Xingye Alloy Materials Group Limited
興業合金材料集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 00505

2025
INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. HU Changyuan *(Chairman)*
Mr. HU Minglie *(Chief Executive Officer)*
Mr. ZHU Wenjun

Independent Non-Executive Directors

Mr. CHAI Chaoming
Dr. LOU Dong
Ms. LU Hong
Ms. ZHAO Yan

Audit Committee

Mr. CHAI Chaoming *(Chairman)*
Ms. LU Hong
Dr. LOU Dong

Remuneration Committee

Dr. LOU Dong *(Chairman)*
Ms. LU Hong
Mr. ZHU Wenjun

Nomination Committee

Mr. CHAI Chaoming *(Chairman)*
Ms. LU Hong
Dr. LOU Dong

Environmental, Social and Governance Committee (established on 29 August 2025)

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

COMPANY SECRETARY

Ms. MUI Ngar May, Joel

AUTHORISED REPRESENTATIVES

Mr. ZHU Wenjun
Ms. MUI Ngar May, Joel

PRINCIPAL LEGAL ADVISORS

P.R.C. & Hong Kong

Zhong Lun Law Firm/Zhong Lun Law Firm LLP

Cayman Islands

Conyers Dill & Pearman, Cayman

AUDITORS

KPMG
Public Interest Entity Auditor
registered in accordance
with the Financial Reporting
Council Ordinance

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Hong Kong

Flat 11, 11/F., Hung Tai Industrial Building
37-39 Hung To Road, Kwun Tong
Kowloon, Hong Kong

PRC (Copper Business)

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

PRC (Online Gaming Business)

No. 31, Jiaan Road
Shenzhen
Guangdong Province
518066, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
P.O. Box 705
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank
Bank of China

COMPANY WEBSITE

www.xingyealloy.com

STOCK CODE

505

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2025 (unaudited)

		Six months ended 30 June	
		2025	2024
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**4,388,782**	3,593,506
Cost of sales		**(4,010,742)**	(3,163,410)
Gross profit		**378,040**	430,096
Other income		**50,403**	26,754
Distribution expenses		**(38,101)**	(26,039)
Administrative expenses		**(213,327)**	(167,448)
Other gains and losses, net	*5*	**(44,292)**	(67,451)
Profit from operations		**132,723**	195,912
Finance income		**13,711**	15,491
Finance costs		**(19,646)**	(27,740)
Net finance costs	*6(a)*	**(5,935)**	(12,249)
Profit before taxation		**126,788**	183,663
Income tax	*7*	**(20,623)**	(42,528)
Profit for the period		**106,165**	141,135
Attributable to:			
Equity shareholders of the Company		**106,128**	140,937
Non-controlling interests		**37**	198
Profit for the period		**106,165**	141,135
Earnings per share			
– Basic *(RMB cents)*	*8(a)*	**12.16**	15.97
– Diluted *(RMB cents)*	*8(b)*	**12.16**	15.97

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025 (unaudited)

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Profit for the period	**106,165**	141,135
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**(24,978)**	3,116
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of the Company's subsidiaries outside mainland China	**23,527**	(2,908)
Other comprehensive income for the period	**(1,451)**	208
Total comprehensive income for the period	**104,714**	141,343
Attributable to:		
Equity shareholders of the Company	**104,677**	141,145
Non-controlling interests	**37**	198
Total comprehensive income for the period	**104,714**	141,343

Consolidated Statement of Financial Position

As at 30 June 2025 (unaudited)

	Note	At 30 June 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Non-current assets			
Property, plant and equipment	*9*	**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
		1,504,271	1,471,454
Current assets			
Inventories	*10*	**1,831,574**	1,548,355
Trade and other receivables	*11*	**1,186,612**	1,019,967
Derivative financial instruments		**–**	8,301
Restricted bank deposits	*12*	**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
		4,885,098	4,202,613
Current liabilities			
Derivative financial instruments		**12,475**	697
Interest-bearing borrowings	*13*	**1,391,761**	948,508
Trade and other payables	*14*	**2,186,072**	2,011,397
Lease liabilities		**28**	27
Income tax payable		**24,785**	46,581
		3,615,121	3,007,210
Net current assets		**1,269,977**	1,195,403
Total assets less current liabilities		**2,774,248**	2,666,857

Consolidated Statement of Financial Position (Continued)

As at 30 June 2025 (unaudited)

	Note	At 30 June 2025 *RMB'000*	At 31 December 2024 *RMB'000*
Non-current liabilities			
Interest-bearing borrowings	*13*	**430,931**	417,659
Lease liabilities		**29**	43
Deferred income		**58,314**	59,988
Deferred tax liabilities		**6,000**	6,000
		495,274	483,690
NET ASSETS		**2,278,974**	2,183,167
CAPITAL AND RESERVES	*15*		
Share capital		**80,774**	80,774
Reserves		**2,193,959**	2,099,189
Total equity attributable to equity shareholders of the Company		**2,274,733**	2,179,963
Non-controlling interests		**4,241**	3,204
TOTAL EQUITY		**2,278,974**	2,183,167

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 (unaudited)

		Attributable to equity shareholders of the Company										
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	PRC statutory reserve *RMB'000*	Translation reserve *RMB'000*	Treasury shares held for the Share Award Scheme *RMB'000*	Share-based compensation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2025		**80,774**	**354,133**	**258,060**	**121,764**	**(12,296)**	**(23,153)**	**–**	**1,400,681**	**2,179,963**	**3,204**	**2,183,167**
Profit for the period		–	–	–	–	–	–	–	106,128	106,128	37	106,165
Other comprehensive income		–	–	–	–	(1,451)	–	–	–	(1,451)	–	(1,451)
Total comprehensive income for the period		–	–	–	–	(1,451)	–	–	106,128	104,677	37	104,714
Share Award Scheme:												
– Treasury shares held for the Share Award Scheme	*17*	–	–	–	–	–	(9,907)	–	–	(9,907)	–	(9,907)
Capital injection from a non-controlling shareholder of a subsidiary		–	–	–	–	–	–	–	–	–	1,000	1,000
As at 30 June 2025		**80,774**	**354,133**	**258,060**	**121,764**	**(13,747)**	**(33,060)**	**–**	**1,506,809**	**2,274,733**	**4,241**	**2,278,974**

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2025 (unaudited)

		Attributable to equity shareholders of the Company										
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	PRC statutory reserve *RMB'000*	Translation reserve *RMB'000*	Treasury shares held for the Share Award Scheme *RMB'000*	Share-based compensation reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 1 January 2024		80,774	354,133	258,060	83,529	(13,014)	(18,853)	165	1,216,867	1,961,661	2,990	1,964,651
Profit for the period		–	–	–	–	–	–	–	140,937	140,937	198	141,135
Other comprehensive income		–	–	–	–	208	–	–	–	208	–	208
Total comprehensive income for the period		–	–	–	–	208	–	–	140,937	141,145	198	141,343
Profit appropriation to reserve		–	–	–	29,412	–	–	–	(29,412)	–	–	–
Withdrawal staff bonus and welfare fund		–	–	–	–	–	–	–	(14,706)	(14,706)	–	(14,706)
Dividend paid to a non-controlling shareholder of a subsidiary		–	–	–	–	–	–	–	–	–	(500)	(500)
Capital injection from a non-controlling shareholder of a subsidiary		–	–	–	–	–	–	–	–	–	500	500
Share Award Scheme:												
– Treasury shares held for the Share Award Scheme	*17*	–	–	–	–	–	(5,271)	–	–	(5,271)	–	(5,271)
– Shares granted from the Share Award Scheme	*17*	–	–	–	–	–	–	3,343	–	3,343	–	3,343
As at 30 June 2024		80,774	354,133	258,060	112,941	(12,806)	(24,124)	3,508	1,313,686	2,086,172	3,188	2,089,360

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025 (unaudited)

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Operating activities		
Cash used in operations	**(219,979)**	(273,510)
Tax paid	**(46,884)**	(29,333)
Net cash used in operating activities	**(266,863)**	(302,843)
Investing activities		
Payment for the purchase of property, plant and equipment and right-of-use assets	**(78,011)**	(115,372)
Other cash flows arising from investing activities	**69,844**	38,170
Net cash used in investing activities	**(8,167)**	(77,202)
Financing activities		
Proceeds from interest-bearing borrowings	**1,360,996**	1,692,980
Repayment of interest-bearing borrowings	**(904,695)**	(933,602)
Change in pledged deposits	**(152,818)**	(91,676)
Capital element of lease rentals paid	**(15)**	(184)
Payment for purchase of shares in connection with the Share Award Scheme	**(9,907)**	(5,271)
Capital injection from a non-controlling shareholder of a subsidiary	**1,000**	–
Net cash generated from financing activities	**294,561**	662,247
Net increase in cash and cash equivalents	**19,531**	282,202
Cash and cash equivalents at 1 January	**681,211**	418,750
Effect of movements in exchange rates on cash held	**(469)**	(21)
Cash and cash equivalents at 30 June	**700,273**	700,931

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2025

1 REPORTING ENTITY AND BACKGROUND INFORMATION

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

The interim financial report as at and for the six months ended 30 June 2025 comprises the Company and its subsidiaries (together referred to as the "**Group**"). 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 Company's interim financial report 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 report 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.

This interim financial report 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:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of IFRS15		
Disaggregated by major products or service lines:		
Copper products related:		
– Sales of high precision copper plates and strips	**4,213,297**	3,435,293
– Processing service fees	**133,634**	129,539
– Trading of raw materials	**40,272**	25,886
	4,387,203	3,590,718
Online games related:		
– Publishing and operating online games	**1,579**	2,788
	1,579	2,788
	4,388,782	3,593,506
Disaggregated by timing of revenue recognition:		
– Point in time	**4,387,203**	3,590,718
– Over time	**1,579**	2,788
	4,388,782	3,593,506
Disaggregated by geographical location of customers:		
– Chinese Mainland	**3,948,998**	3,187,147
– Taiwan, China	**73,638**	106,194
– Vietnam	**48,458**	15,524
– Singapore	**47,041**	51,596
– India	**46,386**	31,764
– Thailand	**23,368**	14,951
– The United States of America	**19,638**	7,079
– Malaysia	**16,241**	9,171
– Bangladesh	**15,016**	29,564
– Other locations	**149,998**	140,516
	4,388,782	3,593,506

4 REVENUE AND SEGMENT REPORTING (continued)

(a) Disaggregation of revenue (continued)

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

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

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income from bank deposits	**13,190**	15,491
Net foreign exchange gains	**419**	–
Gains from foreign exchange option contracts	**102**	–
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
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	**(5,935)**	(12,249)

* 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
	RMB'000	*RMB'000*
	(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
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
Provision for the period	**23,612**	42,552
Under-provision in respect of prior years	**1,476**	2,931
	25,088	45,483
Deferred tax		
Origination and reversal of temporary differences	**(4,465)**	(2,955)
	20,623	42,528

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 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with a cost of RMB136,655,000 in total (six months ended 30 June 2024: RMB105,247,000). Items of property, plant and equipment with a net book value of RMB4,001,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB648,000), resulting in gain of RMB634,000 on disposal (six months ended 30 June 2024: loss of RMB491,000).

10 INVENTORIES

	At 30 June 2025 *RMB'000* **(unaudited)**	At 31 December 2024 *RMB'000* (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
	1,831,574	1,548,355

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 13(iii)).

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2025 *RMB'000* (unaudited)	At 31 December 2024 *RMB'000* (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
Financial assets measured at amortised cost	**1,086,907**	935,875
VAT recoverable	**65,057**	43,296
Prepayments	**34,648**	40,796
	1,186,612	1,019,967

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

As at 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.

11 TRADE AND OTHER RECEIVABLES (continued)

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts is as follows:

	At 30 June 2025 ***RMB'000*** **(unaudited)**	At 31 December 2024 *RMB'000* (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
	996,487	855,513

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.

12 RESTRICTED BANK DEPOSITS

	At 30 June 2025 ***RMB'000*** **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Guarantee deposits for issuance of commercial bills	**1,051,479**	749,998
Others	**9,237**	16,757
	1,060,716	766,755

13 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	At 31 December 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current		
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
	1,391,761	948,508
Non-current		
Secured bank loans	**430,931**	417,659
	1,822,692	1,366,167

13 INTEREST-BEARING BORROWINGS (continued)

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

	At 30 June 2025 *RMB'000* (unaudited)	At 31 December 2024 *RMB'000* (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
	1,822,692	1,366,167

(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 *RMB'000* (unaudited)	At 31 December 2024 *RMB'000* (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
	609,008	619,040

(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.

14 TRADE AND OTHER PAYABLES

	At 30 June 2025 *RMB'000* (unaudited)	At 31 December 2024 *RMB'000* (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
Financial liabilities measured at amortised cost	**2,124,321**	1,968,398
Contract liabilities	**61,751**	42,999
	2,186,072	2,011,397

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 *RMB'000* (unaudited)	At 31 December 2024 *RMB'000* (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
	1,938,428	1,754,912

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

During the period ended 30 June 2025, no dividend was declared or distributed and the Directors of the Company have determined that no dividend will be paid in respect of the interim period.

(b) Share capital

Authorised

	30 June 2025		31 December 2024	
	Number of shares (unaudited)	Amount *HKD'000* (unaudited)	Number of shares (audited)	Amount *HKD'000* (audited)
Ordinary shares of HKD0.1 each	**5,000,000,000**	**500,000**	5,000,000,000	500,000

Ordinary shares issued and fully paid

	30 June 2025			31 December 2024		
	Number of shares *'000* (unaudited)	Amount *HKD'000* (unaudited)	Equivalent *RMB'000* (unaudited)	Number of shares *'000* (audited)	Amount *HKD'000* (audited)	Equivalent *RMB'000* (audited)
At 1 January	**899,559**	**89,959**	**80,774**	899,559	89,959	80,774
At 30 June/31 December	**899,559**	**89,959**	**80,774**	899,559	89,959	80,774

15 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all interest-bearing borrowings, lease liabilities and bills payable as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Company as shown in the consolidated statement of financial position plus net debt. The Group may adjust the amount of dividends paid to equity shareholders, issue new shares, return capital to shareholders or sell assets to reduce debt.

The Group's gearing ratio at the end of the current and previous reporting periods was as follows:

	30 June 2025	31 December 2024
Gearing ratio	**39.93%**	34.81%

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2025	Fair value measurements as at 30 June 2025 categorised into		
		Level 1	Level 2	Level 3
	RMB'000 (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)
Liabilities:				
Derivative financial instruments:				
– Metal future contracts	**(12,475)**	**(12,475)**	**–**	**–**

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) ***Fair value hierarchy*** *(continued)*

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

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of contingent consideration receivables is estimated as being the present value of future cash flows, applying a risk-adjusted discount rate.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at the end of reporting period.

17 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 number of shares of the Company in issue 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 *HKD*	**No. of shares held**	**Value** *RMB'000*	Average purchase price *HKD*	No. of shares held	Value *RMB'000*
At 1 January	**1.05**	**23,862,000**	**23,153**	1.05	19,200,000	18,853
Shares purchased during the 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	**1.05**	**34,381,000**	**33,060**	1.05	23,862,000	23,153

18 COMMITMENTS

Capital commitments in respect of acquisition of property, plant and equipment at the end of the reporting period not provided for in the consolidated financial statements were as follows:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Contracted for	**113,958**	152,932

19 KEY MANAGEMENT PERSONNEL REMUNERATIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors of the Group. The key management personnel remunerations are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Short-term employee benefits	**4,517**	3,462
Equity-settled share-based payments	**–**	2,388
Post-employee benefits	**53**	33
	4,570	5,883

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 2025, 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 2025, 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 report, 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.

SIGNIFICANT INVESTMENTS

As at 30 June 2025, the Group had no significant investment with a value of 5% or more of the Group's total assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other future plans for material investments or capital assets as at 30 June 2025.

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.

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 interim report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**"), which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 of the Listing Rules, were as follows:

Interest in Long Position in Shares of HK$0.10 each and Underlying Shares of the Company

Name of Directors	Capacity/Nature of Interest	Number of Shares held	Number of Underlying Shares held	Approximate percentage of shareholding (Note 1)
HU Changyuan	Founder of a discretionary trust/ other Interest	274,200,000 (Note 2)	–	30.48%
	Interest of a controlled corporation/ corporate interest	13,213,000 (Note 3)	–	1.47%
	Beneficial owner/personal Interest	7,200,000	–	0.80%
HU Minglie	Beneficial owner/personal Interest	10,603,000	–	1.18%
ZHU Wenjun	Beneficial owner/personal interest	2,550,000	–	0.28%
CHAI Chaoming	Beneficial owner/personal Interest	434,000	–	0.05%
LOU Dong	Beneficial owner/personal interest	300,000	–	0.03%
LU Hong	Beneficial owner/personal Interest	500,000	–	0.06%

Notes:

1. The percentages are calculated based on the total issued shares of 899,558,173 as at 30 June 2025.

2. These 274,200,000 shares were held by Luckie Strike Limited and Come Fortune International Limited which were wholly owned by Dynamic Empire Holdings Limited as at 30 June 2025. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust which was founded by Mr. HU Changyuan. Mr. HU was deemed to be interested in these shares by virtue of the SFO.

3. These 13,213,000 shares were held by Regency Success Limited, which is 100% controlled by Mr. HU Changyuan. Mr. HU was deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executive of the Company held or was deemed to hold any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (as defined in the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were required to be recorded in the register required to be kept pursuant to section 352 of the SFO, or is otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS FOR ACQUISITION OF SHARES OR DEBENTURES

Other than disclosed in the paragraphs headed "Share Option Scheme" and "Share Award Scheme" below, at no time during the Reporting Period were the Company or its subsidiaries parties to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the chief executive of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME

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

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

The number of share options available for grant under the 2016 Share Option Scheme as at 1 January 2025 and 30 June 2025 was 81,111,595 shares of the Company.

The Company has not granted any options since adoption of the 2016 Share Option Scheme. During the Reporting Period, no options were granted, exercised, lapsed, cancelled or outstanding under the 2016 Share Option Scheme and therefore, no shares of the Company are expected to be issued in relation to the options, and the proportion of such shares divided by the weighted average number of shares of the Company in issue for the six months ended 30 June 2025 would be nil.

SHARE AWARD SCHEME

As announced by the Company on 18 April 2016, the Board resolved to adopt a share award scheme (the "**Share Award Scheme**") on 18 April 2016 (the "**Adoption Date**").

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

The number of new shares to be issued for satisfying the awards available for grant under the Share Award Scheme as at 1 January 2025 and 30 June 2025 was 16,222,319 shares of the Company.

During the six months ended 30 June 2025, no new shares were subscribed by the Trustee, a total of 10,519,000 shares of the Company were acquired by the Trustee pursuant to the rules and trust deed of the Share Award Scheme, no shares were granted to the selected employee(s), and no shares were vested, lapsed, cancelled or outstanding under the Share Award Scheme and therefore, no shares of the Company are expected to be issued in relation to the share awards, and the proportion of such shares divided by the weighted average number of shares of the Company in issue for the six months ended 30 June 2025 would be nil. Accordingly, since the Adoption Date and up to 30 June 2025, there were 34,381,000 shares held in trust under the Share Award Scheme.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, the following persons or corporations (other than the Directors' interests disclosed in the section headed "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures") had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or notified to the Company:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Number of Underlying Shares	Approximate percentage of shareholding (Note 1)
Luckie Strike Limited	Beneficial owner/Beneficial interest	110,000,000 (L)	–	12.23%
Come Fortune International Limited	Beneficial owner/Beneficial interest	164,200,000 (L)	–	18.25%
Dynamic Empire Holdings Limited (Note 2)	Interest of a controlled corporation/Corporate interest	274,200,000 (L)	–	30.48%
Zedra Trust Company (Singapore) Limited (Note 2)	Trustee (other than a bare trustee)/ Other Interest	274,200,000 (L)	–	30.48%
Zedra Malta Limited (Note 3)	Interest of a controlled corporation/Corporate interest	274,200,000 (L)	–	30.48%
Zedra Holding SA (Note 3)	Interest of a controlled corporation/Corporate interest	274,200,000 (L)	–	30.48%
Zedra SA (Note 3)	Interest of a controlled corporation/Corporate interest	274,200,000 (L)	–	30.48%
Yu Yuesu (Note 4)	Interest of spouse/Family interest	294,613,000 (L)	–	32.75%
bostone Group Limited (Note 5)	Beneficial owner/Beneficial interest	164,812,000 (L)	–	18.32%
Xie Shicai (Note 5)	Interest of a controlled corporation/Corporate interest	206,930,000 (L)	–	23.00%
Ma Jiafeng (Note 5)	Interest of a controlled corporation/Corporate interest	206,930,000 (L)	–	23.00%

The letter "S" denotes a short position in the share

The letter "L" denotes a long position in the share

Notes:

1. The percentages are calculated based on the total issued shares of 899,558,173 as at 30 June 2025.

2. The shares were held by Luckie Strike Limited and Come Fortune International Limited which were wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust, the trustee of which was Zedra Trust Company (Singapore) Limited. Dynamic Empire Holdings Limited was deemed to be interested in all the shares in which each of Luckie Strike Limited and Come Fortune International Limited was interested by virtue of the SFO. Zedra Trust Company (Singapore) Limited was deemed to be interested in all the shares in which Dynamic Empire Holdings Limited was interested by virtue of the SFO. The shares registered in the name of Luckie Strike Limited and Come Fortune International Limited were also disclosed as the interest of Mr. HU Changyuan in the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures" above.

3. Zedra SA, through its 100% controlled corporations (including Zedra Holding SA and Zedra Malta Limited), is interested in 274,200,000 shares which were held by Zedra Trust Company (Singapore) Limited as trustee as referred to note 2 above. Zedra Trust Company (Singapore) Limited was indirectly wholly owned by Zedra SA. Each of Zedra SA, Zedra Holding SA and Zedra Malta Limited was deemed to be interested in all the shares in which Zedra Trust Company (Singapore) Limited was interested by virtue of the SFO.

4. Ms. YU Yuesu was deemed to be interested in these shares under the SFO by virtue of being the spouse of Mr. HU Changyuan.

5. As per the notifications filed by Ms. MA Jiafeng ("**Ms. Ma**") and Mr. XIE Shicai ("**Mr. Xie**") respectively, on 2 March 2022, these 206,930,000 shares comprised (i) 164,812,000 shares held by bostone Group Limited, which in turn beneficially owned by Ms. Ma as to 65.67% and by Mr. Xie as to 34.33% respectively; and (ii) 42,118,000 shares held by Hong Kong Nes International New Energy Limited, which in turn beneficially owned by Mr. Xie as to 34.93%. Both Ms. Ma and Mr. Xie were deemed to be interested in the above shares by virtue of the SFO. To the best knowledge of the Directors, Mr. Xie is the ultimate controlling shareholder of Ningbo Boway Alloy Materials Company Limited, a listed company in Shanghai Stock Exchange (Stock Code: 601137.SH). Ms. Ma is the spouse of Mr. Xie. Ningbo Boway Alloy Materials Company Limited manufactures and sells high-performance, high-precision, non-ferrous alloy bars, wires and plate-strips, and is a direct competitor of the Group's copper processing business.

Save as disclosed herein, as at 30 June 2025, so far as the Directors are aware, there were no other person, other than the Directors and chief executive of the Company as disclosed above, who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

The audit committee of the Board of the Company has reviewed with the 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 Reporting Period 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 Listing Rules throughout the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Board of the Company has adopted 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, 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 (for the six months ended 30 June 2024: Nil).

CHANGES OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

To the best of the Directors' knowledge, there is no change of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the disclosure made in the annual report of the Company for the year ended 31 December 2024 up to the date of this interim report.

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

Hong Kong, 29 August 2025