



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



2025
ANNUAL REPORT



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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
Ms. ZHAO Yan

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

Environmental, Social and Governance Committee

Dr. LOU Dong (*Chairman*)
Mr. HU Minglie
Ms. ZHAO Yan

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

CORPORATE INFORMATION

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 Business)

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

PRC (Online Gaming Business)

Haile Road, BaoAn District
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 (the “**Board**”), 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 2025 (“**2025**” or the “**reporting period**”).

In 2025, the global trade frictions persisted throughout the year, the risks of globalization reversal intensified, and the manufacturing landscape underwent profound restructuring. Nevertheless, the Chinese government’s accommodative monetary policies and proactive fiscal policies, coupled with the economic theme of promoting consumption and stabilizing growth, have contributed to the stable development of various industries, and have also, both directly and indirectly, driven the steady growth of the Group’s copper processing business. Under the leadership of the Board, the Group achieved record highs in both sales volume and revenue through effective operational measures, including accelerating resource integration, deepening organizational transformation, strengthening fundamental management, increasing R&D investment, maximizing cost reduction potential, and expanding its industrial footprint. Amid the pressure of intensified industry competition and a sharp rise in copper prices, the Group’s ability to maintain growth was truly remarkable. The year 2025 also marked the 40th anniversary of the Group’s copper processing business. We held a grand celebration to share in this momentous occasion with shareholders, customers, government officials, partners, suppliers, and friends from various sectors, which not only showcased the Group’s achievements but also provided a platform for us to collectively explore new opportunities for future development.

Hereby, I am pleased to announce that the profit attributable to equity shareholders of the Company in 2025 was RMB132.6 million, and the total revenue was RMB9,259.0 million.

OUTLOOK

In 2026, heightened geopolitical risks are expected to significantly impact crude oil and other commodities. The slowdown in major global economies is projected to persist, with tariff risks from the U.S. government remaining imminent and overseas market demand continuing to face pressure. On the other hand, the domestic economy is anticipated to maintain stable growth. In 2026, the Group will focus on achieving the objectives of its new five-year strategic plan. By adopting the approach of “stabilizing volume while optimizing mix, and enhancing profitability through quality excellence,” we will concentrate our efforts on improving labor efficiency and strengthening the core competitiveness in both products and corporate strength. By decisively seizing the opportunities for industry transformation and upgrading, we will aim to enhance profitability and industry influence. We are confident that, under the leadership of the Board and with the persistent efforts of all employees, the Group will confidently navigate various pressures and challenges, identify and seize every opportunity, and steadfastly pursue its established objectives, which will bring us closer to realizing our grand vision of leading the global copper strip industry.

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 2026

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL BUSINESS REVIEW

The Group's total revenue for the year ended 31 December 2025 ("2025") amounted to RMB9,259.0 million, representing an increase of 15.0% as compared to RMB8,053.4 million for the year ended 31 December 2024 ("2024"). The Group's profit attributable to the shareholders in 2025 decreased by 45.0% to RMB132.6 million from RMB241.2 million in 2024. The decrease in profit was mainly due to the following reasons:(1) the Company's use of copper futures contracts to hedge the risk of copper price volatility. The Company booked significant losses due to the rapid and dramatic rise in copper price in the fourth quarter of 2025; (2) addition of new employees and salary adjustments, which led to an increase in labor costs; (3) the increase in depreciation costs due to acquisition of new equipment and other infrastructures; and (4) the cancellation of export tax rebate policy for some copper products by the Chinese government resulting in a decrease in the gross profit of overseas sales.

COPPER PROCESSING BUSINESS

Market and Industry Review

In 2025, the global copper prices experienced a year of challenges and transformations. Copper prices underwent significant volatility, the supply-demand fundamentals were reshaped, and the influences of geopolitical and macroeconomic factors remained substantial. Throughout the year, copper prices generally exhibited a trend characterised by high-level fluctuations with an upward shift in the price floor. Overall, the convergence of geopolitical policy disruptions, financial influences, and structural supply-demand imbalances heightened the market's sensitivity to supply risks, which constituted the critical backdrop for copper prices sustaining elevated levels throughout 2025. In December 2025, the copper price on the London Metal Exchange ("LME") briefly surpassed US\$12,960/ton, ultimately closing the year at US\$12,423/ton, representing an increase of approximately 42% over the course of the year. Concurrently, the copper price on the Shanghai Futures Exchange ("SHFE") reached a peak of RMB102,660/ton, concluding the year at RMB98,310/ton, representing a year-on-year increase of 37%.

In 2026, a foreseeable key factor influencing copper prices will be the disruption caused by the U.S. government's policy on refined copper tariffs, which is expected to contribute to price volatility. Once the uncertainties surrounding tariffs are resolved, the critical determinant of copper price trends will revert to being driven by the supply-demand dynamics of the physical market. In the first half of 2026, copper prices are expected to remain elevated, having indeed reached new highs as early as January. While copper price corrections cannot be ruled out in 2026, prices are anticipated to be underpinned by supply tightness driven by demand from emerging technologies such as artificial intelligence ("AI"), as well as price stimulus for metals including gold, silver, and copper, stemming from global geopolitical influences.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back to 2025, the global copper strip industry exhibited new development trends amid turbulent macroeconomic changes. On a global scale, AI computing power and the build-out of related infrastructure significantly raised demand expectations for various copper-based industrial manufactured goods. Embodied intelligence and the broader robotics industry demonstrated considerable market potential. Structural re-electrification maintained strong momentum, with grid upgrades, clean energy, and new energy vehicles effectively becoming core application scenarios for copper strip products. Meanwhile, traditional markets such as electronics and infrastructure remained stable, providing solid volume support on the demand side. From the perspective of domestic demand, traditional sectors provided a stabilizing foundation. The growth in power grid project investments, the household appliance industry consumption and the electronic information manufacturing sector drove steady progress in production and sales within core application sectors. This effectively offset the impact of downturns in the real estate and traditional automotive industries. Emerging industries served as a powerful growth engine, with demand continuing to intensify for copper processed products including lithium batteries, new energy vehicles, photovoltaic cells, power battery copper foil, and photovoltaic busbars. Frontier sectors expanded their competitive landscape, with the core AI industry surpassing the trillion-yuan threshold in scale. From a specific application perspective, the substantial increase in the penetration rate of L2-level advanced driving assistance systems and the growth of 800V high-voltage platforms in new energy vehicles have respectively driven the development of copper alloy connectors for high-speed and high-voltage applications. China's semiconductor industry has emerged from the previous cyclical downturn and entered a new phase of growth. The strategic opportunities inherent in chips, as a cornerstone of high-end manufacturing, have also brought developmental prospects to mature packaging, benefiting demand for IC lead frames. Meanwhile, the rapid expansion of emerging industries represented by AI and robotics has spurred fast-growing demand for copper alloy strip products used in high-speed copper cable connectors, opening new growth avenues for the industry. In 2025, China's total copper processed products output remained stable, reflecting the industry's resilience amid a complex economic environment.

Looking forward to 2026, it is expected that the copper strip industry will maintain steady growth. As strategic emerging industries keep thriving, opportunities amid global decoupling such as the market potential arising from semiconductor development and domestic material substitution, the anticipated benefits of L3-level new energy vehicle growth for high-speed connector materials, and the prospects presented by the AI industry will generate strong demand for copper strip products. It is anticipated that applications for red copper and high-copper alloy strip products in high-conductivity fields will continue to expand, while high-performance copper alloy strip products are poised to capture greater market share in premium segments such as new energy vehicles, semiconductor lead frames, and high-speed connectors. Amid the dual challenges of weakened global trade and tariff policies imposed by the U.S. government, China's exports of copper strip products experienced a year-on-year decline of 0.9% in 2025. Compared to earlier expectations of a 10% decline, the industry successfully withstood external pressures. This resilience is attributable to core competitive advantages in product quality, technological expertise, and cost control. It is believed that Chinese copper processing enterprises with core competencies will continue to find vast market opportunities overseas. Overall, in 2026, the copper strip products industry will achieve high-quality development amid both challenges and opportunities.

Business Review

During 2025, the Group's copper processing business realised a total revenue of RMB9,255.5 million and sales volume of 179,200 tons, representing an increase of 15.0% and 7.7% respectively over 2024. The revenue from manufacturing and sales of precision copper plates and strips was RMB8,867.5 million, representing an increase of 15.2% from RMB7,700.0 million in 2024. The sales volume of precision copper plates and strips was 120,479 tons, representing an increase of 8.4% from 111,169 tons in the same period of 2024. The increase in revenue from copper plates and strips was mainly due to the increase in sales volume and copper prices. During 2025, the revenue from copper product processing services was RMB286.8 million, representing an increase of 3.6% from RMB276.8 million in 2024. The sales volume of processing services was 53,898 tons, representing an increase of 7.4% from 50,164 tons in 2024. During 2025, revenue from trading of raw materials was RMB101.2 million, representing an increase of 40.2% from RMB72.2 million in 2024. Trade sales were 4,823 tons, representing a decrease of 4.8% from 5,068 tons in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Development

During 2025, under the leadership of the Board, the Group effectively managed risks, accurately identified opportunities, and took decisive actions, with a focus on the following areas:

1. The Group launched a strategic consulting project for its human resources management and organization structure. Through the meticulous implementation of six key modules, complemented by leadership empowerment and change management initiatives, the Group carried out systematic and comprehensive reforms in six key areas: strategic decoding, organizational diagnosis and optimization, management talent inventory, performance review and optimization, talent criteria for job grading system, and compensation system optimization. These efforts established a human resources management system tailored to the Group's transition toward high-end manufacturing, providing a solid organizational and talent support for cost reduction, efficiency enhancement, and technological quality improvement.
2. In terms of new product development, the Group advanced the development of various new alloys, focusing on areas such as ultra-high-strength alloys, balanced alloys, oxygen-free copper alloys, and low-cost alloys, all achieving initial results. In terms of technology project management, the Group advanced industry progress and accelerated the import substitution with domestic alternatives in key products by completing multiple national and provincial and municipal key research initiatives. Meanwhile, the Group continuously optimised its product structure, focusing on new applications in sectors such as new energy vehicles, AI, and chips to enhance product competitiveness.
3. The Group undertook various initiatives to reduce costs and enhance efficiency, including leveraging peak-valley electricity pricing and energy storage projects to save energy costs; continuously reducing raw material costs through procurement optimization and process improvement; and reducing capital expenditure by designing and manufacturing certain fixed assets in-house.
4. The Group continuously invested in equipment modernization to achieve product upgrade objectives. During 2025, major equipment such as vertical furnaces, ultra-precision rolling mills, slitters, and vacuum furnaces were successively put into trial production. Through this technological transformation cycle, the Group aims to establish a full-process manufacturing system for ultra-thin, high-precision products, achieve breakthroughs in core technologies and domestic substitution, significantly strengthen the supply capacity of high-value-added products, and solidify its foundation for expanding into high-end markets and consolidating its competitive advantage in the industry.
5. During 2025, particularly in the fourth quarter, the rapid and sharp rise in copper prices both domestically and internationally significantly affected the production and operations of the copper processing industry. To mitigate the risks associated with such volatility, the Group strengthened receivables management, accelerated inventory turnover, and utilised copper futures hedging, while also increasing its liquidity to enhance its risk resilience. Nevertheless, the substantial fluctuations in copper prices still had a considerable impact on the Group's production, operations, and financial results.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

In 2026, market opportunities and challenges will coexist. The trend toward high-end and intelligent transformation in the copper processing industry will become increasingly evident, with policy tailwinds and demand from emerging sectors opening up significant growth potential. Facing a more complex international and domestic economic environment in 2026, coupled with persistently high copper prices, the Group should pursue steady progress, place greater emphasis on operational risks, and allocate resources toward the expansion of new products and high-value-added products that will drive future growth. Based on this operating philosophy, the Group has established its annual objectives: “Strengthen the Foundation, Deepen Innovation, Enhance Management, and Pursue Profitability”. Guided by the principles of “Stabilizing Volume, Optimizing Structure, and Driving Growth through Quality,” the Group will actively explore profit growth points, build core competencies, accelerate the digital and intelligent transformation, deepen cross-departmental collaboration, establish long-term mechanisms, unlock cost reduction and efficiency improvements, forge brand strength, and ensure steady operations. We firmly believe that, under the leadership of the Board and with the concerted efforts of all employees, the Group will effectively manage risks and challenges, decisively seize market opportunities, and achieve its ambitious goal of “Leading the Industry Globally” at an early date.

GAMING BUSINESS

For the year ended 31 December 2025, the Group’s gaming business realised a total revenue of RMB3.5 million and a net loss of RMB4.8 million, as compared to a revenue of RMB4.4 million and a net loss of RMB4.6 million in the same period of 2024. The loss was mainly due to the decline in revenue from existing gaming products. Looking forward to 2026, the Group’s gaming business will continue to focus on cost cutting.

FINANCIAL REVIEW

Revenue and gross profit

The Group’s copper business achieved total revenue of RMB9,255.5 million for the year ended 31 December 2025, and the Group’s online gaming business achieved revenue of RMB3.5 million for the year ended 31 December 2025.

For the year ended 31 December 2025, the Group recorded total sales revenue of RMB9,259.0 million, which increased by 15.0% from RMB8,053.4 million of 2024. 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 179,200 tons, which increased by 7.7% from 166,401 tons of 2024. The Group recorded a gross profit of RMB912.3 million for 2025, which increased by 19.8% as compared with 2024. 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 2025, the Group recorded other income of RMB63.6 million, which increased by RMB28.2 million as compared to 2024. Such increase was mainly because a PRC subsidiary of the Company received compensation for equipment quality deficiency in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Other losses, net

For the year ended 31 December 2025, the Group recorded RMB268.6 million in other losses, which increased by RMB241.3 million as compared to 2024. Such increase was mainly due to an increase in net losses on metal futures contracts.

Distribution expenses

For the year ended 31 December 2025, distribution expenses of the Group increased by RMB5.3 million from RMB67.9 million in 2024 to RMB73.2 million in 2025. The increase was mainly due to an increase in labor costs and freight.

Administrative expenses

For the year ended 31 December 2025, administrative expenses of the Group increased by RMB87.6 million from RMB366.9 million in 2024 to RMB454.5 million in 2025, which was mainly due to an increase in research and development (“R&D”) expenses.

Net finance costs

For the year ended 31 December 2025, net finance costs of the Group decreased by RMB2.1 million from RMB16.6 million in 2024 to RMB14.5 million in 2025. This was mainly due to a decrease in interest expenses on interest-bearing borrowings.

Income tax

For the year ended 31 December 2025, the Group’s income tax expense decreased by RMB43.0 million from RMB76.6 million in 2024 to RMB33.6 million in 2025, and the effective tax rate decreased to 20.3% in 2025 as compared to 24.1% in 2024. The decrease in the effective tax rate was mainly attributable to lower profit before tax and consequently the increased relative impact of 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 decreased by RMB108.6 million from RMB241.2 million in 2024 to RMB132.6 million in 2025.

Liquidity and financial resources

As at 31 December 2025, the Group recorded net current assets of RMB1,127.6 million, compared with net current assets of RMB1,195.4 million as at 31 December 2024.

The short-term interest-bearing borrowings represented 83.7% of total interest-bearing borrowings as of 31 December 2025. 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB3,714.6 million (including long term loan facilities amounting to RMB1,889.9 million) and RMB1,630.7 million (comprised of restricted bank deposits of RMB999.1 million, bank deposits with maturity over three months of RMB89.2 million and cash and cash equivalents of RMB542.4 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 2026. 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 2025, the Group had bank loans and other borrowings of approximately RMB1,510.1 million, which shall be repaid within 1 year. As at 31 December 2025, 33.5% of the Group's debts were on a secured basis.

The gearing ratio as at 31 December 2025 was 42.7% (31 December 2024: 34.8%), 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 2025, the Group pledged assets with an aggregate carrying value of RMB97.8 million (31 December 2024: RMB619.0 million) to secure bank loan facilities.

Capital expenditure

In the year ended 31 December 2025, the Group invested RMB184.0 million (31 December 2024: RMB252.4 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 2025, future capital expenditures, for which the Group had contracted but not provided for, amounted to approximately RMB90.2 million (31 December 2024: RMB152.9 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 2025 and up to the date of this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

As at 31 December 2025, 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 2025.

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 2025.

CONTINGENT LIABILITIES

As at 31 December 2025, 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 2025, the Group had 1,899 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.



MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL AND REGULATORY POLICIES

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 13,572,000 shares of the Company at a total consideration of HKD13,825,000 (equivalent to RMB12,726,000) throughout 2025.

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 2025.

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 2025, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) in force 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 2025.

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 four independent non-executive Directors, namely, Mr. CHAI Chaoming, Dr. LOU Dong, Ms. LU Hong and Ms. ZHAO Yan. 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**”).

CORPORATE GOVERNANCE REPORT

At least one-third of the members of the Board are independent non-executive Directors and the Board comprises at least four 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 four 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.

In compliance with Rule 3.09D of the Listing Rules, Ms. ZHAO Yan, who was appointed as an independent non-executive Director on 13 June 2025, received training and legal advice on 14 May 2025 and she confirmed that she understood her obligations as Director.

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 2025, 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 (<i>Chairman</i>)	4	4
Mr. HU Minglie (<i>Chief Executive Officer</i>)	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
Ms. ZHAO Yan (appointed on 13 June 2025)	2	2

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.

CORPORATE GOVERNANCE REPORT

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 2025, the Board had performed the above duties.



CORPORATE GOVERNANCE REPORT

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 2025.

Directors' training and continuing professional development

The Directors are committed to comply with Code Provision C.1.4 of the CG Code in force 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 2025. All Directors, namely Mr. HU Changyuan, Mr. HU Minglie, Mr. ZHU Wenjun, Mr. CHAI Chaoming, Dr. LOU Dong, Ms. LU Hong and Ms. ZHAO Yan, 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 2025.

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 2025, 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 2025 are set out under the "Nomination Committee" section below.

CORPORATE GOVERNANCE REPORT

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 four 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 2025, 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.

CORPORATE GOVERNANCE REPORT

Two Audit Committee meetings were held during the year ended 31 December 2025. 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 (<i>Chairman</i>)	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 2025 at least once a year.

CORPORATE GOVERNANCE REPORT

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 2025, 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.

Three Remuneration Committee meetings were held during the year ended 31 December 2025. 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 as well as the remuneration of proposed candidate to be appointed as a new independent non-executive Director 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 (<i>Chairman</i>)	3	3
Ms. LU Hong	3	3
Mr. ZHU Wenjun	3	3

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 2025 is set out below:

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

CORPORATE GOVERNANCE REPORT

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 2025, 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.

Two Nomination Committee meetings were held during the year ended 31 December 2025. At the meetings, 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 (<i>Chairman</i>)	2	2
Dr. LOU Dong	2	2
Ms. LU Hong	2	2

CORPORATE GOVERNANCE REPORT

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, to assist the Board in maintaining a board skill matrix, 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 nominate and recommend to the Board for appointment of a new independent non-executive Director;
- 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.

All new appointments of directors and nominations of retiring directors proposed for re-election at the annual general meeting should first be considered by the Nomination Committee with reference to the nomination policy and Board Diversity Policy and then recommended by the Nomination Committee to the Board for decision.

During the year, Ms. Zhao Yan was appointed as an independent non-executive director of the Company by shareholders at the 2025 annual general meeting. In considering the proposed appointment of director, the Nomination Committee followed the procedures and process set out in the Nomination Policy and a board diversity policy for nomination of directorship and assessed the relevant candidates on criteria such as integrity, independent judgement, experience, independent factors under the Listing Rules, skill and ability to commit time and effort to carry out her duties and responsibilities effectively, etc., and made recommendation to the Board for approval.

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.



CORPORATE GOVERNANCE REPORT

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 2025.

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 pages 59 to 60 in the Environmental, Social and Governance Report which has been published on the Company's website at the same time of 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.

The Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee (the "**ESG Committee**") was established on 29 August 2025 with specific written terms of reference setting out duties, responsibilities and authorities delegated to them by the Board. During the year, the ESG Committee comprises two independent non-executive Directors and one executive Director, namely Dr. LOU Dong (Chairman) and Ms. ZHAO Yan and Mr. HU Minglie. Its primary objective is to assist the Board in reviewing and monitoring the environmental, social and governance policies and practices of the Company, enhance the standard of corporate governance of the Company and oversee and evaluate on the development and implementation of corporate social responsibility and sustainable development measures by the Group.

CORPORATE GOVERNANCE REPORT

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 2025, 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 2025 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 2025, 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 2025 amounted to approximately RMB2.46 million. For the year ended 31 December 2025, the fees for non-audit services (tax advisory services and as scrutineer for vote taking at the 2025 annual general meeting) provided by KPMG amounted to RMB235,000.

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 2025. 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.



CORPORATE GOVERNANCE REPORT

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 2025, 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;

CORPORATE GOVERNANCE REPORT

- 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 which has been published on the Company's website at the same time of 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 2025.

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.

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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 2025 annual general meeting ("AGM") is tabulated below:

	AGM
Executive Directors	
Mr. HU Changyuan (<i>Chairman</i>)	✓
Mr. HU Minglie (<i>Chief Executive Officer</i>)	✓
Mr. ZHU Wenjun	✓
Independent Non-executive Directors	
Mr. CHAI Chaoming	✓
Dr. LOU Dong	✓
Ms. LU Hong	✓
Ms. ZHAO Yan	N/A

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.

CORPORATE GOVERNANCE REPORT

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 2025.



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 2025.

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 12 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 page 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 the Environmental, Social and Governance Report which has been published on the Company's website at the same time of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the accompanying financial statements on page 51.

The Board does not recommend the payment of any dividend for the year ended 31 December 2025.

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, speak and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 9 June 2026 to 12 June 2026, both days inclusive, during which period no transfer of shares will be registered. The record date for the annual general meeting will be 12 June 2026. 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 8 June 2026.

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 123 to 124.

REPORT OF THE DIRECTORS

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 2025 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 2025 are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2025 calculated under the Companies Act of the Cayman Islands amounted to RMB771,583,000.



REPORT OF THE DIRECTORS

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 which has been published on the Company's website at the same time of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the aggregate revenue from sales of goods attributable to the five largest customers and the largest customer of the Group accounted for approximately 14.0% and 3.2% 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 57.0% and 35.8% of the Group's aggregate purchases respectively.

At no time during the year ended 31 December 2025 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.

REPORT OF THE DIRECTORS

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 absolute 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 2025, 31 December 2025 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 2025, no new shares were subscribed by the Trustee, and no shares were granted to the selected employee(s), and no shares were vested, lapsed, cancelled or outstanding under the Share Award Scheme. Accordingly, since the Adoption Date and up to 31 December 2025, there were 37,434,000 shares held in trust under the Share Award Scheme. For the year ended 31 December 2025, no shares of the Company are expected to be issued in relation to the share awards under the Share Award Scheme, 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 2025 would be nil.

REPORT OF THE DIRECTORS

The Share Award Scheme is effective for a term of ten years from the Adoption Date and the expiry date of the Share Award Scheme was on 17 April 2026. As such, the Company as settlor entered into an amended trust deed (“**Amended Trust Deed**”) with the Trustee on 17 April 2026 (i) to extend the duration of the Scheme and the Trustee’s appointment under the Trust Deed for ten years from 17 April 2026 to 16 April 2036 for the continuing operation of the Share Award Scheme; (ii) revise the maximum number of Awarded Shares which may be granted under the Scheme to 10% of the total issued Shares as at the date of the Amended Trust Deed; and (iii) remove relevant clauses for issuing or allotting new shares to satisfy the Awarded Shares. Save as the above, all other major terms and provisions in the Share Award Scheme shall remain unchanged and continue in full force and effect after the amendments.

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 17 April 2026 relating to the Share Award Scheme.

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 2025, 31 December 2025 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.

REPORT OF THE DIRECTORS

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 56 days from the date of this annual report.

For the year ended 31 December 2025, 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 2025 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
Ms. ZHAO Yan (appointed on 13 June 2025)

Pursuant to Articles 87(1) and 87(2) of the Company's Articles of Association, Mr. HU Changyuan, Mr. HU Minglie and Mr. CHAI Chaoming shall retire from their office by rotation at the forthcoming annual general meeting and, being eligible, offered themselves for re-election.



REPORT OF THE DIRECTORS

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 2025, 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:

REPORT OF THE DIRECTORS

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 <i>(Note 1)</i>
HU Changyuan	Founder of a discretionary trust/ other Interest	274,200,000 <i>(Note 2)</i>	–	30.48%
	Interest of a controlled corporation/ corporate interest	13,213,000 <i>(Note 3)</i>	–	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%



REPORT OF THE DIRECTORS

Notes:

1. The percentages are calculated based on the total issued shares of 899,558,173 as at 31 December 2025.
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 2025, 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 2025 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.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, 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

REPORT OF THE DIRECTORS

Notes:

1. The percentages are calculated based on the total issued shares of 899,558,173 as at 31 December 2025.
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 2025, 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.

REPORT OF THE DIRECTORS

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 2025.

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 2025.

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 2025.

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 2025.

REPORT OF THE DIRECTORS

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. (深圳掌悅網絡科技有限公司), 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 Ningbo 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.

REPORT OF THE DIRECTORS

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 2025, the revenue, net loss and total assets contributed by the Funnytime Group to the Group amounted to respectively RMB3.5 million, RMB4.8 million and RMB31.7 million, of which Ningbo Longao and Ningbo OPCO recorded revenue of RMB0.6 million and net loss of RMB0.4 million with RMB37.8 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

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 to 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.



REPORT OF THE DIRECTORS

For the year ended 31 December 2025, 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 2025.

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 applicable code provisions set out in the Corporate Governance Code in force as set out in Appendix C1 of the Listing Rules during the year ended 31 December 2025. 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 2025 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 2025 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 Mingjie

Chief Executive Officer and Executive Director

Hong Kong, 31 March 2026

BIOGRAPHICAL DETAILS OF THE DIRECTORS

EXECUTIVE DIRECTORS

Mr. HU Changyuan, aged 77, 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 44, is an executive Director of the Company and Chief Executive Officer of the Group since 17 November 2014. He is also a member of Environmental, Social and Governance Committee of the Company. 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 44, 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.

BIOGRAPHICAL DETAILS OF THE DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAI Chaoming, aged 56, 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 44, is an independent non-executive Director of the Company since August 2015. He is also the chairman of Remuneration Committee and Environmental, Social and Governance 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 56, 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.

Ms. ZHAO Yan, aged 45, is an independent non-executive Director since June 2025. She is also a member of Environmental, Social and Governance Committee of the Company. Ms. ZHAO currently a partner at Zhejiang T&C Law Firm, specializing in securities and capital markets, mergers and acquisitions (“**M&A**”) and investment financing, and asset management finance. With over 18 years’ experience in the legal field, Ms. ZHAO has successfully led a wide range of major projects, including domestic and overseas listings, equity refinancing, bond issuances, reverse takeovers, M&A and investment financing, major asset restructuring of listed companies, as well as corporate reorganizations for businesses preparing to go public. She also regularly provides legal advice to large corporations and financial institutions on financing, investments and corporate matters. Ms. ZHAO obtained a master’s degree in law from Fudan University in 2006 and qualified as a lawyer in China in 2007.

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



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 51 to 122, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025 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**") as 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**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with 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.

INDEPENDENT AUDITOR'S REPORT

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
<p>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.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none">• 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;• obtaining external confirmations, on a sample basis, of the sales transactions amount recognised during the year, and the outstanding trade receivables balances at the end of the financial reporting period directly from customers. For unreturned confirmations, performing alternative procedures by comparing the amount of the sales transactions with the relevant underlying documentation;

INDEPENDENT AUDITOR'S REPORT

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
<p>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.</p>	<ul style="list-style-type: none"><li data-bbox="837 646 1447 743">• inspecting underlying documentation for journal entries relating to revenue which meet specified risk-based criteria;<li data-bbox="837 776 1447 1034">• 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;<li data-bbox="837 1067 1447 1228">• inspecting samples of credit invoices and returned goods delivery notes issued in December 2025 and January 2026 to evaluate whether associated adjustments to revenue had been accurately recorded in the appropriate accounting period; and<li data-bbox="837 1261 1447 1414">• 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.



INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

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 HKSA's 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 HKSA's, 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.



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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 consolidated 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.

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 (practising certificate number: P06438).

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4(a)	9,259,024	8,053,401
Cost of sales		(8,346,693)	(7,291,849)
Gross profit		912,331	761,552
Other income	5	63,597	35,385
Distribution expenses		(73,197)	(67,900)
Administrative expenses		(454,471)	(366,893)
Other losses, net	6	(268,551)	(27,344)
Profit from operations		179,709	334,800
Finance income		26,930	31,822
Finance costs		(41,393)	(48,414)
Net finance costs	7(a)	(14,463)	(16,592)
Profit before taxation		165,246	318,208
Income tax	8	(33,559)	(76,627)
Profit for the year		131,687	241,581
Attributable to:			
Equity shareholders of the Company		132,593	241,217
Non-controlling interests		(906)	364
Profit for the year		131,687	241,581
Earnings per share	12		
Basic (RMB)		0.15	0.27
Diluted (RMB)		0.15	0.27

The notes on pages 59 to 122 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 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Profit for the year		131,687	241,581
Other comprehensive income for the year (after tax and reclassification adjustments)	11		
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company		(14,262)	(9,822)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of the Company's subsidiaries outside mainland China		11,626	10,540
Other comprehensive income for the year		(2,636)	718
Total comprehensive income for the year		129,051	242,299
Attributable to:			
Equity shareholders of the Company		129,957	241,935
Non-controlling interests		(906)	364
Total comprehensive income for the year		129,051	242,299

The notes on pages 59 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	13	1,414,292	1,304,270
Right-of-use assets	14	59,694	61,060
Deposits for acquisition of property, plant and equipment		21,724	61,606
Other non-current assets		6,446	20,382
Deferred tax assets	8(d)	39,229	24,136
		1,541,385	1,471,454
Current assets			
Inventories	17	2,043,090	1,548,355
Trade and other receivables	18	1,316,993	1,019,967
Derivative financial instruments	19	828	8,301
Restricted bank deposits	20	999,054	766,755
Bank deposits with original maturity over three months		89,209	178,024
Cash and cash equivalents	21	542,391	681,211
		4,991,565	4,202,613
Current liabilities			
Derivative financial instruments	19	46,127	697
Interest-bearing borrowings	22	1,510,098	948,508
Trade and other payables	23	2,276,661	2,011,397
Lease liabilities	24	28	27
Income tax payable		31,008	46,581
		3,863,922	3,007,210
Net current assets		1,127,643	1,195,403
Total assets less current liabilities		2,669,028	2,666,857

The notes on pages 59 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Interest-bearing borrowings	22	293,946	417,659
Lease liabilities	24	15	43
Deferred income	25	72,328	59,988
Deferred tax liabilities	8(d)	6,000	6,000
		372,289	483,690
NET ASSETS			
		2,296,739	2,183,167
CAPITAL AND RESERVES			
Share capital	26(b)	80,774	80,774
Reserves		2,212,791	2,099,189
Total equity attributable to equity shareholders of the Company		2,293,565	2,179,963
Non-controlling interests		3,174	3,204
TOTAL EQUITY		2,296,739	2,183,167

Approved and authorised for issue by the board of directors on 31 March 2026.

Hu Minglie

Directors

Zhu Wenjun

The notes on pages 59 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Expressed in RMB)

Note	Attributable to equity shareholders of the Company										
	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 a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	(650)	(650)
Capital injection from a 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 59 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Expressed in RMB)

Note	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Treasury shares held	Share-based compensation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
						Award Scheme RMB'000					
At 1 January 2025	80,774	354,133	258,060	121,764	(12,296)	(23,153)	-	1,400,681	2,179,963	3,204	2,183,167
Profit for the year	-	-	-	-	-	-	-	132,593	132,593	(906)	131,687
Other comprehensive income	-	-	-	-	(2,636)	-	-	-	(2,636)	-	(2,636)
Total comprehensive income	-	-	-	-	(2,636)	-	-	132,593	129,957	(906)	129,051
Profit appropriation to reserve	-	-	-	7,760	-	-	-	(7,760)	-	-	-
Withdrawal staff bonus and welfare fund	-	-	-	-	-	-	-	(3,629)	(3,629)	-	(3,629)
Dividend paid to a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	(124)	(124)
Capital injection from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	1,000	1,000
Share Award Scheme: – Treasury shares held for the Share Award Scheme	28(c)	-	-	-	-	(12,726)	-	-	(12,726)	-	(12,726)
At 31 December 2025	80,774	354,133	258,060	129,524	(14,932)	(35,879)	-	1,521,885	2,293,565	3,174	2,296,739

The notes on pages 59 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(Expressed in RMB)

<i>Note</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash flows from operating activities		
Profit for the year	131,687	241,581
Adjustment for:		
Depreciation of property, plant and equipment	132,078	108,771
Depreciation for right-of-use assets	1,588	1,915
Impairment losses on trade receivables and other non-current assets	22,610	10,425
Losses on disposals of property, plant and equipment	2,296	351
Net finance costs	14,463	16,592
Equity-settled share-based payment transactions	–	6,577
Unrealised fair value change on derivative financial instruments	52,903	(13,770)
Income tax expense	33,559	76,627
Amortisation of deferred income	(15,661)	(18,009)
	375,523	431,060
Changes in working capital:		
Inventories	(494,735)	(229,004)
Trade and other receivables	(306,199)	(343,647)
Trade and other payables	175,803	461,758
Cash (used in)/generated from operations	(249,608)	320,167
Interest paid	(35,581)	(39,689)
Income tax paid	(64,225)	(55,128)
Net cash (used in)/generated from operating activities	(349,414)	225,350

The notes on pages 59 to 122 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 december 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Cash flows from investing activities			
Interest received		22,444	38,205
Proceeds from disposals of property, plant and equipment		964	240
Changes in guarantee deposits and bank deposits with maturity over three months		52,493	(23,356)
Acquisition of property, plant and equipment, net of deposits placed in previous years		(183,976)	(252,385)
Deposits for acquisition of property, plant and equipment		(13,437)	(21,883)
Receipt of asset-related government grant		17,440	37,720
Net cash used in investing activities		(104,072)	(221,459)
Cash flows from financing activities			
Repayments of interest-bearing borrowings	21(a)	(2,268,966)	(2,266,046)
Proceeds from interest-bearing borrowings	21(a)	2,707,123	2,431,118
Capital element of lease rentals paid	21(a)	(256)	(198)
Payment for purchase of shares in connection with Share Award Scheme	28(c)	(12,726)	(11,092)
Change in restricted bank deposits		(109,241)	104,579
Dividend paid to a non-controlling shareholder of a subsidiary		(64)	(650)
Capital injection from a non-controlling shareholder of a subsidiary		1,000	500
Net cash generated from financing activities		316,870	258,211
Net (decrease)/increase in cash and cash equivalents		(136,616)	262,102
Cash and cash equivalents at 1 January		681,211	418,750
Effect of movements in exchange rates on cash held		(2,204)	359
Cash and cash equivalents at 31 December		542,391	681,211

The notes on pages 59 to 122 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(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 2025 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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 Group has applied amendments to IFRS 21, *The effects of changes in foreign exchange rates - Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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**”).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

2 MATERIAL ACCOUNTING POLICIES (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
Copper products related:		
– Sales of high precision copper plates and strips	8,867,525	7,699,973
– Processing service fees	286,813	276,803
– Trading of raw materials	101,167	72,215
	9,255,505	8,048,991
Online games related:		
– Publishing and operating online games	3,519	4,410
	3,519	4,410
	9,259,024	8,053,401
Disaggregated by timing of revenue recognition		
– Point in time	9,255,505	8,048,991
– Over time	3,519	4,410
	9,259,024	8,053,401

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 2025 and 2024.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

	2025 RMB'000	2024 RMB'000
Revenue		
Chinese Mainland	8,300,590	7,197,971
Taiwan, China	164,249	177,973
Singapore	121,103	112,462
Vietnam	89,788	32,476
India	71,479	71,061
Hong Kong, China	49,044	101,628
The United States of America	38,895	18,965
Other locations	423,876	340,865
	9,259,024	8,053,401

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

5 OTHER INCOME

	2025 RMB'000	2024 RMB'000
Government grants	41,115	34,912
Others	22,482	473
	63,597	35,385

Government grants represent unconditional government grants of RMB25,454,000 (2024: RMB16,903,000) 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 RMB15,661,000 during the year ended 31 December 2025 (2024: RMB18,009,000) (note 25).

6 OTHER LOSSES, NET

	2025 RMB'000	2024 RMB'000
Credit losses allowance on trade receivables (note 29(a))	8,674	10,425
Credit losses allowance on other non-current assets	13,936	–
Losses on disposals of property, plant and equipment	2,296	351
Net losses on metal futures contracts	242,571	16,236
Others	1,074	332
	268,551	27,344

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

7 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	25,915	31,822
Gains from foreign exchange forward contracts, option contracts and swap contracts	1,015	–
Finance income	26,930	31,822
Interest expenses on interest-bearing borrowings	(36,624)	(41,675)
Interest on lease liabilities (note 14)	(7)	(12)
Less: interest expenses capitalised	1,244	1,780
Net interest expenses recognised in profit or loss	(35,387)	(39,907)
Net foreign exchange losses	(6,006)	(8,310)
Losses from foreign exchange forward contracts, option contracts and swap contracts	–	(197)
Finance costs	(41,393)	(48,414)
Net finance costs	(14,463)	(16,592)

(b) Personnel costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	278,902	234,799
Equity-settled share-based payment expenses	–	6,577
Contributions to defined contribution plan	17,674	14,878
	296,576	256,254

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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

	2025 RMB'000	2024 RMB'000
Cost of inventories*	8,341,469	7,287,173
Depreciation		
– Property, plant and equipment (note 13)	132,078	108,771
– Right-of-use assets (note 14)	1,588	1,915
Impairment losses on		
– Trade receivables	8,674	10,425
Research and development expenditure (included in administrative expenses)	264,898	186,410
Auditor’s remuneration		
– audit services	2,460	2,460
– non-audit services	235	315

* Cost of inventories includes RMB211,940,000 (2024: RMB176,676,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

8 INCOME TAX

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

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for the year	43,430	71,958
Under-provision in respect of prior years	1,476	2,931
Provision for the PRC withholding tax	3,746	3,742
	48,652	78,631
Deferred tax		
Origination and reversal of temporary differences	(15,093)	(2,004)
	33,559	76,627

- (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% (2024: 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 low-profit enterprises in 2025, were entitled to a preferential the enterprise income tax rate of 5%.
- (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 2025, 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 (2024: 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 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

8 INCOME TAX (continued)

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	165,246	318,208
Notional tax on profit before taxation, calculated at the applicable rates in the tax jurisdictions concerned	42,061	84,628
Tax effect of unused tax losses and other temporary differences not recognised as deferred tax assets	3,309	3,405
Tax effect of utilisation of tax losses not recognised as deferred tax assets in prior years	(283)	(16)
Withholding tax on profits retained by PRC subsidiaries	3,746	3,742
Effect of tax concessions	191	312
Under-provision in respect of prior years	1,476	2,931
Additional deduction for qualified research and development expenses (Note)	(18,349)	(20,318)
Tax effect of non-deductible expenses	1,408	1,943
Actual tax expense	33,559	76,627

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 2024	(464)	1,756	4,546	1,604	6,262	(6,000)	4,812	3,616	16,132
(Charged)/credited to profit or loss	(3,458)	2,566	567	(3,608)	7,120	-	(2,712)	1,529	2,004
At 31 December 2024 and 1 January 2025	(3,922)	4,322	5,113	(2,004)	13,382	(6,000)	2,100	5,145	18,136
(Charged)/credited to profit or loss	(3,015)	1,796	(3,463)	12,820	4,020	-	-	2,935	15,093
At 31 December 2025	(6,937)	6,118	1,650	10,816	17,402	(6,000)	2,100	8,080	33,229

NOTES TO THE FINANCIAL STATEMENTS

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8 INCOME TAX (continued)

(d) Reconciliation to consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	39,229	24,136
Net deferred tax liabilities recognised in the consolidated statement of financial position	(6,000)	(6,000)
	33,229	18,136

(e) Unrecognised deferred tax assets and liabilities

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

	2025 RMB'000	2024 RMB'000
Tax losses of subsidiaries (i)	76,005	70,136
Retained earnings of PRC subsidiaries not expected to be distributed outside of the PRC in the foreseeable future (ii)	(849,694)	(770,028)

- (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.

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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:

Name of directors	Year ended 31 December 2025					
	Director' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Mr. Hu Changyuan	–	1,400	–	–	–	1,400
Mr. Hu Minglie	–	3,503	26	–	–	3,529
Mr. Zhu Wenjun	–	1,531	59	–	–	1,590
Independent non-executive directors						
Mr. Chai Chaoming	160	–	–	–	–	160
Mr. Lou Dong	160	–	–	–	–	160
Ms. Lu Hong	160	–	–	–	–	160
Ms. Zhao Yan (ii)	93	–	–	–	–	93
	573	6,434	85	–	–	7,092

Name of directors	Year ended 31 December 2024					
	Director' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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

- (i) 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.
- (ii) Ms. Zhao Yan has been appointed as an independent non-executive director with effect from 13 June 2025.

NOTES TO THE FINANCIAL STATEMENTS

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10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2024: three) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other two (2024: two) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	1,637	1,830
Equity-settled share-based payments	–	470
Retirement scheme contributions	19	17
	1,656	2,317

The emoluments of the two (2024: two) individuals with the highest emoluments are within the following bands:

RMB'000	2025 Number of individuals	2024 Number of individuals
Nil - 1,000	2	1
1,000-2,000	–	1

11 OTHER COMPREHENSIVE INCOME

Tax effect relating to each component of other comprehensive income

	2025			2024		
	Before-tax amount RMB'000	Tax expense amount RMB'000	Net-of-tax amount RMB'000	Before-tax amount RMB'000	Tax expense amount RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of the Company	(14,262)	–	(14,262)	(9,822)	–	(9,822)
Exchange differences on translation of financial statements of the Company's subsidiaries outside mainland China	11,626	–	11,626	10,540	–	10,540
Other comprehensive income	(2,636)	–	(2,636)	718	–	718

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(Prepared under International Financial Reporting Standards)

12 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB132,593,000 (2024: RMB241,217,000) and the weighted average number of 866,293,483 ordinary shares (2024: 881,635,935) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic)

	2025	2024
Issued ordinary shares at 1 January	875,696,173	880,358,173
Effect of shares purchased under Share Award Scheme (note 28(c))	(9,402,690)	(5,875,663)
Effect of shares vested under Share Award Scheme (note 28(c))	–	7,153,425
Weighted average number of ordinary shares (basic) at 31 December	866,293,483	881,635,935

(b) Diluted earnings per share

As at 31 December 2025 and 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.

Weighted average number of ordinary shares (diluted)

	2025	2024
Weighted average number of ordinary shares (basic) at 31 December	866,293,483	881,635,935
Effect of Share Award Scheme (note 28(c))	–	–
Weighted average number of ordinary shares (diluted) at 31 December	866,293,483	881,635,935

13 PROPERTY, PLANT AND EQUIPMENT

	2025 RMB'000	2024 RMB'000
Property, plant and equipment (a)	1,412,467	1,303,457
Property, plant and equipment pending for disposal (b)	1,825	813
	1,414,292	1,304,270

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(Prepared under International Financial Reporting Standards)

13 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Property, plant and equipment

	Plant and buildings	Machinery	Electronic and other equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At 1 January 2024	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
Additions	1,509	5,974	2,952	2,750	232,318	245,503
Transfers from construction in progress	30,982	187,946	-	-	(218,928)	-
Disposals	-	(33,761)	(198)	(273)	-	(34,232)
Exchange gain or loss	(162)	-	(4)	-	-	(166)
At 31 December 2025	562,102	1,988,167	42,966	18,669	252,712	2,864,616
Accumulated depreciation and impairment losses						
At 1 January 2024	(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)
Charge for the year	(19,670)	(108,305)	(2,486)	(1,617)	-	(132,078)
Transfers from construction in progress	-	(45,295)	-	-	45,295	-
Disposals	-	29,534	180	246	-	29,960
Exchange gain or loss	17	-	6	-	-	23
At 31 December 2025	(133,102)	(1,266,445)	(27,961)	(11,133)	(13,508)	(1,452,149)
Net book value						
At 31 December 2025	429,000	721,722	15,005	7,536	239,204	1,412,467
At 31 December 2024	416,324	685,629	14,555	6,430	180,519	1,303,457

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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 RMB91,917,000 (2024: RMB132,982,000) were pledged as security for bank loans at 31 December 2025 (see note 22(iii)).
- (iii) As at 31 December 2025, the Group was in the process of applying for the title certificates for certain of its properties with an aggregate carrying value of RMB10,940,000 (2024: RMB11,574,000). 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 2025 and 2024.

(b) Property, plant and equipment pending for disposal

	2025 RMB'000	2024 RMB'000
Machinery	1,825	813

NOTES TO THE FINANCIAL STATEMENTS

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14 RIGHT-OF-USE ASSETS

	Leasehold lands <i>RMB'000</i>	Leased properties <i>RMB'000</i>	Leased vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Cost				
At 1 January 2024	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
Additions	–	222	–	222
At 31 December 2025	72,172	306	–	72,478
Accumulated depreciation				
At 1 January 2024	(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)
Charge for the year	(1,451)	(137)	–	(1,588)
At 31 December 2025	(12,641)	(143)	–	(12,784)
Net book value				
At 31 December 2025	59,531	163	–	59,694
At 31 December 2024	60,982	78	–	61,060

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

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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:

	2025 RMB'000	2024 RMB'000
Leasehold lands in PRC, carried at depreciated cost	59,531	60,982
Leased properties, carried at depreciated cost	163	78
	59,694	61,060

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Leasehold lands	1,451	1,454
Leased properties	137	287
Leased vehicles	–	174
	1,588	1,915
Interest on lease liabilities (note 7(a))	7	12
Expenses relating to short-term leases	2,187	1,867
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	42	38

During the year, additions to right-of-use assets were RMB222,000 (2024: RMB183,000).

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 RMB5,846,000 (2024: RMB6,058,000) were pledged as security for bank loans at 31 December 2025 (see note 22 (iii)).

NOTES TO THE FINANCIAL STATEMENTS

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15 INTANGIBLE ASSETS

	Exclusive rights for operation of online games <i>RMB'000</i>	Non-compete agreement <i>RMB'000</i>	Total <i>RMB'000</i>
Cost			
At 1 January 2024, 31 December 2024 and 31 December 2025	6,800	2,700	9,500
Accumulated amortisation and impairment loss			
At 1 January 2024, 31 December 2024 and 31 December 2025	(6,800)	(2,700)	(9,500)
Net book value			
At 31 December 2024 and 31 December 2025	–	–	–

16 GOODWILL

	<i>RMB'000</i>
Cost	
At 1 January 2024, 31 December 2024 and 31 December 2025	138,153
Accumulated impairment loss	
At 1 January 2024, 31 December 2024 and 31 December 2025	(138,153)
Net book value	
At 31 December 2024 and 31 December 2025	–

NOTES TO THE FINANCIAL STATEMENTS

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17 INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	466,874	140,722
Work in progress	1,200,484	1,065,196
Finished goods	375,258	342,081
Others	474	356
	2,043,090	1,548,355

Provisions of RMB6,600,000 (2024: RMB20,450,000) were made against those inventories with net realisable value lower than carrying value as at 31 December 2025.

Certain inventories with a maximum aggregate carrying amount of nil were pledged as security for bank loans at 31 December 2025 (2024: RMB480,000,000) (see note 22 (iii)).

18 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivable, net of credit loss allowance	747,016	601,348
Bills receivable	399,284	254,165
Deposits for metal futures contracts	131,777	75,988
Receivables under metal futures contracts	–	3,915
Other debtors	1,373	459
Financial assets measured at amortised cost	1,279,450	935,875
VAT recoverable	6,163	43,296
Prepayments	31,380	40,796
	1,316,993	1,019,967

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 2025, 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 RMB338,412,000 (2024: RMB201,434,000). 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.

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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:

	2025 RMB'000	2024 RMB'000
Within 3 months	984,186	780,955
Over 3 months but less than 6 months	155,539	69,025
Over 6 months but less than 1 year	3,533	1,667
Over 1 year	3,042	3,866
	1,146,300	855,513

Credit terms granted to customers ranged from 7 to 90 days depending on the customer's trading history 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).

19 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	2025 RMB'000	2024 RMB'000
Derivative financial assets			
Metal futures contracts	(i)	–	8,102
Foreign exchange forward contracts	(ii)	207	–
Foreign exchange option contracts	(ii)	–	199
Foreign exchange swap contracts	(ii)	621	–
		828	8,301
Derivative financial liabilities			
Metal futures contracts	(i)	(46,127)	(414)
Foreign exchange option contracts	(ii)	–	(283)
		(46,127)	(697)

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19 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(i) Metal futures contracts

The notional contract value and the related terms of metal futures contracts are summarised as follows:

	2025	2024
Sales contracts		
Volume (tonnes)	13,815	7,350
Notional contract value (RMB'000)	1,255,616	550,645
Market value (RMB'000)	(1,302,532)	(542,543)
Fair value (RMB'000)	(46,916)	8,102
Purchase contracts		
Volume (tonnes)	160	275
Notional contract value (RMB'000)	(14,747)	(17,716)
Market value (RMB'000)	15,536	17,302
Fair value (RMB'000)	789	(414)
Total (RMB'000)	(46,127)	7,688
Contract maturity date	January, February and March 2026	January, February and March 2025

The market value of metal futures contracts is based on quoted market prices at the reporting date. As at 31 December 2025, fair value of the outstanding commodity futures contracts was RMB46,127,000 (2024: RMB7,688,000), and net realised and unrealised losses, in aggregate of RMB242,571,000 (2024: RMB16,236,000) were recognised in other losses, net for the year ended 31 December 2025.

(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 2025, fair value of the outstanding foreign exchange forward contracts and swap contracts was RMB828,000 (2024: fair value of the outstanding foreign exchange option contracts was RMB84,000), and net realised and unrealised gain, in aggregate of RMB1,015,000 was recognised in finance income (2024: net realised and unrealised loss, in aggregate of RMB197,000 was recognised in finance costs) for the year ended 31 December 2025.

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20 RESTRICTED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
Guarantee deposits for issuance of commercial bills	948,978	749,998
Guarantee deposits for foreign exchange swap contracts	35,371	–
Others	14,705	16,757
	999,054	766,755

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 2025	1,366,167	70	1,366,237
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	2,707,123	–	2,707,123
Repayments of interest-bearing borrowings	(2,268,966)	–	(2,268,966)
Capital element of lease rentals paid	–	(256)	(256)
Total changes from financing cash flows	438,157	(256)	437,901
Exchange adjustments	(79)	–	(79)
Other non-cash changes:			
Increase in lease liabilities from entering into new leases during the year	–	222	222
Net (decrease)/increase in accrued interest expenses	(201)	7	(194)
Total other non-cash changes	(201)	229	28
At 31 December 2025	1,804,044	43	1,804,087

NOTES TO THE FINANCIAL STATEMENTS

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21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(continued)

(a) Reconciliation of liabilities arising from financing activities (continued)

	Interest-bearing borrowings <i>RMB'000</i> <i>(Note 22)</i>	Lease liabilities <i>RMB'000</i> <i>(Note 24)</i>	Total <i>RMB'000</i>
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

(b) Total cash outflow for leases

Amounts included in the statement of cash flows for leases comprise the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating cash flows	2,236	1,917
Within financing cash flows	256	198
	2,492	2,115

These amounts relate to the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Lease rentals paid	2,492	2,115

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22 INTEREST-BEARING BORROWINGS

At 31 December 2025, interest-bearing borrowings were repayable based on scheduled repayment dates set out in the underlying loan agreements as follows:

	2025 RMB'000	2024 RMB'000
Current		
Secured bank loans	138,550	155,042
Unsecured bank loans	49,734	191,618
Bank advances under discounted bills	1,141,072	495,514
Current portion of non-current secured bank loans	180,542	106,334
Current portion of non-current unsecured bank loans	200	–
	1,510,098	948,508
Non-current		
Secured bank loans	284,540	417,659
Unsecured bank loans	9,406	–
	1,804,044	1,366,167

(i) The Group's interest-bearing borrowings were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	1,510,098	948,508
Over 1 year but less than 2 years	43,437	133,120
Over 2 years but less than 5 years	140,559	127,829
Over 5 years	109,950	156,710
	293,346	417,659
	1,804,044	1,366,167

(ii) The Group's interest-bearing borrowings in the amount of RMB44,000,000 (2024: RMB72,000,000) 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 2025, none of these covenants related to drawn down facilities were breached.

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22 INTEREST-BEARING BORROWINGS (continued)

- (iii) The secured bank loans as at 31 December 2025 bear interest at rates ranging from 2.15% to 3.20% (2024: 2.70% to 4.30%) per annum and were pledged by the following assets:

	2025 RMB'000	2024 RMB'000
Carrying amounts of pledged assets:		
Inventories	–	480,000
Property, plant and equipment	91,917	132,982
Right-of-use assets	5,846	6,058
	97,763	619,040

- (iv) Unsecured bank loans as at 31 December 2025 bear interest at a rate of 2.45% to 2.50% (2024: 2.50% to 3.01%) per annum.

23 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payable (ii)	1,552,524	1,275,642
Bills payable (ii)	445,769	479,270
Staff benefits payable	95,477	88,101
Payables for purchase of property, plant and equipment	69,808	61,599
Accrued expenses and others	57,903	63,786
Financial liabilities measured at amortised cost	2,221,481	1,968,398
Contract liabilities (i)	55,180	42,999
	2,276,661	2,011,397

- (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 RMB42,999,000 was recognised for the year ended 31 December 2025 that was included in the contract liabilities balance at the beginning of the reporting period.

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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:

	2025 RMB'000	2024 RMB'000
Within 3 months	949,171	1,295,337
Over 3 months but within 6 months	1,026,617	414,162
Over 6 months but within 1 year	11,225	34,405
Over 1 year	11,280	11,008
	1,998,293	1,754,912

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 2025, the lease liabilities were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	28	27
Over 1 year but within 2 years	15	28
Over 2 years but within 5 years	–	15
	15	43
	43	70

25 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
Government grants	72,328	59,988

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.

NOTES TO THE FINANCIAL STATEMENTS

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(Prepared under International Financial Reporting Standards)

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 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

	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 2025		80,774	354,133	4,923	407,248	-	15,995	863,073
Changes in equity for 2025:								
Loss for the year		-	-	-	-	-	(5,793)	(5,793)
Other comprehensive income		-	-	(14,262)	-	-	-	(14,262)
Total comprehensive income		-	-	(14,262)	-	-	(5,793)	(20,055)
At 31 December 2025		80,774	354,133	(9,339)	407,248	-	10,202	843,018

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26 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital

Authorised

	2025		2024	
	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

	2025			2024		
	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.

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For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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(Prepared under International Financial Reporting Standards)

26 CAPITAL, RESERVES AND DIVIDENDS (continued)

The Group's gearing ratio at 31 December 2025 and 2024 was as follows:

	2025	2024
Gearing ratio	42.68%	34.81%

(d) Dividends

No final dividend was declared to equity shareholders of the Company for the year ended 31 December 2025 (2024: Nil).

27 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
Non-current assets		
Interests in subsidiaries (note 28)	435,658	426,661
	435,658	426,661
Current assets		
Amounts due from subsidiaries	400,403	430,279
Other receivables	47	42
Cash and cash equivalents	6,923	6,104
	407,373	436,425
Current liabilities		
Other payables	13	13
	13	13
Net current assets	407,360	436,412
Net assets	843,018	863,073
Capital and reserves		
Share capital (note 26(b))	80,774	80,774
Reserves	762,244	782,299
Total equity	843,018	863,073

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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	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 Co., Ltd. (formerly known as Ningbo Xingye Shengtai Electronic Metal Materials Co., Ltd.) 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. 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. 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. 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	Hong Kong SAR, August 2015	–	100%	HKD1/ HKD1	Investment holding	Limited liability company
Xingye Investment Holdings Limited	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") 合肥悅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)) 合肥掌悅網絡科技有限公司	The PRC, July 2015	–	100%	RMB1,000,000/ RMB1,000,000	Developing, publishing and operating online games	Limited liability company

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

28 INVESTMENTS IN SUBSIDIARIES (continued)

(a) Subsidiaries (continued)

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			
Shenzhen Zhangyue Network Technology Co., Ltd. ("Shenzhen Zhangyue") (note (b)) 深圳掌悅網絡科技有限公司	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. 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. 寧波鑫悅合金材料有限公司	The PRC, March 2018	-	100%	RMB200,000,000/ RMB200,000,000	Manufacture and sale of high precision copper plates and strips	Limited liability company
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. 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. 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. 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. 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. 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
Ningbo Xingci Electronic Materials Co., Ltd. 寧波興慈電子材料有限公司	The PRC, March 2025	-	65%	RMB7,500,000/ RMB10,000,000	Electroplating processing	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

NOTES TO THE FINANCIAL STATEMENTS

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(Prepared under International Financial Reporting Standards)

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 2025, the Company has accumulatively contributed HKD79,510,000 (equivalent to RMB70,450,000) (2024: HKD65,510,000 (equivalent to RMB57,556,000)) to the Trust and the amount was recorded as "Investments in subsidiaries" in the Company's statement of financial position.

As at 31 December 2025, the Trustee has accumulatively purchased 72,820,000 shares (2024: 59,248,000 shares) of the Company at a total cost (including related transaction costs) of HKD76,029,000 (equivalent to RMB67,486,000) (2024: HKD62,204,000 (equivalent to RMB54,760,000)).

(i) Details of the shares held under the Share Award Scheme were set out below:

	2025			2024		
	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	23,862,000	23,153	1.05	19,200,000	18,853
Shares purchased during the year	1.02	13,572,000	12,726	1.04	11,662,000	11,092
Shares vested during the year	–	–	–	–	(7,000,000)	(6,792)
At 31 December	1.04	37,434,000	35,879	1.05	23,862,000	23,153

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 nil (2024: RMB6,577,000) was recognised in the consolidated statement of profit or loss for the year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

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(Prepared under International Financial Reporting Standards)

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 2025 and 2024 were as follows:

	Number of awarded shares
At 1 January 2024	7,000,000
Vested and transferred during the year	(7,000,000)
At 31 December 2024 and 31 December 2025	–

During the year ended 31 December 2025, nil award shares (2024: 7,000,000 award shares with a fair value of RMB13,484,000) were vested and transferred to directors and employee 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 futures 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, 2% (2024: 8%) and 15% (2024: 25%) of the total trade receivables were due from the Group's largest customer and five largest customers respectively.

NOTES TO THE FINANCIAL STATEMENTS

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29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Trade receivables (continued)

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.

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:

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	3.3%	737,513	24,374
1 - 90 days past due	4.6%	28,226	1,286
91 - 180 days past due	5.0%	3,533	177
More than 180 days past due	10.0%	3,040	305
		772,312	26,142
	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	2.8%	604,108	16,880
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	17,494

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29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Trade receivables (continued)

Online games related:

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.0%	844	–
1 - 90 days past due	0.0%	–	–
91 - 180 days past due	0.0%	–	–
More than 180 days past due	0.0%	2	–
		846	–

	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

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.

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For the year ended 31 December 2025

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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:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	17,494	7,066
Impairment losses recognised during the year	8,674	10,425
Exchange rate translation difference	(26)	3
Balance at 31 December	26,142	17,494

(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.

NOTES TO THE FINANCIAL STATEMENTS

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(Prepared under International Financial Reporting Standards)

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.

	2025					Carrying amount at 31 December
	Contractual undiscounted cash outflows					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	1,531,655	163,655	68,623	296,734	2,060,667	1,804,044
Trade and other payables	2,126,004	–	–	–	2,126,004	2,126,004
Lease liabilities	30	15	–	–	45	43
	3,657,689	163,670	68,623	296,734	4,186,716	3,930,091

	2024					Carrying amount at 31 December
	Contractual undiscounted cash outflows					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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

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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.

	2025			2024		
	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	188,138	–	–	119,713	45	4
Cash and cash equivalents	56,564	35,028	1,014	112,997	–	2,807
Trade and other payables	(12,171)	(19,059)	*	(49,756)	(10,828)	(6,730)
Exposure arising from recognised assets and liabilities	232,531	15,969	1,014	182,954	(10,783)	(3,919)

* Represent amount less than RMB1,000.

	Average rate		Rate at reporting date	
	2025	2024	2025	2024
USD 1	7.1429	7.1217	7.0288	7.1884
EUR 1	8.0965	7.7248	8.2355	7.5257
JPY 1	0.0479	0.0472	0.0448	0.0462

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(Prepared under International Financial Reporting Standards)

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 2025 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 2024.

	2025 RMB'000	2024 RMB'000
Effect on profit after tax and equity ((decrease)/increase)		
USD	(8,720)	(6,861)
EUR	(599)	404
JPY	(38)	147

A 5 percent weakening of the Renminbi against the above currencies at 31 December 2025 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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.

	2025 RMB'000	2024 RMB'000
Fixed rate borrowings		
– Lease liabilities (note 24)	43	70
– Interest-bearing borrowings (note 22)	1,279,352	814,218
Variable rate borrowings		
– Interest-bearing borrowings (note 22)	524,692	551,949
	1,804,087	1,366,237

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 2025, 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 RMB3,935,000 (2024: RMB4,140,000).

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 2024.

NOTES TO THE FINANCIAL STATEMENTS

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(Prepared under International Financial Reporting Standards)

29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

(iii) Commodity price risk

The Group uses futures contracts traded on the Shanghai Futures Exchange and London Metal Exchange to hedge against price fluctuations of raw materials, mainly copper. The futures 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 futures 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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 2025 <i>RMB'000</i>	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>
Assets:				
Derivative financial instruments:				
– Foreign exchange forward contracts	207	207	–	–
– Foreign exchange swap contracts	621	621	–	–
Liabilities:				
Derivative financial instruments:				
– Metal futures contracts	(46,127)	(46,127)	–	–

	Fair value at 31 December 2024 <i>RMB'000</i>	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>
Assets:				
Derivative financial instruments:				
– Metal futures contracts	8,102	8,102	–	–
– Foreign exchange option contracts	199	199	–	–
Liabilities:				
Derivative financial instruments:				
– Metal futures contracts	(414)	(414)	–	–
– Foreign exchange option contracts	(283)	(283)	–	–

During the years ended 31 December 2025 and 2024, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

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:

	2025 RMB'000	2024 RMB'000
Contracted for	90,187	152,932

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:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	8,644	7,196
Equity-settled share-based payments	–	4,698
Retirement scheme contributions	104	101
	8,748	11,995

32 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2025, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(Prepared under International Financial Reporting Standards)

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 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 IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures - Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures - Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	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 combined financial statements except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and position of the Group.

FIVE YEARS FINANCIAL SUMMARY

RESULTS

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	9,259,024	8,053,401	6,323,174	6,238,504	6,949,881
Gross profit	912,331	761,552	610,334	587,947	790,468
Profit attributable to equity shareholders of the Company	132,593	241,217	187,447	216,607	276,977

EARNINGS PER SHARE

	2025	2024	2023	2022	2021
Basic earnings per share ⁽¹⁾ (RMB)	0.15	0.27	0.21	0.24	0.32
Diluted earnings per share ⁽¹⁾ (RMB)	0.15	0.27	0.21	0.24	0.32

ASSETS, LIABILITIES AND EQUITY

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	1,541,385	1,471,454	1,298,209	1,045,676	967,917
Current assets	4,991,565	4,202,613	3,341,358	3,125,809	2,605,024
Total assets	6,532,950	5,674,067	4,639,567	4,171,485	3,572,941
Non-current liabilities	372,289	483,690	193,763	163,522	85,462
Current liabilities	3,863,922	3,007,210	2,481,153	2,222,433	1,918,608
Total liabilities	4,236,211	3,490,900	2,674,916	2,385,955	2,004,070
Net current assets	1,127,643	1,195,403	860,205	903,376	686,416
Total assets less current liabilities	2,669,028	2,666,857	2,158,414	1,949,052	1,654,333
Total equity attributable to equity shareholders of the Company	2,293,565	2,179,963	1,961,661	1,782,785	1,566,345
Non-controlling interests	3,174	3,204	2,990	2,745	2,526

FIVE YEARS FINANCIAL SUMMARY

FINANCIAL RATIOS AND OTHER FINANCIAL INFORMATION

	2025	2024	2023	2022	2021
EBITDA (RMB'000)	334,299	468,801	356,376	382,636	495,026
Profitability ratios:					
Gross profit margin ⁽²⁾ (%)	9.9%	9.5%	9.7%	9.4%	11.4%
Operating profit margin ⁽³⁾ (%)	1.9%	4.2%	3.5%	3.7%	5.3%
Net profit margin ⁽⁴⁾ (%)	1.4%	3.0%	3.0%	3.5%	4.0%
EBITDA margin ⁽⁵⁾ (%)	3.6%	5.8%	5.6%	6.1%	7.1%
Rate of return on equity ⁽⁶⁾ (%)	5.8%	11.1%	9.6%	12.1%	17.7%
Liquidity ratios:					
Current ratio ⁽⁷⁾ (times)	1.3	1.4	1.3	1.2	1.4
Quick ratio ⁽⁸⁾ (times)	0.8	0.9	0.8	0.7	0.7
Inventory turnover ⁽⁹⁾ (days)	51	50	56	53	45
Trade receivable turnover ⁽¹⁰⁾ (days)	39	32	28	24	20
Trade payable turnover ⁽¹¹⁾ (days)	82	74	80	71	45
Capital adequacy ratios:					
Gearing ratio ⁽¹²⁾ (%)	42.7%	34.8%	32.1%	33.0%	28.7%
Net gearing ratio ⁽¹³⁾ (%)	30.9%	18.2%	9.6%	8.9%	4.2%
Interest coverage ratio ⁽¹⁴⁾ (times)	9.1	11.2	10.5	12.2	13.6

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.