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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 505)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "**Board**") of directors (the "**Directors**") of Xingye Alloy Materials Group Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026
(Expressed in RMB)

		Six months ended 30 June	
	Note	**2026**	2025
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**5,928,172**	4,388,782
Cost of sales		**(5,315,203)**	(4,010,742)
Gross profit		**612,969**	378,040
Other income		**22,033**	50,403
Distribution expenses		**(34,885)**	(38,101)
Administrative expenses		**(216,285)**	(213,327)
Other gains and losses, net	*5*	**(16,310)**	(44,292)
Profit from operations		**367,522**	132,723

	Note	Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Finance income		**12,731**	13,711
Finance costs		**(27,836)**	(19,646)
Net finance costs	*6(a)*	**(15,105)**	(5,935)
Profit before taxation		**352,417**	126,788
Income tax	*7*	**(71,990)**	(20,623)
Profit for the period		**280,427**	106,165
Attributable to:			
Equity shareholders of the Company		**281,114**	106,128
Non-controlling interests		**(687)**	37
Profit for the period		**280,427**	106,165
Earnings per share			
– Basic *(RMB cents)*	*8(a)*	**32.68**	12.16
– Diluted *(RMB cents)*	*8(b)*	**32.68**	12.16

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026
(Expressed in RMB)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**280,427**	106,165
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	**(33,297)**	(24,978)
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	**28,968**	23,527
Other comprehensive income for the period	**(4,329)**	(1,451)
Total comprehensive income for the period	**276,098**	104,714
Attributable to:		
Equity shareholders of the Company	**276,785**	104,677
Non-controlling interests	**(687)**	37
Total comprehensive income for the period	**276,098**	104,714

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**1,471,807**	1,414,292
Right-of-use assets		**58,899**	59,694
Deposits for acquisition of property, plant and equipment		**20,571**	21,724
Other non-current assets		**6,446**	6,446
Deferred tax assets		**22,469**	39,229
		1,580,192	1,541,385
Current assets			
Inventories	*9*	**2,208,997**	2,043,090
Trade and other receivables	*10*	**1,758,093**	1,316,993
Derivative financial instruments		**24,177**	828
Restricted bank deposits		**1,070,854**	999,054
Bank deposits with original maturity over three months		**20,152**	89,209
Cash and cash equivalents		**758,845**	542,391
		5,841,118	4,991,565

	Note	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Current liabilities			
Derivative financial instruments		**1,494**	46,127
Interest-bearing borrowings	*11*	**2,135,410**	1,510,098
Trade and other payables	*12*	**2,346,665**	2,276,661
Lease liabilities		**29**	28
Income tax payable		**22,424**	31,008
		4,506,022	3,863,922
Net current assets		**1,335,096**	1,127,643
Total assets less current liabilities		**2,915,288**	2,669,028
Non-current liabilities			
Interest-bearing borrowings	*11*	**276,711**	293,946
Lease liabilities		**—**	15
Deferred income		**63,059**	72,328
Deferred tax liabilities		**6,000**	6,000
		345,770	372,289
NET ASSETS		**2,569,518**	2,296,739
CAPITAL AND RESERVES			
Share capital		**80,774**	80,774
Reserves		**2,486,257**	2,212,791
Total equity attributable to equity shareholders of the Company		**2,567,031**	2,293,565
Non-controlling interests		**2,487**	3,174
TOTAL EQUITY		**2,569,518**	2,296,739

NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

1 REPORTING ENTITY AND BACKGROUND INFORMATION

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

The interim financial report as at and for the six months ended 30 June 2026 comprises the Company and its subsidiaries. The principal activities of the Group are the manufacture and sale of high precision copper plates and strips, trading of raw materials, and provision of processing services. After the acquisition of an online gaming business in August 2016, the Group's activities also include developing, publishing and operating online games and provision of related services.

2 BASIS OF PREPARATION

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

The Company's condensed consolidated interim financial information ("**Interim Financial Information**") has been prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**") and has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

The Interim Financial Information contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 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 IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. The Group has applied the amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments. The amendments do not have a material impact on this interim financial report as the Group does not have financial assets or financial liabilities with contractual terms or features within the scope of the amendments.

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	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines:		
Copper products related:		
– Sales of high precision copper plates and strips	**5,739,771**	4,213,297
– Processing service fees	**145,948**	133,634
– Trading of raw materials	**40,797**	40,272
	5,926,516	4,387,203
Online games related:		
– Publishing and operating online games	**1,656**	1,579
	1,656	1,579
	5,928,172	4,388,782
Disaggregated by timing of revenue recognition:		
– Point in time	**5,926,516**	4,387,203
– Over time	**1,656**	1,579
	5,928,172	4,388,782

Disaggregated by geographical location of customers:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
– Chinese Mainland	**5,277,680**	3,948,998
– Taiwan, China	**165,533**	73,638
– Singapore	**76,241**	47,041
– Hong Kong, China	**54,873**	14,251
– Vietnam	**49,456**	48,458
– India	**42,847**	46,386
– Malaysia	**30,966**	16,241
– South Korea	**20,028**	10,256
– Bangladesh	**13,659**	15,016
– Other locations	**196,889**	168,497
	5,928,172	4,388,782

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 2026 and 2025.

(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	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Credit losses allowance on trade receivables	**(6,668)**	(6,582)
Gains on disposals of property, plant and equipment	**—**	634
Net losses on metal future contracts	**(9,480)**	(37,405)
Others	**(162)**	(939)
	(16,310)	(44,292)

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income from bank deposits	**11,279**	13,190
Net foreign exchange gains	**—**	419
Gains from foreign exchange forward contracts, swap contracts and option contracts	**1,452**	102
Finance income	**12,731**	13,711
Interest expenses on interest-bearing borrowings	**(19,053)**	(20,289)
Interest on lease liabilities	**(1)**	(2)
Less: interest expenses capitalised*	**559**	645
Net interest expenses recognised in profit or loss	**(18,495)**	(19,646)
Net foreign exchange losses	**(9,341)**	—
Finance costs	**(27,836)**	(19,646)
Net finance costs	**(15,105)**	(5,935)

* The borrowing costs were capitalised at a rate of 3.2% per annum during the six months ended 30 June 2026 (six months ended 30 June 2025: 3.2%).

(b) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories *	**5,313,759**	4,008,463
Research and development expenses (included in administrative expenses)	**131,594**	123,198
Depreciation		
– Property, plant and equipment	**67,236**	64,719
– Right-of-use assets	**795**	739
Government grants	**21,215**	30,611

* Cost of inventories includes depreciation of RMB41,423,000 (six months ended 30 June 2025: RMB33,189,000), which is also included in the total amount of depreciation expenses disclosed separately below.

7 INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
Provision for the period	**61,315**	23,612
(Over)/under-provision in respect of prior years	**(6,085)**	1,476
	55,230	25,088
Deferred tax		
Origination and reversal of temporary differences	**16,760**	(4,465)
	71,990	20,623

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 2026 was 20% (six months ended 30 June 2025: 16%). The increase in the effective tax rate was mainly due to the decrease 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 RMB281,114,000 (six months ended 30 June 2025: RMB106,128,000) and the weighted average number of 860,262,117 ordinary shares (six months ended 30 June 2025: 872,628,581) in issue during the interim period.

(b) Diluted earnings per share

As at 30 June 2026 and 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.

9 INVENTORIES

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Raw materials	**702,539**	466,874
Work in progress	**1,020,920**	1,200,484
Finished goods	**485,220**	375,258
Others	**318**	474
	2,208,997	2,043,090

Provisions of RMB12,524,000 (31 December 2025: RMB6,600,000) were made against those inventories with net realisable value lower than carrying value as at 30 June 2026.

As at 30 June 2026, nil of Group's inventories (31 December 2025: Nil) were pledged as security for bank loans.

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Trade receivable, net of credit loss allowance	**927,906**	747,016
Bills receivable	**564,933**	399,284
Deposits for metal future contracts	**96,100**	131,777
Other debtors	**1,459**	1,373
Financial assets measured at amortised cost	**1,590,398**	1,279,450
VAT recoverable	**18,374**	6,163
Prepayments	**149,321**	31,380
	1,758,093	1,316,993

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 2026, 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 RMB473,115,000 (31 December 2025: RMB338,412,000). In the opinion of the Directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continues to recognise the full carrying amounts of these bills receivable and the associated trade payables settled, and has recognised the cash received on the transfer as cash advances under discounted bills.

Ageing analysis

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

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Within 3 months	**1,357,467**	984,186
Over 3 months but less than 6 months	**132,058**	155,539
Over 6 months but less than 1 year	**517**	3,533
Over 1 year	**2,797**	3,042
	1,492,839	1,146,300

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 2026, the Group's bills receivable with an age over 3 months were RMB118,884,000 (31 December 2025: RMB127,313,000).

As at 30 June 2026, nil of Group's bills receivable (31 December 2025: Nil) were pledged to banks for issuance of bank acceptance bills and raising loans.

11 INTEREST-BEARING BORROWINGS

At 30 June 2026, interest-bearing borrowings were repayable based on scheduled repayment dates set out in the underlying loan agreements as follows:

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Current		
Secured bank loans	**226,847**	138,550
Unsecured bank loans	**120,066**	49,734
Bank advances under discounted bills	**1,744,765**	1,141,072
Current portion of non-current secured bank loans	**43,332**	180,542
Current portion of non-current unsecured bank loans	**400**	200
	2,135,410	1,510,098
Non-current		
Secured bank loans	**267,506**	284,540
Unsecured bank loans	**9,205**	9,406
	2,412,121	1,804,044

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

	At 30 June 2026 *RMB'000* (unaudited)	At 31 December 2025 *RMB'000* (audited)
Within 1 year	**2,135,410**	1,510,098
Over 1 year but less than 2 years	**46,415**	43,437
Over 2 years but less than 5 years	**138,728**	140,559
Over 5 years	**91,568**	109,950
	2,412,121	1,804,044

(ii) The Group's interest-bearing borrowings in the amount of RMB43,500,000 (31 December 2025: RMB44,000,000) 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 2026, none of these covenants related to drawn down facilities were breached.

(iii) The secured bank loans as at 30 June 2026 bear interest at rates ranging from 2.15% to 3.20% (31 December 2025: 2.15% to 3.20%) per annum and were pledged by the following assets:

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Carrying amounts of pledged assets:		
Property, plant and equipment	**90,550**	91,917
Right-of-use assets	**5,739**	5,846
	96,289	97,763

(iv) Unsecured bank loans as at 30 June 2026 bear interest at rates ranging from 2.15% to 2.50% (31 December 2025: 2.45% to 2.50%) per annum.

12 TRADE AND OTHER PAYABLES

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payable	**1,732,633**	1,552,524
Bills payable	**375,430**	445,769
Staff benefits payable	**71,908**	95,477
Payables for purchase of property, plant and equipment	**76,439**	69,808
Accrued expenses and others	**44,300**	57,903
Financial liabilities measured at amortised cost	**2,300,710**	2,221,481
Contract liabilities	**45,955**	55,180
	2,346,665	2,276,661

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 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 3 months	**1,408,609**	949,171
Over 3 months but within 6 months	**689,036**	1,026,617
Over 6 months but within 1 year	**8,746**	11,225
Over 1 year	**1,672**	11,280
	2,108,063	1,998,293

13 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

On 18 April 2016 (the "**Adoption Date**"), the Company adopted a share award scheme (the "**Share Award Scheme**") to recognise and reward the contribution of eligible employees to the growth and development of the Group through an award of the Company's shares.

The Company has appointed a trustee for administration of the Share Award Scheme (the "**Trustee**"). The principal activity of the Trustee is administrating and holding the Company's shares for the Share Award Scheme (the "**Trust**") for the benefit of the Company's eligible employees. Pursuant to the Share Award Scheme, the Company's shares will be purchased by the Trustee in the market out of cash contributed by the Company and held in the Trust for relevant employees until such shares are vested in the relevant beneficiary in accordance with the provisions of the Share Award Scheme at no cost. The total number of Company's shares held by the Trustee under the Share Award Scheme will not exceed 20% of the total issued shares of the Company as at the Adoption Date, i.e. 162,223,190 shares.

The Share Award Scheme is effective for a term of ten years from the Adoption Date and under the Scheme Rules, the expiry date of the Share Award Scheme is 17 April 2026. As such, the Company as settlor entered into an amended trust deed ("**Amended Trust Deed**") with the Trustee on 17 April 2026 (i) to extend the duration of the Share Award Scheme and the Trustee's appointment under the Trust Deed for ten years from 17 April 2026 to 16 April 2036 for the continuing operation of the Share Award Scheme; (ii) revise the maximum number of Awarded Shares which may be granted under the Share Award Scheme to 10% of the total issued Shares as at the date of the Amended Trust Deed; and (iii) remove relevant clauses for issuing or allotting new Shares to satisfy the Awards (collectively, the "**Amendments**"). Save as disclosed above, all other major terms and provisions in the Scheme Rules and Trust Deed shall remain unchanged and continue in full force and effect after the renewal.

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 2026, the Company has accumulatively contributed HKD82,510,000 (equivalent to RMB73,093,000) (31 December 2025: HKD79,510,000 (equivalent to RMB70,450,000)) to the Trust and the amount was recorded as "Investments in subsidiaries" in the Company's statement of financial position.

As at 30 June 2026, the Trustee has accumulatively purchased 76,546,000 shares (31 December 2025: 72,820,000 shares) of the Company at a total cost (including related transaction costs) of HKD79,787,000 (equivalent to RMB70,805,000) (31 December 2025: HKD76,029,000 (equivalent to RMB67,486,000)).

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

	2026			2025		
	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	**1.04**	**37,434,000**	**35,879**	1.05	23,862,000	23,153
Shares purchased during the period/year	**1.01**	**3,726,000**	**3,319**	1.02	13,572,000	12,726
Shares vested during the period/year	**—**	**—**	**—**	—	—	—
At 30 June/31 December	**1.04**	**41,160,000**	**39,198**	1.04	37,434,000	35,879

14 DIVIDENDS

(i) Dividends payable to equity shareholders attributable to the interim period:

	Six months ended 30 June	
	2026 *RMB'000* **(unaudited)**	2025 *RMB'000* (unaudited)
Interim dividend of HKD0.03 per share proposed after the interim period (six months ended 30 June 2025: Nil)	**23,343**	—

The interim dividend declared after the end of the Reporting Period has not been recognised as a liability at the end of the Reporting Period.

(ii) The Board has resolved to declare an interim dividend of HK3.0 cents (equivalent to RMB2.6 cents) per share in cash for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil) to shareholders whose names appear on the Register of Members of the Company on 21 September 2026. The interim dividend will be paid on 8 October 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

COPPER PROCESSING BUSINESS

Market and Industry Review

In the first half of 2026, the global economy as a whole exhibited distinct characteristics of slow growth and structural divergence. According to the latest forecasts released in July 2026 by authoritative institutions such as the International Monetary Fund ("**IMF**"), the projected global economic growth rate for 2026 is 3.0%. Investment in artificial intelligence ("**AI**") hardware partially offset the inflationary pressures and energy disruptions caused by geopolitical conflicts. Emerging market economies performed relatively better, while major economies worldwide continued to experience relatively high inflation rates. In the first half of 2026, China's domestic economy maintained steady growth, with GDP increasing by 4.7% year-on-year. High-tech manufacturing, AI, new energy and energy storage industries drove demand for high-end industrial products. Consumer recovery remained moderate, while the real estate and traditional home appliance sectors continued to face significant pressure. Exports emerged as an important pillar supporting economic growth.

In the first half of 2026, copper prices on the London Metal Exchange ("**LME**") for the 3 month contract rose cumulatively by approximately 7%, trading in a range of USD12,500 to USD13,800 per ton. The average price for the first half of 2026 was about USD13,120 per ton, up 38.9% from the same period in 2025. Meanwhile, the main copper futures contracts on the Shanghai Futures Exchange ("**SHFE**") rose cumulatively by about 5% in the first half of 2026, trading in a range of RMB92,000 to RMB105,500 per ton. The average price for the first half of 2026 was roughly RMB101,000 per ton, an increase of 30.2% compared to the same period in 2025. Overall, copper prices in the first half of 2026 exhibited broad fluctuations: prices surged from January to February, then experienced a deep correction in March following hawkish comments from the Federal Reserve. From April to June, copper prices rebounded again, supported by tight copper ore supplies and negative treatment charge ("**TC**") values, hitting new historical highs twice. Although there were occasional pullbacks during this period, the overall price center shifted significantly higher compared to 2025. With copper prices remaining at high levels, copper strip and plate enterprises are facing considerable pressure from increased capital tied up in raw materials.

From the perspective of the demand for copper plates and strips: According to data from the National Bureau of Statistics, in the first half of 2026, the value added of industrial enterprises above a designated size increased by 5.4% year-on-year; high-tech manufacturing grew by 13.3% year-on-year, significantly outpacing traditional industries. In particular, industries such as AI computing hardware, energy storage equipment, semiconductors, new-energy vehicles, and robotics have experienced rapid growth, directly boosting demand for high-performance copper alloy strips. Traditional manufacturing sectors—such as home appliances, ordinary building materials, and general machinery—have shown relatively weak growth, putting downward pressure on demand for conventional brass and low-end bronze strips. Manufacturing investment has become highly differentiated: investments in high-tech manufacturing and the new-energy industry chain have surged, serving as a key driver supporting demand for high-end copper alloys.

In terms of exports, copper products saw rapid growth in the first half of 2026. According to statistics from the General Administration of Customs of China: total copper product exports reached 554,500 tons (up 25.8% year-on-year); copper plate and strip exports amounted to 71,300 tons (up 18.1% year-on-year); and copper foil exports totaled 93,000 tons (up 31.4% year-on-year). Among these, exports of red copper plates and strips, high-performance copper alloys, and lithium-ion battery copper foils showed particularly strong growth. North America and Southeast Asia were the primary markets driving this increase.

Looking ahead to the second half of 2026, according to forecasts by the China Nonferrous Metals Industry Association, the total domestic production of copper strips and plates in the first half of 2026 is expected to reach between 1.28 million and 1.3 million tons, with annual output inching closer to 2.53 million tons. Demand for copper strips and plates from traditional industries remains relatively weak, and ordinary brass strips continue to face intense intra-industry competition, putting downward pressure on processing fees. Meanwhile, emerging sectors such as AI, new-energy vehicles, energy storage, and liquid-cooling technologies are driving strong demand for high-value-added products—including high-end red copper strips and plates, ultra-fine-grained tin-phosphor bronze, copper-nickel-silicon alloys, copper-chromium alloys, and precision lead-frame materials—keeping these segments in a state of robust growth. Overall, the industry is characterized by "intensified low-end competition and tight balance at the high end." Leading companies continue to operate their high-end production capacity at full capacity, with orders remaining fully booked. Meanwhile, small and medium-sized enterprises face ever-increasing survival pressures, and the trend toward concentration of production capacity among industry leaders continues unabated.

Business Review

In the first half of 2026, the Group's copper plates and strips business realised a total production output of 92,043 tons and total sales volume of 89,672 tons, representing a respective increase of 5.5% and 6.5% as compared to the total production output of 87,254 tons and total sales volume of 84,171 tons for the corresponding period in 2025. During the six months ended 30 June 2026 (**"Reporting Period"**), the Group's copper plates and strips business realised sales revenue of RMB5,926.5 million, representing an increase of 35.1% as compared to the corresponding period in 2025. In particular, revenue from the sales of copper products amounted to RMB5,739.8 million, revenue from provision of processing services amounted to RMB145.9 million, and revenue from copper trading amounted to RMB40.8 million, representing an increase of 36.2%, 9.2% and 1.2% as compared to the corresponding period in 2025, respectively. In the first half of 2026, the Group's copper business realised a net profit of RMB281.4 million, representing an increase of 159.8% as compared to the net profit of RMB108.3 million for the corresponding period in 2025, mainly due to the following reasons: (1) the increase in copper prices and sales volume as compared with the corresponding period in 2025, which led to an increase in gross profit of approximately RMB234.0 million, representing a growth rate of 61.8%; and (2) the Group implemented effective expense management measures, as a result of which period expenses remained relatively stable as compared with the corresponding period in 2025, with only a modest increase of 3.5%.

Business Development

During the Reporting Period, guided by the annual policy of "consolidating our foundations, deepening innovation, strengthening management, and focusing on efficiency," the Group carried out business activities centered around the goal of "stabilizing volume and optimizing structure, enhancing profitability through quality." Under the leadership of the Board of Directors, we have focused on key areas and achieved phased results in the following aspects:

1. The production and sales strategy has shifted from being "scale-driven" to "structure-driven." This year, the Group's target guidelines for production and sales have transitioned from focusing solely on quantity to emphasizing quality and structural optimization, with resources concentrated on high-end products and products tailored to key customers. During the Reporting Period, the Group's production and sales volume maintained steady growth, and its market share in high-end sectors such as new-energy vehicles and data centers continued to rise steadily.

2. Through business and financial collaboration effect, we are leveraging data-driven approaches to support business decision-making. The Group has established two key foundational initiatives for business data—process data governance and a product process library—enabling us to tackle four major challenges: optimizing inventory management, deepening the implementation of budget baselines and strengthening control over expenses, rigorously managing the asset-liability ratio, and building a comprehensive budget management system. As a result, we have essentially achieved seamless integration of underlying data, effectively supporting management in making and adjusting decisions.

3. Profit growth is anchored in high-quality customers and products. This year, the Group has adopted "stabilizing existing customers while expanding into new ones" as its overarching marketing strategy. We are continuing to strengthen our presence in the smart terminal sector, by fully leveraging our expanded electroplating production capacity, deepening our relationships with key domestic customers, driving growth through dual-directional efforts in both domestic and international markets, and building a Customer Relationship Management System. Through these five initiatives, we have effectively expanded our market share and brand recognition in high-margin industries such as smartphones, automobiles, AI, 5G networks and new energy.

4. Production lines complement each other to strengthen our core competitiveness. The Group has comprehensively assessed the positioning and strengths of our three major production bases, enabling them to independently make decisions on their specialized product areas and respond flexibly to segmented market demands. At the same time, we have fostered deep collaboration in terms of process expertise, supply-chain resources, and capacity allocation. Through these efforts, each subsidiary has achieved significant improvements in product development and process optimization, quality control, and equipment efficiency, providing solid support for further unlocking the Group's production capacity and consolidating our core competitiveness.

5. Digital intelligence empowers our strategic decision-making and enhances efficiency. The Group is committed to "integrating data governance across the entire process with production systems" management objectives. We are making every effort to fully integrate the production management system. As of the end of the Reporting Period, the cold rolling and finishing sections of our three major subsidiaries have been successfully put into operation and optimized. The melting and casting section is scheduled to be integrated in the second half of the year, enabling seamless connectivity across all process stages and significantly enhancing the accuracy and timeliness of decision-making.

6. Green and low-carbon initiatives are accelerating the industry's transformation. Under the guidance of the nation's dual-carbon goals, the Group has tapped deeply into its internal potential for carbon reduction and achieved remarkable results. During the Reporting Period, both energy consumption per ton and water consumption per ton saw significant declines. Moreover, the Group has been awarded the Eco-Vadis Bronze certification by an internationally recognized authority for two consecutive years, placing us among the industry leaders in terms of ESG performance.

Outlook

In the second half of 2026, global geopolitical disruptions will persist, and expectations of interest-rate hikes in major foreign economies are intensifying, heightening global economic uncertainty. However, the Chinese government continues to ramp up its policies aimed at expanding domestic demand, fostering new-quality productivity, and accelerating import substitution-coupled with global artificial intelligence high prosperity of the industrial chain, the strong demand in the copper strip and plate industry are expected to continue.

The management of the Group believes that under the backdrop of production line capacity's further release, deep processing scale up business and expanded sales, steady improvements in internal management and the concerted efforts of all employees, the Group will continue to maintain strong growth momentum and effectively overcome the difficulties and challenges we encounter, and ultimately, to achieve a new breakthrough in the Group's annual production and sales volume.

GAMING BUSINESS

During the six months ended 30 June 2026, the Group's gaming business realised a total revenue of RMB1.7 million and a net loss of RMB1.0 million, as compared to a total revenue of RMB1.6 million and a net loss of RMB2.1 million for the corresponding period in 2025. The loss was mainly due to the decline in revenue from existing gaming products. Looking forward to the second half of 2026, the Group's gaming business will continue efforts to expand revenue sources.

FINANCIAL REVIEW

Revenue and gross profit

The Group recorded a total sales revenue of RMB5,928.2 million in the Reporting Period, which increased by 35.1% as compared with that of the corresponding period in 2025.

The Group's copper business achieved a total revenue of RMB5,926.5 million for the six months ended 30 June 2026, representing an increase of 35.1% as compared with RMB4,387.2 million of the corresponding period in 2025. Revenue generated from the sales of high precision copper plates and strips, provision of processing services, and trading of raw materials amounted to RMB5,739.8 million, RMB145.9 million and RMB40.8 million respectively (six months ended 30 June 2025: RMB4,213.3 million, RMB133.6 million and RMB40.3 million respectively). For the six months ended 30 June 2026, 96.8%, 2.5% and 0.7% 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 2025: 96.0%, 3.0% and 1.0% respectively). For the six months ended 30 June 2026, sales volume of high precision copper plates and strips, provision of processing services, and trading of raw material were 62,676 tons, 26,996 tons and 1,635 tons respectively, representing 68.6%, 29.6% and 1.8% of the total sales volume respectively.

The Group's online gaming business achieved a revenue of RMB1.7 million for the six months ended 30 June 2026, representing 0.03% of the total revenue of the Group (six months ended 30 June 2025: RMB1.6 million).

The overall gross margin of the Group's copper business for the Reporting Period increased to 10.3% from 8.6% of the corresponding period in 2025, which was mainly due to the following reasons: (1) the copper prices increased in the first half of 2026 is greater than that in the first half of 2025, with the SHFE copper price rising by 6.6% from January to June 2026 (January to June 2025: 5.0%); and (2) the Group focused more on core strategic products, leading to an increased proportion of high-margin copper product sales.

Other income

During the six months ended 30 June 2026, the Group's other income amounted to RMB22.0 million, representing a decrease of RMB28.4 million as compared with that of RMB50.4 million of the corresponding period in 2025. 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 2026, the Group recorded RMB16.3 million in other losses, representing a decrease of RMB28.0 million as compared with that of RMB44.3 million for the corresponding period in 2025. This was mainly due to the decrease in a net loss on metal future contracts.

Distribution expenses

For the six months ended 30 June 2026, the ratio of distribution expenses to revenue decreased to 0.6% as compared with 0.9% of the corresponding period in 2025. This was mainly due to the increase in sales revenue.

Administrative expenses

For the six months ended 30 June 2026, the Group's administrative expenses increased slightly by 1.4% to RMB216.3 million from RMB213.3 million in the corresponding period in 2025.

Net finance costs

For the six months ended 30 June 2026, the Group recorded RMB15.1 million in net finance costs, representing an increase of RMB9.2 million as compared with that of RMB5.9 million for the corresponding period in 2025. This was mainly due to the increase in net foreign exchange losses.

Income tax

For the six months ended 30 June 2026, the Group's income tax expenses was RMB72.0 million (six months ended 30 June 2025: RMB20.6 million). The Group's consolidated effective tax rate for the six months ended 30 June 2026 was 20% (six months ended 30 June 2025: 16%). The increase in the effective tax rate was mainly due to the decrease 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 2026 amounted to RMB281.1 million, representing an increase of RMB175.0 million as compared with that of RMB106.1 million of the corresponding period in 2025.

Liquidity financial resources and capital structure

As at 30 June 2026, the Group recorded net current assets of RMB1,335.1 million (31 December 2025: RMB1,127.6 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 2025.

As a percentage of total interest-bearing borrowings, short-term interest-bearing borrowings represented 88.5% as at 30 June 2026 (31 December 2025: 83.7%). As at the date of this announcement, the Group had not experienced any difficulty in raising funds by securing and rolling over the short-term loans borrowed from various banks in the PRC, which were renewed on an annual basis in accordance with local market practice.

The Group is able to generate net cash inflows from operating activities. Also, the Group has good credit standing and relationships with principal lending banks and possesses available undrawn banking facilities of RMB3,475.9 million that will not expire within 12 months from 30 June 2026 (including long term loan facilities amounting to RMB1,672.4 million effective until 2034) and cash at banks of RMB1,849.8 million (comprised of restricted bank deposits of RMB1,070.8 million, bank deposits with original maturity over three months of RMB20.2 million and cash and cash equivalents of RMB758.8 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 2026, the Group had outstanding bank loans and other borrowings of approximately RMB2,135.4 million (31 December 2025: RMB1,510.1 million), which shall be repaid within 1 year. As at 30 June 2026, 22.3% (31 December 2025: 33.5%) of the Group's debts was on a secured basis.

The gearing ratio as at 30 June 2026 was 44.1% (31 December 2025: 42.7%), 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 2026, the Group pledged assets with an aggregate carrying value of RMB96.3 million (31 December 2025: RMB97.8 million) to secure bank loans and facilities of the Group.

Capital expenditure

For the six months ended 30 June 2026, the Group has invested approximately RMB106.4 million (six months ended 30 June 2025: RMB78.0 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 2026, future capital expenditures, for which the Group had contracted but not provided for, amounted to RMB196.3 million (31 December 2025: RMB90.2 million), which are mainly for plant construction and capacity expansion of the Group's copper processing business.

Contingent liabilities

As at 30 June 2026, the Group did not have any significant contingent liabilities.

MARKET RISK

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

Price risk

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

The Group uses its copper futures contracts in SHFE and LME to hedge against fluctuations in copper price. The Group recorded a net loss on metal future contracts of approximately RMB9.5 million for the six months ended 30 June 2026, which was RMB37.4 million in the corresponding period in 2025. 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 losses of RMB9.3 million, while recording net foreign exchange gains of RMB0.4 million in the corresponding period in 2025. Meanwhile, the Group recorded a net gain of RMB1.5 million from foreign exchange forward contracts, swap contracts and option contracts during the Reporting Period, while recording a net gain of RMB0.1 million in the corresponding period in 2025.

EMPLOYEES

As at 30 June 2026, the total number of the Group's employees was 1,932 (31 December 2025: 1,899). 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, shares may be awarded to eligible employees of the Group in accordance with the terms of the Share Award Scheme adopted by the Board. Promotion and salary increments are assessed in accordance with performance. The Group's business growth depends on its employees' skills and contributions. The Group recognises the importance of human resources in a highly competitive industry and has devoted resources for training its employees. The Group has established an annual training program for employees so that new employees can master the basic skills required to perform their duties, and existing employees can enhance or upgrade their skills.

SHARE OPTION SCHEME AND SHARE AWARD SCHEME

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

A new share option scheme had been adopted by shareholders at the extraordinary general meeting of the Company held on 27 May 2016 (the "**2016 Share Option Scheme**") and expired on 26 May 2026.

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

The Board also adopted the Share Award Scheme on 18 April 2016, and further amended the Share Award Scheme on 17 April 2026. Details of the Share Award Scheme are set out in note 13 of the notes to the unaudited interim financial results in this announcement.

The principal terms of the 2016 Share Option Scheme and the Share Award Scheme were set out in the published annual report of the Company for the year ended 31 December 2025.

AUDIT COMMITTEE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"). Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2026.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Trustee of the Share Award Scheme (as defined in note 13 of the notes to the unaudited interim financial results in this announcement), pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 3,726,000 shares of the Company at a total consideration of HKD3,758,000 (equivalent to RMB3,319,000) for the six months ended 30 June 2026.

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 sales or transfer of any treasury shares as defined under the Listing Rules) of the Company for the six months ended 30 June 2026.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3.0 cents (equivalent to RMB2.6 cents) per share in cash for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil) to shareholders whose names appear on the Register of Members of the Company on 21 September 2026. The interim dividend will be paid on 8 October 2026.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 16 to 21 September 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 15 September 2026.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

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

PUBLICATION OF 2026 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company's website (www.xingyealloy.com) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The Company's 2026 interim report will be made available on the websites of the Company and Hong Kong Exchanges and Clearing Limited and will be despatched to the Company's shareholders in due course.

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

Hong Kong, 28 August 2026

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