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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: 505)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "**Board**") of Xingye Alloy Materials Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024 together with comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024 (Expressed in RMB)

		2024	2023
	Note	RMB'000	RMB'000
Revenue	4	8,053,401	6,323,174
Cost of sales		(7,291,849)	(5,712,840)
Gross profit		761,552	610,334
Other income	5	35,385	26,688
Distribution expenses		(67,900)	(57,052)
Administrative expenses		(366,893)	(339,747)
Other gains and losses, net	6	(27,344)	(20,475)

	Note	2024 <i>RMB'000</i>	2023 <i>RMB</i> '000
Profit from operations		334,800	219,748
Finance income Finance costs		31,822 (48,414)	36,977 (33,144)
Net finance (costs)/income	7(a)	(16,592)	3,833
Profit before taxation		318,208	223,581
Income tax	8	(76,627)	(35,889)
Profit for the year		241,581	187,692
Attributable to:			
Equity shareholders of the Company		241,217	187,447
Non-controlling interests		364	245
Profit for the year		241,581	187,692
Earnings per share			
Basic (RMB)	9(a)	0.27	0.21
Diluted (RMB)	9(b)	0.27	0.21

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024 (Expressed in RMB)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024 (Expressed in RMB)

(Expressed III KIVID)			
	Note	2024 <i>RMB'000</i>	2023 <i>RMB</i> '000
Non-current assets			
Property, plant and equipment		1,304,270	1,131,703
Right-of-use assets	10	61,060	63,615
Deposits for acquisition of property, plant and equipment	10	61,606	60,377
Other non-current assets		20,382	20,382
Deferred tax assets		24,136	22,132
Current assets		1,471,454	1,298,209
Inventories	12	1,548,355	1,319,351
Trade and other receivables	13	1,019,967	707,226
Derivative financial instruments		8,301	249
Restricted bank deposits		766,755	740,676
Bank deposits with original maturity over three months		178,024	155,106
Cash and cash equivalents		681,211	418,750
		4,202,613	3,341,358
Current liabilities			
Derivative financial instruments		697	6,415
Interest-bearing borrowings	14	948,508	1,048,097
Trade and other payables	15	2,011,397	1,402,676
Lease liabilities	16	2,011,097	887
Income tax payable	10	46,581	23,078
Income un pujuote		3,007,210	
		5,007,210	2,481,153
Net current assets		1,195,403	860,205
Total assets less current liabilities		2,666,857	2,158,414
Non-current liabilities			
Interest-bearing borrowings	14	417,659	152,582
Lease liabilities	16	43	156
Deferred income	-	59,988	35,025
Deferred tax liabilities		6,000	6,000
		483,690	193,763
NET ASSETS		2,183,167	1,964,651
CAPITAL AND RESERVES			
Share capital		80,774	80,774
Reserves		2,099,189	1,880,887
Total equity attributable to equity shareholders			
of the Company		2,179,963	1,961,661
Non-controlling interests		3,204	2,990
TOTAL EQUITY		2,183,167	1,964,651

1 REPORTING ENTITY AND BACKGROUND INFORMATION

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

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries. 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 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 (the "**Listing Rules**").

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 3 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.

3 CHANGES IN ACCOUNTING POLICIES

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

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

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

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).

(i) Disaggregation of revenue

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

	2024 <i>RMB'000</i>	2023 <i>RMB</i> '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	7,699,973	6,023,716
 Processing service fees 	276,803	231,910
– Trading of raw materials	72,215	56,795
	8,048,991	6,312,421
Online games related:		
– Publishing and operating online games	4,410	10,753
	4,410	10,753
	8,053,401	6,323,174
Disaggregated by timing of revenue recognition:		
– Point in time	8,048,991	6,312,421
– Over time	4,410	10,753
	8,053,401	6,323,174

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

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

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

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

(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 which the services were provided or the goods delivered.

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

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

5 OTHER INCOME

1	2024 RMB'000	2023 <i>RMB</i> '000
Government grants Others	34,912 473	25,981 707
	35,385	26,688

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

6 OTHER GAINS AND (LOSSES), NET

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

PROFIT BEFORE TAXATION 7

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

(a) Net finance (costs)/income

RMB'000	RMB '000
Interest income from bank deposits 31,822	35,992
Net foreign exchange gains	985
Finance income 31,822	2 36,977
Interest expenses on interest-bearing borrowings (41,67	5) (33,728)
Interest on lease liabilities (12	2) (85)
Less: interest expenses capitalised 1,78	1,764
Net interest expenses recognised in profit or loss (39,90)	(32,049)
Net foreign exchange losses (8,310	
Losses from foreign exchange forward contracts,	
swap contracts and option contracts (19)	(1,095)
Finance costs (48,414	(33,144)
Net finance (costs)/income (16,592	2) 3,833
(b) Personnel costs	
2024	2023
RMB'000	RMB'000
Salaries, wages and other benefits 234,799	213,105
Equity-settled share-based payment expenses 6,577	6,907
Contributions to defined contribution plan 14,878	10,245
256,254	230,257

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

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

20	24 2023
RMB'0	00 RMB'000
Cost of inventories* 7,287,1	73 5,646,782
Depreciation	
– Property, plant and equipment 108,7	71 98,147
– Right-of-use assets (note 10) 1,9	15 2,599
Impairment losses on	
– Trade and other receivables 10,4	25 658
Research and development expenditure	
(included in administrative expenses) 186,4	10 185,121
Auditor's remuneration	
– audit services 2,4	60 2,460
– non-audit services 3	15 50

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

8 INCOME TAX

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

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

- (ii) The applicable profits tax rate of the Group's subsidiaries incorporated in Hong Kong was 16.5% (2023: 16.5%). A two-tiered profits tax rates regime was introduced in 2018 whereby the first HKD2 million in assessable profits earned by a company will be taxed at half of the current tax rate (8.25%), while the remaining profits will continue to be taxed at 16.5%.
- (iii) The Group's PRC subsidiaries are subject to PRC income tax at 25%. For certain subsidiaries recognised as small profit enterprises in 2024, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% (2023: 25%) as taxable income amount, and be subject to enterprise income tax at 20%. The portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20%.
- (iv) The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. As at 31 December 2024, a preferential withholding tax rate of 5% is applied, since Xingye Copper International (HK) Limited, the parent company of the Group's PRC subsidiaries, became entitled to the preferential withholding tax rate of 5%, having been certified as a tax resident of the Hong Kong Special Administrative Region under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income". As a result, deferred tax liabilities of RMB6,000,000 (2023: RMB6,000,000) were recognised in connection with withholding tax that would be payable on the distribution of retained profits of the Group's PRC subsidiaries as at 31 December 2024.

9 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 RMB241,217,000 (2023: RMB187,447,000) and the weighted average number of 881,635,935 ordinary shares (2023: 881,188,754) in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic)

	2024	2023
Issued ordinary shares at 1 January	880,358,173	889,621,173
Effect of shares purchased under Share Award Scheme (note 18)	(5,875,663)	(8,605,022)
Effect of shares vested under Share Award Scheme (note 18)	7,153,425	172,603
Weighted average number of ordinary shares (basic) at 31 December	881,635,935	881,188,754

(b) Diluted earnings per share

As at 31 December 2024, diluted earnings per share is the same as basic earnings per share as there are no dilutive potential shares during the period.

As at 31 December 2023, the share awards granted by the Group have a dilutive effect on the basic earnings per share. The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB187,447,000 and the weighted average number of ordinary shares outstanding after adjustment of all dilutive potential ordinary shares amounting to 881,198,895 ordinary shares.

Weighted average number of ordinary shares (diluted)

	2024	2023
Weighted average number of ordinary shares (basic)		
at 31 December 8	81,635,935	881,188,754
Effect of Share Award Scheme (note 18)		10,141
Weighted average number of ordinary shares (diluted)		
at 31 December	81,635,935	881,198,895

10 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

31 Decembe 202 <i>RMB'00</i>	4	31 December 2023 <i>RMB'000</i>
Leasehold lands in PRC, carried at depreciated cost60,98Leased properties, carried at depreciated cost7Leased vehicles, carried at depreciated cost7		62,436 1,005 174
61,06	0	63,615

During the year, additions to right-of-use assets were RMB183,000 (2023: RMB221,000).

Certain leasehold lands with an aggregate carrying amount of RMB6,058,000 (2023: RMB6,270,000) were pledged as security for bank loans at 31 December 2024 (see note 14(iii)).

11 GOODWILL

	RMB'000
Cost: At 1 January 2023, 31 December 2023 and 31 December 2024	138,153
Accumulated impairment loss: At 1 January 2023, 31 December 2023 and 31 December 2024	(138,153)
Net book value: At 31 December 2023 and 31 December 2024	

12 INVENTORIES

31	December	31 December
	2024	2023
	RMB'000	RMB'000
Raw materials	140,722	184,894
Work in progress	1,065,196	850,100
Finished goods	342,081	284,091
Others	356	266
	1,548,355	1,319,351

Provisions of RMB20,450,000 (2023: RMB18,185,000) were made against those inventories with net realisable value lower than carrying value as at 31 December 2024.

Certain inventories with a maximum aggregate carrying amount of RMB480,000,000 were pledged as security for bank loans at 31 December 2024 (2023: RMB330,000,000) (see note 14 (iii)).

13 TRADE AND OTHER RECEIVABLES

	31 December	31 December
	2024	2023
	RMB'000	RMB'000
Trade receivable, net of credit loss allowance	601,348	465,776
Bills receivable	254,165	106,331
Deposits for metal future contracts	75,988	62,834
Receivables under metal future contracts	3,915	2,217
Other debtors, net of credit loss allowance	459	621
Financial assets measured at amortised cost	935,875	637,779
VAT recoverable	43,296	39,936
Prepayments	40,796	29,511
	1,019,967	707,226

All of the trade and other receivables (net of credit loss allowance) are expected to be recovered or recognised as expenses within one year.

As at 31 December 2024, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis, in the amount of RMB201,434,000 (2023: RMB87,387,000). In the opinion of the Directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated trade payables settled, and has recognised the cash received on the transfer as cash advances under discounted bills.

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:

K	2024 RMB'000	2023 <i>RMB</i> '000
Within 3 months	780,955	527,251
Over 3 months but less than 6 months	69,025	40,473
Over 6 months but less than 1 year	1,667	1,686
Over 1 year	3,866	2,697
	855,513	572,107

Credit terms granted to customers ranged from 7 to 90 days depending on the customer's relationship with the Group, its creditworthiness and past settlement record.

As at 31 December 2024, nil of Group's bills receivables (2023: Nil) were pledged to banks for issuance of bank acceptance bills.

14 INTEREST-BEARING BORROWINGS

At 31 December 2024, interest-bearing borrowings were repayable based on scheduled repayment dates set out in the underlying loan agreements as follows:

	2024	2023
	RMB'000	RMB'000
Current		
Short-term secured bank loans	155,042	297,989
Unsecured bank loans	191,618	80,066
Bank advances under discounted bills	495,514	588,455
Current portion of non-current secured bank loans	106,334	81,587
	948,508	1,048,097
Non-current		
Secured bank loans	417,659	152,582
	1,366,167	1,200,679

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

	2024 <i>RMB'000</i>	2023 <i>RMB</i> '000
Within 1 year	948,508	1,048,097
Over 1 year but less than 2 years	133,120	9,607
Over 2 years but less than 5 years	127,829	142,975
Over 5 years	156,710	
	417,659	152,582
	1,366,167	1,200,679

(ii) The Group's interest-bearing borrowings in the amount of RMB72,000,000 (2023: RMB180,000,000) are subject to the fulfilment of financial covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. As at and during the year ended 31 December 2024, none of these covenants related to drawn down facilities were breached. (iii) The secured bank loans as at 31 December 2024 bear interest at rates ranging from 2.70% to 4.30% (2023: 0.30% to 5.85%) per annum and were pledged by the following assets:

	31 December 2024 <i>RMB'000</i>	31 December 2023 <i>RMB'000</i>
Carrying amounts of pledged assets:		
Inventories	480,000	330,000
Property, plant and equipment	132,982	149,520
Right-of-use assets	6,058	6,270
	619,040	485,790

- (iv) Unsecured bank loans as at 31 December 2024 bear interest at a rate of 2.50% to 3.01% (2023: 2.90% to 3.00%) per annum.
- (v) As at 31 December 2024, nil of bank deposits (2023: RMB30,000,000) has been pledged as securities for certain bank facilities.

15 TRADE AND OTHER PAYABLES

	31 December	31 December
	2024	2023
	RMB'000	RMB'000
Trade payable (ii)	1,275,642	1,067,757
Bills payable (ii)	479,270	145,300
Staff benefits payable	88,101	74,155
Payables for purchase of property, plant and equipment	61,599	52,706
Accrued expenses and others	63,786	34,871
Financial liabilities measured at amortised cost	1,968,398	1,374,789
Contract liabilities (i)	42,999	27,887
	2,011,397	1,402,676

 (i) The Group receives payments from customers based on the billing schedule established in contracts. Payments are usually received in advance under the contracts, which are mainly from sales of copper products.

Revenue of RMB27,887,000 was recognised for the year ended 31 December 2024 that was included in the contract liabilities balance at the beginning of the reporting period.

(ii) As of the end of the reporting period, the ageing analysis of trade and bills payables (which is included in trade and other payables), based on the invoice date or issuing date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	1,295,337	1,056,862
Over 3 months but within 6 months	414,162	148,138
Over 6 months but within 1 year	34,405	2,374
Over 1 year	11,008	5,683
	1,754,912	1,213,057

16 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were repayable as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB</i> '000
Within 1 year	27	887
Over 1 year but within 2 years Over 2 years but within 5 years	28 15	
	43	156
	70	1,043

17 DIVIDENDS

No dividend was declared to equity shareholders of the Company for the year ended 31 December 2024 (2023: Nil).

18 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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 (the "**Trust**") 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 of the Company as at the Adoption Date, i.e. 162,223,190 shares.

As the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of the employees who have been awarded the shares of the Company (the "**Awarded Shares**") through their continued employment with the Group, the Group is required to consolidate the Trust.

As at 31 December 2024, the Company has accumulatively contributed HKD65,510,000 (equivalent to RMB57,556,000) (2023: HKD54,510,000 (equivalent to RMB47,498,000)) to the Trust and the amount was recorded as "Investments in subsidiaries" in the Company's statement of financial position.

As at 31 December 2024, the Trustee has accumulatively purchased 59,248,000 shares (2023: 47,586,000 shares) of the Company at a total cost (including related transaction costs) of HKD62,204,000 (equivalent to RMB54,760,000) (2023: HKD50,044,000 (equivalent to RMB43,668,000)).

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

	2024			2023		
	Average purchase price <i>HKD</i>	No. of shares held	Value <i>RMB'000</i>	Average purchase price <i>HKD</i>	No. of shares held	Value <i>RMB'000</i>
At 1 January	1.05	19,200,000	18,853	1.02	9,937,000	9,597
Shares purchased during the year	1.04	11,662,000	11,092	1.11	16,263,000	16,130
Shares vested during the year	-	(7,000,000)	(6,792)	-	(7,000,000)	(6,874)
At 31 December	1.05	23,862,000	23,153	1.05	19,200,000	18,853

According to the Resolution of the Board of Company on 22 December 2023, 14,000,000 ordinary shares held under the Share Award Scheme were granted to 3 directors and 7 employees of the Group at nil consideration. The Award Shares had been vested in two tranches, 7,000,000 shares on 22 December 2023 and 7,000,000 shares on 23 December 2024, respectively. The fair value of these awarded shares was determined by reference to the closing price of the Company's ordinary shares on 22 December 2023, i.e. HKD1.06 per share (equivalent to RMB0.96 per share).

Accordingly, employee service cost of RMB6,577,000 (2023: RMB6,907,000) was recognised in the consolidated statement of profit or loss.

(ii) Movements in the number of awarded shares for the years ended 31 December 2024 and 2023 were as follows:

	Number of awarded shares
At 1 January 2023	_
Granted	14,000,000
Vested and transferred during the year	(7,000,000)
At 31 December 2023	7,000,000
Vested and transferred during the year	(7,000,000)
At 31 December 2024	

During the year ended 31 December 2024, 7,000,000 out of the 14,000,000 award shares with a fair value of RMB13,484,000 (2023: RMB13,484,000) were vested and transfered to 3 directors and 7 employees of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL BUSINESS REVIEW

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

COPPER PROCESSING BUSINESS

Market and Industry Review

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

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

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

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

Business Review

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

Business Development

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

- I. Initial progress in the "must-win battles". 1) While the total sales volume hit a record high, the production output and sales volume of high value-added products continued to set new records, with the sales volume exceeding 14,000 tons. 2) Steady progress was made in the construction of digital factories, with a total of 12 information projects of various scales implemented. 3) Achieved remarkable results in management improvement, with the completion of the work for 7 major modules including optimization of organizational structure and clarification of roles and responsibilities. 4) Accelerated the adjustment of energy structure and expanded energy utilization. By increasing investments in photovoltaics, purchasing green power, adopting the policy of "offpeak power consumption", carrying out energy-saving technical transformation, and phasing out outdated motors, the Group not only achieved cost reduction but also lowered carbon emissions. 5) Continuously raised safety and environmental protection awareness by organizing 14 various types of specialized training sessions on safety and environmental protection knowledge in 2024, with nearly 4,000 participants in total. In addition, the Group revised 44 management systems related to safety and environmental protection knowledge, and established a database for sharing safety and environmental protection knowledge, which contains environment, health and safety (EHS) training materials and related standards.
- II. **Steady progress in enhancing basic management.** 2024 marked a year for the transition of the Group's basic management improvement efforts, shifting from external consultation to in-house teams practicing what they learnt from external consultants. The Group has summarized a number of practical methodologies that are easy to learn and understand, and compiled them into manuals for learning by the management and employees at all levels. Meanwhile, the Group has worked with top consulting firms to further explore its management enhancement potential. In addition, the Group has made bold and effective attempts on the course of developing its decision-making processes and mechanisms, and regularly organized management discussion on its strategic planning through brainstorming on specific topics, so as to form a unified consensus.
- III. **The organizational systems began to show operational effects.** In terms of organizational operations, the Group broke down cross-departmental barriers from multiple dimensions, significantly improving communication efficiency. In terms of performance assessment, the Group optimized the performance assessment indicators for senior management, clarified the job duties and responsibilities of middle management, and comprehensively sorted out and updated the departmental duties and job descriptions of each center and business department.

- IV. Firm consolidation of research and development ("R&D") system construction. The Group continues to nurture professional technicians for the production lines by virtue of the platform of R&D Center. It has completed the development of over a dozen alloy designations, engaged in the national key R&D programme and obtained relevant subsidies, made key optimization on bottleneck equipment to shorten process and increase speed, applied for numerous patents, and participated in the formulation of national and industry standards. At the same time, the Group has maintained and deepened industry-university-research cooperation with numerous well-known domestic universities and institutes, achieving fruitful results.
- V. **Orderly promotion of technological transformation projects.** Over 40 technological transformation projects were completed, and the preliminary plan for production line technological transformation from 2025 to 2029 was prepared, laying a solid hardware foundation for the vision of becoming a world-class and century-old enterprise.
- VI. **Fruitful achievements made in corporate culture construction.** With family culture as the core, the Group continued to carry out employee caring activities. A medical consultant team was newly established to provide better health protection for employees. The Group also organized various cultural and skill competitions, all received positive feedback from employees. Meanwhile, the Group has expanded its presence on exhibition platforms, video platforms and external magazine advertising platforms to fully demonstrate its true image and strength.

Outlook

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

GAMING BUSINESS

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

FINANCIAL REVIEW

Revenue and gross profit

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

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

Other income

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

Other gains and losses, net

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

Distribution expenses

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

Administrative expenses

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

Net finance (costs)/income

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

Income tax

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

Profit attributable to the shareholders of the Company

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

Liquidity and financial resources

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

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

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

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

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

Charge on assets

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

Capital expenditure

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

Capital commitments

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

Important Events After the End of the Financial Period

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

CONTINGENT LIABILITIES

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

MARKET RISK

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

EMPLOYEES

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

ENVIRONMENTAL AND REGULATORY POLICES

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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 THE MODEL CODE FOR SECURITIES TRANSACTIONS

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 during 2024. Having made specific enquiries with the Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of its Directors, as at the date of this announcement, 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.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors namely, Mr. Chai Chaoming, Dr. Lou Dong and Ms. Lu Hong. The audit committee has reviewed the audited financial statements for the year ended 31 December 2024 and has also discussed and reviewed audit matters, risk management, internal control, continuing connected transactions and financial reporting matters including accounting practices and principles adopted by the Group.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2024 and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance has been expressed by the auditor.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

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

PUBLICATION OF 2024 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.xingyealloy.com) and the Stock Exchange's designated website (www.hkexnews.hk). The Company's 2024 Annual Report and notice of annual general meeting will be made available on the above websites and will be despatched to the Company's shareholders in due course.

By order of the Board Xingye Alloy Materials Group Limited HU Minglie Chief Executive Officer and Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the executive directors of the Company are Mr. Hu Changyuan, Mr. Hu Minglie and Mr. Zhu Wenjun, and the independent non-executive directors of the Company are Mr. Chai Chaoming, Dr. Lou Dong and Ms. Lu Hong.