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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)**

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

The board (the “**Board**”) of directors (the “**Directors**”) of Xingye Alloy Materials Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 as follows:

### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2025*

*(Expressed in RMB)*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	<b>4</b>	<b>4,388,782</b>	3,593,506
Cost of sales		<b>(4,010,742)</b>	(3,163,410)
<b>Gross profit</b>		<b>378,040</b>	430,096
Other income		<b>50,403</b>	26,754
Distribution expenses		<b>(38,101)</b>	(26,039)
Administrative expenses		<b>(213,327)</b>	(167,448)
Other gains and losses, net	<b>5</b>	<b>(44,292)</b>	(67,451)
<b>Profit from operations</b>		<b>132,723</b>	195,912

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Finance income		<b>13,711</b>	15,491
Finance costs		<b>(19,646)</b>	(27,740)
		-----	-----
<b>Net finance costs</b>	<b>6(a)</b>	<b>(5,935)</b>	(12,249)
		-----	-----
<b>Profit before taxation</b>		<b>126,788</b>	183,663
Income tax	<b>7</b>	<b>(20,623)</b>	(42,528)
		-----	-----
<b>Profit for the period</b>		<b>106,165</b>	141,135
		=====	=====
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>106,128</b>	140,937
Non-controlling interests		<b>37</b>	198
		-----	-----
<b>Profit for the period</b>		<b>106,165</b>	141,135
		=====	=====
<b>Earnings per share</b>			
– Basic ( <i>RMB cents</i> )	<b>8(a)</b>	<b>12.16</b>	15.97
– Diluted ( <i>RMB cents</i> )	<b>8(b)</b>	<b>12.16</b>	15.97
		=====	=====

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

For the six months ended 30 June 2025

(Expressed in RMB)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Profit for the period</b>	<b>106,165</b>	141,135
<b>Other comprehensive income for the period</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 the Company	(24,978)	3,116
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of the Company's subsidiaries outside mainland China	23,527	(2,908)
<b>Other comprehensive income for the period</b>	<b>(1,451)</b>	208
<b>Total comprehensive income for the period</b>	<b>104,714</b>	141,343
<b>Attributable to:</b>		
Equity shareholders of the Company	104,677	141,145
Non-controlling interests	37	198
<b>Total comprehensive income for the period</b>	<b>104,714</b>	141,343

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(Expressed in RMB)

		At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		1,376,426	1,304,270
Right-of-use assets		60,321	61,060
Deposits for acquisition of property, plant and equipment		24,987	61,606
Other non-current assets		13,936	20,382
Deferred tax assets		28,601	24,136
		<hr/> 1,504,271	<hr/> 1,471,454
<b>Current assets</b>			
Inventories	9	1,831,574	1,548,355
Trade and other receivables	10	1,186,612	1,019,967
Derivative financial instruments		—	8,301
Restricted bank deposits		1,060,716	766,755
Bank deposits with original maturity over three months		105,923	178,024
Cash and cash equivalents		700,273	681,211
		<hr/> 4,885,098	<hr/> 4,202,613

		At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
	<i>Note</i>		
<b>Current liabilities</b>			
Derivative financial instruments		12,475	697
Interest-bearing borrowings	11	1,391,761	948,508
Trade and other payables	12	2,186,072	2,011,397
Lease liabilities		28	27
Income tax payable		24,785	46,581
		<u>3,615,121</u>	<u>3,007,210</u>
<b>Net current assets</b>		<u>1,269,977</u>	<u>1,195,403</u>
<b>Total assets less current liabilities</b>		<u>2,774,248</u>	<u>2,666,857</u>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	11	430,931	417,659
Lease liabilities		29	43
Deferred income		58,314	59,988
Deferred tax liabilities		6,000	6,000
		<u>495,274</u>	<u>483,690</u>
<b>NET ASSETS</b>		<u>2,278,974</u>	<u>2,183,167</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		80,774	80,774
Reserves		2,193,959	2,099,189
<b>Total equity attributable to equity shareholders of the Company</b>		2,274,733	2,179,963
<b>Non-controlling interests</b>		4,241	3,204
<b>TOTAL EQUITY</b>		<u>2,278,974</u>	<u>2,183,167</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

## 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 interim financial report as at and for the six months ended 30 June 2025 comprises the Company and its subsidiaries. The principal activities of the Group are the manufacture and sale 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 BASIS OF PREPARATION

The preliminary announcement of the Company's interim results has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company's condensed consolidated interim financial information ("**Interim Financial Information**") has been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**") and has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of Interim Financial Information in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Information contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the IASB ("**IFRS Accounting Standards**").

### **3 CHANGES IN ACCOUNTING POLICIES**

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### **4 REVENUE AND SEGMENT REPORTING**

#### **(a) Disaggregation of 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.

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<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	<b>4,213,297</b>	3,435,293
– Processing service fees	<b>133,634</b>	129,539
– Trading of raw materials	<b>40,272</b>	25,886
	<b>4,387,203</b>	3,590,718
Online games related:		
– Publishing and operating online games	<b>1,579</b>	2,788
	<b>1,579</b>	2,788
	<b>4,388,782</b>	3,593,506
Disaggregated by timing of revenue recognition:		
– Point in time	<b>4,387,203</b>	3,590,718
– Over time	<b>1,579</b>	2,788
	<b>4,388,782</b>	3,593,506

Disaggregated by geographical location of customers:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
– Chinese Mainland	<b>3,948,998</b>	3,187,147
– Taiwan, China	<b>73,638</b>	106,194
– Vietnam	<b>48,458</b>	15,524
– Singapore	<b>47,041</b>	51,596
– India	<b>46,386</b>	31,764
– Thailand	<b>23,368</b>	14,951
– The United States of America	<b>19,638</b>	7,079
– Malaysia	<b>16,241</b>	9,171
– Bangladesh	<b>15,016</b>	29,564
– Other locations	<b>149,998</b>	140,516
	<b>4,388,782</b>	3,593,506



The Group's customer base is diversified and no single customer contributed over 10% of the total revenue of the Group for both the six months ended 30 June 2025 and 2024.

**(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.

**5 OTHER GAINS AND (LOSSES), NET**

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Credit losses allowance on trade and other receivables	<b>(6,582)</b>	(6,254)
Gains/(losses) on disposal of property, plant and equipment	<b>634</b>	(491)
Net losses on metal future contracts	<b>(37,405)</b>	(60,458)
Others	<b>(939)</b>	(248)
	<b><u>(44,292)</u></b>	<b><u>(67,451)</u></b>

## 6 PROFIT BEFORE TAXATION

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

### (a) Net finance costs

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest income from bank deposits	13,190	15,491
Net foreign exchange gains	419	—
Gains from foreign exchange option contracts	102	—
	<u>13,711</u>	<u>15,491</u>
Finance income	13,711	15,491
Interest expenses on interest-bearing borrowings	(20,289)	(23,218)
Interest on lease liabilities	(2)	(10)
Less: interest expenses capitalised*	645	992
	<u>(19,646)</u>	<u>(22,236)</u>
Net interest expenses recognised in profit or loss	(19,646)	(22,236)
Net foreign exchange losses	—	(5,391)
Losses from foreign exchange forward contracts and swap contracts	—	(113)
Finance costs	(19,646)	(27,740)
Net finance costs	<u>(5,935)</u>	<u>(12,249)</u>

\* The borrowing costs were capitalised at a rate of 3.2% per annum during the six months ended 30 June 2025 (six months ended 30 June 2024: 3.2% to 4.3%).

(b) Other items

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cost of inventories *	4,008,463	3,161,144
Research and development expenses (included in administrative expenses)	123,198	80,252
Depreciation		
– Property, plant and equipment	64,719	50,922
– Right-of-use assets	739	1,066
Government grants	30,611	26,331

\* Cost of inventories includes depreciation of RMB33,189,000 (six months ended 30 June 2024: RMB28,658,000), which is also included in the total amount of depreciation expenses disclosed separately below.

7 INCOME TAX

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<b>Current tax</b>		
Provision for the period	23,612	42,552
Under-provision in respect of prior years	1,476	2,931
	<u>25,088</u>	<u>45,483</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(4,465)	(2,955)
	<u>20,623</u>	<u>42,528</u>

The provision for PRC Corporate Income Tax is calculated by applying the estimated annual effective rates of taxation that are expected to be applicable to each entity operating in the PRC.

The Group's consolidated effective tax rate for the six months ended 30 June 2025 was 16% (six months ended 30 June 2024: 23%). The decrease in the effective tax rate was mainly due to the increase in the estimated additional deduction for qualified R&D expenses.

## 8 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 RMB106,128,000 (six months ended 30 June 2024: RMB140,937,000) and the weighted average number of 872,628,581 ordinary shares (six months ended 30 June 2024: 882,458,611) in issue during the interim period.

### (b) Diluted earnings per share

As at 30 June 2025, diluted earnings per share is the same as basic earnings per share as there are no dilutive potential shares during the period.

As at 30 June 2024, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB140,937,000 for the six months ended 30 June 2024 and the weighted average number of 882,564,419 ordinary shares outstanding after adjustment of all dilutive potential ordinary shares.

## 9 INVENTORIES

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Raw materials	398,011	140,722
Work in progress	1,028,213	1,065,196
Finished goods	404,972	342,081
Others	378	356
	<u>1,831,574</u>	<u>1,548,355</u>

Provisions of RMB20,974,000 (31 December 2024: RMB20,450,000) were made against those inventories with net realisable value lower than carrying value as at 30 June 2025.

Certain inventories with a maximum aggregate carrying amount of RMB480,000,000 were pledged as security for bank loans at 30 June 2025 (31 December 2024: RMB480,000,000) (see note 11 (iii)).

## 10 TRADE AND OTHER RECEIVABLES

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Trade receivable, net of credit loss allowance	647,449	601,348
Bills receivable	349,038	254,165
Deposits for metal future contracts	82,820	75,988
Receivables under metal future contracts	5,453	3,915
Other debtors, net of credit loss allowance	2,147	459
<b>Financial assets measured at amortised cost</b>	<b>1,086,907</b>	<b>935,875</b>
VAT recoverable	65,057	43,296
Prepayments	34,648	40,796
	<b>1,186,612</b>	<b>1,019,967</b>

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 30 June 2025, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis, in the amount of RMB278,312,000 (31 December 2024: RMB201,434,000). In the opinion of the Directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continues 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 allowance for doubtful debts is as follows:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Within 3 months	893,085	780,955
Over 3 months but less than 6 months	99,790	69,025
Over 6 months but less than 1 year	796	1,667
Over 1 year	2,816	3,866
	<b>996,487</b>	<b>855,513</b>

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 30 June 2025, the Group's bills receivables with an age over 3 months in amount of RMB86,375,000 (31 December 2024: RMB56,478,000).

As at 30 June 2025, nil of Group's bills receivables (31 December 2024: Nil) were pledged to banks for issuance of bank acceptance bills and raising loans.

## 11 INTEREST-BEARING BORROWINGS

At 30 June 2025, interest-bearing borrowings were repayable based on scheduled repayment dates set out in the underlying loan agreements as follows:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
<b>Current</b>		
Short-term secured bank loans	124,648	155,042
Unsecured bank loans	69,516	191,618
Bank advances under discounted bills	1,078,468	495,514
Current portion of non-current secured bank loans	119,129	106,334
	<u>1,391,761</u>	<u>948,508</u>
<b>Non-current</b>		
Secured bank loans	430,931	417,659
	<u>1,822,692</u>	<u>1,366,167</u>

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

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Within 1 year	1,391,761	948,508
Over 1 year but less than 2 years	163,428	133,120
Over 2 years but less than 5 years	134,184	127,829
Over 5 years	133,319	156,710
	<u>1,822,692</u>	<u>1,366,167</u>

- (ii) The Group's interest-bearing borrowings in the amount of RMB70,500,000 (31 December 2024: RMB72,000,000) are subject to the fulfilment of financial covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. As at and during the six months ended 30 June 2025, none of these covenants related to drawn down facilities were breached.
- (iii) The secured bank loans as at 30 June 2025 bear interest at rates ranging from 2.30% to 4.20% (31 December 2024: 2.70% to 4.30%) per annum and were pledged by the following assets:

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Carrying amounts of pledged assets:		
Inventories	480,000	480,000
Property, plant and equipment	123,170	132,982
Right-of-use assets	5,838	6,058
	<u>609,008</u>	<u>619,040</u>

- (iv) Unsecured bank loans as at 30 June 2025 bear interest at rates ranging from 2.45% to 2.80% (31 December 2024: 2.50% to 3.01%) per annum.

## 12 TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Trade payable	1,548,719	1,275,642
Bills payable	389,709	479,270
Staff benefits payable	65,175	88,101
Payables for purchase of property, plant and equipment	70,474	61,599
Accrued expenses and others	50,244	63,786
<b>Financial liabilities measured at amortised cost</b>	<b>2,124,321</b>	<b>1,968,398</b>
Contract liabilities	61,751	42,999
	<u>2,186,072</u>	<u>2,011,397</u>

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

	At 30 June 2025 <i>RMB'000</i> (unaudited)	At 31 December 2024 <i>RMB'000</i> (audited)
Within 3 months	1,791,171	1,295,337
Over 3 months but within 6 months	126,145	414,162
Over 6 months but within 1 year	8,435	34,405
Over 1 year	12,677	11,008
	<u>1,938,428</u>	<u>1,754,912</u>

### 13 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 an award of the Company’s 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 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 30 June 2025, the Company has accumulatively contributed HKD72,510,000 (equivalent to RMB66,801,000) (31 December 2024: HKD65,510,000 (equivalent to RMB57,556,000)) to the Trust and the amount was recorded as “Investments in subsidiaries” in the Company’s statement of financial position.

As at 30 June 2025, the Trustee has accumulatively purchased 69,767,000 shares (31 December 2024: 59,248,000 shares) of the Company at a total cost (including related transaction costs) of HKD72,938,000 (equivalent to RMB64,667,000) (31 December 2024: HKD62,204,000 (equivalent to RMB54,760,000)).



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

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

	2025			2024		
	Average purchase price <i>HKD</i>	No. of shares held	Value <i>RMB'000</i>	Average purchase price <i>HKD</i>	No. of shares held	Value <i>RMB'000</i>
At 1 January	1.05	23,862,000	23,153	1.05	19,200,000	18,853
Shares purchased during the period/year	1.02	10,519,000	9,907	1.04	11,662,000	11,092
Shares vested during the period/year	—	—	—	—	(7,000,000)	(6,792)
At 30 June/31 December	<u>1.05</u>	<u>34,381,000</u>	<u>33,060</u>	<u>1.05</u>	<u>23,862,000</u>	<u>23,153</u>

## 14 DIVIDENDS

During the six months period ended 30 June 2025, no dividend was declared or distributed and the Directors have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2024: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### COPPER PROCESSING BUSINESS

#### Market and Industry Review

In the first half of 2025, the global economy continued its moderate recovery, with major economies mitigating the risk of stagflation through policy adjustments. However, trade tensions and geopolitical conflicts continued to introduce uncertainties. China's economy maintained steady progress, with investment growth beating expectations and the manufacturing sector accelerating its transformation and upgrading. However, domestic consumption momentum still needs a further boost.

In the first half of 2025, due to a mismatch between resource and production cycles, compounded by the amplifying effects of geopolitical risks and policy intervention, the copper concentrate market saw weak supply and demand, with spot copper concentrate treatment charges (“TC”) plunging to a record low. On the consumption side, copper demand remained stable with a slight upward trend. The driving force from new energy and photovoltaic installations sectors has significantly weakened, power infrastructure development maintained steady progress, and the real estate sector relied on policy support to mitigate its decline. The rising demand from high-end manufacturing, coupled with the development of artificial intelligent (AI) computing infrastructure and data center upgrades, not only drove copper production capacity toward high-value-added products but also significantly spurred demand for copper materials.

In the first half of 2025, the copper market was characterized by “tight ore supply and high prices”, with copper prices showing a rising trend first, and then followed by a sharp drop. The market was subject to volatility, driven by fluctuations in the ore market (with TC hitting a new low of US\$-44.73) and tariff policies. Copper prices surged in the first quarter of 2025, fueled by the tightening supply of copper ore around the globe. In late March, expectations of additional United States (“U.S.”) tariffs, combined with ongoing declines in both domestic and international inventories, pushed prices to record highs. In the first quarter of 2025, the copper prices on the Commodity Exchange, Inc. (“COMEX”) and the London Metal Exchange (“LME”) surpassed US\$11,840 per ton (equivalent to approximately US\$5.37/lb) and US\$10,164 per ton (equivalent to approximately US\$4.62/lb), respectively, and the main contract on the Shanghai Futures Exchange (“SHFE”) reached RMB83,320 per ton (equivalent to approximately US\$10,200 per ton). In April, the U.S. launched the “Section 232 Investigations” and threatened a 25% tariff, triggering market panic. The copper price on LME plummeted by 12% in April, hitting a low of US\$6,800 per ton (copper price on

the SHFE: RMB68,000 per ton). From May to June 2025, as U.S.-China trade relations temporarily eased and bolstered by the resilient demand from the new energy sector, the copper prices on the COMEX and LME rebounded to US\$9,900 to US\$10,600 per ton (equivalent to approximately US\$4.5 to US\$4.8/lb) and US\$9,400 to US\$9,800 per ton, respectively, while the copper price on the SHFE fluctuated with a range of RMB75,000 to RMB80,000 per ton (equivalent to approximately US\$9,200 to US\$9,800 per ton). In the first half of 2025, the average copper price in China's non-ferrous metals market stood at RMB77,800 per ton, representing a year-on-year increase of 4.2%, fluctuating within a range of RMB68,000 to RMB88,000 per ton.

In the first half of 2025, the end-user demand for copper plates and strips remained generally stable. Analysing by product series: in terms of red copper strips, the overall demand for red copper remained strong in the first half of 2025, but may experience marginal slowdown in the second half of 2025 due to weakened demand from household appliances and new energy sectors. In respect of brass strips, the demand for brass was significantly dragged down by the real estate and clothing auxiliaries and decoration sectors, making it one of the weakest copper categories in terms of end-user demand. As for alloy plates and strips, the growth in traditional sectors was limited, while the demand for high-end copper alloy strips shows an extremely promising growth trend, driven by the electronics and AI industries. Additionally, domestic high-end alloys are gradually replacing foreign products, becoming a new growth breakthrough in this field.

Looking forward to the second half of 2025, the copper market has strong expectations for additional domestic policy stimulus, and favorable macroeconomic conditions may provide some support for the development of the copper market. From a fundamental perspective, although the second half of 2025 will face problems such as copper oversupply, high inventories and low TC, the new energy revolution and technological upgrades will drive demand growth in the long term, leading to a rise in copper prices. The high-end copper processing (such as alloy materials) and the recycled copper industry are poised for a golden period.

## Business Review

In the first half of 2025, the Group's copper plates and strips business realised a total production output of 87,254 tons and total sales volume of 84,171 tons, representing a respective increase of 13.7% and 13.6% as compared to the total production output of 76,758 tons and total sales volume of 74,122 tons for the corresponding period in 2024. During the six months ended 30 June 2025 (“**Reporting Period**”), the Group's copper plates and strips business realised sales revenue of RMB4,387.2 million, representing an increase of 22.2% as compared to the corresponding period in 2024. In particular, revenue from the sales of copper products amounted to RMB4,213.3 million, revenue from provision of processing services amounted to RMB133.6 million, and revenue from copper trading amounted to RMB40.3 million, representing an increase of 22.6%, 3.2% and 55.6% as compared to the corresponding period in 2024, respectively. In the first half of 2025, the Group's copper business realised a net profit of RMB108.3 million, representing a decrease of 24.5% as compared to the net profit of RMB143.4 million for the corresponding period in 2024, mainly due to: (1) addition of new employees and salary adjustments, which led to an increase in labor costs; (2) the increase in depreciation costs due to acquisition of new equipment and other infrastructures; and (3) the cancellation of export tax rebate policy for some copper products by the Chinese government resulting in a decrease in the gross profit of overseas sales.

## Business Development

During the Reporting Period, in line with the annual business strategy of “consolidating foundation, deepening innovation, strengthening management and enhancing efficiency” and under the leadership of the Board and the management team, the Group carried out key initiatives in the following areas and achieved phased results, as reflected as follows:

1. The Group continued to adjust its product structure, focusing on expanding the market share of its end products in sectors such as automobiles, electronic products, semiconductors and new energy where domestic alternatives are needed. In addition, the Group has conducted more frequent research in overseas markets, providing essential support for the development of its overseas business.
2. The Group independently completed the preparation of its new five-year strategic plan. Meanwhile, it implemented an accountability mechanism for key tasks within the Group while promoting the comprehensive application of management methodologies and tools, thereby improving the efficiency of all departments.

3. The Group engaged an established global consulting firm to conduct human resources reforms across multiple dimensions. Through practical measures such as organizational restructuring, recruitment system development, optimization of the compensation and performance system, establishment of an employee support system, and further development of the three pillars of human resources, the Group gradually broke through the bottleneck of personnel management and achieved its expected goals.
4. The Group took the initiative to complete approved national, provincial, and municipal government projects while actively practicing environmental, social and governance concepts. In its first participation, the Group received a Bronze Medal rating by EcoVadis, a globally recognised sustainability platform, marking a successful step surpassing the threshold of overseas markets and recognition from international customers.
5. The Group focused on reducing energy costs and achieved cost efficiency by participating in electricity trading, leveraging its advantages of energy storage, retrofitting electric motors with high energy consumption, and controlling electricity consumption per ton.

## **Outlook**

In the second half of 2025, with the emerging advantages of the Group's specialized production model and the continuous improvement of management level, together with the concerted efforts of the Board and all employees, the Group has the ability to cope with various unknown challenges and is confident in overcoming various difficulties to achieve all established targets with a firm commitment.

## **GAMING BUSINESS**

During the six months ended 30 June 2025, the Group's gaming business realised a total revenue of RMB1.6 million and a net loss of RMB2.1 million, as compared to a total revenue of RMB2.8 million and a net loss of RMB2.3 million for the corresponding period in 2024. The loss was mainly due to the decline in revenue from existing gaming products. Looking forward to the second half of 2025, the Group's gaming business will continue efforts to increase revenue from new products.

## **FINANCIAL REVIEW**

### **Revenue and gross profit**

The Group recorded a total sales revenue of RMB4,388.8 million in the Reporting Period, which increased by 22.1% as compared with that of the corresponding period in 2024.

The Group's copper business achieved a total revenue of RMB4,387.2 million for the six months ended 30 June 2025, representing an increase of 22.2% as compared with RMB3,590.7 million of the corresponding period in 2024. Revenue generated from the sales of high precision copper plates and strips, provision of processing services, and trading of raw materials amounted to RMB4,213.3 million, RMB133.6 million and RMB40.3 million respectively (six months ended 30 June 2024: RMB3,435.3 million, RMB129.5 million and RMB25.9 million respectively). For the six months ended 30 June 2025, 96.0%, 3.0% and 1.0% of total revenue were derived from the sales of high precision copper plates and strips, provision of processing services, and trading of raw materials respectively (six months ended 30 June 2024: 95.7%, 3.6% and 0.7% respectively). For the six months ended 30 June 2025, sales volume of high precision copper plates and strips, provision of processing services, and trading of raw material were 59,161 tons, 25,010 tons and 2,301 tons respectively, representing 68.4%, 28.9% and 2.7% of the total sales volume respectively.

The Group's online gaming business achieved a revenue of RMB1.6 million for the six months ended 30 June 2025, representing 0.04% of the total revenue of the Group (six months ended 30 June 2024: RMB2.8 million).

The overall gross margin of the Group's copper business for the Reporting Period decreased to 8.6% from 12.0% of the corresponding period in 2024, which was mainly due to the following reasons: (1) the decrease in processing service revenue per ton as compared with the corresponding period in 2024; (2) the cancellation of export tax rebate policy for some copper products by the Chinese government resulting in a decrease in the gross margin of overseas sales; and (3) the rise in raw material prices resulting in a decrease in the gross margin for selling of high precision copper plates and strips as compared with the corresponding period in 2024.

### **Other income**

During the six months ended 30 June 2025, the Group's other income amounted to RMB50.4 million, representing an increase of RMB23.6 million as compared with that of RMB26.8 million of the corresponding period in 2024. This was mainly because a PRC subsidiary of the Company received compensation for equipment quality deficiency in 2025.

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

For the six months ended 30 June 2025, the Group recorded RMB44.3 million in other losses, representing a decrease of RMB23.2 million as compared with that of RMB67.5 million for the corresponding period in 2024. This was mainly due to the decrease in a net loss on metal future contracts.

### **Distribution expenses**

For the six months ended 30 June 2025, the ratio of distribution expenses to revenue increased to 0.9% as compared with 0.7% of the corresponding period in 2024. This was mainly due to the increase in freight.

### **Administrative expenses**

For the six months ended 30 June 2025, the Group's administrative expenses increased by 27.4% to RMB213.3 million from RMB167.4 million in the corresponding period in 2024, which was attributable to an increase in research and development ("R&D") expenses.

### **Net finance costs**

For the six months ended 30 June 2025, the Group recorded RMB5.9 million in net finance costs, representing a decrease of RMB6.3 million as compared with that of RMB12.2 million for the corresponding period in 2024. This was mainly due to the decrease in net foreign exchange losses.

### **Income tax**

For the six months ended 30 June 2025, the Group's income tax expenses was RMB20.6 million (six months ended 30 June 2024: RMB42.5 million). The Group's consolidated effective tax rate for the six months ended 30 June 2025 was 16% (six months ended 30 June 2024: 23%). The decrease in the effective tax rate was mainly due to the increase in the estimated additional deduction for qualified R&D expenses.

### **Profit attributable to the shareholders of the Company**

The profit attributable to shareholders of the Company for the six months ended 30 June 2025 amounted to RMB106.1 million, representing a decrease of RMB34.8 million as compared with that of RMB140.9 million of the corresponding period in 2024.

### **Liquidity financial resources and capital structure**

As at 30 June 2025, the Group recorded net current assets of RMB1,270.0 million (31 December 2024: RMB1,195.4 million), which was primarily because the Group had more restricted bank deposits and cash and cash equivalents as compared with that as at 31 December 2024.



As a percentage of total interest-bearing borrowings, short-term interest-bearing borrowings represented 76.4% as at 30 June 2025 (31 December 2024: 69.4%). As at the date of this announcement, the Group had not experienced any difficulty in raising funds by securing and rolling over the 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 net cash inflows from operating activities. Also, the Group has good credit standing and relationships with principal lending banks and possesses available undrawn banking facilities of RMB3,043.1 million that will not expire within 12 months from 30 June 2025 (including long term loan facilities amounting to RMB1,300.8 million effective until 2034) and cash at banks of RMB1,866.9 million (comprised of restricted bank deposits of RMB1,060.7 million, bank deposits with original maturity over three months of RMB105.9 million and cash and cash equivalents of RMB700.3 million) respectively. Based on previous experience and the Group's relationships with its principal lending banks, the Board believes that the Group can roll over the existing short-term bank borrowings upon maturity in the coming year. The Board is confident that the Group has adequate financial resources to sustain its working capital requirements and meet its foreseeable debt repayment requirements.

As at 30 June 2025, the Group had outstanding bank loans and other borrowings of approximately RMB1,391.8 million (31 December 2024: RMB948.5 million), which shall be repaid within 1 year. As at 30 June 2025, 37.0% (31 December 2024: 49.7%) of the Group's debts was on a secured basis.

The gearing ratio as at 30 June 2025 was 39.9% (31 December 2024: 34.8%), which is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all interest-bearing borrowings, lease liabilities and bills payable as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Company as shown in the consolidated statement of financial position plus net debt.

### **Charge on assets**

As at 30 June 2025, the Group pledged assets with an aggregate carrying value of RMB609.0 million (31 December 2024: RMB619.0 million) to secure bank loans and facilities of the Group.

### **Capital expenditure**

For the six months ended 30 June 2025, the Group has invested approximately RMB78.0 million (six months ended 30 June 2024: RMB115.4 million) in purchase of property, plant and equipment. These capital expenditures were largely financed by internal resources and bank borrowings.



## **Capital commitments**

As at 30 June 2025, future capital expenditures, for which the Group had contracted but not provided for, amounted to RMB114.0 million (31 December 2024: RMB152.9 million), which are mainly for plant construction and capacity expansion of the Group's copper processing business.

## **Contingent liabilities**

As at 30 June 2025, the Group did not have any significant contingent liabilities.

## **MARKET RISK**

The Group is exposed to various types of market risks, including price risk, interest rate risk and foreign exchange risk.

### **Price risk**

The Group is exposed to raw material price fluctuations. Cathode copper, alloy trimmings, zinc, tin, nickel and other metals are the principal raw materials used in the production of the Group's products. The Group had made such purchases at market prices. In addition, sales of all products of the Group were on market prices, which might fluctuate and were beyond the Group's control. Therefore, fluctuations in the prices of raw materials may have adverse effect on the results of the Group's operations.

The Group uses its copper futures contracts in SHFE and LME to hedge against fluctuations in copper price. The Group recorded a net loss on metal future contracts of approximately RMB37.4 million for the six months ended 30 June 2025, which was RMB60.5 million in the corresponding period in 2024. The net loss of future contracts is mainly due to the Group had a net short position of copper future contracts to hedge against the price risks of the physical copper inventory held by the Group.

### **Interest rate risk**

Except for short-term deposits, the Group has no significant interest-bearing assets. Therefore, the Group's income and operating cash flows are, to a large extent, independent of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to fluctuations in interest rates on bank borrowings. The Group's exposure to debt is used for general corporate purposes, including capital expenditures and working capital needs. The Group's bank borrowings bear interest rates that are subject to adjustment by lenders in accordance with changes of the relevant regulations of the People's Bank of China ("PBOC"). The Group's financing costs will increase when the PBOC raises interest rates. Fluctuations in interest rates will affect the cost of undertaking new debts. The Group had not entered into any interest rate swaps to hedge against exposure to interest rate risk.

## Foreign exchange risk

The Group's export sales and certain parts of the purchase of raw materials were denominated in foreign currencies, primarily U.S. dollars. Therefore, the Group has exposure for foreign exchange risks and the Group uses foreign exchange option contracts to hedge its foreign exchange risks. For the Reporting Period, the Group recorded net foreign exchange gains of RMB0.4 million, while recording net foreign exchange losses of RMB5.4 million in the corresponding period in 2024. Meanwhile, the Group recorded a net gain of RMB0.1 million from foreign exchange option contracts during the Reporting Period, while recording a net loss of RMB0.1 million from foreign exchange forward contracts and swap contracts in the corresponding period in 2024.

## EMPLOYEES

As at 30 June 2025, the total number of the Group's employees was 1,868 (31 December 2024: 1,757). Remuneration policies are reviewed periodically to ensure that the Group is offering competitive employment packages to employees. The employees' benefits include salaries, pensions, medical insurance scheme and other applicable social insurance. Also, share options may be granted and shares may be awarded to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company and share award scheme adopted by the Board respectively. Promotion and salary increments are assessed in accordance with performance. The Group's business growth depends on its employees' skills and contributions. The Group recognises the importance of human resources in a highly competitive industry and has devoted resources for training its employees. The Group has established an annual training program for employees so that new employees can master the basic skills required to perform their duties, and existing employees can enhance or upgrade their skills.

## SHARE OPTION SCHEME AND SHARE AWARD SCHEME

The Company adopted a share option scheme on 1 December 2007 (the “**2007 Share Option Scheme**”) which was terminated by shareholders at the extraordinary general meeting of the Company held on 27 May 2016. No further options should thereafter be granted under the 2007 Share Option Scheme. Details of 2007 Share Option Scheme were set out in the published annual report of the Company for the year ended 31 December 2015.

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

During the Reporting Period, no options were granted, exercised, lapsed, cancelled or outstanding under the 2016 Share Option Scheme.

The Board of the Company also adopted the Share Award Scheme on 18 April 2016. Details of the Share Award Scheme are set out in note 13 of the notes to the unaudited interim financial results in this announcement.

The principal terms of the 2016 Share Option Scheme and the Share Award Scheme were set out in the published annual report of the Company for the year ended 31 December 2024.

## **AUDIT COMMITTEE**

The audit committee of the Board of the Company has reviewed with management the accounting policies and practices adopted by the Group and discussed the financial reporting matters including the review of the interim results and the interim report for the period under review prepared in accordance with relevant accounting standards.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has complied with the applicable code provisions set out in the part 2 of the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) throughout the Reporting Period.

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

The Board of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”). Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

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

The Trustee of the Share Award Scheme (as defined in note 13 of the notes to the unaudited interim financial results in this announcement), pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 10,519,000 shares of the Company at a total consideration of HKD10,734,000 (equivalent to RMB9,907,000) for the six months ended 30 June 2025.

Except for the purchase of shares under the Share Award Scheme mentioned above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including any treasury shares as defined under the Listing Rules) of the Company for the six months ended 30 June 2025.

## **INTERIM DIVIDEND**

The Board of the Company did not declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

The Group does not have any material subsequent event after the Reporting Period and up to the date of this announcement.

## **PUBLICATION OF 2025 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the Company's website ([www.xingyealloy.com](http://www.xingyealloy.com)) and the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's 2025 interim report will be made available on the websites of the Company and Hong Kong Exchanges and Clearing Limited 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, 29 August 2025

*As at the date of this announcement, the executive Directors of the Company are Mr. HU Changyuan, Mr. HU Minglie and Mr. ZHU Wenjun; and the independent non-executive Directors of the Company are Mr. CHAI Chaoming, Dr. LOU Dong, Ms. LU Hong and Ms. ZHAO Yan.*