Hebei Yichen Industrial Group Corporation Limited*
河北翼辰實業集團股份有限公司

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

(Stock Code: 1596)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

UNAUDITED INTERIM RESULTS

The board of directors (the "**Board**") of Hebei Yichen Industrial Group Corporation Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**period under review**") (all amounts in RMB'000 unless otherwise stated), together with comparative figures as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

			For the six months ended 30 June	
			2026	2025
			RMB('000)	*RMB('000)*
		Notes	**(Unaudited)**	(Unaudited)
I.	**Total operating revenue**	*8*	**417,779**	477,143
II.	**Total operating cost**		**408,542**	434,715
	Including: Operating cost	*8*	**333,562**	350,358
	Taxes and surcharges		**5,044**	6,938
	Selling expenses		**9,540**	10,156
	Management expenses		**42,285**	44,013
	Research and development expenses		**12,793**	14,646
	Finance costs		**5,318**	8,604
	Including: Finance expenses		**5,283**	8,940
	Interest income		**1,009**	627
	Add: Other income		**590**	1,601
	Investment gains/(losses)	*9*	**23,814**	16,041
	Including: Gains on investments in associates and joint ventures		**23,814**	16,041
	Gains/(losses) on derecognition of financial assets measured at amortised cost		**–**	–
	Gains/(losses) from changes in fair value		**–**	–
	Loss on credit impairment		**(12,541)**	822
	Impairment loss of assets		**(10,104)**	(7,280)
III.	**Operating profits/(losses)**		**10,996**	53,612
	Add: Non-operating incomes		**39**	21
	Less: Non-operating expenses		**256**	28
IV.	**Total profit/(loss)**		**10,779**	53,605
	Less: Income tax expenses	*10*	**(2,432)**	4,934

CONSOLIDATED INCOME STATEMENT (Continued)
For the six months ended 30 June 2026

	Note	For the six months ended 30 June **2026** *RMB('000)* (Unaudited)	2025 *RMB('000)* (Unaudited)
V. Net profit/(net loss)		**13,211**	48,671
(I) Classified according to continuity:			
1. Net profit/(net loss) from continuing operations		**13,211**	48,671
2. Net profit from discontinued operations		**–**	–
(II) Classified according to equity holdings:			
1. Net profit/(net loss) attributable to owners of the parent		**14,335**	48,617
2. Profit or loss of minority interests		**(1,124)**	54
VI. Other comprehensive income after tax, net		**–**	–
Other comprehensive income after tax attributable to owners of the parent, net		**–**	–
(I) Other comprehensive income that cannot be reclassified to profit or loss		**–**	–
(II) Other comprehensive income that will be reclassified to profit or loss		**–**	–
VII. Total other comprehensive income		**13,211**	48,671
Total comprehensive income attributable to owners of the parent		**14,335**	48,617
Total comprehensive income attributable to minority interests		**(1,124)**	54
VIII. Earnings/(losses) per share:			
Basic earnings/(losses) per share *(RMB)*	*11*	**0.02**	0.05
Diluted earnings/(losses) per share *(RMB)*		**0.02**	0.05

CONSOLIDATED BALANCE SHEET
As at 30 June 2026

	Notes	**30 June 2026** *RMB('000)* **(Unaudited)**	31 December 2025 *RMB('000)* (Audited)
Current assets			
Monetary capital		**300,140**	341,927
Financial assets held for trading		**–**	–
Bills receivable	*4*	**35,595**	45,628
Accounts receivable	*5*	**1,015,434**	1,504,600
Financing of receivables		**6,237**	5,768
Prepayments		**65,144**	58,452
Other receivables		**6,794**	7,299
Inventories		**345,011**	266,693
Contract assets		**24,936**	18,865
Other current assets		**13,528**	4,167
Total current assets		**1,812,819**	2,253,399
Non-current assets			
Long-term equity investments		**363,224**	345,977
Other equity instruments investment		**8,197**	8,197
Fixed assets		**619,544**	639,661
Construction in progress		**248,730**	210,938
Right-of-use assets		**306**	613
Intangible assets		**144,014**	145,955
Goodwill		**5,491**	5,491
Long-term deferred expenses		**415**	489
Deferred income tax assets		**66,778**	63,784
Other non-current assets		**154,761**	141,134
Total non-current assets		**1,611,460**	1,562,239
Total assets		**3,424,279**	3,815,638

CONSOLIDATED BALANCE SHEET (Continued)
As at 30 June 2026

	Notes	**30 June 2026** ***RMB('000)*** **(Unaudited)**	31 December 2025 *RMB('000)* (Audited)
Current liabilities			
Short-term borrowings		**11,395**	21,021
Bills payable	*6*	**26,071**	82,643
Accounts payable	*7*	**389,581**	445,068
Contract liabilities		**15,665**	15,524
Payroll payable		**5,919**	9,144
Tax payable		**4,796**	41,197
Other payables		**27,104**	16,223
Non-current liabilities due within one year		**116,091**	166,452
Other current liabilities		**1,437**	1,028
Total current liabilities		**598,059**	798,300
Non-current liabilities			
Long-term borrowings		**171,680**	352,163
Lease liabilities		**–**	–
Deferred income		**3,897**	4,013
Deferred income tax liabilities		**230**	241
Total non-current liabilities		**175,807**	356,417
Total liabilities		**773,866**	1,154,717
Owner's equity			
Share capital		**448,920**	448,920
Capital reserve		**812,285**	813,777
Less: Treasury stock		**27,920**	27,920
Other comprehensive income/(losses)		**(124)**	(124)
Surplus reserve		**185,204**	185,204
Undistributed profits		**1,232,048**	1,227,679
Total equity attributable to owners of the parent		**2,650,413**	2,647,536
Minority interests			13,385
Total owner's equity		**2,650,413**	2,660,921
Total liabilities and owner's equity		**3,424,279**	3,815,638

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

The Company was incorporated in the People's Republic of China (the "**PRC**") on 9 April 2001. The addresses of the Company's registered offices are No.1, Yichen North Street, Gaocheng District, Shijiazhuang City, Hebei Province, the PRC and No. 268 Lianzhou East Road, Gaocheng District, Shijiazhuang City, Hebei Province, the PRC. The Group is principally engaged in research and development, manufacturing and sales of rail fastening system products, welding wire products and railway sleeper products. On 21 December 2016, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The existing share capital of the Company is RMB448,920,000 and the total number of shares is 897,840,000 with a nominal value of RMB0.50 per share. Unless otherwise stated, the financial information for the six months ended 30 June 2026 is presented in Renminbi ("**RMB**") thousands. The consolidated results for the six months ended 30 June 2026 have not been audited by the auditors of the Company, but have been reviewed by the Audit Committee of the Company.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

3. SEGMENT INFORMATION

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

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

- Rail fastening system products: research and development, manufacturing and sales of rail fastening system products

- Welding wire products: research and development, manufacturing and sales of welding wire products

- Railway sleeper products: research and development, manufacturing and sales of railway sleeper products

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

The segment information for January to June 2026 and January to June 2025 is listed as follows:

Items	Rail fastening system		Welding wire	
	January to June 2026 *RMB('000)*	January to June 2025 *RMB('000)*	**January to June 2026** *RMB('000)*	January to June 2025 *RMB('000)*
Total revenue	**205,017**	303,537	**177,624**	141,841
Inter-segment revenue				
Revenue from external customers	**205,017**	303,537	**177,624**	141,841
Total operating cost	**(127,279)**	(183,738)	**(176,739)**	(142,211)
Segment gross profit	**77,738**	119,799	**885**	(370)
Other profit or loss disclosure:				
Depreciation and amortisation	**15,025**	22,237	**13,018**	7,249
Provision for loss on credit impairment	**(6,154)**	1,851	**(5,332)**	(270)
Provision for impairment loss of assets	**(4,958)**	(4,929)	**(4,296)**	(2,058)
Finance costs	**–**	–	**–**	–

Items	Railway sleepers		Others		Total	
	January to June 2026 *RMB('000)*	January to June 2025 *RMB('000)*	**January to June 2026** *RMB('000)*	January to June 2025 *RMB('000)*	**January to June 2026** *RMB('000)*	January to June 2025 *RMB('000)*
Total revenue	**30,529**	28,761	**4,609**	3,004	**417,779**	477,143
Inter-segment revenue						
Revenue from external customers	**30,529**	28,761	**4,609**	3,004	**417,779**	477,143
Total operating cost	**(26,519)**	(22,500)	**(3,025)**	(1,909)	**(333,562)**	(350,358)
Segment gross profit	**4,010**	6,261	**1,584**	1,095	**84,217**	126,785
Other profit or loss disclosure:						
Depreciation and amortisation	**2,237**	2,651	**338**	199	**30,618**	32,336
Provision for loss on credit impairment	**(917)**	(763)	**(138)**	4	**(12,541)**	822
Provision for impairment loss of assets	**(738)**	(293)	**(112)**	–	**(10,104)**	(7,280)
Finance costs	**–**	–	**5,318**	8,604	**5,318**	8,604

4. NOTES RECEIVABLE

Breakdown

Items	**30 June 2026** *RMB('000)*	31 December 2025 *RMB('000)*
Book balance of notes receivable	**35,606**	45,905
Less: Provision for bad debts	**(11)**	(277)
Book value of notes receivable	**35,595**	45,628

5. ACCOUNTS RECEIVABLE

(a) Breakdown

Items	**30 June 2026** *RMB('000)*	31 December 2025 *RMB('000)*
Book balance of accounts receivable	**1,352,997**	1,830,412
Less: Provision for bad debts	**(337,563)**	(325,812)
Book value of accounts receivable	**1,015,434**	1,504,600

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

Items	**30 June 2026** *RMB('000)*	31 December 2025 *RMB('000)*
Within 1 year	**656,260**	1,103,661
1 to 2 years	**195,862**	251,642
2 to 3 years	**169,981**	174,637
Over 3 years	**330,894**	300,472
Total	**1,352,997**	1,830,412

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

6. BILLS PAYABLE

Item	**30 June 2026** *RMB('000)*	31 December 2025 *RMB('000)*
Bills payable	**26,071**	82,643
Total	**26,071**	82,643

7. ACCOUNTS PAYABLE

(a) Breakdown

Item	**30 June 2026** *RMB('000)*	31 December 2025 *RMB('000)*
Accounts payable	**389,581**	445,068
Total	**389,581**	445,068

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

Items	**30 June 2026** *RMB('000)*	31 December 2025 *RMB('000)*
Within 1 year	**356,198**	392,424
Over 1 year	**33,383**	52,644
Total	**389,581**	445,068

8. OPERATING REVENUE/OPERATING COST

Items	**January to June 2026** *RMB('000)*		January to June 2025 *RMB('000)*	
	Revenue	**Cost**	Revenue	Cost
Revenue/cost from principal business	**413,170**	**330,537**	474,139	348,449
Other operating revenue/cost	**4,609**	**3,025**	3,004	1,909
Total	**417,779**	**333,562**	477,143	350,358

9. INVESTMENT GAINS/(LOSSES)

Item	**30 June 2026** *RMB('000)*	30 June 2025 *RMB('000)*
Gains from long-term equity investment calculated under equity method	**23,814**	16,041
Total	**23,814**	16,041

10. INCOME TAX EXPENSES

Items	**30 June 2026** *RMB('000)*	30 June 2025 *RMB('000)*
Current income tax expenses	**573**	5,880
Deferred income tax expenses	**(3,005)**	(946)
Total	**(2,432)**	4,934

11. EARNINGS/(LOSSES) PER SHARE

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

Items	**30 June 2026** *RMB('000)*	30 June 2025 *RMB('000)*
Total comprehensive income/(losses) attributable to owners of the parent	**14,335**	48,617
Weighted average number of ordinary shares in issue	**893,879**	894,618
Basic earnings/(losses) per share *(RMB per share)*	**0.02**	0.05

There were no potential dilutive ordinary shares for the six months ended 30 June 2026 and 30 June 2025. Diluted earnings/(losses) per share were equal to basic earnings/(losses) per share.

12. DIVIDENDS

The Board of the Company did not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

A final dividend of RMB9,966,024 (approximately RMB0.0111 per share (tax inclusive)) for the year ended 31 December 2025 was approved by the shareholders at the annual general meeting held on 28 May 2026 and paid in July 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2026, China withstood the economic headwinds and maintained overall stability, while shifting toward an innovation-driven and upgraded transformation, demonstrating strong resilience and vitality. According to the data released by the National Bureau of Statistics, the GDP for the first half of the year increased by 4.7% year-on-year at constant prices.

In the first half of 2026, railway construction advanced with high quality and efficiency. The fixed asset investments in national railways amounted to RMB363.2 billion, representing a year-on-year increase of 2.1%, and a total of 355.2 kilometres of new railway lines were put into operation, marking a good start to the "15th Five-Year Plan".

BUSINESS REVIEW

In the first half of 2026, navigating a complex and changing landscape, regional and local authorities have taken proactive initiatives, adopted comprehensive strategies, precisely implemented more proactive macroeconomic policies and fostered new quality productive forces tailored to local conditions to effectively respond to external shocks and challenges. China withstood the economic headwinds and maintained overall stability, while shifting toward an innovation-driven and upgraded transformation, demonstrating strong resilience and vitality. During the period under review, the Company actively communicated with customers and suppliers, and timely adjusted its production and operation plans based on changes in customer demand and market to effectively control the impact of external factors on business operations.

The Group is a leading rail fastening system product provider in the PRC, with its major businesses including: (1) rail fastening system products; (2) welding wire products; and (3) railway sleeper products. For the six months ended 30 June 2026, total revenue of the Group amounted to approximately RMB417.8 million, representing a year-on-year decrease of approximately 12.4%.

Rail Fastening System Products

For the six months ended 30 June 2026, the revenue from rail fastening system products amounted to approximately RMB205.0 million, accounting for approximately 49.1% of the Group's total revenue and representing a decrease of approximately RMB98.5 million as compared with the revenue of approximately RMB303.5 million from rail fastening system products for the same period of 2025. The change in revenue from rail fastening system products was attributable to a decrease in shipments of rail fastening system products, driven by the construction progress of railway projects and changes in product mix.

During the period under review, the operating cost relating to rail fastening system products was approximately RMB127.3 million, representing a decrease of approximately RMB56.4 million from approximately RMB183.7 million for the same period of 2025. The change in the operating cost was mainly due to the corresponding decrease in operating revenue during the period under review.

During the period under review, the gross profit of rail fastening system products decreased by approximately 35.1% from approximately RMB119.8 million for the same period of 2025 to approximately RMB77.7 million; the gross profit margin of rail fastening system products decreased by 1.6% from approximately 39.5% for the same period of 2025 to approximately 37.9%. The change in gross profit from rail fastening system products was mainly attributable to the combined effect of a decrease in revenue related to rail fastening system products and changes in the Group's product mix.

As of 30 June 2026, the Group's initial contract value of agreements on supplying rail fastening systems amounted to approximately RMB721.0 million, representing an increase of approximately 43.5% from the same period of last year; the initial contract value of agreements on high-speed rail fastening systems amounted to approximately RMB537.7 million, representing an increase of approximately 44.7% compared with the same period of last year; the initial contract value of agreements on urban transit fastening systems amounted to approximately RMB69.6 million, representing a decrease of approximately 24.3% compared with the same period of last year; the initial contract value of agreements on normal-speed rail fastening systems was approximately RMB38.4 million, representing a decrease of approximately 1.3% compared with the same period of last year; and the initial contract value of agreements on heavy-haul rail fastening systems was approximately RMB75.3 million. As of 30 June 2026, the backlog of the Group amounted to approximately RMB1,727.5 million (value-added tax included).

Welding Wire Products

For the six months ended 30 June 2026, the revenue from welding wire products amounted to approximately RMB177.6 million, accounting for approximately 42.5% of the total revenue of the Group and representing an increase of approximately 25.2% over revenue of approximately RMB141.8 million from welding wire products for the same period of 2025, which was mainly attributable to the increase in the sales of solid welding wire products of RMB27.6 million as a result of the Group's active penetration into the welding wire sales market and product mix adjustments during the first half of 2026.

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

Railway Sleeper Products

For the six months ended 30 June 2026, the revenue from railway sleeper products was approximately RMB30.5 million, accounting for approximately 7.3% of the Group's total revenue and representing an increase of approximately 5.9% over revenue of approximately RMB28.8 million from railway sleeper products for the same period of 2025. This was mainly attributable to the increase in shipments of railway sleeper products.

FUTURE PROSPECTS

In 2026, which marks the inaugural year of the "15th Five-Year Plan", China's railway sector continues to maintain a trajectory of high-quality development. In the first half of 2026, passenger and freight volumes, investments in construction and the quality of the railway network all achieved steady growth, providing a robust transportation capacity to support the economic recovery.

In the first half of 2026, the completed amount of national railway fixed asset investment reached RMB363.2 billion, representing a year-on-year increase of 2.1%, while 355.2 kilometers of new railway lines commenced operation, marking a smooth start to railway construction under the "15th Five-Year Plan". New railway lines such as the Xi'an – Shiyan High-speed Railway, Lanxi East – Jiande section of the Jinhua – Jiande High-speed Railway have officially commenced service, and the Wuhan – Xi'an High-speed Railway was fully open to traffic, further strengthening the connectivity between Northwest and Central China. Major projects such as the Xiong'an – Shangqiu High-speed Railway, Chengdu – Chongqing Middle Line High-speed Railway, and Shanghai – Chongqing – Chengdu High-speed Railway are progressing in an orderly manner, with the railway network layout being continuously improved.

According to the data published by the National Railway Administration in July 2026, in the first half, the national railway passenger trips reached 2.348 billion, representing a year-on-year increase of 5.0%, while the passenger turnover was 826.682 billion person-kilometers, representing a year-on-year increase of 3.4%, both reaching record highs for the same periods. Passenger flows were concentrated during holidays and festivals such as the Spring Festival, the Qingming Festival, May Day, and the Dragon Boat Festival. With precise deployment of transportation capacity for both high-speed and ordinary trains, and increase train frequency of intercity and urban railways, the one-hour travel circle within city clusters and the three-hour inter-provincial travel circle were further consolidated, significantly boosting the vitality of "Mobile China".

As of the end of June 2026, national railway operating mileage remained stable at over 165,000 kilometers, including approximately 50,000 kilometers of high-speed railways. The double-track and electrification rates reached 61.4% and 76.8%, respectively, with technical and equipment standards maintaining a world-leading position. The service frequency of Fuxing bullet trains continued to increase, with a steady roll-out of smart dispatching and autonomous driving technologies and a continued deepening of the green and low-carbon transition.

During the "15th Five-Year Plan" period (2026–2030), China's railway sector will continue to step up its efforts in strengthening the network, advancing intelligence, and promoting green and integrated development (強網、智能、綠色、融合). By 2030, the national railway operating mileage will reach approximately 180,000 kilometers, including approximately 60,000 kilometers of high-speed railways. Main lines of the "Eight Vertical and Eight Horizontal (八縱八橫)" will be fully put into operation, and the "Four-network Integration (四網融合)" of trunk railways, intercity railways, urban/suburban railways and urban rail transit will be basically realised.

Construction priorities will focus on addressing the infrastructure gaps in the western region, enhancing network density in the eastern region and maximizing connectivity across city clusters. The construction of strategic corridors such as those along the Yangtze River, along the coast and from Xinjiang to Tibet will be accelerated to bolster the supporting capacity for coordinated regional development. With regard to technological innovation, continuous breakthroughs are anticipated in fields such as CR450 electric multiple units, intelligent construction and smart stations, while the digital and intelligent transformation will be fully accelerated. With regard to green and low-carbon development, further improvements in electrification rates and the widespread application of new energy equipment will contribute to the realisation of the "dual carbon" goals.

Looking ahead, railways will continue to unleash their comprehensive synergies in boosting investments, reducing logistics costs, ensuring public livelihood and facilitating international connectivity, so as to serve major national strategies and provide more solid, efficient and green railway support for China's modernisation. Furthermore, the Group will continue to pursue vertical integration opportunities within the industry, actively develop diversified product lines, enhance its core competitive edges and profitability, and solidify its business foundation and win market recognition with railway products and services of the highest quality.

PERFORMANCE ANALYSIS AND DISCUSSION

Revenue

The Group's business operations mainly comprise research and development, manufacturing and sales of rail fastening system products, welding wire products and railway sleeper products. The above business segments have brought sustained and stable revenue to the Group. The revenue of the Group decreased by approximately 12.4% from approximately RMB477.1 million for the first half of 2025 to approximately RMB417.8 million for the same period of 2026, mainly as a result of the decrease in revenue from rail fastening system products.

Revenue related to rail fastening system products decreased by approximately 32.5% from approximately RMB303.5 million for the first half of 2025 to approximately RMB205.0 million for the same period of 2026, mainly due to a decline in shipments of rail fastening system products driven by the progress of railway project construction and changes in product mix.

Revenue related to welding wire products increased by approximately 25.2% from approximately RMB141.8 million for the first half of 2025 to approximately RMB177.6 million for the same period of 2026, mainly attributable to the Group's active penetration into the welding wire sales market and adjustments to its product mix in the first half of 2026, resulting in an increase of RMB27.6 million in sales of solid welding wire.

Revenue related to railway sleeper products increased by approximately 5.9% from approximately RMB28.8 million for the first half of 2025 to approximately RMB30.5 million for the same period of 2026, mainly attributable to an increase in shipments of railway sleeper products.

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

Operating Cost

The Group's operating cost was approximately RMB333.6 million for the first half of 2026, representing a decrease of approximately 4.8% from approximately RMB350.4 million for the same period of 2025, which was mainly due to a corresponding decrease in operating revenue during the period under review.

Operating cost related to rail fastening system products was approximately RMB127.3 million for the first half of 2026, representing a decrease of approximately RMB56.4 million from approximately RMB183.7 million for the same period of 2025. The change in operating cost was mainly due to a corresponding decrease in operating revenue during the period under review.

Operating cost related to welding wire products increased by approximately 24.3% from approximately RMB142.2 million for the first half of 2025 to approximately RMB176.7 million for the same period of 2026, which was mainly attributable to the Group's active penetration into the welding wire sales market and adjustments to its product mix, resulting in an increase in sales of solid welding wire and a corresponding increase in the operating cost.

Operating cost related to railway sleeper products increased by approximately 17.8% from approximately RMB22.5 million for the first half of 2025 to approximately RMB26.5 million for the same period of 2026, which was mainly attributable to an increase in shipments of railway sleeper products.

Gross Profit

Based on the aforesaid reasons, the Group recorded a gross profit of approximately RMB84.2 million for the first half of 2026, representing a decrease of approximately 33.5% as compared to the gross profit of approximately RMB126.7 million for the same period of 2025, mainly due to a decrease in revenue from rail fastening system-related products, which was affected by the progress of railway project construction, and changes in product mix.

For the six months ended 30 June 2026, the gross profit from rail fastening system products amounted to approximately RMB77.7 million, representing a decrease of approximately 35.1% as compared to approximately RMB119.8 million for the same period of 2025; the gross profit margin of rail fastening system products was approximately 37.9%, representing a decrease of approximately 1.6% as compared to approximately 39.5% for the same period of 2025; the change in the gross profit from rail fastening system products was mainly attributable to a decrease in revenue from rail fastening system-related products and changes in product mix.

In the first half of 2026, the gross profit of welding wire products was approximately RMB0.9 million and the gross profit margin was approximately 0.5%; in the same period of 2025, the gross profit of welding wire products was approximately RMB-0.4 million, and the gross profit margin was approximately -0.3%; the increase in gross profit margin was mainly attributable to an increase in sales of solid welding wire products and a decrease in unit production costs.

In the first half of 2026, the gross profit of railway sleeper products was approximately RMB4.0 million, as compared to the gross profit of approximately RMB6.3 million for the same period of 2025, representing a slight change; in the first half of 2026, the gross profit margin of railway sleeper products was approximately 13.1%, representing a decrease of approximately 8.8% as compared to the gross profit margin of approximately 21.9% for the same period of 2025, which was mainly attributable to the Group's strategic market expansion and product mix adjustments, as well as intense competition and low unit sales prices for subway sleeper products.

Selling Expenses

Selling expenses of the Group was approximately RMB10.2 million for the first half of 2025 and approximately RMB9.5 million for the first half of 2026. The decrease in selling expenses was primarily due to a decline in the Group's product test and certification fees. For the six months ended 30 June 2025 and 30 June 2026, selling expenses as a percentage of total revenue were 2.1% and 2.3%, respectively.

Management Expenses

Management expenses of the Group amounted to approximately RMB44.0 million for the first half of 2025 and approximately RMB42.3 million for the first half of 2026; for the six months ended 30 June 2025 and 30 June 2026, management expenses as a percentage of total revenue were 9.2% and 10.1%, respectively. The decrease in management expenses was mainly attributable to a reduction in technology transfer fees.

Research and Development Expenses

Research and development expenses of the Group amounted to approximately RMB14.6 million for the first half of 2025 and approximately RMB12.8 million for the first half of 2026; for the six months ended 30 June 2025 and 30 June 2026, research and development expenses as a percentage of total revenue were 3.1% and 3.1%, respectively. The decrease in research and development expenses was mainly attributable to a slight decrease in the Group's research and development investment during the period under review.

Investment Gains

In the first half of 2026, the Group's investment gains totalled approximately RMB23.8 million, while the investment gains totalled approximately RMB16.0 million in the first half of 2025. The increase in investment gains was mainly attributable to the increase in adjusted profit of associates during the period under review.

Net Finance Costs

For the first half of 2026, the Group incurred net finance costs totalling approximately RMB5.3 million, as compared to net finance costs totalling approximately RMB8.6 million incurred for the first half of 2025. The decrease in net finance costs was mainly attributable to the decrease in interest expense.

Operating Profits/Losses

Based on the aforesaid reasons, the Group recorded operating profits of approximately RMB11.0 million in the first half of 2026, representing a decrease of approximately RMB42.6 million as compared to operating profits of approximately RMB53.6 million in the same period of 2025.

Net Profit/Loss

In the first half of 2026, the Group's net profit amounted to approximately RMB13.2 million, representing a decrease of approximately RMB35.5 million as compared to net profit of approximately RMB48.7 million in the first half of 2025.

In the first half of 2026, the Group's net profit attributable to owners of the parent amounted to approximately RMB14.3 million, representing a decrease of approximately RMB34.3 million as compared with net profit attributable to owners of the parent of approximately RMB48.6 million for the same period of 2025; for the first half of 2026, basic earnings per share amounted to RMB0.02, representing a year-on-year decrease in basic earnings of RMB0.03 per share as compared to basic earnings of RMB0.05 per share for the same period of 2025. This was mainly due to a decline in the Group's sales revenue from rail fastening system products for the first half of 2026, which was affected by the progress of railway project construction and changes in product mix, as well as a prolonged collection cycle for accounts receivable that resulted in an increase in credit impairment losses recognised by the Group under the expected credit loss model.

Total Assets

As at 30 June 2026, the total assets of the Group were approximately RMB3,424.3 million, representing a decrease of approximately 10.3% as compared to approximately RMB3,815.6 million as at 31 December 2025, which was mainly due to the decrease in the balance of accounts receivable as a result of the Group's continued efforts to strengthen accounts receivable management.

Total Liabilities

As at 30 June 2026, the total liabilities of the Group were approximately RMB773.9 million, representing a decrease of approximately 33% as compared to approximately RMB1,154.7 million as at 31 December 2025, which was mainly attributable to the decrease in bank borrowings.

Total Equity

As at 30 June 2026, the total equity of the Group was approximately RMB2,650.4 million, representing a decrease of approximately 0.4% as compared to approximately RMB2,660.9 million as at 31 December 2025, which was mainly attributable to a decrease in minority interests as the Group acquired the minority interests in its subsidiary, Xingtai Juneng, during the first half of 2026.

Gearing Ratio

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

As at 30 June 2026, the Group's gearing ratio was 2.2%, representing a decrease of 8.2 percentage points as compared to 10.4% as at 31 December 2025, which was mainly attributable to the early repayment of some bank borrowings by the Group during the period under review.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group incurred total staff costs of approximately RMB53.0 million for 1,255 employees (as at 30 June 2025: 1,274 employees), as compared to the total staff costs of approximately RMB50.5 million incurred for the same period of 2025, representing a slight change in staff costs.

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

EVENTS AFTER BALANCE SHEET DATE

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

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES, AND FUTURE PLANS FOR SIGNIFICANT INVESTMENT OR CAPITAL ASSETS

On 12 January 2026, the Company and certain shareholders of Hebei Chenxiang Electricity Sales Co., Ltd.* (河北辰翔售電有限公司) (hereinafter referred to as the Vendors) entered into an equity transfer agreement, the Company conditionally agreed to acquire 86.22% of the equity interest in Hebei Chenxiang Electricity Sales Co., Ltd. held by the Vendors for a consideration of RMB135,000,000 in accordance with and subject to the terms and conditions of the equity transfer agreement. The transaction was approved at the extraordinary general meeting of the Company on 28 May 2026. As of the date of this announcement, the transaction has not been completed yet. For further details of the transaction, please refer to the Company's circular dated 31 March 2026 and the Company's announcement dated 28 May 2026.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries and associates and no significant investment held during the year ended 30 June 2026.

INTERIM DIVIDEND

Having considered the impact caused by potential operating risks, in order to meet the liquidity needs of the Company's daily operations and to ensure the smooth execution of the Company's mid to long-term development strategies, the Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2026.

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

As of 30 June 2026, the relevant Trustee of the H Share Award Scheme of the Company held an aggregate of 10,732,000 H shares of the Company for the purposes of employee incentive plan. The trustee did not purchase any H shares of the Company during the six months ended 30 June 2026.

Saved as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules)) during the six months ended 30 June 2026. As at 30 June 2026, there were no treasury shares held by the Company.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions of the Company by the Directors and Supervisors of the Company. Upon making specific enquiries to all of the Directors and Supervisors of the Company, all Directors and Supervisors of the Company confirmed that throughout the six months ended 30 June 2026, each of them had fully complied with the required standards set out in the "Model Code for Securities Transactions by Directors of Listed Issuers".

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company has always strived to maintain a high level of corporate governance and has complied with all code provisions as set out in the "Corporate Governance Code" contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2026.

AUDIT COMMITTEE

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

The Audit Committee of the Company has reviewed the Group's unaudited interim condensed consolidated results and the interim report for the six months ended 30 June 2026 prepared in accordance with the PRC Accounting Standards and agreed to the accounting principles, accounting treatments and practices adopted by the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.hbyc.com.cn, respectively. The 2026 interim report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange.

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

Shijiazhuang, the PRC, 27 August 2026

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

* *For identification purposes only*