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## **Hebei Yichen Industrial Group Corporation Limited\***

**河北翼辰實業集團股份有限公司**

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

**(Stock Code: 1596)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025**

#### **UNAUDITED INTERIM RESULTS**

The board of directors (the “**Board**”) of Hebei Yichen Industrial Group Corporation Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**period under review**”) (all amounts in RMB’000 unless otherwise stated), together with comparative figures as follows:

\* For identification purposes only

# CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
		RMB('000)	RMB('000)
	Notes	(Unaudited)	(Unaudited)
<b>I. Total operating revenue</b>	9	<b>477,143</b>	498,707
<b>II. Total operating cost</b>		<b>434,715</b>	478,062
Including: Operating cost	9	<b>350,358</b>	397,119
Taxes and surcharges		<b>6,938</b>	6,357
Selling expenses		<b>10,156</b>	10,267
Management expenses		<b>44,013</b>	42,191
Research and development expenses		<b>14,646</b>	13,025
Finance costs		<b>8,604</b>	9,103
Including: Finance expenses		<b>8,940</b>	8,728
Interest income		<b>627</b>	358
Add: Other income		<b>1,601</b>	808
Investment gains/(losses)	10	<b>16,041</b>	8,273
Including: Gains on investments in associates and joint ventures		<b>16,041</b>	7,600
Gains/(losses) on derecognition of financial assets measured at amortised cost			(7)
Gains/(losses) from changes in fair value	11	<b>–</b>	(58,506)
Loss on credit impairment		<b>822</b>	(14,637)
Impairment loss of assets		<b>(7,280)</b>	(8,201)
<b>III. Operating profits/(losses)</b>		<b>53,612</b>	(51,618)
Add: Non-operating incomes		<b>21</b>	62
Less: Non-operating expenses		<b>28</b>	37
<b>IV. Total profit/(loss)</b>		<b>53,605</b>	(51,593)
Less: Income tax expenses	12	<b>4,934</b>	(9,422)

**CONSOLIDATED INCOME STATEMENT (Continued)***For the six months ended 30 June 2025*

		<b>For the six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>RMB('000)</b>	<b>RMB('000)</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>V. Net profit/(net loss)</b>		<b>48,671</b>	<b>(42,171)</b>
(I) Classified according to continuity:			
1. Net profit/(net loss) from continuing operations		<b>48,671</b>	<b>(42,171)</b>
2. Net profit from discontinued operations		—	—
(II) Classified according to equity holdings:			
1. Net profit/(net loss) attributable to owners of the parent		<b>48,617</b>	<b>(42,177)</b>
2. Profit or loss of minority interests		<b>54</b>	<b>6</b>
<b>VI. Other comprehensive income after tax, net</b>		<b>—</b>	<b>—</b>
Other comprehensive income after tax attributable to owners of the parent, net		—	—
(I) Other comprehensive income that cannot be reclassified to profit or loss		—	—
(II) Other comprehensive income that will be reclassified to profit or loss		—	—
<b>VII. Total other comprehensive income</b>		<b>48,671</b>	<b>(42,171)</b>
Total comprehensive income attributable to owners of the parent		<b>48,617</b>	<b>(42,177)</b>
Total comprehensive income attributable to minority interests		<b>54</b>	<b>6</b>
<b>VIII. Earnings/(losses) per share:</b>			
Basic earnings/(losses) per share ( <i>RMB</i> )	<i>13</i>	<b>0.05</b>	<b>(0.05)</b>
Diluted earnings/(losses) per share ( <i>RMB</i> )		<b>0.05</b>	<b>(0.05)</b>

# **CONSOLIDATED BALANCE SHEET**

*As at 30 June 2025*

		<b>30 June 2025</b>	31 December 2024
		<b>RMB('000)</b>	<b>RMB('000)</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current assets</b>			
Monetary capital		<b>271,132</b>	157,849
Financial assets held for trading		<b>—</b>	—
Bills receivable	5	<b>31,449</b>	54,689
Accounts receivable	6	<b>1,150,169</b>	1,193,124
Financing of receivables		<b>2,792</b>	12,520
Prepayments		<b>28,965</b>	31,444
Other receivables		<b>7,692</b>	7,962
Inventories		<b>466,228</b>	422,598
Contract assets		<b>29,620</b>	30,097
Other current assets		<b>16,313</b>	20,047
<b>Total current assets</b>		<b>2,004,360</b>	1,930,330
<b>Non-current assets</b>			
Long-term equity investments		<b>320,690</b>	309,091
Other equity instruments investment		<b>18,197</b>	18,197
Fixed assets		<b>663,802</b>	689,661
Construction in progress		<b>186,077</b>	154,373
Right-of-use assets		<b>919</b>	1,226
Intangible assets		<b>141,780</b>	142,578
Goodwill		<b>59,836</b>	59,836
Long-term deferred expenses		<b>581</b>	673
Deferred income tax assets		<b>58,170</b>	57,236
Other non-current assets		<b>138,737</b>	138,296
<b>Total non-current assets</b>		<b>1,588,789</b>	1,571,167
<b>Total assets</b>		<b>3,593,149</b>	3,501,497

# **CONSOLIDATED BALANCE SHEET (Continued)**

*As at 30 June 2025*

		<b>30 June 2025</b>	<b>31 December 2024</b>
		<b>RMB('000)</b>	<b>RMB('000)</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Short-term borrowings		<b>104,860</b>	125,640
Bills payable	7	<b>37,474</b>	53,000
Accounts payable	8	<b>371,016</b>	391,730
Contract liabilities		<b>12,433</b>	10,913
Payroll payable		<b>7,208</b>	7,603
Tax payable		<b>4,095</b>	15,285
Other payables		<b>30,970</b>	19,739
Non-current liabilities due within one year		<b>79,022</b>	92,863
Other current liabilities		<b>1,104</b>	907
<b>Total current liabilities</b>		<b>648,182</b>	717,680
<b>Non-current liabilities</b>			
Long-term borrowings		<b>515,202</b>	384,301
Lease liabilities		<b>–</b>	632
Deferred income		<b>4,130</b>	4,246
Deferred income tax liabilities		<b>253</b>	265
<b>Total non-current liabilities</b>		<b>519,585</b>	389,444
<b>Total liabilities</b>		<b>1,167,767</b>	1,107,124
<b>Owner's equity</b>			
Share capital		<b>448,920</b>	448,920
Capital reserve		<b>814,108</b>	813,934
Less: Treasury stock		<b>27,630</b>	24,878
Other comprehensive income/(losses)		<b>(124)</b>	(124)
Surplus reserve		<b>156,495</b>	156,495
Undistributed profits		<b>1,020,634</b>	987,101
Total equity attributable to owners of the parent		<b>2,412,403</b>	2,381,448
Minority interests		<b>12,979</b>	12,925
<b>Total owner's equity</b>		<b>2,425,382</b>	2,394,373
<b>Total liabilities and owner's equity</b>		<b>3,593,149</b>	3,501,497

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Hebei Yichen Industrial Group Corporation Limited (the “**Company**”), together with its subsidiaries (collectively referred to as the “**Group**”).

The Company was incorporated in the People’s Republic of China (the “**PRC**”) on 9 April 2001. The addresses of the Company’s registered offices are No.1, Yichen North Street, Gaocheng District, Shijiazhuang City, Hebei Province, the PRC and No. 268 Lianzhou East Road, Gaocheng District, Shijiazhuang City, Hebei Province, the PRC. The Group is principally engaged in research and development, manufacturing and sales of rail fastening system products, welding wire products and railway sleeper products. On 21 December 2016, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The existing share capital of the Company is RMB448,920,000 and the total number of shares is 897,840,000 with a nominal value of RMB0.50 per share. Unless otherwise stated, the financial information for the six months ended 30 June 2025 is presented in Renminbi (“**RMB**”) thousands. The consolidated results for the six months ended 30 June 2025 have not been audited by the auditors of the Company, but have been reviewed by the Audit Committee of the Company.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements are prepared based on a going concern basis and based on actual transactions and events according to the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and relevant regulations (hereinafter collectively referred to as “**PRC Accounting Standards**”), as well as disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and Hong Kong Companies Ordinance, and based on the accounting policies and estimates applicable to the Group.

## 3. SEGMENT INFORMATION

The Group regards all businesses as a whole when implementing management and assessing operating results. The Group’s segment information of all products is presented on the basis of internal reports that are regularly reviewed by the Group’s Executive Committee (the chief operating decision maker), in order to allocate resources to the segments and assess their performance. For each of the Group’s reportable segments, the Group’s Executive Committee conducts at least one monthly review on its internal management reports.

The management has determined the reportable segments of all products based on these reports. The Group determines its business from a product perspective:

- Rail fastening system products: research and development, manufacturing and sales of rail fastening system products
- Welding wire products: research and development, manufacturing and sales of welding wire products
- Railway sleeper products: research and development, manufacturing and sales of railway sleeper products

The management defines segment results based on gross profit. Segment assets and liabilities are not regularly reported to the Group's chief operating decision maker and therefore information of reportable segment assets and liabilities is not presented. Information about the reportable segments and reportable segments results is as follows:

The segment information for January to June 2025 and January to June 2024 is listed as follows:

Items	Rail fastening system		Welding wire	
	January to June 2025 RMB('000)	January to June 2024 RMB('000)	January to June 2025 RMB('000)	January to June 2024 RMB('000)
Total revenue	303,537	300,433	141,841	154,013
Inter-segment revenue				
Revenue from external customers	303,537	300,433	141,841	154,013
Total operating cost	(183,738)	(205,909)	(142,211)	(154,875)
Segment gross profit	119,799	94,524	(370)	(862)
Other profit or loss disclosure:				
Depreciation and amortisation	22,237	21,896	7,249	5,595
Provision for loss on credit impairment	1,851	(13,005)	(270)	(246)
Provision for impairment loss of assets	(4,929)	(7,053)	(2,058)	(815)
Finance costs	—	—	—	—

Items	Railway sleepers		Others		Total	
	January to June 2025 RMB('000)	January to June 2024 RMB('000)	January to June 2025 RMB('000)	January to June 2024 RMB('000)	January to June 2025 RMB('000)	January to June 2024 RMB('000)
Total revenue	28,761	40,556	3,004	3,705	477,143	498,707
Inter-segment revenue						
Revenue from external customers	28,761	40,556	3,004	3,705	477,143	498,707
Total operating cost	(22,500)	(33,899)	(1,909)	(2,436)	(350,358)	(397,119)
Segment gross profit	6,261	6,657	1,095	1,269	126,785	101,588
Other profit or loss disclosure:						
Depreciation and amortisation	2,651	2,302	199	270	32,336	30,063
Provision for loss on credit impairment	(763)	(1,398)	4	12	822	(14,637)
Provision for impairment loss of assets	(293)	(333)	—	—	(7,280)	(8,201)
Finance costs	—	—	8,604	9,103	8,604	9,103

## 5. **BILLS RECEIVABLE**

### **Breakdown**

<b>Items</b>	<b>30 June 2025 RMB('000)</b>	<b>31 December 2024 RMB('000)</b>
Book balance of bills receivable	<b>31,508</b>	55,672
Less: provision for bad debts	<b>(59)</b>	(983)
Book value of bills receivable	<b>31,449</b>	54,689

## 6. **ACCOUNTS RECEIVABLE**

### **(a) Breakdown**

<b>Items</b>	<b>30 June 2025 RMB('000)</b>	<b>31 December 2024 RMB('000)</b>
Book balance of accounts receivable	<b>1,445,837</b>	1,490,849
Less: provision for bad debts	<b>(295,668)</b>	(297,725)
Book value of accounts receivable	<b>1,150,169</b>	1,193,124

### **(b) Ageing of accounts receivable based on the recognition date is analysed as follows**

<b>Items</b>	<b>30 June 2025 RMB('000)</b>	<b>31 December 2024 RMB('000)</b>
Within 1 year	<b>691,591</b>	721,712
1 to 2 years	<b>303,987</b>	313,721
2 to 3 years	<b>192,613</b>	213,020
Over 3 years	<b>257,646</b>	242,396
Total	<b>1,445,837</b>	1,490,849

### **(c) The majority of accounts receivable are denominated in RMB, and their book value is approximate to their fair value.**

## 7. **BILLS PAYABLE**

<b>Item</b>	<b>30 June 2025 RMB('000)</b>	<b>31 December 2024 RMB('000)</b>
Bills payable	<b>37,474</b>	53,000
Total	<b>37,474</b>	53,000



## 8. ACCOUNTS PAYABLE

### (a) Breakdown

Item	30 June 2025 RMB('000)	31 December 2024 RMB('000)
Accounts payable	371,016	391,730
Total	371,016	391,730

### (b) Ageing of accounts payable based on the recognition date is analysed as follows

Items	30 June 2025 RMB('000)	31 December 2024 RMB('000)
Within 1 year	313,416	328,095
Over 1 year	57,600	63,635
Total	371,016	391,730

## 9. OPERATING REVENUE/OPERATING COST

Items	January to June 2025 RMB('000)		January to June 2024 RMB('000)	
	Revenue	Cost	Revenue	Cost
Revenue/cost from principal business	474,139	348,449	495,002	394,683
Other operating revenue/cost	3,004	1,909	3,705	2,436
Total	477,143	350,358	498,707	397,119

## 10. INVESTMENT GAINS/(LOSSES)

Items	30 June 2025 RMB('000)	30 June 2024 RMB('000)
Gains from long-term equity investment calculated under equity method	16,041	7,600
Losses on discount of financing of receivables	—	(4)
Losses on derecognition of financial assets measured at amortised cost	—	(7)
Investment gains from financial assets held for trading during the holding period	—	314
Investment gains from disposal of financial assets held for trading	—	428
Procedural fees for subscription of financial assets held for trading	—	(58)
Total	16,041	8,273

## 11. GAINS/(LOSSES) FROM CHANGES IN FAIR VALUE

Item	30 June 2025 RMB('000)	30 June 2024 RMB('000)
Financial assets held for trading	—	(58,506)
Total	—	(58,506)

## 12. INCOME TAX EXPENSES

Items	30 June 2025 RMB('000)	30 June 2024 RMB('000)
Current income tax expenses	5,880	3,607
Deferred income tax expenses	(946)	(13,029)
Total	4,934	(9,422)

## 13. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share are calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the period.

Items	30 June 2025 RMB('000)	30 June 2024 RMB('000)
Total comprehensive income/(losses) attributable to owners of the parent	48,671	(42,177)
Weighted average number of ordinary shares in issue	894,618	897,840
Basic earnings/(losses) per share (RMB per share)	0.05	(0.05)

There were no potential dilutive ordinary shares for the six months ended 30 June 2025 and 30 June 2024. Diluted earnings/(losses) per share were equal to basic earnings/(losses) per share.

## 14. DIVIDENDS

The Board of the Company did not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

A final dividend of RMB15,083,712 (approximately RMB0.0168 per share (tax inclusive)) for the year ended 31 December 2024 was approved by the shareholders at the annual general meeting held on 29 May 2025 and paid in July 2025.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY REVIEW**

In the first half of 2025, China's economy maintained steady growth momentum, demonstrating strong resilience and vitality. According to the data released by the National Bureau of Statistics, the GDP for the first half of the year increased by 5.3% year-on-year at constant prices.

In the first half of 2025, the fixed asset investments in national railways amounted to RMB355.9 billion, representing a year-on-year increase of 5.5%, effectively exerting the investment-driven effect and contributing to the sustained recovery and growth of the national economy. At the same time, new lines of 301 kilometers in total were added to the operation, with the length of new urban rail transit lines reaching 220.70 kilometers, accelerating the development of a modern railway infrastructure system.

### **BUSINESS REVIEW**

In the first half of 2025, more proactive and effective macro policies yielded notable results. The economy maintained steady growth momentum, demonstrating strong resilience and vitality. It was also noted that there were some external instabilities and uncertainties, while domestic effective demand was insufficient, and that there was still room for consolidating the foundation for economic recovery and improvement. During the period under review, the Company actively communicated with customers and suppliers, and timely adjusted its production and operation plans based on changes in customer demand and market to effectively control the impact of external factors on business operations.

The Group is a leading rail fastening system product provider in the PRC, with its major businesses including: (1) rail fastening system products; (2) welding wire products; and (3) railway sleeper products. For the six months ended 30 June 2025, total revenue of the Group amounted to approximately RMB477.1 million, representing a year-on-year decrease of approximately 4.3%.

#### **Rail Fastening System Products**

For the six months ended 30 June 2025, the revenue from rail fastening system products amounted to approximately RMB303.5 million, accounting for approximately 63.6% of the Group's total revenue and representing an increase of approximately RMB3.1 million as compared with the revenue of approximately RMB300.4 million from rail fastening system products for the same period of 2024. The change in revenue from rail fastening system products was attributable to the increase in shipments of rail fastening system products driven by the steady progress of the previously awarded high-speed rail lines.

During the period under review, the operating cost relating to rail fastening system products was approximately RMB183.7 million, representing a decrease of approximately RMB22.2 million from approximately RMB205.9 million for the same period of 2024. The change in the operating cost was mainly due to the combined effect of the Group's proactive optimisation of its customer structure and the decline in raw material prices during the period under review.

During the period under review, the gross profit of rail fastening system products increased by approximately 26.8% from approximately RMB94.5 million for the same period of 2024 to approximately RMB119.8 million; the gross profit margin of rail fastening system products increased by 8.0% from approximately 31.5% for the same period of 2024 to approximately 39.5%. The change in gross profit from rail fastening system products was mainly attributable to the combined effect of higher revenue from rail fastening system products, optimised customer structure of the Group and lower raw material prices.

As at 30 June 2025, the Group's initial contract value of agreements on supplying rail fastening systems amounted to approximately RMB502.3 million, representing a decrease of approximately 35.3% from the same period of last year; the initial contract value of agreements on high-speed rail fastening systems amounted to approximately RMB371.5 million, representing a decrease of approximately 38.2% compared with the same period of last year; the initial contract value of agreements on urban transit fastening systems amounted to approximately RMB91.9 million, representing an increase of approximately 13.3% compared with the same period of last year; and the initial contract value of agreements on normal-speed rail fastening systems was approximately RMB38.9 million, representing a decrease of approximately 53.7% compared with the same period of last year. As at 30 June 2025, the backlog of the Group amounted to approximately RMB2,132.1 million (value-added tax included).

### **Welding Wire Products**

For the six months ended 30 June 2025, the revenue from welding wire products amounted to approximately RMB141.8 million, accounting for approximately 29.7% of the total revenue of the Group and representing a decrease of approximately 7.9% over revenue of approximately RMB154.0 million from welding wire products for the same period of 2024, which was mainly attributable to the decrease in selling price of welding wire products as a result of intense market competition in the first half of 2025.

The Group's revenue from welding wire products was mainly generated from the sales to shipbuilding companies and trading companies engaging in the shipbuilding industry. The Group will further expand its customer range on the basis of continuous collaboration with the existing major customers.

### **Railway Sleeper Products**

For the six months ended 30 June 2025, the revenue from railway sleeper products was approximately RMB28.8 million, accounting for approximately 6.0% of the Group's total revenue and representing a decrease of approximately 29.1% over revenue of approximately RMB40.6 million from railway sleeper products for the same period of 2024. This was mainly attributable to the delay in delivery of railway sleeper products to customers as per their requests.

## FUTURE PROSPECTS

As observed from the first half of 2025, the national economy maintained steady growth momentum, demonstrating strong resilience and vitality. The railway department fully leveraged its investment advantages in railway construction, steadily advanced railway planning and development, and kept railway construction investment at a consistently high level.

Since the beginning of this year, the railway department has fully leveraged the advantages of railway construction investment, which features a long industrial chain, broad economic reach and significant multiplier effect. By coordinating resources and efforts, the department has made solid progress in advancing railway planning and construction, maintaining high-level investment in railway infrastructure, achieving positive progress for a large number of key railway projects.

A number of new railway lines and stations had been put into operation. Among which, the newly constructed Chongqing East-Qianjiang section of the Chongqing-Xiamen High-Speed Railway had been put into operation, achieving full connectivity of the Chongqing East-Changsha section of the Chongqing-Xiamen High-Speed Railway; the Songcheng Road Station to Kaifeng Station section of the Zhengzhou-Kaifeng Intercity Railway had been completed and put into service, marking the full operation and connectivity of the Zhengkai Intercity Railway (鄭開城際鐵路); the newly constructed Chongqing East Railway Station had been put into operation, the renovation and upgrading of Cangzhou Railway Station had been completed, and Rizhao Railway Station had been put into use after its new construction and renovation, all of which significantly enhanced the functionality of key railway hubs.

Projects under construction were progressing smoothly. Among which, the Wuhan-Yichang section of the Shanghai-Chongqing-Chengdu High-Speed Railway, the Shenyang-Baihe High-Speed Railway, the Xiangyang-Jingmen High-Speed Railway and the Hefei-Xinyi High-Speed Railway entered the joint commissioning and testing phase; the Baotou-Huining section of the Baotou-Yinchuan High-Speed Railway, the Chongzuo-Pingxiang High-Speed Railway and the Xi'an-Yan'an High-Speed Railway were undergoing static acceptance inspections; projects such as the Guangzhou-Zhanjiang High-Speed Railway and the Panzhou-Xingyi Railway were accelerating the completion of remaining works, including track laying and fine-tuning adjustments.

Preliminary work for the projects was proceeding in an orderly manner. Focusing on the railway projects and key network-connecting, gap-filling and supply chain strengthening projects as specified in the Outline of the National “14th Five-Year Plan”, efforts were made in accelerating preliminary work such as survey and design, feasibility studies and preliminary design. Since the beginning of this year, significant progress has been made in the preliminary work for projects including the Yining-Aksu Railway, the addition of a second track to the Guizhou-Guangxi Railway, and the Wenzhou-Fuzhou High-Speed Railway, laying a solid foundation for their early commencement of construction.

Looking ahead, scientific and technological innovation will have greater importance for the future railway development in China. China State Railway Group Co., Ltd. (“**State Railway Group**”) will accelerate the planning and construction of railway infrastructure to ensure the completion of all objectives and tasks outlined in the “14th Five-Year Plan” with high quality. According to the latest reports, the next-generation smart high-speed rail is expected to be launched in 2027. With the continuous improvement of the “Eight Vertical and Eight Horizontal” (「八縱八橫」) high-speed railway network, a vibrant and prosperous “Mobile China” (「流動中國」) is rapidly taking shape. As a leading rail fastening system provider in the railway industry of China, the Group will seize the market development opportunities under the national goal of building a strong transportation network, insist on taking high-quality rail fastening system products and railway sleeper products as the core, continue to improve product quality and service level, striving to escort the high-level construction and safe operation of China’s railways and enhance the convenience of social life. Moreover, the Group will also actively explore new opportunities vertically in the industry, actively diversifying our product portfolio to improve its core competitiveness and profitability. By providing railway products and services with highest quality, the Group will further consolidate its leading position in the industry and win more market recognition.

## **PERFORMANCE ANALYSIS AND DISCUSSION**

### **Revenue**

The Group’s business operations mainly comprise research and development, manufacturing and sales of rail fastening system products, welding wire products and railway sleeper products. The above business segments have brought sustained and stable revenue to the Group. The revenue of the Group decreased by approximately 4.3% from approximately RMB498.7 million for the first half of 2024 to approximately RMB477.1 million for the same period of 2025, mainly as a result of the decrease in revenue from welding wire products and railway sleeper products.

Revenue related to rail fastening system products increased by approximately 1.0% from approximately RMB300.4 million for the first half of 2024 to approximately RMB303.5 million for the same period of 2025, mainly attributable to the increase in shipments of rail fastening system products driven by the steady progress of the previously awarded high-speed rail lines.

Revenue related to welding wire products decreased by approximately 7.9% from approximately RMB154.0 million for the first half of 2024 to approximately RMB141.8 million for the same period of 2025, mainly due to the decrease in unit selling price of welding wire products as a result of the intense market competition during the first half of 2025.

Revenue related to railway sleeper products decreased by approximately 29.1% from approximately RMB40.6 million for the first half of 2024 to approximately RMB28.8 million for the same period of 2025, mainly attributable to the delay in delivery of railway sleeper products to customers as per their requests.



Apart from revenue from sales of rail fastening system products, welding wire products and railway sleeper products, the Group also received other operating revenue from sales of raw materials, the provision of product processing services as well as electricity sales business.

## **Operating Cost**

The Group's operating cost was approximately RMB350.4 million for the first half of 2025, representing a decrease of approximately 11.8% from approximately RMB397.1 million for the same period of 2024, which was mainly attributable to the combined effect of the Group's proactive optimisation of customer structure and the decline in raw material prices during the period under review.

Operating cost relating to rail fastening system products was approximately RMB183.7 million for the first half of 2025, representing a decrease of approximately RMB22.2 million from approximately RMB205.9 million for the same period of 2024. The change in operating cost was mainly attributable to the combined effect of the Group's proactive optimisation of customer structure and the decline in raw material prices during the period under review.

Operating cost related to welding wire products decreased by approximately 8.2% from approximately RMB154.9 million for the first half of 2024 to approximately RMB142.2 million for the same period of 2025, mainly resulted from the decline in raw material prices.

Operating cost related to railway sleeper products decreased by approximately 33.6% from approximately RMB33.9 million for the first half of 2024 to approximately RMB22.5 million for the same period of 2025, mainly resulted from the decrease in shipments of railway sleeper products.

## **Gross Profit**

Based on the aforesaid reasons, the Group recorded a gross profit of approximately RMB126.7 million for the first half of 2025, representing an increase of approximately 24.7% as compared to the gross profit of approximately RMB101.6 million for the same period of 2024, which was mainly due to the combined effect of higher revenue from rail fastening system products, optimised customer structure of the Group and lower raw material prices.

For the six months ended 30 June 2025, the gross profit from rail fastening system products amounted to approximately RMB119.8 million, representing an increase of approximately 26.8% as compared to approximately RMB94.5 million for the same period of 2024; the gross profit margin of rail fastening system products was approximately 39.5%, representing an increase of approximately 8.0% as compared to approximately 31.5% for the same period of 2024; the change in the gross profit from rail fastening system products was mainly attributable to the combined effect of higher revenue from rail fastening system products, optimised customer structure of the Group and lower raw material prices.

In the first half of 2025, the gross profit of welding wire products was approximately RMB-0.4 million and the gross profit margin was approximately -0.3%; in the same period of 2024, the gross profit of welding wire products was approximately RMB-0.9 million, and the gross profit margin was approximately -0.6%, representing a slight change.

In the first half of 2025, the gross profit of railway sleeper products was approximately RMB6.3 million, as compared to the gross profit of approximately RMB6.7 million for the same period of 2024, representing a slight change; in the first half of 2025, the gross profit margin of railway sleeper products was approximately 21.9%, representing an increase of approximately 5.4% as compared to the gross profit margin of approximately 16.5% for the same period of 2024, which was mainly attributable to the Group's proactive efforts to optimise internal management for reducing costs while enhancing efficiency.

### **Selling Expenses**

Selling expenses of the Group was approximately RMB10.3 million for the first half of 2024 and approximately RMB10.2 million for the first half of 2025, representing a slight change in the selling expenses. For the six months ended 30 June 2024 and 30 June 2025, selling expenses as a percentage of total revenue were both 2.1%.

### **Management Expenses**

Management expenses of the Group amounted to approximately RMB42.2 million for the first half of 2024 and approximately RMB44.0 million for the first half of 2025; for the six months ended 30 June 2024 and 30 June 2025, management expenses as a percentage of total revenue were 8.5% and 9.2%, respectively. The increase in management expenses was mainly attributable to the increase in depreciation and amortisation.

### **Research and Development Expenses**

Research and development expenses of the Group amounted to approximately RMB13.0 million for the first half of 2024 and approximately RMB14.6 million for the first half of 2025; for the six months ended 30 June 2024 and 30 June 2025, research and development expenses as a percentage of total revenue were 2.6% and 3.1%, respectively. The increase in research and development expenses was mainly attributable to the increase in investment in research and development as the Group proactively upgraded its own technological capabilities during the period under review.

### **Investment Gains**

In the first half of 2025, the Group's investment gains totalled approximately RMB16.0 million, while the investment gains totalled approximately RMB8.3 million in the first half of 2024. The increase in investment gains was mainly attributable to the increase in adjusted profit of associates during the period under review.

### **Gains/Losses from Changes in Fair Value**

In the first half of 2025, the Group did not recognise losses from changes in fair value related to financial assets held for trading as the Company had disposed of all of its securities of Hong Kong listed companies in 2024, and for the six months ended 30 June 2024, the losses from changes in fair value related to financial assets held for trading was approximately RMB58.5 million.



## **Net Finance Costs**

For the first half of 2025, the Group incurred net finance costs totalling approximately RMB8.6 million, as compared to net finance costs totalling approximately RMB9.1 million incurred for the first half of 2024. The decrease in net finance costs was mainly attributable to the increase in interest income.

## **Operating Profits/Losses**

Based on the aforesaid reasons, the Group's operating profits increased by approximately RMB105.2 million to approximately RMB53.6 million in the first half of 2025, as compared to operating losses of approximately RMB51.6 million in the same period of 2024.

## **Net Profit/Loss**

In the first half of 2025, the Group's net profit increased by approximately RMB90.8 million to approximately RMB48.6 million, as compared to net loss of approximately RMB42.2 million in the first half of 2024.

In the first half of 2025, the Group's net profit attributable to owners of the parent amounted to approximately RMB48.6 million, representing an increase of approximately RMB90.8 million as compared with net loss attributable to owners of the parent of approximately RMB42.2 million for the same period of 2024; for the first half of 2025, basic earnings per share amounted to RMB0.05, representing a year-on-year increase in basic earnings of RMB0.1 per share as compared to basic losses of RMB0.05 per share for the same period of 2024, which was mainly due to the overall sound business performance as a result of the Group's proactive optimisation of customer structure and the decline in raw material prices in the first half of 2025.

## **Total Assets**

As at 30 June 2025, the total assets of the Group were approximately RMB3,593.1 million, representing an increase of approximately 2.6% as compared to approximately RMB3,501.5 million as at 31 December 2024, which was mainly due to the stocking of rail fastening system.

## **Total Liabilities**

As at 30 June 2025, the total liabilities of the Group were approximately RMB1,167.8 million, representing an increase of approximately 5.5% as compared to approximately RMB1,107.1 million as at 31 December 2024, which was mainly attributable to the increase in bank borrowings.

## **Total Equity**

As at 30 June 2025, the total equity of the Group was approximately RMB2,425.4 million, representing an increase of approximately 1.3% as compared to approximately RMB2,394.4 million as at 31 December 2024, which was mainly attributable to the increase in net profit in the first half of 2025.

## **Gearing Ratio**

The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current bank borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as “total equity” as shown in the interim condensed consolidated statement of financial position plus net debt.

As at 30 June 2025, the Group’s gearing ratio was 16.8%, representing a decrease of 0.5 percentage point as compared to 17.3% as at 31 December 2024, which was mainly attributable to the increase in cash and cash equivalents held by the Group.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2025, the Group incurred total staff costs of approximately RMB50.5 million for 1,274 employees (as at 30 June 2024: 1,277 employees), as compared to the total staff costs of approximately RMB51.0 million incurred for the same period of 2024, representing a slight change in staff costs.

The Group sets employee remuneration standards based on employees’ qualifications, positions and average industry levels, and offers rewards based on the Group’s operating performance and the performance of individual employees.

## **EVENTS AFTER BALANCE SHEET DATE**

There are no events causing significant impact on the Group from the balance sheet date to the date of this announcement.

## **INTERIM DIVIDEND**

Having considered the impact caused by potential operating risks, in order to meet the liquidity needs of the Company’s daily operations and to ensure the smooth execution of the Company’s mid to long-term development strategies, the Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2025.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

As of 30 June 2025, the relevant Trustee of the H Share Award Scheme of the Company purchased an aggregate of 10,597,000 H shares of the Company from the market, at the average purchase price of approximately RMB2.61 per share, which are intended for the employee incentive plan. For further details, please refer to the section headed “H Share Award Scheme” in the 2025 interim report.

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules)) during the six months ended 30 June 2025. As at 30 June 2025, there were no treasury shares held by the Company.

## **COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors and Supervisors of the Company. Upon making specific enquiries to all of the Directors and Supervisors of the Company, all Directors and Supervisors of the Company confirmed that throughout the six months ended 30 June 2025, each of them had fully complied with the required standards set out in the “Model Code for Securities Transactions by Directors of Listed Issuers”.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

As a company listed on the Stock Exchange, the Company has always strived to maintain a high level of corporate governance and has complied with all code provisions as set out in the “Corporate Governance Code” contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2025.

## **AUDIT COMMITTEE**

This interim condensed consolidated financial information has not been audited by the auditor of the Company.

The Audit Committee of the Company has reviewed the Group’s unaudited interim condensed consolidated results and the interim report for the six months ended 30 June 2025 prepared in accordance with the PRC Accounting Standards and agreed to the accounting principles, accounting treatments and practices adopted by the Company.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the HKEXnews website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.hbyc.com.cn>. The 2025 interim report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange.

By order of the Board  
**Hebei Yichen Industrial Group Corporation Limited\***  
**ZHANG Haijun**  
*Chairman*

Shijiazhuang, the PRC, 28 August 2025

*As at the date of this announcement, the Board of Directors comprises Mr. Zhang Haijun, Mr. Wu Jinyu, Mr. Zhang Lihuan, Mr. Zhang Chao and Ms. Ma Xuehui as executive Directors; Ms. Zheng Zhixing as a non-executive Director; and Mr. Jip Ki Chi, Mr. Wang Fujun and Mr. Zhang Liguang as independent non-executive Directors.*

\* For identification purposes only