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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 2023**

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 2023 together with comparative figures for the year ended 31 December 2022 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2023*

*(Expressed in RMB)*

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue</b>	4	<b>6,323,174</b>	6,238,504
Cost of sales		<u>(5,712,840)</u>	<u>(5,650,557)</u>
<b>Gross profit</b>		<u><b>610,334</b></u>	<u>587,947</u>
Other income	5	<b>26,688</b>	28,114
Distribution expenses		<b>(57,052)</b>	(61,052)
Administrative expenses		<b>(339,747)</b>	(334,107)
Other (losses) and gains, net	6	<u><b>(20,475)</b></u>	<u>11,400</u>

		2023	2022
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>Profit from operations</b>		<b>219,748</b>	232,302
Finance income		<b>36,977</b>	46,720
Finance costs		<u>(33,144)</u>	<u>(29,605)</u>
<b>Net finance income</b>	7(a)	<u><b>3,833</b></u>	<u>17,115</u>
<b>Profit before taxation</b>		<b>223,581</b>	249,417
Income tax	8	<u>(35,889)</u>	<u>(32,591)</u>
<b>Profit for the year</b>		<u><b>187,692</b></u>	<u>216,826</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>187,447</b>	216,607
Non-controlling interests		<u>245</u>	<u>219</u>
<b>Profit for the year</b>		<u><b>187,692</b></u>	<u>216,826</u>
<b>Earnings per share</b>			
Basic ( <i>RMB</i> )	9(a)	<u><b>0.21</b></u>	<u>0.24</u>
Diluted ( <i>RMB</i> )	9(b)	<u><b>0.21</b></u>	<u>0.24</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Expressed in RMB)

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Profit for the year</b>	<u>187,692</u>	<u>216,826</u>
<b>Other comprehensive income for the year</b> <b>(after tax and reclassification adjustments)</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Exchange differences on translation of financial statements of overseas operations	<u>652</u>	<u>4,845</u>
<b>Other comprehensive income for the year</b>	<u>652</u>	<u>4,845</u>
<b>Total comprehensive income for the year</b>	<u><u>188,344</u></u>	<u><u>221,671</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<u>188,099</u>	<u>221,452</u>
Non-controlling interests	<u>245</u>	<u>219</u>
<b>Total comprehensive income for the year</b>	<u><u>188,344</u></u>	<u><u>221,671</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

(Expressed in RMB)

	Note	2023 RMB'000	2022 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		1,131,703	922,420
Right-of-use assets	10	63,615	67,007
Deposits for acquisition of property, plant and equipment		60,377	24,900
Other non-current assets		20,382	7,490
Deferred tax assets		22,132	23,859
		<u>1,298,209</u>	<u>1,045,676</u>
<b>Current assets</b>			
Inventories	12	1,319,351	1,229,301
Trade and other receivables	13	707,226	546,898
Derivative financial instruments		249	935
Restricted bank deposits		740,676	720,133
Bank deposits with original maturity over three months		155,106	311,683
Cash and cash equivalents		418,750	316,859
		<u>3,341,358</u>	<u>3,125,809</u>
<b>Current liabilities</b>			
Derivative financial instruments		6,415	10,599
Interest-bearing borrowings	14	1,048,097	745,050
Trade and other payables	15	1,402,676	1,456,706
Lease liabilities	16	887	1,999
Income tax payable		23,078	8,079
		<u>2,481,153</u>	<u>2,222,433</u>
<b>Net current assets</b>		<u>860,205</u>	<u>903,376</u>
<b>Total assets less current liabilities</b>		<u>2,158,414</u>	<u>1,949,052</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	14	152,582	117,739
Lease liabilities	16	156	995
Deferred income		35,025	38,788
Deferred tax liabilities		6,000	6,000
		<u>193,763</u>	<u>163,522</u>
<b>NET ASSETS</b>		<u>1,964,651</u>	<u>1,785,530</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		80,774	80,774
Reserves		1,880,887	1,702,011
<b>Total equity attributable to equity shareholders of the Company</b>		<u>1,961,661</u>	<u>1,782,785</u>
<b>Non-controlling interests</b>		<u>2,990</u>	<u>2,745</u>
<b>TOTAL EQUITY</b>		<u>1,964,651</u>	<u>1,785,530</u>

## 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 2023 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 International Financial Reporting Standards (IFRSs), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and related Interpretations, issued by the International Accounting Standards Board (IASB), 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 IASB has issued certain amendments to IFRSs 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 IFRSs that are first effective for the current accounting period of the Group.

- IFRS 17, *Insurance contracts*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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 is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products or service lines		
Copper products related:		
– Sales of high precision copper plates and strips	6,023,716	5,887,041
– Processing service fees	231,910	261,875
– Trading of raw materials	56,795	75,995
	<u>6,312,421</u>	<u>6,224,911</u>
Online games related:		
– Publishing and operating online games	10,753	7,464
– Technical service income	–	6,112
– Others	–	17
	<u>10,753</u>	<u>13,593</u>
	<u><u>6,323,174</u></u>	<u><u>6,238,504</u></u>
Disaggregated by timing of revenue recognition		
– Point in time	6,312,421	6,224,911
– Over time	10,753	13,593
	<u>6,323,174</u>	<u>6,238,504</u>

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 2023 and 2022.

(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.

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Revenue</b>		
Chinese Mainland	<b>5,694,305</b>	5,350,135
Hong Kong, China	<b>94,256</b>	125,290
Taiwan, China	<b>87,560</b>	95,208
Bangladesh	<b>64,900</b>	86,107
Singapore	<b>49,038</b>	27,593
India	<b>37,442</b>	70,897
South Korea	<b>35,360</b>	137,742
Other locations	<b>260,313</b>	345,532
	<b><u>6,323,174</u></b>	<u>6,238,504</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Government grants	25,981	24,830
Others	<u>707</u>	<u>3,284</u>
	<u><b>26,688</b></u>	<u><b>28,114</b></u>

Government grants represent unconditional government grants of RMB14,731,000 (2022: RMB18,640,000) 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 RMB11,250,000 during the year ended 31 December 2023 (2022: RMB6,190,000).

## 6 OTHER (LOSSES) AND GAINS, NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Credit loss allowance on trade and other receivables	(658)	(1,220)
Losses on disposals of property, plant and equipment	(1,252)	(19)
Net (losses)/gains on metal future contracts	(16,830)	12,737
Others	<u>(1,735)</u>	<u>(98)</u>
	<u><b>(20,475)</b></u>	<u><b>11,400</b></u>

## 7 PROFIT BEFORE TAXATION

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

### (a) Net finance income

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income on bank deposits	35,992	33,285
Net foreign exchange gains	985	12,019
Gains from foreign exchange forward contracts and option contracts	—	1,416
	<u>36,977</u>	<u>46,720</u>
Finance income	36,977	46,720
Interest expenses on interest-bearing borrowings	(33,728)	(31,104)
Interest on lease liabilities	(85)	(175)
Less: interest expenses capitalised	1,764	1,674
	<u>(32,049)</u>	<u>(29,605)</u>
Net interest expenses recognised in profit or loss	(32,049)	(29,605)
Losses from foreign exchange forward contracts, swap contracts and option contracts	(1,095)	—
	<u>(33,144)</u>	<u>(29,605)</u>
Finance costs	(33,144)	(29,605)
Net finance income	<u>3,833</u>	<u>17,115</u>

### (b) Personnel costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries, wages and other benefits	213,105	211,196
Equity-settled share-based payment expenses	6,907	4,916
Contributions to defined contribution plan	10,245	9,724
	<u>230,257</u>	<u>225,836</u>
	<u>230,257</u>	<u>225,836</u>

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**

	<b>2023</b>	2022
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
Cost of inventories*	<b>5,646,782</b>	5,647,335
Depreciation		
– Property, plant and equipment	<b>98,147</b>	100,186
– Right-of-use assets ( <i>note 10</i> )	<b>2,599</b>	3,428
Impairment losses on		
– Trade and other receivables	<b>658</b>	1,220
Research and development expenditure (included in administrative expenses)	<b>185,121</b>	199,877
Auditor’s remuneration		
– audit services	<b>2,460</b>	2,460
– non-audit services	<b>50</b>	33
	<b><u>50</u></b>	<u>33</u>

\* Cost of inventories includes RMB153,568,000 (2022: RMB150,183,000) 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

	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current tax</b>		
Provision for the year	<b>37,049</b>	47,703
Over-provision in respect of prior years	<b>(2,887)</b>	(9,917)
	<b>34,162</b>	37,786
<b>Deferred tax</b>		
Reversal and origination of temporary differences	<b>1,727</b>	(6,695)
PRC withholding tax	-	1,500
	<b>35,889</b>	32,591

- (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% (2022: 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 2023, the portion of annual taxable income amount, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% (2022: 12.5%) 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 2023, 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 (2022: 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 2023.

## 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 RMB187,447,000 (2022: RMB216,607,000) and the weighted average number of 881,188,754 ordinary shares (2022: 891,143,672) in issue during the year, calculated as follows:

#### *Weighted average number of ordinary shares (basic)*

	2023	2022
Issued ordinary shares at 1 January	889,621,173	893,872,173
Effect of shares purchased ( <i>note 18</i> )	(8,605,022)	(2,937,542)
Effect of shares vested under Share Award Scheme ( <i>note 18</i> )	<u>172,603</u>	<u>209,041</u>
Weighted average number of ordinary shares (basic) at 31 December	<u><u>881,188,754</u></u>	<u><u>891,143,672</u></u>

### (b) Diluted earnings per share

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 (2022: RMB216,607,000) and the weighted average number of ordinary shares outstanding after adjustment of all dilutive potential ordinary shares amounting to 881,198,895 (2022: 891,143,672) ordinary shares.

As at 31 December 2022, potentially dilutive ordinary shares were excluded from the calculation of the diluted weighted average number of ordinary shares, since the effect would have been anti-dilutive.

#### *Weighted average number of ordinary shares (diluted)*

	2023	2022
Weighted average number of ordinary shares (basic) at 31 December	881,188,754	891,143,672
Effect of Share Award Scheme ( <i>note 18</i> )	<u>10,141</u>	<u>–</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u><u>881,198,895</u></u>	<u><u>891,143,672</u></u>

## 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:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Leasehold lands in PRC, carried at depreciated cost	<b>62,436</b>	63,886
Leased properties, carried at depreciated cost	<b>1,005</b>	2,716
Leased vehicles, carried at depreciated cost	<b>174</b>	405
	<u><b>63,615</b></u>	<u>67,007</u>

During the year, additions to right-of-use assets were RMB221,000 (2022: Nil).

Certain leasehold lands with an aggregate carrying amount of RMB6,270,000 (2022: RMB6,482,000) were pledged as security for bank loans at 31 December 2023 (see note 14(iii)).

## 11 GOODWILL

	<i>RMB'000</i>
<b>Cost:</b>	
At 1 January 2022, 31 December 2022 and 31 December 2023	<u>138,153</u>
<b>Accumulated impairment loss:</b>	
At 1 January 2022, 31 December 2022 and 31 December 2023	<u>(138,153)</u>
<b>Net book value:</b>	
At 31 December 2022 and 31 December 2023	<u>—</u>

## 12 INVENTORIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Raw materials	184,894	143,959
Work in progress	850,100	836,733
Finished goods	284,091	248,387
Others	266	222
	<u>1,319,351</u>	<u>1,229,301</u>

Provisions of RMB18,185,000 (2022: RMB15,289,000) were made against those inventories with net realisable value lower than carrying value as at 31 December 2023.

Certain inventories with a maximum aggregate carrying amount of RMB330,000,000 were pledged as security for bank loans at 31 December 2023 (2022: RMB330,000,000) (see note 14 (iii)).

## 13 TRADE AND OTHER RECEIVABLES

	31 December 2023 <i>RMB'000</i>	31 December 2022 <i>RMB'000</i>
Trade and bills receivable, net of credit loss allowance	572,107	407,977
Deposits for metal future contracts	62,834	88,577
Receivables under metal future contracts	2,217	–
Other debtors, net of credit loss allowance	621	649
<b>Financial assets measured at amortised cost</b>	<b>637,779</b>	497,203
VAT recoverable	39,936	25,042
Prepayments	29,511	24,653
	<u>707,226</u>	<u>546,898</u>

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 2023, 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 RMB87,387,000 (2022: RMB22,780,000). 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:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>527,251</b>	396,685
Over 3 months but less than 6 months	<b>40,473</b>	10,727
Over 6 months but less than 1 year	<b>1,686</b>	110
Over 1 year	<b>2,697</b>	455
	<b><u>572,107</u></b>	<u>407,977</u>

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 2023, nil of Group's bills receivables (2022: RMB2,500,000) were pledged to banks for issuance of bank acceptance bills.

## 14 INTEREST-BEARING BORROWINGS

At 31 December 2023, interest-bearing borrowings were repayable based on scheduled repayment dates set out in the underlying loan agreements as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Current</b>		
Short-term secured bank loans	297,989	227,200
Unsecured bank loans	80,066	50,000
Bank advances under discounted bills	588,455	467,850
Current portion of non-current secured bank loans	<u>81,587</u>	<u>–</u>
	<b>1,048,097</b>	745,050
<b>Non-current</b>		
Secured bank loans	<u>152,582</u>	<u>117,739</u>
	<b><u>1,200,679</u></b>	<b><u>862,789</u></b>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	<u>1,048,097</u>	<u>745,050</u>
Over 1 year but less than 2 years	9,607	80,500
Over 2 years but less than 5 years	<u>142,975</u>	<u>37,239</u>
	<b><u>152,582</u></b>	<b><u>117,739</u></b>
	<b><u>1,200,679</u></b>	<b><u>862,789</u></b>

(ii) The Group's interest-bearing borrowings in the amount of RMB180,000,000 (2022: RMB257,000,000) 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 2023, none of these covenants related to drawn down facilities were breached.

- (iii) The secured bank loans as at 31 December 2023 bear interest at rates ranging from 0.30% to 5.85% (2022: 0.30% to 5.65%) per annum and were pledged by the following assets:

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Carrying amounts of pledged assets:		
Inventories	<b>330,000</b>	330,000
Property, plant and equipment	<b>149,520</b>	166,601
Right-of-use assets	<b>6,270</b>	6,482
	<b><u>485,790</u></b>	<u>503,083</u>

- (iv) Unsecured bank loans as at 31 December 2023 bear interest at a rate of 2.9% to 3.0% (2022: 3.85%) per annum.
- (v) RMB30,000,000 included in bank deposits has been pledged as securities for certain bank facilities, which was undrawn as at 31 December 2023 and 2022.

## 15 TRADE AND OTHER PAYABLES

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Trade and bills payable ( <i>ii</i> )	<b>1,213,057</b>	1,279,053
Staff benefits payable	<b>74,155</b>	73,961
Payables for purchase of property, plant and equipment	<b>52,706</b>	39,036
Accrued expenses and others	<b>34,871</b>	34,657
<b>Financial liabilities measured at amortised cost</b>	<b>1,374,789</b>	1,426,707
Contract liabilities ( <i>i</i> )	<b><u>27,887</u></b>	<u>29,999</u>
	<b><u>1,402,676</u></b>	<u>1,456,706</u>

- (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 RMB29,999,000 was recognised for the year ended 31 December 2023 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:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>1,056,862</b>	1,141,499
Over 3 months but within 6 months	<b>148,138</b>	15,235
Over 6 months but within 1 year	<b>2,374</b>	106,777
Over 1 year	<b>5,683</b>	15,542
	<b><u>1,213,057</u></b>	<u>1,279,053</u>

## 16 LEASE LIABILITIES

At 31 December 2023, the lease liabilities were repayable as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b><u>887</u></b>	<u>1,999</u>
After 1 year but within 2 years	<b>156</b>	853
After 2 years but within 5 years	<b><u>-</u></b>	<u>142</u>
	<b><u>156</u></b>	<u>995</u>
	<b><u>1,043</u></b>	<u>2,994</u>

## 17 DIVIDENDS

No dividend was declared to equity shareholders of the Company for the year ended 31 December 2023 (2022: 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 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 2023, the Company had accumulatively contributed HKD54,510,000 (equivalent to RMB47,498,000) (2022: HKD35,010,000 (equivalent to RMB29,933,000)) to the Trust and the amount was recorded as “Investments in subsidiaries” in the Company’s statement of financial position.

As at 31 December 2023, the Trustee had accumulatively purchased 47,586,000 shares (2022: 31,323,000 shares) of the Company at a total cost (including related transaction costs) of HKD50,044,000 (equivalent to RMB43,668,000) (2022: HKD32,061,000 (equivalent to RMB27,538,000)).

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

	2023			2022		
	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	1.02	9,937,000	9,597	0.97	5,686,000	4,933
Shares purchased during the year	1.11	16,263,000	16,130	1.15	9,701,000	9,928
Shares vested during the year	-	<u>(7,000,000)</u>	<u>(6,874)</u>	-	<u>(5,450,000)</u>	<u>(5,264)</u>
At 31 December	1.05	<u>19,200,000</u>	<u>18,853</u>	1.02	<u>9,937,000</u>	<u>9,597</u>

According to the Resolution of the Board of Company on 17 December 2021, 10,900,000 ordinary shares held under the Share Award Scheme were granted to 6 directors and 5 employees of the Group at nil consideration, with 5,450,000 shares (tranche 1) and 5,450,000 shares (tranche 2) to be vested on 17 December 2021 and 2022 respectively. The vesting conditions are only subject to the service conditions. The grant date fair value of HKD1.15 per share (equivalent to approximately RMB0.94 per share) was determined by reference to the closing price of the Company's ordinary shares on 17 December 2021.

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 will be 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 RMB6,907,000 (2022: RMB4,916,000) was recognised in the consolidated statement of profit or loss.

- (ii) Movements in the number of awarded shares for the years ended 31 December 2023 and 2022 were as follows:

	<b>Number of awarded shares</b>
<b>At 1 January 2022</b>	5,450,000
Vested and transferred during the year	<u>(5,450,000)</u>
<b>At 31 December 2022</b>	<u>–</u>
Granted	14,000,000
Vested and transferred during the year	<u>(7,000,000)</u>
<b>At 31 December 2023</b>	<u>7,000,000</u>

During the year ended 31 December 2023, 7,000,000 out of the 14,000,000 award shares with a fair value of RMB13,484,000 (2022: RMB10,225,000) were vested and transferred to 3 Directors and 7 employees of the Company.

## **19 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to current year's presentation. The classification would not have material impact on the consolidated financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL BUSINESS REVIEW

The Group's total revenue for the year ended 31 December 2023 ("2023") amounted to RMB6,323.2 million, representing an increase of 1.4% as compared to RMB6,238.5 million for the year ended 31 December 2022 ("2022"). The Group's profit attributable to the shareholders in 2023 decreased by 13.5% to RMB187.4 million from RMB216.6 million in 2022. The decrease in profit was mainly attributable to a net loss on metal future contracts of RMB16.8 million recorded by the Group in 2023, as compared to a net gain on metal future contracts of RMB12.7 million recorded by the Group in 2022.

### COPPER PROCESSING BUSINESS

#### Market and Industry Review

In 2023, the trend of copper price was mainly affected by multiple factors, such as macroeconomic driving, labor disputes in copper mines, environmental protection protests, interest rate hikes by US Federal Reserve and fluctuations in demand. Copper price experienced several major fluctuations such as "oscillation", "bottoming out" and "rebound" until the end of 2023, when it almost returned to the level of the beginning of 2023. The year of 2023 was the first year of post-epidemic recovery in China, and global investors had high expectations that China would achieve a strong recovery in economy at the beginning of 2023, but the growth rate of China's economy subsequently slowed. Overseas trends of European and U.S. economies also diverged. The monetary policy of US Federal Reserve remained the mainstay of copper trading, the moving band of trading price of London copper gradually went down in 2023, while Shanghai copper performed relatively strongly against the background of RMB depreciation. The annual copper price on London Metal Exchange (LME) moved between US\$7,850-US\$8,850 per ton for the majority of 2023, with an average price of US\$8,516 per ton, a year-on-year decline of 3.0%. Meanwhile, the copper price in 2023 was characterized by internal strength and external weakness, with the average annual price of SMM 1# electrolytic copper at RMB68,315 per ton, up 1.4% year-on-year.

With regard to the trend of copper price in 2024, we expect that the copper price may show a weak trend in the first half of the year under the influence of domestic and foreign macro factors. However, in the second half of 2024, with the release of macro risks and the market's anticipation of the US Federal Reserve's interest rate cut and China's new round of stimulus policies, market sentiment will be boosted and copper prices are expected to show a trend of upward fluctuation. For the whole year of 2024, it is expected that the core fluctuation range of copper price will be US\$7,500 to US\$9,000 per ton, and the domestic copper price will be RMB62,000 to RMB72,000 per ton.

In 2023, from the perspective of copper plate and strip industry, downstream demands diverged dramatically. Building decoration, plumbing and sanitary ware, clothing and auxiliary decoration and other copper processing downstream industries showed insufficient demand, whereas, electronic information manufacturing industry gradually recovered, and household appliance sector performed well with the growth in production volume of refrigerators, air conditioners, washing machines and other products. Electricity and emerging sectors, such as new energy vehicles, photovoltaic, wind power, energy storage and robotics, are developing rapidly, and becoming the main force driving emerging copper consumption. The “New Three Kinds (新三樣)” namely, products of electric vehicles, photovoltaic products and lithium batteries with a large amount of copper materials consumption boasted the outstanding export performance, and are becoming a new growth point of foreign trade. In the face of the current situation of the industry with weakening demand for traditional copper plate and strip products and growing potential for high-end plate and strip products, enterprises in the industry actively expand the production capacity for high-end copper plate and strip products, which will further optimize the structure of copper plate and strip products in China and lead to the high-quality development of the industry. In 2023, the overall production of copper processing materials in China was 20.85 million tons, a year-on-year increase of 3.0%. The production of copper and copper alloy plates and strips was 2.37 million tons, a decrease of 31,000 tons from last year. In the year 2023, the consumption of copper and copper alloy plate and strip products in China was 2.35 million tons, among which, the number of traditional brass products declined and the red copper and high-end products increased.

Looking forward to 2024, with the continuous implementation of domestic fiscal and economic policies, steady economic development, and the rapid development of new energy vehicles, electronics, electricity, communications, ultra-high voltage, photovoltaic and other industries, the demand for high-end copper plate and strip products is still increasing rapidly. Red copper plates and strips and alloy plates and strips partially make up for the gap in demand for brass plates and strips. Copper plates and strips will move towards the future development trend of high strength, high conductivity, high precision and high stability. At the same time, the gradual initiating of new production capacity will bring evident competitive pressures in the industry. Enterprises in the industry should adjust their product structure and increase the proportion of high-end products to adapt to the complex and changeable market demand changes.

## **Business Review**

During 2023, the Group’s copper processing business realised a total revenue of RMB6,312.4 million and sales volume of 139,259 tons, representing a slight increase of 1.4% and a slight decrease of 0.03% respectively over 2022. The revenue from manufacturing and sales of precision copper plates and strips was RMB6,023.7 million, representing an increase of 2.3% from RMB5,887.0 million of 2022. The sales volume of precision copper plates and strips was 94,104 tons, representing an increase of 3.1% from 91,236 tons in the same period of 2022. The increase in copper plates and strips revenue was mainly due to the increase in sales volume. During 2023, copper products processing services revenue was RMB231.9 million, representing a decrease of 11.5% from RMB261.9 million of 2022. And the volume of processing services was 41,215 tons, representing a decrease of 6.2% from 43,921 tons of 2022. During 2023, revenue from trading of raw materials was RMB56.8 million, representing a decrease of 25.3% from RMB76.0 million of 2022. Trade sales were 3,940 tons, representing a decrease of 5.1% from 4,150 tons of 2022.

## Business Development

During 2023, the Group carried out major work and achieved the expected results, as follows:

- 1. Improvement of management level.** (1) The Group engaged two world renowned consulting firms, and established a management improvement project team. The team has carried out consulting work in the form of a project-based approach for the Group's strategic planning, organizational optimization, job and responsibility setting, performance change, and production management improvement, which has enabled senior management to broaden their horizons and achieve comprehensive improvement in management awareness, management concepts, management application tools, and management methods. (2) The Group provided training courses for middle management to improve their management thinking and level. (3) In order to make more sales people to go out and better understand the customers' needs, the Group has adjusted and optimized its marketing system.
- 2. Talent system construction.** (1) In order to reduce the average age of employees, and increase the proportion of personnel with college education or above, the Group has continuously optimized the personnel proportion structure. (2) The Group innovated the internal trainer system to strengthen standardized training. In the first phase, the Group has hired 19 internal trainers to improve the abilities of all staff. (3) The Group initiated the recruitment and training plan for reserve talents, which will serve as a reservoir of human resources for the sustainable development of the Company. (4) The human resource management system is gradually being introduced and improved, and a personnel mechanism based on tasks, positions, responsibilities, and performance is gradually being formed.
- 3. Promotion of technological transformation projects.** 2023 is an important period for the Group to pursue profound development, achieve first-class equipment, broaden the competitive landscape of the enterprise, and enhance the overall competitive level. Over 50 technological transformation projects have been carried out throughout 2023, which will lay solid foundation of equipment and production capacity for the Group's development in the next five years, and provide guarantee to the expansion of high value-added products and specialized production of products.
- 4. Accelerating the research and development of new products.** First-class technology is a powerful guarantee for achieving first-class products. During 2023, the Group engaged global industry experts to jointly overcome quality problems arising from the production process, and carried out multiple high value-added product projects in conjunction with the R&D technology department. In addition, the Group engaged consulting firms to participate in the product development process and the construction of a full process tracking on research and development system, continuously improving standardization of documents and updating product process libraries.

5. **Information construction assistance.** In response to the requirements for the construction of digital factories, the Group has carried out in-depth information technology projects in 2023, including production management systems, marketing center data analysis systems, product research and development management systems, and quality information feedback systems. It has laid a solid foundation for the Group to move from informatization to digital factories.
6. **Corporate culture and social responsibility.** The Group focuses on shaping brand influence externally and creating a home atmosphere internally to carry out corporate culture construction, continuously innovating cultural connotations and forms of expression. (1) The Group has diversified promotional channels of the Company. With registered video accounts on social media platforms, the Group was able to publish a series of new corporate promotional videos. In addition, it participated in the Shanghai Electronics Exhibition and promoted company products through industry and downstream associations. (2) To deepen employee care, the Group continuously promote the construction of a “Happy Home”. It has hired full-time traditional Chinese medicine doctors to provide consultations for employees, enriched the form and content of summer camps for employees’ children, made cultural and entertainment activities more people-oriented, and made employee accommodation more comfortable.

## **Outlook**

Looking forward to 2024, with the active fiscal policies and consumption stimulus policies of the PRC government, domestic economic development is expected to be further boosted, and demand for copper processing products is expected to improve. However, the new round of capacity release in the copper processing industry does not match the overall increase in downstream demand, which means that the Group’s copper processing business will face more fierce competitions and challenges. In this regard, the management team of the Group will continue to promote major tasks such as management reform, organizational optimization, product structure adjustment, cost reduction and efficiency improvement. At the same time, we will continue to strengthen the expansion of our customer base, expand our product influence, and enhance our brand appeal. We will strive to stabilize the domestic industry position and gradually approach world-class peers.

## **GAMING BUSINESS**

For the year ended 31 December 2023, the Group’s gaming business realised a total revenue of RMB10.8 million and a net loss of RMB4.9 million, as compared to a revenue of RMB13.6 million and a net loss of RMB0.2 million for the same period of 2022. The loss was mainly due to the decline in revenue from existing gaming products. Looking forward to 2024, the Group will continue to strive to explore new products that suit the characteristics of its gaming business, so as to expand its revenue sources.

## **FINANCIAL REVIEW**

### **Revenue and gross profit**

The Group's copper business achieved total revenue of RMB6,312.4 million for the year ended 31 December 2023, and the Group's online gaming business achieved revenue of RMB10.8 million for the year ended 31 December 2023.

For the year ended 31 December 2023, the Group recorded total sales revenue of RMB6,323.2 million, which increased by 1.4% from RMB6,238.5 million of 2022. The increase in the revenue of the Group's copper business was mainly due to an increase in sales volume of manufacturing and sales of precision copper plates and strips. The sales volume of precision copper plates and strips was 94,104 tons, representing an increase of 3.1% from 91,236 tons in 2022. While the Group's copper business realised a total sales volume of 139,259 tons, which decreased slightly by 0.03% from 139,307 tons of 2022. The Group recorded a gross profit of RMB610.3 million for 2023, which increased by 3.8% as compared with 2022. The increase in gross profit is mainly due to two factors: 1) a decrease in processing cost such as utilities cost; and 2) the Group provided less impairment for its inventory in 2023 as compared with that of 2022.

### **Other income**

For the year ended 31 December 2023, the Group recorded other income of RMB26.7 million, which decreased by RMB1.4 million as compared to 2022. Such decrease was mainly because the Group recorded a gain of RMB2.4 million on materials insurance indemnity in 2022.

### **Other (losses) and gains, net**

For the year ended 31 December 2023, the Group recorded RMB20.5 million in other losses, while the Group recorded other gains of RMB11.4 million in 2022. Such change was mainly due to the fact that the Group recorded a net loss of RMB16.8 million on metal future contracts in 2023, and the Group recorded a net gain of RMB12.7 million on metal future contracts in 2022.

### **Distribution expenses**

For the year ended 31 December 2023, distribution expenses of the Group decreased by RMB4.0 million from RMB61.1 million in 2022 to RMB57.1 million in 2023. The decrease was mainly due to a decrease in distribution services fee.

### **Administrative expenses**

For the year ended 31 December 2023, administrative expenses of the Group increased by RMB5.6 million from RMB334.1 million in 2022 to RMB339.7 million in 2023, and was mainly due to an increase in travel expenses.

## **Net finance income**

For the year ended 31 December 2023, the Group's net finance income was RMB3.8 million (2022: net finance income of RMB17.1 million). This was mainly due to a decrease in net foreign exchange gains.

## **Income tax**

For the year ended 31 December 2023, the Group's income tax expense increased by RMB3.3 million to RMB35.9 million from RMB32.6 million in 2022, and the effective tax rate increased to 16.1% in 2023 as compared to 13.1% in 2022. The increase in the effective tax rate was mainly due to the increase in taxable profits of a PRC subsidiary of the Company, which has been profitable since 2022 and used its accumulated losses in 2022.

## **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 RMB29.2 million to RMB187.4 million in 2023 from RMB216.6 million in 2022.

## **Liquidity and financial resources**

As at 31 December 2023, the Group recorded net current assets of RMB860.2 million, compared with net current assets of RMB903.4 million as at 31 December 2022.

The short-term interest-bearing borrowings represented 87.3% of total interest-bearing borrowings as of 31 December 2023. 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 RMB3,356.8 million (including long term loan facilities amounting to RMB1,747.0 million) and RMB1,314.5 million (comprised of restricted bank deposits of RMB740.7 million, bank deposits with maturity over three months of RMB155.1 million and cash and cash equivalents of RMB418.7 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 2024. 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 2023, the Group had bank loans and other borrowings of approximately RMB1,048.1 million, which shall be repaid within 1 year. As at 31 December 2023, 44.3% of the Group's debts were on a secured basis.

The gearing ratio as at 31 December 2023 was 32.1% (31 December 2022: 33.0%), 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 2023, the Group pledged assets with an aggregate carrying value of RMB485.8 million (31 December 2022: RMB503.1 million) to secure bank loan facilities.

### **Capital expenditure**

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

### **Capital commitments**

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

### **Important Events After the End of the Financial Period**

There are no important events affecting the Group which have occurred after the end of the financial year ended 31 December 2023 and up to the date of this announcement.

### **CONTINGENT LIABILITIES**

As at 31 December 2023, 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 2023, the Group had 1,578 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 a total of 16,263,000 shares of the Company at a total consideration of HKD17,982,000 (equivalent to RMB16,130,000) throughout 2023.

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 2023.

## **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 2023. 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 2023.

## **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 2023.

## **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 2023 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 2023 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 2023 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 Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no 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 2023 (2022: 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 14 June 2024, the register of members of the Company will be closed from 11 June 2024 to 14 June 2024, 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 7 June 2024.

## **PUBLICATION OF 2023 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website ([www.xingyealloy.com](http://www.xingyealloy.com)) and the Stock Exchange's designated website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's 2023 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, 28 March 2024

*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.*