulated impairment losses (see note 2(l)(ii)).

Expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Exclusive rights for operation of online games	2.5 years
Non-compete agreement	7 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Leased assets (Continued)

As a lessee *(Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(l)(ii)).

Depreciation is calculated to write-off the cost of right-of-use assets, using the straight-line method over their estimated useful lives as follows:

–	Leasehold land	50 years
–	Leased properties	2 - 4.3 years
–	Leased vehicles	4 years

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(g)(i), 2(v)(iv) and 2(l)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment if the Group changes its assessment of whether the Group it will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

A lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("**ECL**"s) on:

– financial assets measured at amortised cost (including cash and cash equivalents, bank deposits with maturity over three months, restricted bank deposits and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets (Continued)

(i) ***Credit losses from financial instruments*** *(Continued)*

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

– the financial asset is 180 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets (Continued)

(i) ***Credit losses from financial instruments*** *(Continued)*

Write-off policy

The gross carrying amount of a financial asset is written-off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written-off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Credit losses and impairment of assets (Continued)

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(m) Inventories and other contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(m)(i)), property, plant and equipment (see note 2(i)) or intangible assets (see note 2(j)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less from the initial recognition of the asset.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(v)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(o)).

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All trade and other receivables are subsequently stated at amortised cost (see note 2(l)(i)).

Insurance reimbursement is recognised and measured in accordance with note 2(u).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL(see note 2(l)(i)).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(x).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

Shares awarded under the Share Award Scheme are acquired from open market. The net consideration paid, including any directly attributable incremental costs, is presented as "Treasury shares held for Share Award Scheme" and deducted from equity.

For shares granted under the Share Award Scheme, the grant-date fair value of equity-settled share-based payments granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

When the awarded shares are transferred to the grantees upon vesting, the related weighted average acquisition cost of the awarded shares vested are credited to "Treasury shares held for Share Award Scheme", and the grant date fair value of the awarded shares vested are debited to the share-based compensation reserve. The difference between the related weighted average acquisition cost and the grant date fair value of the awarded shares vested is transferred to retained profits directly.

Share-based payment transactions in which the Company grants shares to its subsidiaries' employees are accounted for as an increase in value of investment in subsidiaries in the Company's statement of financial position which is eliminated on consolidation.

Where there is any modification of terms and conditions that is not beneficial to the employee, e.g. by increasing the vesting period, then this modification is ignored, i.e. the grant-date fair value of the equity instruments granted is recognised over the original vesting period.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(u) Provisions and contingent liabilities

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 2(l)(ii)).

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(v) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of copper products

Customers obtain control of copper products when the goods are delivered to the customers' designated location for domestic sales or when the goods are loaded on shipping vessels for overseas sales. Invoices are usually settled within 90 days from billing date. No discounts are provided for copper products, but sales rebates may be provided to certain customers based on the volume of product purchased over a defined period. Customer rebates are estimated and recorded as a reduction to revenue.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

(i) ***Sales of copper products*** *(Continued)*

If the copper products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

Revenue is recognised when the customer has the ability to direct the use of the copper products or services and obtain substantially all of the remaining benefits of the copper products or services. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(ii) Publishing and operating online games

The Group publishes third party developers' games on third party distribution channels. As the Group neither has the primary responsibility for fulfilment of the online games services nor the latitude to establish prices, the Group views itself as an agent providing publishing and operation services to the games developers through distribution channels, and thus the Group recognises revenue on a net basis, which is based on charging records of game players, multiplied by a pre-determined percentage according to revenue sharing agreements.

Revenue from publishing and operating online games is recognised over time as the customer simultaneously receives and consumes the benefits of the services. The Group views its performance obligations as a series of distinct goods or services that are substantially the same and that have the same pattern of transfer. The Group allocates variable consideration to the distinct good or service within the series, such that revenue from publishing and operating online games is recognised in each period as the uncertainty with respect to such variable consideration is resolved.

(iii) Services income

Revenue for the provision of technical services is recognised over time when services have been rendered.

(iv) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Revenue and other income (Continued)

(v) Government grants

Government grants related to assets are initially recognised as deferred income when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are effectively recognised in profit or loss over the useful life of the asset as other income.

(w) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(y) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(z) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the Group of which the other entity is a member).

(c) both entities are joint ventures of the same third party.

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) the entity is controlled or jointly controlled by a person identified in (i).

(g) a person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICIES (continued)

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

- Notes 28(b)&(c) – Consolidation: whether the Group has control over entities through contractual arrangements and trusts.

(b) Sources of estimation uncertainty

Key sources of estimation uncertainty are as follows:

(i) Loss allowance for trade receivables

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the previous estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives.

3 ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Sources of estimation uncertainty (Continued)

(ii) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values, if any. The management reviews the estimated useful lives and the residual values, if any, of the assets regularly in order to determine the amount of depreciation charge for the year. The useful lives of the assets are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

(iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of distributing and selling products of similar nature. Net realisable value could change significantly as a result of competitor's actions in response to severe industry cycles or other changes in market conditions. Management reassess the estimations at each reporting date.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are (i) the manufacture and sales of high precision copper plates and strips, trading of raw materials, provision of processing services; and (ii) developing, publishing and operating online games and provision of related services.

Further details regarding the Group's principal activities are disclosed in note 4(b).

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and timing of revenue recognition is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers within the scope of IFRS15		
Disaggregated by major products or service lines		
Copper products related:		
– Sales of high precision copper plates and strips	**7,699,973**	6,023,716
– Processing service fees	**276,803**	231,910
– Trading of raw materials	**72,215**	56,795
	8,048,991	6,312,421
Online games related:		
– Publishing and operating online games	**4,410**	10,753
	4,410	10,753
	8,053,401	6,323,174
Disaggregated by timing of revenue recognition		
– Point in time	**8,048,991**	6,312,421
– Over time	**4,410**	10,753
	8,053,401	6,323,174

Disaggregation of revenue from contracts with customers by geographic markets are disclosed in note 4(b).

The Group's customer base is diversified and no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2024 and 2023.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to all its sales contracts such that the Group does not need to disclose the information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under all sales contracts that had an original expected duration of one year or less.

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment.

As the assets and liabilities by segment is not a measure used by the Group's chief operating decision maker to allocate resources and assess performance, the segment assets and liabilities of the Group are not reported to the Group's chief operating decision maker regularly. As a result, reportable segment assets and liabilities have not been presented in the consolidated financial statements.

Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at/to which the services were provided or the goods delivered.

	2024 ***RMB'000***	2023 *RMB'000*
Revenue		
Chinese Mainland	**7,197,971**	5,694,305
Taiwan, China	**177,973**	87,560
Singapore	**112,462**	49,038
Hong Kong, China	**101,628**	94,256
India	**71,061**	37,442
Bangladesh	**55,997**	64,900
Thailand	**44,417**	30,147
Other locations	**291,892**	265,526
	8,053,401	6,323,174

The Group's specified non-current assets (excluding deferred tax assets) are all located in the People's Republic of China (the "**PRC**") which, for the purpose of this report, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan. The geographical location of the Group's specified non-current assets (excluding deferred tax assets) is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

5 OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Government grants	**34,912**	25,981
Others	**473**	707
	35,385	26,688

Government grants represent unconditional government grants of RMB16,903,000 (2023: RMB14,731,000) awarded to the Group as a recognition of the Group's contribution to the development of the local economy, and the amortisation of deferred government grants of RMB18,009,000 during the year ended 31 December 2024 (2023: RMB11,250,000) *(note 25)*.

6 OTHER GAINS AND (LOSSES), NET

	2024	2023
	RMB'000	*RMB'000*
Credit losses allowance on trade and other receivables *(note 29(a))*	**(10,425)**	(658)
Losses on disposals of property, plant and equipment	**(351)**	(1,252)
Net losses on metal future contracts	**(16,236)**	(16,830)
Others	**(332)**	(1,735)
	(27,344)	(20,475)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after crediting/(charging):

(a) Net finance (costs)/income

	2024	2023
	RMB'000	*RMB'000*
Interest income from bank deposits	**31,822**	35,992
Net foreign exchange gains	**–**	985
Finance income	**31,822**	36,977
Interest expenses on interest-bearing borrowings	**(41,675)**	(33,728)
Interest on lease liabilities *(note 14)*	**(12)**	(85)
Less: interest expenses capitalised	**1,780**	1,764
Net interest expenses recognised in profit or loss	**(39,907)**	(32,049)
Net foreign exchange losses	**(8,310)**	–
Losses from foreign exchange forward contracts, swap contracts and option contracts	**(197)**	(1,095)
Finance costs	**(48,414)**	(33,144)
Net finance (costs)/income	**(16,592)**	3,833

(b) Personnel costs

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**234,799**	213,105
Equity-settled share-based payment expenses	**6,577**	6,907
Contributions to defined contribution plan	**14,878**	10,245
	256,254	230,257

The Group participates in pension funds organised by the PRC government. According to the related pension fund regulations, the Group is required to pay annual contributions during the year. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. The Group has no obligation for payment of retirement and other post-retirement benefits of employees other than the contributions described above.

7 PROFIT BEFORE TAXATION (continued)

(b) Personnel costs (continued)

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the **"MPF Scheme"**) under the Mandatory Provident Fund Schemes Ordinance for all of its employees employed by the Group in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(c) Other items

	2024 ***RMB'000***	2023 *RMB'000*
Cost of inventories*	**7,287,173**	5,646,782
Depreciation		
– Property, plant and equipment *(note 13)*	**108,771**	98,147
– Right-of-use assets *(note 14)*	**1,915**	2,599
Impairment losses on		
– Trade and other receivables	**10,425**	658
Research and development expenditure (included in administrative expenses)	**186,410**	185,121
Auditor's remuneration		
– audit services	**2,460**	2,460
– non-audit services	**315**	50

* Cost of inventories includes RMB176,676,000 (2023: RMB153,568,000) relating to staff costs and depreciation expenses whose amounts are also included in the respective total amounts disclosed separately above or in notes 7(b) and 7(c) for each type of expense.

8 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 *RMB'000*	2023 *RMB'000*
Current tax		
Provision for the year	**71,958**	37,049
Under/(over)-provision in respect of prior years	**2,931**	(2,887)
Provision for the PRC withholding tax	**3,742**	–
	78,631	34,162
Deferred tax		
Origination and reversal of temporary differences	**(2,004)**	1,727
	76,627	35,889

(i) Pursuant to the tax rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong was 16.5% (2023: 16.5%). A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%), while the remaining profits will continue to be taxed at 16.5%.

(iii) The Group's PRC subsidiaries are subject to PRC income tax at 25%. For certain subsidiaries recognised as small profit enterprises in 2024, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% (2023: 25%) as taxable income amount, and be subject to enterprise income tax at 20%. The portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%.

(iv) The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. As at 31 December 2024, a preferential withholding tax rate of 5% is applied, since Xingye Copper International (HK) Limited ("**Xingye Copper (HK)**"), the parent company of the Group's PRC subsidiaries, became entitled to the preferential withholding tax rate of 5%, having been certified as a tax resident of the Hong Kong Special Administrative Region under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income". As a result, deferred tax liabilities of RMB6,000,000 (2023: RMB6,000,000) were recognised in connection with withholding tax that would be payable on the distribution of retained profits of the Group's PRC subsidiaries as at 31 December 2024.

8 INCOME TAX (Continued)

(b) Reconciliation between actual tax expense and accounting profit at applicable tax rates:

	2024 *RMB'000*	2023 *RMB'000*
Profit before taxation	**318,208**	223,581
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	**84,628**	59,137
Tax effect of unused tax losses and other temporary differences not recognised as deferred tax assets	**3,405**	2,956
Tax effect of utilisation of tax losses not recognised as deferred tax assets in prior years	**(16)**	(29)
Withholding tax on profits retained by PRC subsidiaries	**3,742**	–
Effect of tax concessions	**312**	493
Under/(over)-provision in respect of prior years	**2,931**	(2,887)
Additional deduction for qualified research and development expenses *(Note)*	**(20,318)**	(25,870)
Tax effect of non-deductible expenses	**1,943**	2,089
Actual tax expense	**76,627**	35,889

Note: According to the relevant PRC income tax law, certain research and development expenses of PRC subsidiaries are qualified for 100% additional deduction for tax purpose.

(c) Movement in deferred tax assets/(liabilities) during the year

	Accelerated depreciation and impairment of property, plant and equipment *RMB'000*	Credit loss allowance *RMB'000*	Inventory provision *RMB'000*	Changes in fair value of derivative financial instruments *RMB'000*	Deferred income *RMB'000*	Withholding tax on dividends *RMB'000*	Accrued expenses *RMB'000*	Unrealised profits arising from intra-group transactions and others *RMB'000*	Total *RMB'000*
At 1 January 2023	2,165	2,978	3,822	2,353	6,218	(6,000)	4,806	1,517	17,859
Credited/(charged) to profit or loss	(2,629)	(1,222)	724	(749)	44	—	6	2,099	(1,727)
At 31 December 2023 and 1 January 2024	**(464)**	**1,756**	**4,546**	**1,604**	**6,262**	**(6,000)**	**4,812**	**3,616**	**16,132**
Credited/(charged) to profit or loss	**(3,458)**	**2,566**	**567**	**(3,608)**	**7,120**	**-**	**(2,712)**	**1,529**	**2,004**
At 31 December 2024	**(3,922)**	**4,322**	**5,113**	**(2,004)**	**13,382**	**(6,000)**	**2,100**	**5,145**	**18,136**

8 INCOME TAX (Continued)

(d) Reconciliation to consolidated statement of financial position

	2024 *RMB'000*	2023 *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**24,136**	22,132
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(6,000)**	(6,000)
	18,136	16,132

(e) Unrecognised deferred tax assets and liabilities

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

	2024 *RMB'000*	2023 *RMB'000*
Tax losses of subsidiaries (i)	**70,136**	49,454
Retained earnings of PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future (ii)	**(770,028)**	(853,932)

(i) Deferred tax assets have not been recognised in respect of the tax losses of certain subsidiaries of the Group because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

(ii) Deferred tax liabilities in relation to withholding tax have not been recognised for the above undistributed earnings of PRC subsidiaries as the Group controls the timing and amounts of distribution and does not expect to incur such liabilities in the foreseeable future.

9 DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2024					
Name of directors	**Director' fees** *RMB'000*	**Salaries, allowances and benefits in kind** *RMB'000*	**Retirement scheme contributions** *RMB'000*	**Discretionary bonuses** *RMB'000*	**Equity-settled share-based payments** *RMB'000*	**Total** *RMB'000*
Executive directors						
Mr. Hu Changyuan	**–**	**1,300**	**–**	**–**	**1,879**	**3,179**
Mr. Hu Minglie	**–**	**2,210**	**25**	**–**	**1,879**	**4,114**
Mr. Zhu Wenjun	**–**	**1,436**	**59**	**–**	**470**	**1,965**
Independent non-executive directors						
Mr. Chai Chaoming	**140**	**–**	**–**	**–**	**–**	**140**
Mr. Lou Dong	**140**	**–**	**–**	**–**	**–**	**140**
Ms. Lu Hong	**140**	**–**	**–**	**–**	**–**	**140**
	420	**4,946**	**84**	**–**	**4,228**	**9,678**

	Year ended 31 December 2023					
Name of directors	Director' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement scheme contributions *RMB'000*	Discretionary bonuses *RMB'000*	Equity-settled share-based payments *RMB'000*	Total *RMB'000*
Executive directors						
Mr. Hu Changyuan	–	1,032	–	–	1,974	3,006
Mr. Hu Minglie	–	2,312	7	–	1,974	4,293
Mr. Zhu Wenjun	–	1,344	40	–	493	1,877
Independent non-executive directors						
Mr. Chai Chaoming	200	–	–	–	–	200
Mr. Lou Dong	200	–	–	–	–	200
Ms. Lu Hong	200	–	–	–	–	200
	600	4,688	47	–	4,441	9,776

There were no amounts paid during the year to Directors in connection with their retirement from employment with the Group, or inducement to join. There was no arrangement during the year under which a Director waived or agreed to waive any remuneration.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2023: three) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other two (2023: two) individuals are as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Salaries and other emoluments	**1,830**	1,984
Equity-settled share-based payments	**470**	493
Retirement scheme contributions	**17**	15
	2,317	2,492

The emoluments of the two (2023: two) individuals with the highest emoluments are within the following bands:

RMB'000	**2024** **Number of individuals**	2023 Number of individuals
Nil - 1,000	**1**	1
1,000-2,000	**1**	1

11 OTHER COMPREHENSIVE INCOME

Tax effect relating to each component of other comprehensive income

	2024			2023		
	Before-tax amount ***RMB'000***	**Tax (expense)/ benefit amount** ***RMB'000***	**Net-of-tax amount** ***RMB'000***	Before-tax amount *RMB'000*	Tax (expense)/ benefit amount *RMB'000*	Net-of-tax amount *RMB'000*
Exchange differences on translation of financial statements of the Company	**(9,822)**	**–**	**(9,822)**	6,489	–	6,489
Exchange differences on translation of financial statements of the Company's subsidiaries outside mainland China	**10,540**	**–**	**10,540**	(5,837)	–	(5,837)
Other comprehensive income	**718**	**–**	**718**	652	–	652

12 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share ("EPS") is based on the profit attributable to ordinary equity shareholders of the Company of RMB241,217,000 (2023: RMB187,447,000) and the weighted average number of 881,635,935 ordinary shares (2023: 881,188,754) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic)

	2024	2023
Issued ordinary shares at 1 January	**880,358,173**	889,621,173
Effect of shares purchased under Share Award Scheme *(note 28(c))*	**(5,875,663)**	(8,605,022)
Effect of shares vested under Share Award Scheme *(note 28(c))*	**7,153,425**	172,603
Weighted average number of ordinary shares (basic) at 31 December	**881,635,935**	881,188,754

(b) Diluted earnings per share

As at 31 December 2024, diluted earnings per share is the same as basic earnings per share as there are no dilutive potential shares during the period.

As at 31 December 2023, the share awards granted by the Group have a dilutive effect on the basic earnings per share. The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB187,447,000 and the weighted average number of ordinary shares outstanding after adjustment of all dilutive potential ordinary shares amounting to 881,198,895 ordinary shares.

Weighted average number of ordinary shares (diluted)

	2024	2023
Weighted average number of ordinary shares (basic) at 31 December	**881,635,935**	881,188,754
Effect of Share Award Scheme *(note 28(c))*	**–**	10,141
Weighted average number of ordinary shares (diluted) at 31 December	**881,635,935**	881,198,895

13 PROPERTY, PLANT AND EQUIPMENT

	2024 *RMB'000*	2023 *RMB'000*
Property, plant and equipment (a)	**1,303,457**	1,131,703
Property, plant and equipment pending for disposal (b)	**813**	–
	1,304,270	1,131,703

(a) Property, plant and equipment

	Plant and buildings *RMB'000*	Machinery *RMB'000*	Electronic and other equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2023	226,823	1,540,387	28,304	12,609	282,624	2,090,747
Additions	7,182	1,147	1,884	862	299,061	310,136
Transfers from construction in progress	54,401	73,417	2,739	–	(130,557)	–
Disposals	(232)	(9,082)	(68)	(601)	–	(9,983)
At 31 December 2023	288,174	1,605,869	32,859	12,870	451,128	2,390,900
Additions	677	5,952	4,661	3,581	267,540	282,411
Transfers from construction in progress	240,770	302,387	2,941	270	(546,368)	–
Disposals	–	(19,178)	(250)	(529)	–	(19,957)
Transferred to construction in progress	–	(67,022)	–	–	67,022	–
Exchange gain or loss	152	–	5	–	–	157
At 31 December 2024	529,773	1,828,008	40,216	16,192	239,322	2,653,511
Accumulated depreciation and impairment losses						
At 1 January 2023	(93,497)	(1,045,318)	(20,959)	(8,553)	–	(1,168,327)
Charge for the year	(6,333)	(88,300)	(2,565)	(949)	–	(98,147)
Disposals	65	6,729	59	424	–	7,277
At 31 December 2023	(99,765)	(1,126,889)	(23,465)	(9,078)	–	(1,259,197)
Charge for the year	(13,676)	(91,527)	(2,408)	(1,160)	–	(108,771)
Disposals	–	17,234	217	476	–	17,927
Transferred to construction in progress	–	58,803	–	–	(58,803)	–
Exchange gain or loss	(8)	–	(5)	–	–	(13)
At 31 December 2024	(113,449)	(1,142,379)	(25,661)	(9,762)	(58,803)	(1,350,054)
Net book value						
At 31 December 2024	416,324	685,629	14,555	6,430	180,519	1,303,457
At 31 December 2023	188,409	478,980	9,394	3,792	451,128	1,131,703

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Property, plant and equipment (Continued)

(i) Property, plant and equipment owned by the Group are all located in the PRC.

(ii) Certain property, plant and equipment with an aggregate carrying amount of RMB132,982,000 (2023: RMB149,520,000) were pledged as security for bank loans at 31 December 2024 (see note 22(iii)).

(iii) As at 31 December 2024, the Group was in the process of applying for the title certificates for certain of its properties with an aggregate carrying value of RMB11,574,000 (2023: RMB12,521,000). The Directors of the Company are of the opinion that the Group is entitled to lawfully occupy and use the above mentioned properties.

Impairment losses

No impairment loss was recognised for the years ended 31 December 2024 and 2023.

(b) Property, plant and equipment pending for disposal

	2024	2023
	RMB'000	*RMB'000*
Machinery	**813**	–

14 RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*	Leased properties *RMB'000*	Leased vehicles *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2023	72,172	6,264	925	79,361
Additions	–	221	–	221
Disposals	–	(2,931)	–	(2,931)
At 31 December 2023	72,172	3,554	925	76,651
Additions	–	183	–	183
Disposals	–	(3,653)	(925)	(4,578)
At 31 December 2024	72,172	84	–	72,256
Accumulated depreciation				
At 1 January 2023	(8,286)	(3,548)	(520)	(12,354)
Charge for the year	(1,450)	(918)	(231)	(2,599)
Disposals	–	1,917	–	1,917
At 31 December 2023	(9,736)	(2,549)	(751)	(13,036)
Charge for the year	(1,454)	(287)	(174)	(1,915)
Disposals	–	2,830	925	3,755
At 31 December 2024	(11,190)	(6)	–	(11,196)
Net book value				
At 31 December 2024	60,982	78	–	61,060
At 31 December 2023	62,436	1,005	174	63,615

14 RIGHT-OF-USE ASSETS (Continued)

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024	2023
	RMB'000	*RMB'000*
Leasehold lands in PRC, carried at depreciated cost	**60,982**	62,436
Leased properties, carried at depreciated cost	**78**	1,005
Leased vehicles, carried at depreciated cost	**–**	174
	61,060	63,615

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024	2023
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Leasehold lands	**1,454**	1,450
Leased properties	**287**	918
Leased vehicles	**174**	231
	1,915	2,599
Interest on lease liabilities *(note 7(a))*	**12**	85
Expenses relating to short-term leases	**1,867**	1,779
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**38**	40

During the year, additions to right-of-use assets were RMB183,000 (2023: RMB221,000).

Details of total cash outflows for leases and the maturity analysis of lease liabilities are set out in notes 21(b) and 24, respectively.

Certain leasehold lands with an aggregate carrying amount of RMB6,058,000 (2023: RMB6,270,000) were pledged as security for bank loans at 31 December 2024 (see note 22 (iii)).

15 INTANGIBLE ASSETS

	Exclusive rights for operation of online games *RMB'000*	Non-compete agreement *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2023, 31 December 2023 and 31 December 2024	6,800	2,700	9,500
Accumulated amortisation and impairment loss			
At 1 January 2023, 31 December 2023 and 31 December 2024	(6,800)	(2,700)	(9,500)
Net book value			
At 31 December 2023 and 31 December 2024	–	–	–

16 GOODWILL

	RMB'000
Cost	
At 1 January 2023, 31 December 2023 and 31 December 2024	138,153
Accumulated impairment loss	
At 1 January 2023, 31 December 2023 and 31 December 2024	(138,153)
Net book value	
At 31 December 2023 and 31 December 2024	–

17 INVENTORIES

	2024 *RMB'000*	2023 *RMB'000*
Raw materials	**140,722**	184,894
Work in progress	**1,065,196**	850,100
Finished goods	**342,081**	284,091
Others	**356**	266
	1,548,355	1,319,351

Provisions of RMB20,450,000 (2023: RMB18,185,000) were made against those inventories with net realisable value lower than carrying value as at 31 December 2024.

Certain inventories with a maximum aggregate carrying amount of RMB480,000,000 were pledged as security for bank loans at 31 December 2024 (2023: RMB330,000,000) (see note 22 (iii)).

18 TRADE AND OTHER RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade receivable, net of credit loss allowance	**601,348**	465,776
Bills receivable	**254,165**	106,331
Deposits for metal future contracts	**75,988**	62,834
Receivables under metal future contracts	**3,915**	2,217
Other debtors, net of credit loss allowance	**459**	621
Financial assets measured at amortised cost	**935,875**	637,779
VAT recoverable	**43,296**	39,936
Prepayments	**40,796**	29,511
	1,019,967	707,226

All of the trade and other receivables (net of credit loss allowance) are expected to be recovered or recognised as expenses within one year.

As at 31 December 2024, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis, in the amount of RMB201,434,000 (2023: RMB87,387,000). In the opinion of the Directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated trade payables settled, and has recognised the cash received on the transfer as cash advances under discounted bills.

18 TRADE AND OTHER RECEIVABLES (Continued)

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of credit loss allowance is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within 3 months	**780,955**	527,251
Over 3 months but less than 6 months	**69,025**	40,473
Over 6 months but less than 1 year	**1,667**	1,686
Over 1 year	**3,866**	2,697
	855,513	572,107

Credit terms granted to customers ranged from 7 to 90 days depending on the customer's relationship with the Group, its creditworthiness and past settlement record.

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in the note 29(a).

As at 31 December 2024, nil of Group's bills receivables (2023: Nil) were pledged to banks for issuance of bank acceptance bills.

19 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	**2024** *RMB'000*	2023 *RMB'000*
Derivative financial assets			
Metal future contracts	*(i)*	**8,102**	249
Foreign exchange option contracts	*(ii)*	**199**	–
		8,301	249
Derivative financial liabilities			
Metal future contracts	*(i)*	**(414)**	(5,460)
Foreign exchange swap contracts	*(ii)*	**–**	(905)
Foreign exchange forward contracts	*(ii)*	**–**	(50)
Foreign exchange option contracts	*(ii)*	**(283)**	–
		(697)	(6,415)

19 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(i) Metal future contracts

The notional contract value and the related terms of metal future contracts are summarised as follows:

	2024	2023
Sales contracts		
Volume *(tonnes)*	**7,350**	9,430
Notional contract value *(RMB'000)*	**550,645**	438,129
Market value *(RMB'000)*	**(542,543)**	(443,589)
Fair value *(RMB'000)*	**8,102**	(5,460)
Purchase contracts		
Volume *(tonnes)*	**275**	125
Notional contract value *(RMB'000)*	**(17,716)**	(7,556)
Market value *(RMB'000)*	**17,302**	7,805
Fair value *(RMB'000)*	**(414)**	249
Total *(RMB'000)*	**7,688**	(5,211)
Contract maturity date	**January, February and March 2025**	January, February and March 2024

The market value of metal future contracts is based on quoted market prices at the reporting date. As at 31 December 2024, fair value of the outstanding commodity future contracts was RMB7,688,000 (2023: RMB5,211,000), and net realised and unrealised losses, in aggregate of RMB16,236,000 were recognised in other gains and losses, net (2023: RMB16,830,000 of realised and unrealised losses) for the year ended 31 December 2024.

(ii) Foreign exchange forward contracts, option contracts and swap contracts

The Group purchased foreign exchange forward contracts, option contracts and swap contracts to hedge its foreign currency exchange rate fluctuation. The market value of these contracts are based on quoted market prices at the reporting date. As at 31 December 2024, fair value of the outstanding option contracts was RMB84,000 (2023: fair value of the outstanding foreign exchange forward contracts and swap contracts was RMB955,000), and net realised and unrealised loss, in aggregate of RMB197,000 was recognised in finance costs (2023: net realised and unrealised loss, in aggregate of RMB1,095,000 was recognised in finance costs) for the year ended 31 December 2024.

20 RESTRICTED BANK DEPOSITS

Restricted bank deposits represent:

	2024 *RMB'000*	2023 *RMB'000*
Guarantee deposits for issuance of commercial bills	**749,998**	740,676
Others	**16,757**	–
	766,755	740,676

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

All the balances of cash and cash equivalents at the end of the reporting period comprise cash at banks and on hand.

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest-bearing borrowings *RMB'000* *(Note 22)*	**Lease liabilities** *RMB'000* *(Note 24)*	**Total** *RMB'000*
At 1 January 2024	**1,200,679**	**1,043**	**1,201,722**
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	**2,431,118**	**–**	**2,431,118**
Repayments of interest-bearing borrowings	**(2,266,046)**	**–**	**(2,266,046)**
Capital element of lease rentals paid	**–**	**(198)**	**(198)**
Total changes from financing cash flows	**165,072**	**(198)**	**164,874**
Exchange adjustments	**210**	**–**	**210**
Other non-cash changes:			
Increase in lease liabilities from entering into new leases during the year	**–**	**183**	**183**
Disposal of leases	**–**	**(970)**	**(970)**
Net increase in accrued interest expenses	**206**	**12**	**218**
Total other non-cash changes	**206**	**(775)**	**(569)**
At 31 December 2024	**1,366,167**	**70**	**1,366,237**

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

(a) Reconciliation of liabilities arising from financing activities (Continued)

	Interest-bearing borrowings *RMB'000* *(Note 22)*	Lease liabilities *RMB'000* *(Note 24)*	Total *RMB'000*
At 1 January 2023	862,789	2,994	865,783
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	2,239,532	–	2,239,532
Repayments of interest-bearing borrowings	(1,909,227)	–	(1,909,227)
Capital element of lease rentals paid	–	(1,346)	(1,346)
Total changes from financing cash flows	330,305	(1,346)	328,959
Exchange adjustments	7,501	–	7,501
Other non-cash changes:			
Increase in lease liabilities from entering into new leases during the year	–	221	221
Disposal of leases	–	(911)	(911)
Net increase in accrued interest expenses	84	85	169
Total other non-cash changes	84	(605)	(521)
At 31 December 2023	1,200,679	1,043	1,201,722

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

(b) Total cash outflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	2024 ***RMB'000***	2023 *RMB'000*
Within operating cash flows	**1,917**	1,904
Within investing cash flows	**–**	–
Within financing cash flows	**198**	1,346
	2,115	3,250

These amounts relate to the following:

	2024 ***RMB'000***	2023 *RMB'000*
Lease rentals paid	**2,115**	3,250

22 INTEREST-BEARING BORROWINGS

At 31 December 2024, interest-bearing borrowings were repayable based on scheduled repayment dates set out in the underlying loan agreements as follows:

	2024 *RMB'000*	2023 *RMB'000*
Current		
Short-term secured bank loans	**155,042**	297,989
Unsecured bank loans	**191,618**	80,066
Bank advances under discounted bills	**495,514**	588,455
Current portion of non-current secured bank loans	**106,334**	81,587
	948,508	1,048,097
Non-current		
Secured bank loans	**417,659**	152,582
	1,366,167	1,200,679

(i) The Group's interest-bearing borrowings were repayable as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within 1 year	**948,508**	1,048,097
Over 1 year but less than 2 years	**133,120**	9,607
Over 2 years but less than 5 years	**127,829**	142,975
Over 5 years	**156,710**	–
	417,659	152,582
	1,366,167	1,200,679

22 INTEREST-BEARING BORROWINGS (Continued)

(ii) The Group's interest-bearing borrowings in the amount of RMB72,000,000 (2023: RMB180,000,000) are subject to the fulfilment of financial covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. As at and during the year ended 31 December 2024, none of these covenants related to drawn down facilities were breached.

(iii) The secured bank loans as at 31 December 2024 bear interest at rates ranging from 2.70% to 4.30% (2023: 0.30% to 5.85%) per annum and were pledged by the following assets:

	2024 *RMB'000*	2023 *RMB'000*
Carrying amounts of pledged assets:		
Inventories	**480,000**	330,000
Property, plant and equipment	**132,982**	149,520
Right-of-use assets	**6,058**	6,270
	619,040	485,790

(iv) Unsecured bank loans as at 31 December 2024 bear interest at a rate of 2.50% to 3.01% (2023: 2.90% to 3.00%) per annum.

(v) As at 31 December 2024, nil of bank deposits (2023: RMB30,000,000) has been pledged as securities for certain bank facilities.

23 TRADE AND OTHER PAYABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade payable *(ii)*	**1,275,642**	1,067,757
Bills payable *(ii)*	**479,270**	145,300
Staff benefits payable	**88,101**	74,155
Payables for purchase of property, plant and equipment	**61,599**	52,706
Accrued expenses and others	**63,786**	34,871
Financial liabilities measured at amortised cost	**1,968,398**	1,374,789
Contract liabilities *(i)*	**42,999**	27,887
	2,011,397	1,402,676

(i) The Group receives payments from customers based on the billing schedule established in contracts. Payments are usually received in advance under the contracts, which are mainly from sales of copper products.

Revenue of RMB27,887,000 was recognised for the year ended 31 December 2024 that was included in the contract liabilities balance at the beginning of the reporting period.

23 TRADE AND OTHER PAYABLES (Continued)

(ii) As of the end of the reporting period, the ageing analysis of trade and bills payables (which is included in trade and other payables), based on the invoice date or issuing date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**1,295,337**	1,056,862
Over 3 months but within 6 months	**414,162**	148,138
Over 6 months but within 1 year	**34,405**	2,374
Over 1 year	**11,008**	5,683
	1,754,912	1,213,057

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.

24 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were repayable as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**27**	887
Over 1 year but within 2 years	**28**	156
Over 2 years but within 5 years	**15**	—
	43	156
	70	1,043

25 DEFERRED INCOME

	2024	2023
	RMB'000	*RMB'000*
Government grants	**59,988**	35,025

All government grants received by the Group towards the cost of construction and improvement of production lines and other facilities, are recognised as deferred income initially, and amortised over the useful lives of the relevant assets.

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Note	Share capital *RMB'000*	Share premium *RMB'000*	Translation reserve *RMB'000*	Contributed surplus *RMB'000*	Share-based compensation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2023		80,774	354,133	8,256	407,248	–	37,163	887,574
Changes in equity for 2023:								
Loss for the year		–	–	–	–	–	(10,973)	(10,973)
Other comprehensive income		–	–	6,489	–	–	–	6,489
Total comprehensive income		–	–	6,489	–	–	(10,973)	(4,484)
Share Award Scheme:								
– Shares granted from the Share Award Scheme		–	–	–	–	6,907	–	6,907
– Shares vested from the Share Award Scheme	*28(c)*	–	–	–	–	(6,742)	(132)	(6,874)
At 31 December 2023		80,774	354,133	14,745	407,248	165	26,058	883,123

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Movements in components of equity (Continued)

***The Company** (Continued)*

	Note	Share capital *RMB'000*	Share premium *RMB'000*	Translation reserve *RMB'000*	Contributed surplus *RMB'000*	Share-based compensation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2024		80,774	354,133	14,745	407,248	165	26,058	883,123
Changes in equity for 2024:								
Loss for the year		–	–	–	–	–	(10,013)	(10,013)
Other comprehensive income		–	–	(9,822)	–	–	–	(9,822)
Total comprehensive income		–	–	(9,822)	–	–	(10,013)	(19,835)
Share Award Scheme:								
– Shares granted from the Share Award Scheme		–	–	–	–	6,577	–	6,577
– Shares vested from the Share Award Scheme	*28(c)*	–	–	–	–	(6,742)	(50)	(6,792)
At 31 December 2024		80,774	354,133	4,923	407,248	—	15,995	863,073

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital

Authorised

	2024		2023	
	Number of shares	**Amount *HKD'000***	Number of shares	Amount *HKD'000*
Ordinary shares of HKD0.1 each	**5,000,000,000**	**500,000**	5,000,000,000	500,000

Ordinary shares issued and fully paid

	2024			2023		
	Number of shares *'000*	**Amount *HKD'000***	**Equivalent *RMB'000***	Number of shares *'000*	Amount *HKD'000*	Equivalent *RMB'000*
At 1 January	**899,559**	**89,959**	**80,774**	899,559	89,959	80,774
Shares issued	**–**	**–**	**–**	–	–	–
At 31 December	**899,559**	**89,959**	**80,774**	899,559	89,959	80,774

(c) Reserves

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

(ii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Contributed surplus

Contributed surplus represents the excess of the fair value of shares of Xingye Copper (HK) determined on the basis of the consolidated net assets of Xingye Copper (HK) at the date of reorganisation of the Group (the "**Reorganisation**") over the nominal value of shares issued by the Company in exchange thereof.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Reserves (Continued)

(iv) Capital reserve

Capital reserve represents the excess of the aggregate of the share capital of the subsidiaries acquired and the equity of a predecessor entity with its business transferred to the Group pursuant to the Reorganisation, amounting to RMB259,726,000, over the consideration paid by the Company of HKD1,000 (equivalent to RMB968), representing the nominal value of the shares issued by the Company in exchange thereof.

In December 2019, the Group further acquired an additional 2% equity interest of Ningbo Xingye Shengtai Group Ltd., at a consideration of RMB21,300,000, resulting in a decrease in capital reserve of RMB1,666,000.

(v) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the Articles of Association of the companies comprising the Group which are established in the PRC. Appropriations to the reserves were approved by the respective boards of directors.

For the entities concerned, statutory surplus reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of PRC statutory reserves after such conversion is not less than 25% of the registered capital.

(vi) Share-based compensation reserve

Share-based compensation reserve represents the value of employee services in respect of awarded shares under the Share Award Scheme as set out in note 28(c).

(vii) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Reserves (Continued)

(vii) Capital management *(Continued)*

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all interest-bearing borrowings, lease liabilities and bills payable as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Company, as shown in the consolidated statement of financial position, plus net debt. The Group may adjust the amount of dividends paid to equity shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

The Group's gearing ratio at 31 December 2024 and 2023 was as follows:

	2024	2023
Gearing ratio	**34.81%**	32.12%

(d) Dividends

No final dividend was declared to equity shareholders of the Company for the year ended 31 December 2024 (2023: Nil).

27 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 *RMB'000*	2023 *RMB'000*
Non-current assets		
Investments in subsidiaries	**426,661**	440,401
Interests in subsidiaries *(note 28)*	**426,661**	440,401
Current assets		
Amounts due from subsidiaries	**430,279**	440,850
Other receivables	**42**	84
Cash and cash equivalents	**6,104**	1,801
	436,425	442,735
Current liabilities		
Other payables	**13**	13
	13	13
Net current assets	**436,412**	442,722
Net assets	**863,073**	883,123
Capital and reserves		
Share capital *(note 26(b))*	**80,774**	80,774
Reserves	**782,299**	802,349
Total equity	**863,073**	883,123

28 INVESTMENTS IN SUBSIDIARIES

(a) Subsidiaries

All of the following entities are subsidiaries as defined in note 2(e) and have been consolidated into the Group's financial statements. The class of shares held is ordinary shares unless otherwise stated.

Name of company	Place and date of establishment/ incorporation	Percentage of equity attributable to the Company		Issued and fully paid-up/registered capital	Principal activities	Type of legal entity
		Direct	Indirect			
Xingye Copper International (BVI) Limited ("**Xingye Copper (BVI)**")	British Virgin Islands, July 2007	100%	–	USD1/ USD1	Investment holding	Limited liability company
Xingye Copper International (HK) Limited ("**Xingye Copper (HK)**")	Hong Kong SAR, July 2007	–	100%	HKD4,000,000/ HKD4,000,000	Investment holding and trading of high precision copper plates and strips	Limited liability company
Ningbo Xingye Shengtai Group Ltd. (formerly known as Ningbo Xingye Shengtai Electronic Metal Materials Co., Ltd.) ("**Shengtai Group**") 寧波興業盛泰集團有限公司	The PRC, November 2001	–	99.8%	RMB950,000,000/ RMB950,000,000	Manufacture and sale of high precision copper plates and strips	Limited liability company
Ningbo Hangzhou Bay New Zone Qiangtai Metal Materials Co., Ltd. ("**Qiangtai**") 寧波杭州灣新區強泰金屬材料有限公司	The PRC, May 2010	–	100%	RMB8,285,250/ RMB8,285,250	Trading of high precision copper plates and strips	Limited liability company
Ningbo Xingye Xintai New Electronic Materials Co., Ltd. ("**Ningbo Xintai**") 寧波興業鑫泰新型電子材料有限公司	The PRC, March 2011	–	100%	RMB200,000,000/ RMB200,000,000	Manufacture and sale of high precision copper plates and strips	Limited liability company
Ningbo Xinghong Property Service Co., Ltd. ("**Xinghong**") 寧波興宏物業服務有限公司	The PRC, November 2015	–	100%	RMB1,000,000/ RMB1,000,000	Property services	Limited liability company
Xingye Investment Holdings (HK) Limited ("**Investment (HK)**")	Hong Kong SAR, August 2015	–	100%	HKD1/ HKD1	Investment holding	Limited liability company

28 INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Subsidiaries (Continued)

Name of company	Place and date of establishment/ incorporation	Percentage of equity attributable to the Company Direct	Indirect	Issued and fully paid-up/registered capital	Principal activities	Type of legal entity
Xingye Investment Holdings Limited ("**Investment**")	British Virgin Islands, June 2015	–	100%	USD1/ USD1	Investment holding	Limited liability company
Funnytime Limited ("**Funnytime**")	British Virgin Islands, October 2015	–	100%	USD0/ USD1,000	Investment holding	Limited liability company
Soul Dargon Limited	Hong Kong SAR, October 2015	–	100%	HKD0/ HKD1	Developing, publishing and operating online games	Limited liability company
Hefei Yueyou Network Technology Co., Ltd. ("**Yueyou**") 合肥悦遊網絡科技有限公司	The PRC, January 2016	–	100%	RMB1,000,000/ RMB1,000,000	Developing, publishing and operating online games	Limited liability company
Hefei Zhangyue Network Technology Co., Ltd. ("**Hefei Zhangyue**") *(note (b))* 合肥掌悦網絡科技有限公司	The PRC, July 2015	–	100%	RMB1,000,000/ RMB1,000,000	Developing, publishing and operating online games	Limited liability company
Shenzhen Zhangyue Network Technology Co., Ltd. ("**Shenzhen Zhangyue**") *(note (b))* 深圳掌悦網絡科技有限公司	The PRC, August 2015	–	100%	RMB1,000,000/ RMB1,000,000	Developing, publishing and operating online games	Limited liability company
Ningbo Xingqi Trade Co., Ltd. ("**Xingqi**") 寧波興齊貿易有限公司	The PRC, September 2017	–	100%	RMB20,000,000/ RMB20,000,000	Purchasing of raw materials and trading of high precision copper plates and strips	Limited liability company
Ningbo Xinyue Alloy Materials Co., Ltd. ("**Xinyue**") 寧波鑫悦合金材料有限公司	The PRC, March 2018	–	100%	RMB200,000,000/ RMB200,000,000	Manufacture and sale of high precision copper plates and strips	Limited liability company

28 INVESTMENTS IN SUBSIDIARIES (Continued)

(a) Subsidiaries (Continued)

Name of company	Place and date of establishment/ incorporation	Percentage of equity attributable to the Company Direct	Indirect	Issued and fully paid-up/registered capital	Principal activities	Type of legal entity
Ningbo Longao Network Technology Co., Ltd. ("**Longao**") 寧波龍傲網絡科技有限公司	The PRC, June 2020	–	100%	RMB0/ RMB1,000,000	Developing, publishing and operating online games	Limited liability company
Ningbo Longhui Network Technology Co., Ltd. ("**Longhui**") 寧波龍輝網絡科技有限公司	The PRC, July 2020	–	100%	RMB0/ RMB1,000,000	Developing, publishing and operating online games	Limited liability company
Shenzhen Longhun Network Technology Co., Ltd. ("**Shenzhen Longhun**") 深圳龍魂網絡科技有限公司	The PRC, August 2020	–	100%	RMB1,000,000/ RMB1,000,000	Developing, publishing and operating online games	Limited liability company
Shanghai Xingronghui Industrial Co., Ltd. ("**Xingronghui**") 上海興榮惠實業有限公司	The PRC, July 2021	–	100%	RMB10,000,000/ RMB10,000,000	Purchasing of raw materials and trading of high precision copper plates and strips	Limited liability company
Ningbo Xinrui Alloy Materials Co., Ltd ("**Xingrui**") 寧波鑫瑞合金材料有限公司	The PRC, January 2023	–	90%	RMB14,500,000/ RMB30,000,000	Manufacture and sale of high precision copper plates and strips	Limited liability company
Ningbo Xingbo Haoguang Technology Development Co., Ltd ("**Xingbo**") 寧波興博浩廣科技發展有限公司	The PRC, October 2024	–	100%	RMB1,000,000/ RMB1,000,000	Technical service and technical consultation	Limited liability company

i) The English translation of the names of the companies registered in the PRC above is for reference only. The official names of these companies are in Chinese. These PRC companies are all limited liability companies.

28 INVESTMENTS IN SUBSIDIARIES (Continued)

(b) Entities controlled through contractual arrangements

The Group's online gaming business is carried out through several domestic operating companies, incorporated in the PRC, namely Hefei Zhangyue Network Technology Co., Ltd., Shenzhen Zhangyue Network Technology Co., Ltd., Ningbo Longhui Network Technology Co.,Ltd. and Shenzhen Longhun Network Technology Co., Ltd., which are collectively defined as the "PRC Operating Entities" hereafter.

Pursuant to applicable PRC laws and regulations, foreign investors are restricted from conducting value-added telecommunications services or holding an equity interest in an entity conducting such services in China. In order to enable the Company to acquire the online games business through its overseas incorporated subsidiaries, two wholly foreign-owned enterprises, Yueyou and Longao, were incorporated in the PRC in January 2016 and July 2020, respectively by Funnytime.

Yueyou and Longao have entered into a series of contractual arrangements (the "**Contractual Arrangements**") with the PRC Operating Entities and their respective equity holders, which enable Yueyou and Longao to:

— exercise effective financial and operational control over the PRC Operating Entities;

— exercise equity holders' voting rights of the PRC Operating Entities;

— receive substantially all of the economic interest returns generated by the PRC Operating Entities in consideration for the business support, technical and consulting services provided by Yueyou and Longao, at the discretion of Yueyou and Longao;

— obtain an irrevocable and exclusive right with an initial period of 10 years to purchase the entire equity interest in the PRC Operating Entities from the respective equity holders. This right automatically renews upon expiry until Yueyou or Longao specifies a renewal term;

— obtain a pledge over the entire equity interest of the PRC Operating Entities from their respective equity holders as collateral security for all of the PRC Operating Entities' payments due to Yueyou and Longao and to secure performance of PRC Operating Entities' obligations under the Contractual Arrangements.

As a result of the Contractual Arrangements, after the acquisition of Funnytime, the Company has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities and is considered to control the PRC Operating Entities. Consequently, the Company regards the PRC Operating Entities as consolidated structured entities under IFRS Accounting Standards. The Group has included the financial position and results of the PRC Operating Entities in the consolidated financial statements since the Acquisition Date.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Operating Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Operating Entities. However, the Company believes that the Contractual Arrangements are in compliance with relevant PRC laws and regulations and are legally enforceable.

28 INVESTMENTS IN SUBSIDIARIES (Continued)

(c) A trust for the Share Award Scheme (the "Trust")

On 18 April 2016 (the "**Adoption Date**"), the Company adopted a share award scheme (the "**Share Award Scheme**") to recognise and reward the contribution of eligible employees to the growth and development of the Group through awarding the Company's ordinary shares.

The Company has appointed a trustee for administration of the Share Award Scheme (the "**Trustee**"). The principal activity of the Trustee is administrating and holding the Company's shares for the Share Award Scheme for the benefit of the Company's eligible employees. Pursuant to the Share Award Scheme, the Company's shares will be purchased by the Trustee in the market out of cash contributed by the Company and held in the Trust for relevant employees until such shares are vested in the relevant beneficiary in accordance with the provisions of the Share Award Scheme at no cost. The total number of the Company's shares held by the Trustee under the Share Award Scheme will not exceed 20% of the total issued shares of the Company as at the Adoption Date, i.e. 162,223,190 shares.

As the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of the employees who have been awarded the shares of the Company (the "**Awarded Shares**") through their continued employment with the Group, the Group is required to consolidate the Trust.

As at 31 December 2024, the Company has accumulatively contributed HKD65,510,000 (equivalent to RMB57,556,000) (2023: HKD54,510,000 (equivalent to RMB47,498,000)) to the Trust and the amount was recorded as "Investments in subsidiaries" in the Company's statement of financial position.

As at 31 December 2024, the Trustee has accumulatively purchased 59,248,000 shares (2023: 47,586,000 shares) of the Company at a total cost (including related transaction costs) of HKD62,204,000 (equivalent to RMB54,760,000) (2023: HKD50,044,000 (equivalent to RMB43,668,000)).

28 INVESTMENTS IN SUBSIDIARIES (Continued)

(c) A trust for the Share Award Scheme (the "Trust") (Continued)

(i) Details of the shares held under the Share Award Scheme are set out below:

	2024			2023		
	Average purchase price *HKD*	**No. of shares held**	**Value** *RMB'000*	Average purchase price *HKD*	No. of shares held	Value *RMB'000*
At 1 January	**1.05**	**19,200,000**	**18,853**	1.02	9,937,000	9,597
Shares purchased during the year	**1.04**	**11,662,000**	**11,092**	1.11	16,263,000	16,130
Shares vested during the year	**–**	**(7,000,000)**	**(6,792)**	–	(7,000,000)	(6,874)
At 31 December	**1.05**	**23,862,000**	**23,153**	1.05	19,200,000	18,853

According to the Resolution of the Board of Company on 22 December 2023, 14,000,000 ordinary shares held under the Share Award Scheme were granted to 3 directors and 7 employees of the Group at nil consideration. The Award Shares had been vested in two tranches, 7,000,000 shares on 22 December 2023 and 7,000,000 shares on 23 December 2024, respectively. The fair value of these awarded shares was determined by reference to the closing price of the Company's ordinary shares on 22 December 2023, i.e. HKD1.06 per share (equivalent to RMB0.96 per share).

Accordingly, employee service cost of RMB6,577,000 (2023: RMB6,907,000) was recognised in the consolidated statement of profit or loss for the year ended 31 December 2024.

28 INVESTMENTS IN SUBSIDIARIES (Continued)

(c) A trust for the Share Award Scheme (the "Trust") (Continued)

(ii) Movements in the number of awarded shares for the years ended 31 December 2024 and 2023 were as follows:

	Number of awarded shares
At 1 January 2023	–
Granted	14,000,000
Vested and transferred during the year	(7,000,000)
At 31 December 2023	**7,000,000**
Vested and transferred during the year	(7,000,000)
At 31 December 2024	–

During the year ended 31 December 2024, 7,000,000 out of the 14,000,000 award shares with a fair value of RMB13,484,000 (2023: RMB13,484,000) were vested and transferred to 3 directors and 7 employees of the Company.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit risks, liquidity risks, interest rate risks, currency risks and commodity price risks arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risks are primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bank deposits with maturity over three months, restricted bank deposits, structured bank deposits, derivative financial assets, bills receivables and deposits for metal future contracts is limited because the counterparties are banks and financial institutions with high credit ratings, for which the Group considers to have low credit risk. In respect of other debtors and other non-current assets, the Group has assessed that the expected credit loss rate for these receivables is immaterial and no loss allowance provision for these receivables was recognised during the reporting period. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 8% (2023: 6%) and 25% (2023: 22%) of the total trade receivables were due from the Group's largest customer and five largest customers respectively.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 7 to 90 days from the date of billing. Debtors with balances that are more than the credit term given by the Group are generally requested to settle all outstanding balances before any further credit is granted. In order to mitigate credit risk, the Group purchased credit insurance from an insurance company for the trade receivables of major customers.

The Group does not provide any guarantees which would expose the Group to credit risk.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables based on different business lines:

Copper products related:

	2024 Expected loss rate %	2024 Gross carrying amount RMB'000	2024 Loss allowance RMB'000
Current (not past due)	**2.8%**	**604,108**	**16,879**
1 - 90 days past due	**3.1%**	**7,786**	**239**
91 - 180 days past due	**3.6%**	**1,729**	**62**
More than 180 days past due	**7.5%**	**4,179**	**313**
		617,802	**17,493**

	2023 Expected loss rate %	2023 Gross carrying amount RMB'000	2023 Loss allowance RMB'000
Current (not past due)	1.4%	465,429	6,629
1 - 90 days past due	3.0%	198	6
91 - 180 days past due	4.2%	1,699	72
More than 180 days past due	10.0%	2,998	300
		470,324	7,007

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables *(Continued)*

Online games related:

	2024		
	Expected loss rate *%*	**Gross carrying amount** *RMB'000*	**Loss allowance** *RMB'000*
Current (not past due)	**0.0%**	**1,039**	**–**
1 - 90 days past due	**0.0%**	**–**	**–**
91 - 180 days past due	**0.0%**	**–**	**–**
More than 180 days past due	**100.0%**	**1**	**1**
		1,040	**1**

	2023		
	Expected loss rate *%*	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Current (not past due)	0.0%	1,779	–
1 - 90 days past due	5.0%	690	35
91 - 180 days past due	40.0%	42	17
More than 180 days past due	100.0%	7	7
		2,518	59

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables *(Continued)*

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**7,066**	6,473
Amounts written-off during the year	**–**	(65)
Impairment losses recognised during the year	**10,425**	658
Exchange rate translation difference	**3**	–
Balance at 31 December	**17,494**	7,066

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with any lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	2024 Contractual undiscounted cash outflows					
	Within 1 year or on demand *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*	**Total** *RMB'000*	**Carrying amount at 31 December** *RMB'000*
Interest-bearing borrowings	**965,703**	**145,033**	**148,878**	**166,690**	**1,426,304**	**1,366,167**
Trade and other payables	**1,880,297**	**–**	**–**	**–**	**1,880,297**	**1,880,297**
Lease liabilities	**30**	**30**	**15**	**–**	**75**	**70**
	2,846,030	**145,063**	**148,893**	**166,690**	**3,306,676**	**3,246,534**

	2023 Contractual undiscounted cash outflows					
	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*	Total *RMB'000*	Carrying amount at 31 December *RMB'000*
Interest-bearing borrowings	1,057,314	14,356	147,586	–	1,219,256	1,200,679
Trade and other payables	1,293,329	–	–	–	1,293,329	1,293,329
Lease liabilities	1,030	157	–	–	1,187	1,043
	2,351,673	14,513	147,586	–	2,513,772	2,495,051

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign currency. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand. Changes in exchange rates affect the Renminbi value of sales proceeds of products, the settlement of liabilities for purchase and repayment of loans that are denominated in foreign currencies.

Exposure to currency risk

The following table details the Group's exposures at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

(i) *Currency risk* (Continued)

Exposure to currency risk *(Continued)*

	2024			2023		
	United Stated Dollars *RMB'000*	**Euros** *RMB'000*	**Japanese Yen** *RMB'000*	United Stated Dollars *RMB'000*	Euros *RMB'000*	Japanese Yen *RMB'000*
Trade and other receivables	**119,713**	**45**	**4**	147,168	29,587	12,901
Cash and cash equivalents	**112,997**	**–**	**2,807**	58,167	–	8,776
Restricted bank deposits	**–**	**–**	**–**	21,248	–	–
Interest-bearing borrowings	**–**	**–**	**–**	(28,923)	–	–
Trade and other payables	**(49,756)**	**(10,828)**	**(6,730)**	(50,125)	(6,995)	(7,600)
Exposure arising from recognised assets and liabilities	**182,954**	**(10,783)**	**(3,919)**	147,535	22,592	14,077

	Average rate		Rate at reporting date	
	2024	2023	**2024**	2023
USD 1	**7.1217**	7.0467	**7.1884**	7.0827
EUR 1	**7.7248**	7.6425	**7.5257**	7.8592
JPY 1	**0.0472**	0.0503	**0.0462**	0.0502

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

(i) Currency risk *(Continued)*

Exposure to currency risk *(Continued)*

Sensitivity analysis

A 5 percent strengthening of the Renminbi against the following currencies at 31 December 2024 would have changed profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023.

	2024	2023
	RMB'000	*RMB'000*
Effect on profit after tax and equity (increase/(decrease))		
USD	**(6,861)**	(5,533)
EUR	**404**	(847)
JPY	**147**	(528)

A 5 percent weakening of the Renminbi against the above currencies at 31 December 2024 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest-bearing borrowings and lease liabilities.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

***(ii) Interest rate risk** (Continued)*

Profile

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows.

	2024	2023
	RMB'000	*RMB'000*
Fixed rate borrowings		
– Lease liabilities *(note 24)*	**70**	1,043
– Interest-bearing borrowings *(note 22)*	**814,218**	827,080
Variable rate borrowings		
– Interest-bearing borrowings *(note 22)*	**551,949**	373,599
	1,366,237	1,201,722

Fair value sensitivity analysis for fixed rate borrowings

The Group does not account for any fixed-rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate borrowings

As at 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax for the year and consolidated equity by approximately RMB4,140,000 (2023: RMB2,802,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and consolidated equity that would arise assuming that the change in interest rates had occurred at the reporting date and had been applied to re-measure those floating rate non-derivative instruments held by the Group which expose the Group to cash flow interest rate risk at the reporting date. The impact on the Group's profit after tax and consolidated equity is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis as 2023.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Market risk (Continued)

(iii) Commodity price risk

The Group uses future contracts traded on the Shanghai Futures Exchange and London Metal Exchange to hedge against price fluctuations of raw materials, mainly copper. The future contracts are marked to market at the reporting date and the corresponding unrealised holding gains/losses are recorded in profit or loss. For details of the exposure to future contracts, please refer to note 19.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Derivative financial instruments:				
– Metal future contracts	**8,102**	**8,102**	**–**	**–**
– Foreign exchange option contracts	**199**	**199**	**–**	**–**
Liabilities:				
Derivative financial instruments:				
– Metal future contracts	**(414)**	**(414)**	**–**	**–**
– Foreign exchange option contracts	**(283)**	**(283)**	**–**	**–**

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets:				
Derivative financial instruments:				
– Metal future contracts	249	249	–	–
Liabilities:				
Derivative financial instruments:				
– Metal future contracts	(5,460)	(5,460)	–	–
– Foreign exchange swap contracts	(905)	(905)	–	–
– Foreign exchange forward contracts	(50)	(50)	–	–

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of contingent consideration receivables is estimated as being the present value of future cash flows, applying a risk-adjusted discount rate.

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair value measurement (Continued)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at the end of the reporting period.

30 COMMITMENTS

Capital commitments in respect of the acquisition of property, plant and equipment at the end of the reporting period not provided for in the consolidated financial statements were as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Contracted for	**152,932**	324,477

31 RELATED PARTY TRANSACTIONS

Key management personal remuneration

Remuneration of key management personnel of the Group, including amounts paid to the Company's Directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Short-term employee benefits	**7,196**	7,272
Equity-settled share-based payments	**4,698**	4,934
Retirement scheme contributions	**101**	62
	11,995	12,268

32 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation. The classification would not have material impact on the consolidated financial statements.

33 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2024, the Directors consider the immediate and ultimate controlling parties of the Group to be various parties including 3 entities and 1 individual. The 3 entities do not produce financial statements available for public use.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

RESULTS

	2024 ***RMB'000***	2023 *RMB'000*	2022 *RMB'000*	2021 *RMB'000*	2020 *RMB'000*
Revenue	**8,053,401**	6,323,174	6,238,504	6,949,881	4,534,947
Gross profit	**761,552**	610,334	587,947	790,468	536,895
Profit attributable to equity shareholders of the Company	**241,217**	187,447	216,607	276,977	150,832

EARNINGS PER SHARE

	2024	2023	2022	2021	2020
Basic earnings per share [(1)] *(RMB)*	**0.27**	0.21	0.24	0.32	0.18
Diluted earnings per share [(1)] *(RMB)*	**0.27**	0.21	0.24	0.32	0.18

ASSETS, LIABILITIES AND EQUITY

	2024 ***RMB'000***	2023 *RMB'000*	2022 *RMB'000*	2021 *RMB'000*	2020 *RMB'000*
Non-current assets	**1,471,454**	1,298,209	1,045,676	967,917	924,590
Current assets	**4,202,613**	3,341,358	3,125,809	2,605,024	2,030,622
Total assets	**5,674,067**	4,639,567	4,171,485	3,572,941	2,955,212
Non-current liabilities	**483,690**	193,763	163,522	85,462	132,035
Current liabilities	**3,007,210**	2,481,153	2,222,433	1,918,608	1,592,120
Total liabilities	**3,490,900**	2,674,916	2,385,955	2,004,070	1,724,155
Net current assets	**1,195,403**	860,205	903,376	686,416	438,502
Total assets less current liabilities	**2,666,857**	2,158,414	1,949,052	1,654,333	1,363,092
Total equity attributable to equity shareholders of the Company	**2,179,963**	1,961,661	1,782,785	1,566,345	1,228,897
Non-controlling interests	**3,204**	2,990	2,745	2,526	2,160

FIVE YEARS FINANCIAL SUMMARY

FINANCIAL RATIOS AND OTHER FINANCIAL INFORMATION

	2024	2023	2022	2021	2020
EBITDA *(RMB'000)*	**468,801**	356,376	382,636	495,026	307,014
Profitability ratios:					
Gross profit margin [(2)] *(%)*	**9.5%**	9.7%	9.4%	11.4%	11.8%
Operating profit margin [(3)] *(%)*	**4.2%**	3.5%	3.7%	5.3%	3.7%
Net profit margin [(4)] *(%)*	**3.0%**	3.0%	3.5%	4.0%	3.3%
EBITDA margin [(5)] *(%)*	**5.8%**	5.6%	6.1%	7.1%	6.8%
Rate of return on equity [(6)] *(%)*	**11.1%**	9.6%	12.1%	17.7%	12.3%
Liquidity ratios:					
Current ratio [(7)] *(times)*	**1.4**	1.3	1.2	1.4	1.3
Quick ratio [(8)] *(times)*	**0.9**	0.8	0.7	0.7	0.7
Inventory turnover [(9)] *(days)*	**50**	56	53	45	48
Trade receivable turnover [(10)] *(days)*	**32**	28	24	20	28
Trade payable turnover [(11)] *(days)*	**74**	80	71	45	46
Capital adequacy ratios:					
Gearing ratio [(12)] *(%)*	**34.8%**	32.1%	33.0%	28.7%	36.2%
Net gearing ratio [(13)] *(%)*	**18.2%**	9.6%	8.9%	4.2%	34.1%
Interest coverage ratio [(14)] *(times)*	**11.2**	10.5	12.2	13.6	10.5

Notes:

(1) The basic earnings per share and diluted earnings per share are equal to the profit attributable to equity shareholders of the Company divided by the weighted average number of ordinary share in issue during the year and weighted average number of ordinary share (diluted), respectively.

(2) Gross profit margin is equal to gross profit divided by turnover times 100%.

(3) Operating profit margin is equal to operating profit divided by turnover times 100%.

(4) Net profit margin is equal to profit attributable to equity shareholders of the Company divided by turnover times 100%.

(5) EBITDA margin is equal to EBITDA divided by turnover times 100%.

(6) Rate of return on equity is equal to profit attributable to equity shareholders of the Company divided by total equity attributable to equity shareholders of the Company times 100%.

(7) Current ratio is equal to current assets divided by current liabilities.

(8) Quick ratio is equal to current assets net of inventories divided by current liabilities.

(9) Inventory turnover is equal to the average of the beginning and ending inventory volume for the year divided by the sales volume times 365 days.

(10) Trade receivable turnover is equal to the average of the beginning and ending trade and bills receivables for the year divided by turnover times 365 days.

(11) Trade payable turnover is equal to the average of the beginning and ending trade and bills payables for the year divided by cost of sales times 365 days.

(12) Gearing ratio is equal to net debt (total interest-bearing borrowings, lease liabilities and bills payable less cash and cash equivalents) divided by total capital (equity attributable to equity shareholders of the Company plus net debt) times 100%.

(13) Net gearing ratio is equal to net debt net of restricted bank deposits divided by total equity attributable to equity shareholders of the Company times 100%.

(14) Interest coverage ratio is equal to EBITDA divided by interest expenses.