大明国际

Interim Report 2026

Stock Code: 1090

DA MING INTERNATIONAL HOLDINGS LIMITED

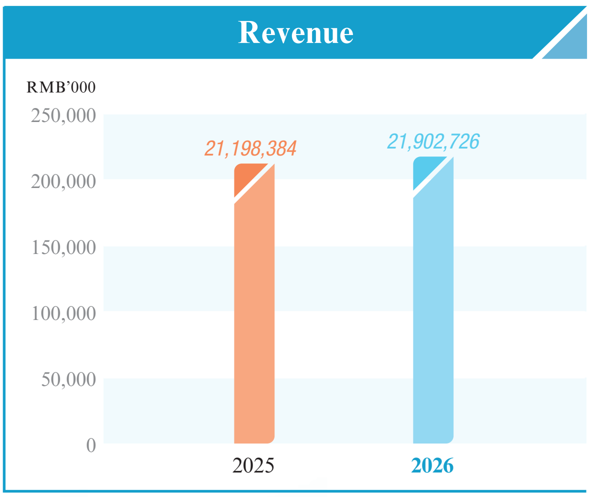
Incorporated in the Cayman Islands with limited liability

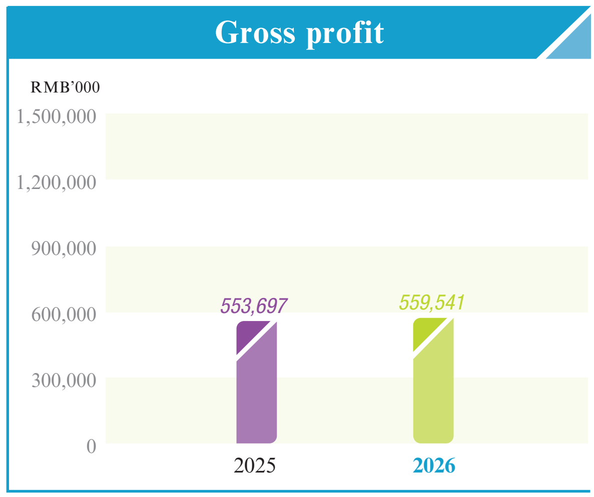
CONTENTS

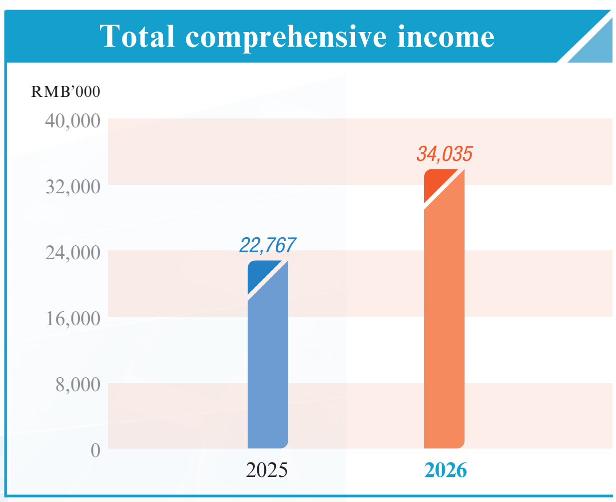
FINANCIAL AND OPERATING HIGHLIGHTS

Financial Highlights

	Six months ended 30 June		
	2026	2025	
	RMB'000	*RMB'000*	*% change*
Revenue	**21,902,726**	21,198,384	+3.3%
Gross profit	**559,541**	553,697	+1.1%
Total comprehensive income for the period	**34,035**	22,767	+49.5%





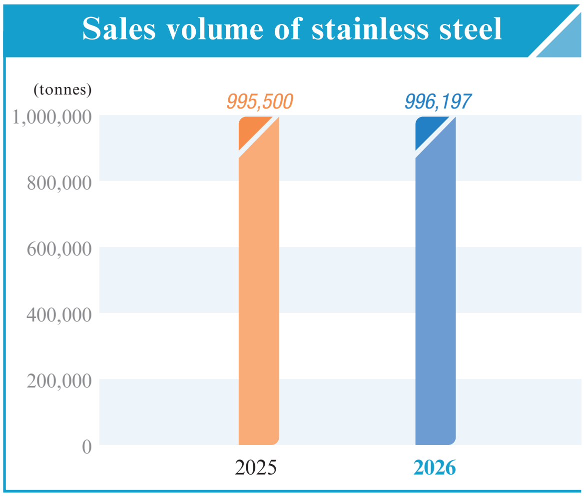


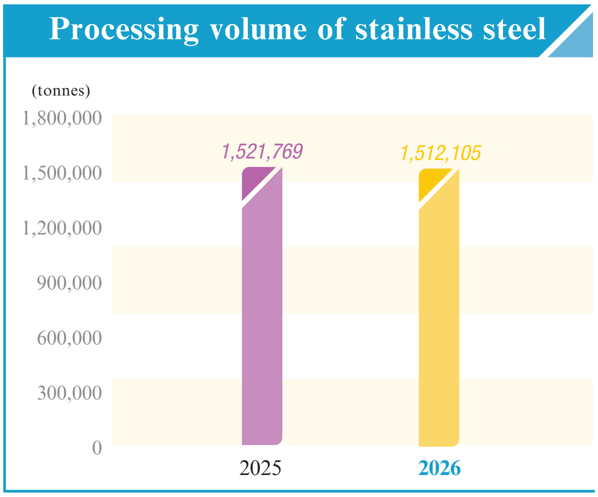
Operating Highlights

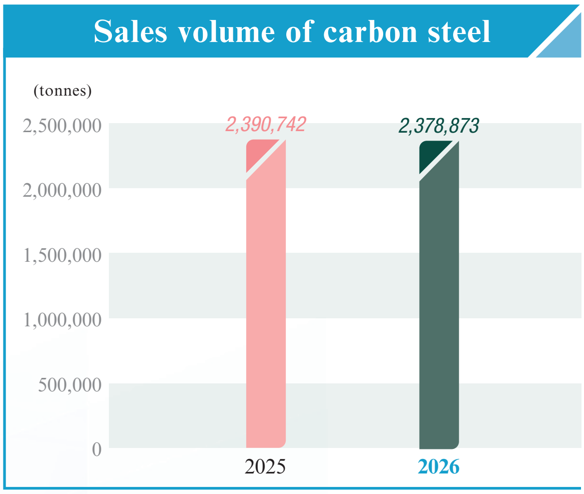
	Six months ended 30 June		
	2026	2025	*% change*
Stainless steel			
Sales volume (tonnes)	**996,197**	995,500	+0.1%
Processing volume (tonnes)	**1,512,105**	1,521,769	-0.6%
Processing multiple *(note)*	**1.52**	1.53	
Carbon steel			
Sales volume (tonnes)	**2,378,873**	2,390,742	-0.5%
Processing volume (tonnes)	**2,502,784**	2,444,372	+2.4%
Processing multiple *(note)*	**1.05**	1.02	

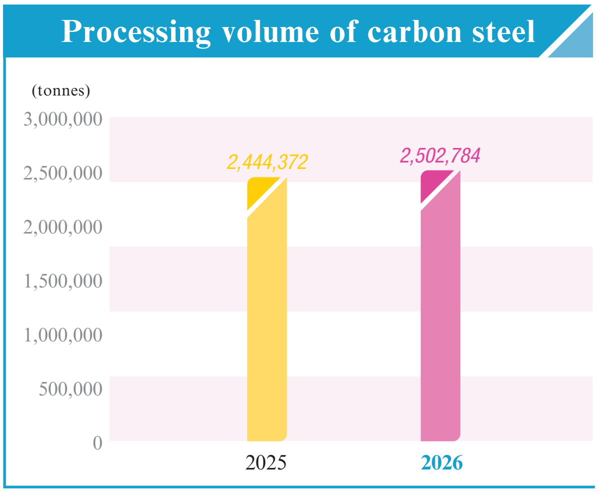
Note : Processing multiple = Processing volume/Sales volume

FINANCIAL AND OPERATING HIGHLIGHTS









BUSINESS REVIEW

1. **Daming Heavy Industry Successfully Exported Condenser Project Serving Nigeria**

   Large-scale circular condensers manufactured by Daming Heavy Industry as supporting equipment for an energy project of a world-renowned enterprise have been successfully completed and dispatched. This signifies a continuous upgrade in Daming's service capability in the field of high-efficiency heat exchanger exports, laying a solid foundation for securing further global high-end energy equipment projects in the future.

2. **260-Tonne Mining Truck Bodies Manufactured by Daming Heavy Industry Batch-Dispatched Overseas**

   On the eve of the Spring Festival, Model XDE260 mining truck bodies custom-manufactured by Daming Heavy Industry's construction machinery team for a leading industry client completed manufacturing and were batch-dispatched from Daming's Yangtze River Port to key international markets, including South Africa, Australia, and Papua New Guinea. The 260-tonne mining truck bodies delivered in batches will serve large-scale overseas open-pit copper, gold, and silver mining projects, facilitating efficient and safe large-scale transport operations within the mining areas.

3. **Shandong Daming Successfully Delivered High-End Wear-Resistant Steel Drum Project**

   Shandong Daming has achieved a major industry breakthrough by overcoming long-standing processing bottlenecks in multi-material composite welding, successfully completing the full-process manufacturing and smoothly delivering the NM400 wear-resistant steel drum project. This marks a pivotal breakthrough for the Company in the field of customized processing for high-end wear-resistant drums.

4. **Daming Dispatched Multiple Sets of Grinding Mills in Dense Succession to Serve South American Mining Sector**

   As the first batch of grinding mill components in 2026 successfully completed hoisting and barging at Daming's Yangtze River Port, the project involving multiple sets of large-scale grinding mills manufactured by Daming Heavy Industry for export to Peru officially entered the delivery phase. This represents another important achievement of Daming in deeply cultivating the global high-end mining equipment market, and demonstrates the robust delivery capabilities of "Made in China" in the heavy industry sector.

5. **Daming Successfully Delivered Its First Project of 700 m^3 Marine LNG Fuel Tanks**

Daming Heavy Industry Energy Equipment Company undertook the manufacturing for the domestic classification society's first LNG power system design project for LNG carriers, where the first set of 700 m^3 marine LNG fuel tanks manufactured for Zhejiang Hailida Environmental Technology was smoothly loaded onto vessels and dispatched from Daming's Yangtze River Port.

6. **Daming Served Another Overseas High-End Oil and Gas Engineering Project**

Zhejiang Daming Hanwa has achieved a major breakthrough in the field of overseas oil and gas engineering. Through the collaborative efforts of the company's dedicated team and the Group's project company, the first batch of goods under the ADNOC GAS EPC storage project undertaken by the company was smoothly dispatched overseas, officially entering the critical phase of staged delivery and realizing a brand-new breakthrough in Middle East oil and gas engineering export business.

7. **Shandong Daming Secured Another Batch Processing Order for Oil Tanks**

The first batch of non-pressure oil tank test pieces undertaken by Shandong Daming successfully passed the client's comprehensive and rigorous testing. With excellent product quality and efficient, professional service capabilities, Shandong Daming won the client's full recognition. Consequently, the client placed an additional batch production order for 60 sets.

8. **Hubei Daming Supported High-Quality and Efficient Construction of Large Chemical Storage Tank Project**

After arriving at the project site, the large-scale chemical storage tanks supplied through Hubei Daming's "one-stop" service are actively driving subsequent construction forward, with the main structures of multiple vertical steel storage tanks smoothly taking shape. Hubei Daming custom-produced supporting profiles such as channel steels and steel plates according to requirements, guaranteeing stable and timely supply. Meanwhile, drawing on years of service experience, Hubei Daming gave full play to its complete equipment advantages and strictly controlled full-process process details, from raw materials to curved tank plates and structural components, laying a solid foundation for the high-standard construction of the project.

BUSINESS DEVELOPMENT

Connected Transaction – Deemed Disposal of 25% Equity Interest in a Subsidiary

On 26 June 2026, 江蘇大明工業科技集團有限公司 (Jiangsu Daming Industrial Technology Group Co., Ltd.*)("Jiangsu Daming"), an indirect wholly-owned subsidiary of the Company, entered into an investment agreement ("Investment Agreement") with Chongqing Iron & Steel Company Limited ("Chongqing Iron"), Chongqing Changshou Port International Logistics Co., Ltd. ("Independent Investor"), and 重慶大明金屬科技有限公司 (Chongqing Daming Metal Technology Co., Ltd.*)("Chongqing Daming")(which is a subsidiary of the Company), pursuant to which Chongqing Iron and Independent Investor conditionally agreed to pay Chongqing Daming RMB24,733,884.61 and RMB9,893,553.85, respectively, for the subscription of the registered capital in Chongqing Daming in the amount of RMB25,000,000 and RMB10,000,000, respectively ("Transactions"). Upon completion of the Transactions, the Company's indirect beneficial interest in Chongqing Daming held through Jiangsu Daming will be diluted from 100% to 65%, and Chongqing Daming will be owned as to 25% by Chongqing Iron and 10% by Independent Investor.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Transactions was more than 0.1% but less than 5%, the Transactions did not constitute a disclosable transaction under Chapter 14 of the Listing Rules.

As at the date of the Investment Agreement, (i) Chongqing Iron was held by China Baowu Steel Group Company Limited (中國寶武鋼鐵集團有限公司) ("China Baowu") and its associates as to approximately 35.07%; and (ii) China Baowu indirectly held approximately 16.28% of the total number of issued shares of the Company. Therefore, Chonqing Iron was a connected person of the Company and the proposed cash subscription for the registered capital in Chongqing Daming in the amount of RMB25,000,000 by Chongqing Iron pursuant to the Investment Agreement ("Chongqing Iron Transaction") constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Chongqing Iron Transaction exceeded 0.1% but was less than 5%, the Chongqing Iron Transaction was subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but was exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Chongqing Iron and Independent Investor will pay Chongqing Daming RMB24,733,884.61 and RMB9,893,553.85, respectively. The consideration for the capital increases was determined by the parties on arm's length negotiations, taking into account factors including (1) the appraised net asset value of Chongqing Daming by an independent valuer as at 30 June 2025 in the amount of RMB64,308,010.01 as set out in the Investment Agreement, (2) the actual situation (including (i) the fact that Chongqing Iron had to go through its internal approval process(es) and obtain approval(s) from China Baowu and China Baowu's subsidiary 寶武集團中南鋼鐵有限公司(Baowu Group Zhongnan Iron & Steel Co., Ltd.*)("Zhongnan Iron") which has been authorized by China Baowu to manage China Baowu's investment in Chongqing Iron (to the best of the Directors' knowledge, information and belief, each of Chongqing Iron, Zhongnan Iron and China Baowu's approval processes involved confirmation from the relevant departments, followed by approval from the president's office and the Party Committee) in relation to the Chongqing Iron Transaction, and therefore the Investment Agreement could only be executed on 26 June 2026 after all the approval processes notwithstanding that the valuation date fell on 30 June 2025; and (ii) notwithstanding that the valuation date was 30 June 2025, the valuation report was only issued on 9 Feb 2026 after numerous approval processes), and (3) operational needs of Chongqing Daming (since Chongqing Daming has been a loss-making company, the introduction of additional shareholders can enhance Chongqing Daming's capital strength, which would in turn contribute to its sustainable development). As such, the Directors (including the non-executive Directors) are of the view that the consideration for the capital increases is fair and reasonable and in the interest of the Company and its shareholders as a whole. The parties agreed that Chongqing Iron and Independent Investor shall pay the consideration to Chongqing Daming in cash in a single lump sum within 30 days after all registration requirements are fulfilled.

Through this collaboration, Jiangsu Daming and Chongqing Iron will integrate their production capacity, technology, capital, and market resources, as well as leveraging the professional advantages and resource integration capabilities of Independent Investor in relation to ports and logistics, and together the parties intend to create a competitive metal processing business environment, promote regional economic development, and enhance industrial competitiveness via their collaboration through their respective holdings of equity interest in Chongqing Daming.

Independent Investor is owned as to 100% by 長壽經濟技術開發區管理委員會 (The Administrative committee of the Changshou Economic and Technological Development Zone*)(the "Committee"). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Committee is an organisation under the Chongqing Changshou District People's Government.

For details of the Transactions, please refer to the announcement of the Company dated 26 June 2026.

The valuation of Chongqing Daming

The valuation of net asset value of Chongqing Daming was performed by China Assets Appraisal Co Ltd. (中資資產評估有限公司)("Valuer"). The Valuer has assessed the total equity value of Chongqing Daming as at 30 June 2025. The valuation method(s) selected by the Valuer, the reasons for such selection, valuation assumptions and the valuation results and conclusions as set out in the valuation report of the Valuer are summarized below.

The valuation method(s) selected by the Valuer and the reasons for such selection

According to the valuation report of the Valuer, the asset-based approach and the income approach are adopted by the Valuer for valuation.

The asset-based approach is a valuation method that determines the value of the subject asset by reasonably assessing the value of all on-balance-sheet and off-balance-sheet assets and liabilities based on the balance sheet. Considering the circumstances of the assessment, the entity being assessed can provide, and the appraiser can also externally collect, the information required for the asset-based approach. A comprehensive assessment of the assets and liabilities of the entity being assessed can be conducted. Therefore, the asset-based approach was applicable to the assessment according to the valuation report of the Valuer.

The income approach is based on the expected utility theory in economics, meaning that for investors, the value of an enterprise lies in the expected income it can generate in the future. Although the income approach does not directly use reference objects from the real market to indicate the current fair market value of the subject asset, it evaluates the asset from the perspective of its expected profitability– the fundamental basis determining its current fair market value. It can fully reflect the overall value of the enterprise, and its valuation conclusions possess good reliability and persuasiveness. Regarding the applicability conditions of the income approach, since the enterprise has independent profit-generating capability and the management of the entity being assessed has provided profit forecast data for future year(s), the future profitability level of the enterprise can be reasonably estimated based on its historical operating data and internal/external operating environment, and the risk of future income can be reasonably quantified. Therefore, the income approach was applicable to the assessment according to the valuation report of the Valuer.

In relation to income approach, the assessment is based on the going concern assumption, meaning the income period is an infinite operating period under the premise of the going concern assumption.

Valuation assumptions

(i) *Basic assumptions*

1. Transaction assumption
   It is assumed that all assets to be appraised are already in the process of a transaction. The appraiser values them by simulating a market based on the transaction conditions of the assets to be appraised.

2. Open market assumption
   An open market refers to a fully developed market with perfect market condition(s). It is a competitive market with voluntary buyers and sellers. In this market, the positions of buyers and sellers are equal, both have the opportunity and time to obtain sufficient market information, and the transactions between both parties are conducted under voluntary, rational, and non-compulsory or unrestricted conditions.

3. Continued use assumption
This assumption first assumes that the assets being appraised are in a state of use, including assets currently in use and standby assets. Secondly, based on relevant data and information, it assumes that these assets in a state of use will continue to be used. Under the continued use assumption, asset use conversion or optimal utilization conditions are not considered.

4. Going concern assumption
It is assumed that the entity being appraised, based on its existing assets and resource conditions, with its management being responsible and capable of undertaking responsibilities, will not cease operations for any reason in the foreseeable future, but will continue to operate legally and sustainably.

(ii) Valuation-specific assumptions

1. It is assumed that the entity being appraised will maintain a going concern status, its existing business scope will not undergo significant changes, and the conduct and operation of its existing business will not be significantly altered due to future changes in industry policies, etc.

2. The entity being appraised periodically invests a certain amount of capital expenditure and maintenance costs to ensure the normal use of assets. The valuation is conducted under the basic assumption that the enterprise can continue to operate and maintain its profitability through continuous self-compensation and renewal.

3. The accounting policies adopted during the forecast period are consistent in all material respects with those used by the entity being appraised in previous years and at the time of preparing the valuation report.

4. It is assumed that the current industry's industrial policies and existing legal environment will not undergo significant changes.

5. Relevant loan interest rates, exchange rates, tax bases and rates, and policy-related charges, etc., will not undergo significant changes.

6. Future business revenues can basically be collected as planned, and no significant bad debt situation will occur.

7. It is assumed that the entity being appraised receives net cash flow evenly within the year.

8. The major assets of the entity being appraised do not experience significant unforeseen events during their useful life.

9. When the entity being appraised requires funding support during its future operations, it can obtain sufficient funds in a timely manner.

10. The entity being appraised will not encounter large-scale staff changes during its future operating period that would affect the normal production and business activities of the enterprise.

The valuation conclusions in the valuation report are valid on the valuation date under the aforementioned assumptions. When the aforementioned assumptions change significantly, the signing asset appraiser and the Valuer do not bear responsibility for different valuation conclusions as a result of changes in the assumptions.

Asset-based approach

As of the valuation date, the book value of the net assets of Chongqing Daming was RMB64,255,900 and the appraised net assets were RMB64,308,100, with the value increase amount being RMB52,200, and the value increase rate being 0.08%. See the table below:

Summary Table of Asset Valuation Results (asset-based approach)

Unit of Amount: RMB ten thousand

Item	Book Value	Appraised value	Increase/ Decrease in Value	Value Increase Rate %
Current assets	5,363.49	5,363.49	–	–
Non-current assets	5,577.45	5,582.67	5.22	0.09
of which: Bond Investment	–	–	–	
Other Bond Investment	–	–	–	
Long-term Receivables	–	–	–	
Long-term Equity Investment	–	–	–	
Other Equity Instrument Investment	–	–	–	
Other non-current financial assets	–	–	–	
Investment property	–	–	–	
Fixed assets	39.12	44.34	5.22	13.34
Construction in progress	5,437.97	5,437.97	–	–
Productive biological assets	–	–	–	
Oil and gas assets	–	–	–	
Right-of-use assets	–	–	–	
Intangible assets	–	–	–	
Development expenditure	–	–	–	
Goodwill	–	–	–	
Long-term prepaid expenses	–	–	–	
Deferred tax assets	24.81	24.81	–	–
Other non-current assets	75.55	75.55	–	–
Total assets	**10,940.94**	**10,946.16**	**5.22**	**0.05**
Current Liabilities	4,515.35	4,515.35	–	–
Non-current Liabilities	–	–	–	
Total Liabilities	**4,515.35**	**4,515.35**	**–**	**–**
Net Assets (Owner's Equity)	6,425.59	6,430.81	5.22	0.08

Valuation results

The total equity value obtained from the asset-based approach valuation is RMB64,308,100, while the total equity value obtained from the income approach valuation is RMB65,413,000. The difference between the results of the two methods is RMB1,104,900, representing a difference of 1.72%. The reasons for the difference are as follows:

The technical rationale of the asset-based approach is to derive a valuation conclusion based on the enterprise's objectively existing assets and liabilities as of the valuation date, evaluated item by item. It indirectly assesses the fair market value of assets from the perspective of asset replacement cost. It determines the enterprise value from the perspective of the present value of the enterprise's assets, allowing report users to intuitively understand the value composition of the enterprise's existing assets.

The income approach valuation uses the expected returns of assets as the value standard. The valuation result of the income approach reflects the market value of a composite entity formed by multiple individual assets with complete production and operation capabilities, with its focus on the enterprise's future profitability.

The asset-based approach reflects the fair market value of assets from the perspective of asset replacement cost. Considering the circumstances of this valuation, the subject entity has provided detailed information on its assets and liabilities, and the appraiser has also collected external information sufficient for the asset-based approach, enabling a comprehensive assessment of the subject entity's assets and liabilities. Considering the subject entity, the purpose of the valuation, and the applicable value type, after comparative analysis, the subject entity belongs to the hot-rolled steel industry. The hot-rolled steel industry is influenced by multiple factors such as macroeconomics, steel prices, and supply-demand relationships, resulting in relatively strong profit volatility. Furthermore, as of the valuation date, the subject entity was in its initial construction phase and had not yet entered the operational period, making future revenue forecasts relatively subjective. Compared to general commercial enterprises, the hot-rolled steel industry is a typical heavy-asset industry, where intangible assets account for a relatively small proportion of the total enterprise value. The asset-based approach can avoid prediction errors associated with unstable earnings and can better reflect the current condition and replacement cost of the assets. Simultaneously, considering that the purpose of valuation is capital increase and share subscription, and the status of various assets within the valuation scope as of the valuation date is relatively clear and verifiable, the asset-based approach involves less subjective judgment in the valuation process compared to other methods, making the valuation results more objective and certain. Therefore, according to the valuation report, it is believed that, relative to the income approach, the asset-based approach better reflects the value of the subject assets for the purpose of the valuation and considering the reality of the enterprise's asset structure. Consequently, the valuation report adopts the valuation result from the asset-based approach as the valuation conclusion:

On the premise of going concern, the appraised total equity value of Chongqing Daming as of the valuation date of 30 June 2025, is RMB64,308,100.

Comparison of Valuation Conclusion with Book Value: Changes and Reasons

(i) The total asset valuation for Chongqing Daming is RMB109,461,600, representing an increase of RMB52,200 or 0.05% compared to the book value. The analysis of the reasons for the increase is as follows:

Fixed Assets – Equipment category: Value increase amount is RMB52,200, value increase rate is 0.05%. The analysis of the reasons for increase is as follows:

1. The appreciation in the assessed original value of machinery and equipment is due to some equipment being recorded at second-hand prices. This valuation confirms the assessed original value based on the replacement cost as of the valuation date, which is higher than the recorded value; the enterprise's accounting depreciation period is shorter than the machinery and equipment's economic life, resulting in appreciation of the assessed net value.

2. The decrease in vehicle replacement cost leads to a reduction in the assessed original value of vehicles; the vehicles were purchased in the same month as the valuation date, and the enterprise had not yet begun to accrue depreciation. The valuation considers the vehicle's economic useful life, accumulated mileage, and the inspected remaining useful life rate, leading to a reduction in the assessed net value.

3. Rounding of the replacement cost for electronic equipment assessment leads to a slight appreciation in the assessed original value. For some equipment, considering that the economic useful life is longer than the enterprise's accounting depreciation period, this results in appreciation of the assessed net value.

(ii) The book value of liabilities is RMB45,153,500, and the assessed value is RMB45,153,500, with no valuation increase or decrease.

(iii) The assessed net asset value is RMB64,308,100, representing an appreciation of RMB52,200 or 0.08% compared to the book value.

* *for identification purpose only*

STRATEGIC COOPERATION

1. **Daming Entered into Equipment Cooperation Agreement with Genertec Qiqihar No.2 Machine Tool**

   Daming entered into an equipment cooperation agreement on site with Genertec Qiqihar No.2 Machine Tool for fields including large-scale nuclear power, hydropower, and mining equipment. Both parties expressed that they are highly aligned in terms of equipment upgrade requirements and technical advantages, with broad space for cooperation in supply chain synergy, technical adaptation, and joint capacity building. They unanimously expressed the desire to make their respective contributions to promoting major engineering construction and the localization process of high-end equipment. Moving forward, both parties will accelerate the refinement of cooperation details and strive to put the equipment into production as early as possible, so as to better provide high-quality services to downstream clients.

2. **Daming Entered into Equipment Procurement Agreement with Genertec Kunming Machine Tool**

   Leaders of Genertec Kunming Machine Tool visited Daming International and entered into an equipment cooperation agreement. Both parties will exert full efforts to promote the early implementation, commissioning, and full-capacity operation of the contracted equipment, thereby enhancing Daming's core competitiveness in the field of high-end equipment manufacturing.

Operating results

The Group recorded a net profit of approximately RMB34.0 million for the six months ended 30 June 2026 representing an increase of approximately 49.5% as compared with the net profit of approximately RMB22.8 million for the six months ended 30 June 2025.

The sales volume of our stainless steel processing business remained at approximately 996,000 tonnes for both of the six months ended 30 June 2026 and the six months ended 30 June 2025. The processing volume decreased from approximately 1,522,000 tonnes for the six months ended 30 June 2025 to approximately 1,512,000 tonnes for the six months ended 30 June 2026 representing a decrease of approximately 0.6%.

The sales volume of our carbon steel processing business decreased from approximately 2,391,000 tonnes for the six months ended 30 June 2025 to approximately 2,379,000 tonnes for the six months ended 30 June 2026 representing a decrease of approximately 0.5%. The processing volume increased from approximately 2,444,000 tonnes for the six months ended 30 June 2025 to approximately 2,503,000 tonnes for the six months ended 30 June 2026 representing an increase of approximately 2.4%.

The sales volume and processing volume of our processing centres for the six months ended 30 June 2026 and the corresponding period in 2025 were as follows:

Stainless steel

	Six months ended 30 June		
	2026	2025	
	Tonnes	*Tonnes*	*% change*
Sales volume			
Wuxi	**409,965**	416,567	-1.6%
Hangzhou	**107,092**	115,552	-7.3%
Tianjin	**126,442**	122,547	+3.2%
Taiyuan	**69,144**	75,177	-8.0%
Wuhan	**61,608**	58,664	+5.0%
Jingjiang	**81,590**	80,194	+1.7%
Shandong	**95,464**	92,297	+3.4%
Jiaxing	**44,892**	34,502	+30.1%
Total	**996,197**	995,500	+0.1%
Processing volume			
Wuxi	**646,808**	637,475	+1.5%
Hangzhou	**137,463**	144,082	-4.6%
Tianjin	**118,757**	124,865	-4.9%
Taiyuan	**256,037**	269,082	-4.8%
Wuhan	**76,650**	66,497	+15.3%
Jingjiang	**139,732**	134,115	+4.2%
Shandong	**71,812**	80,914	-11.2%
Jiaxing	**64,846**	64,739	+0.2%
Total	**1,512,105**	1,521,769	-0.6%

Carbon steel

	Six months ended 30 June		
	2026	2025	
	tonnes	*tonnes*	*% change*
Sales volume			
Wuxi	**393,090**	436,481	-9.9%
Hangzhou	**31,249**	25,705	+21.6%
Tianjin	**287,111**	287,630	-0.2%
Taiyuan	**151,469**	156,072	-2.9%
Wuhan	**312,260**	324,875	-3.9%
Jingjiang	**439,310**	449,573	-2.3%
Shandong	**329,504**	329,887	-0.1%
Jiaxing	**357,482**	378,364	-5.5%
Chongqing	**77,398**	2,155	+3,491.6%
Total	**2,378,873**	2,390,742	-0.5%
Processing volume			
Wuxi	**366,638**	365,590	+0.3%
Hangzhou	**30,878**	26,709	+15.6%
Tianjin	**279,411**	236,814	+18.0%
Taiyuan	**198,994**	224,173	-11.2%
Wuhan	**322,159**	389,393	-17.3%
Jingjiang	**519,536**	571,029	-9.0%
Shandong	**314,098**	292,621	+7.3%
Jiaxing	**364,641**	338,043	+7.9%
Chongqing	**106,429**	–	–
Total	**2,502,784**	2,444,372	+2.4%

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW AND ANALYSIS

During the six months ended 30 June 2026, we recorded a revenue of approximately RMB21,903 million, gross profit of approximately RMB560 million and profit attributable to equity holders of the Company of approximately RMB24 million. Total assets of the Group as at 30 June 2026 amounted to approximately RMB16,189 million while equity attributable to equity holders of the Company amounted to approximately RMB2,517 million.

Revenue

Our revenue for the six months ended 30 June 2026 amounted to approximately RMB21,903 million comprising approximately RMB21,193 million from our processing business and approximately RMB710 million from our manufacturing business. As compared with the revenue for the six months ended 30 June 2025 of approximately RMB21,198 million, it represented an increase of approximately 3.3%.

The sales volume of our stainless steel processing business increased from 995,500 tonnes for the six months ended 30 June 2025 to 996,197 tonnes for the six months ended 30 June 2026 representing an increase of approximately 0.1%. The sales volume of our carbon steel processing business decreased from 2,390,742 tonnes for the six months ended 30 June 2025 to 2,378,873 tonnes for the six months ended 30 June 2026 representing a decrease of approximately 0.5%.

The processing volume of our stainless steel processing business decreased from 1,521,769 tonnes for the six months ended 30 June 2025 to 1,512,105 tonnes for the six months ended 30 June 2026 representing a decrease of approximately 0.6%. The processing volume of our carbon steel processing business increased from 2,444,372 tonnes for the six months ended 30 June 2025 to 2,502,784 tonnes for the six months ended 30 June 2026 representing an increase of approximately 2.4%.

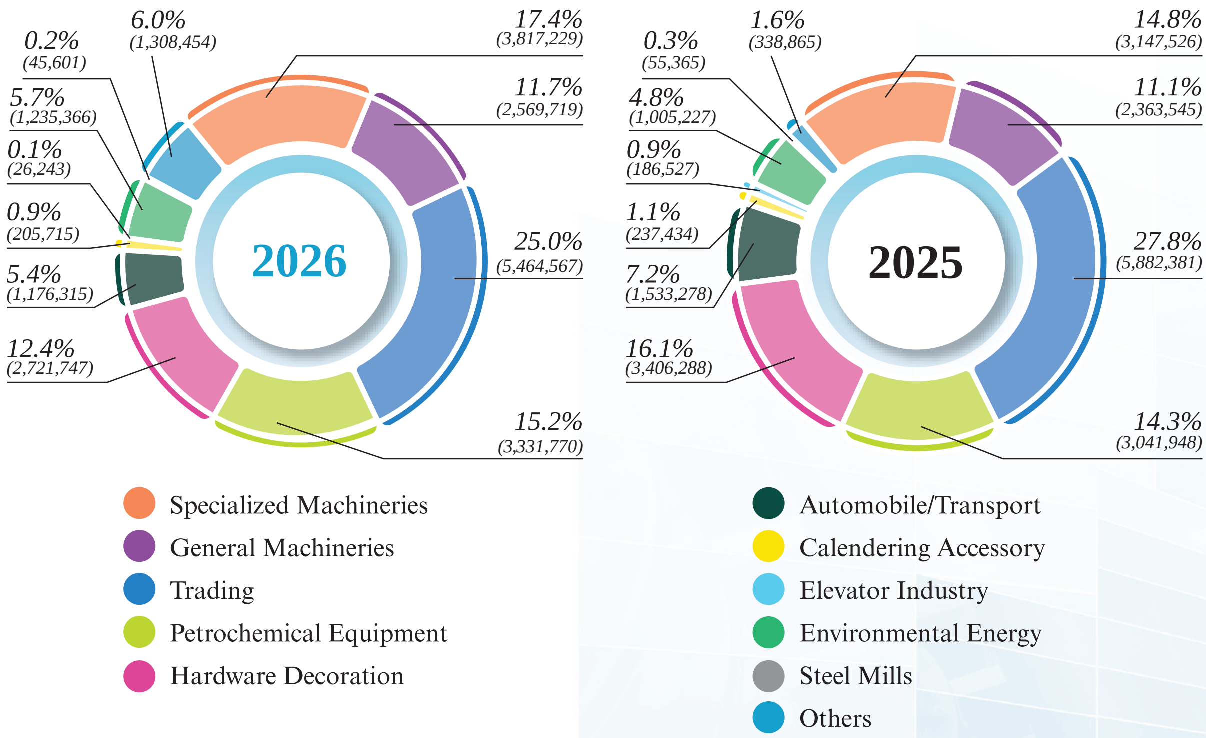
Analysis of revenue by key industry segments

During the six months ended 30 June 2026 and the corresponding period in 2025, our revenue by key industry segments were shown below:

Revenue

	Six months ended 30 June			
	2026		2025	
Industry	***RMB'000***	*%*	*RMB'000*	*%*
Specialized Machineries	**3,817,229**	**17.4**	3,147,526	14.8
General Machineries	**2,569,719**	**11.7**	2,363,545	11.1
Trading	**5,464,567**	**25.0**	5,882,381	27.8
Petrochemical Equipment	**3,331,770**	**15.2**	3,041,948	14.3
Hardware Decoration	**2,721,747**	**12.4**	3,406,288	16.1
Automobile/Transport	**1,176,315**	**5.4**	1,533,278	7.2
Calendering Accessory	**205,715**	**0.9**	237,434	1.1
Elevator Industry	**26,243**	**0.1**	186,527	0.9
Environmental Energy	**1,235,366**	**5.7**	1,005,227	4.8
Steel Mills	**45,601**	**0.2**	55,365	0.3
Others	**1,308,454**	**6.0**	338,865	1.6
Total	**21,902,726**	**100.0**	21,198,384	100.0

RMB'000

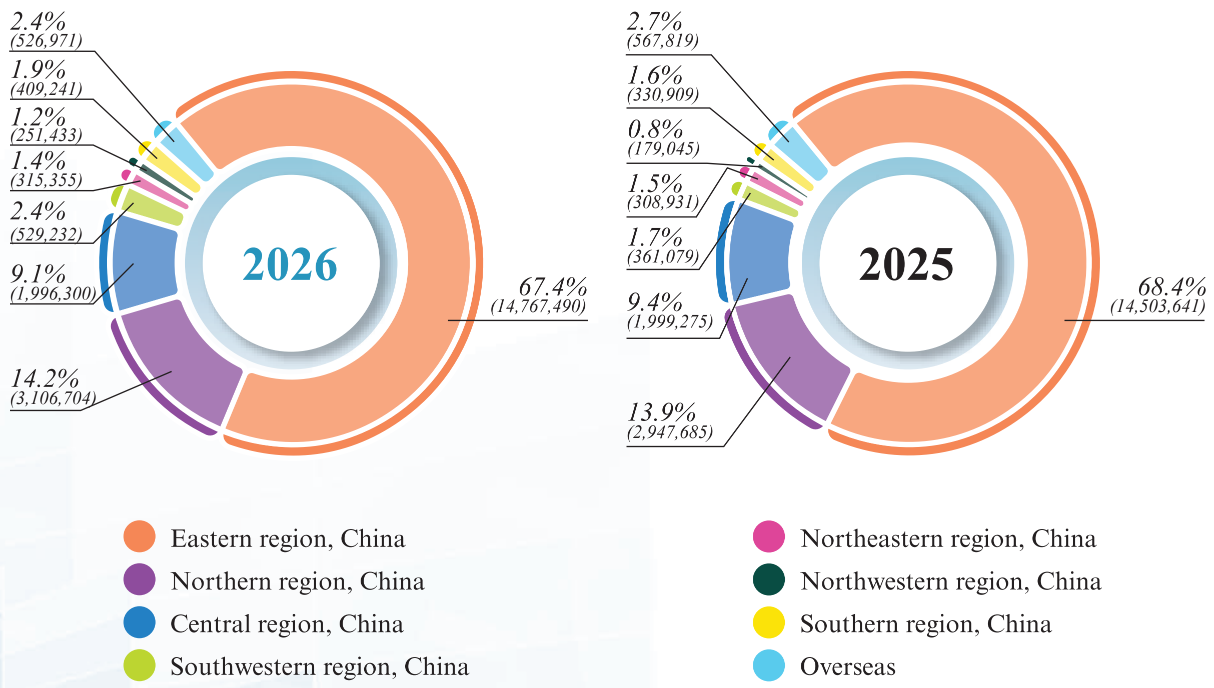


Analysis of revenue by geographical regions

During the six months ended 30 June 2026 and the corresponding period in 2025, our revenue by geographical regions were shown below:

	Six months ended 30 June			
	2026		2025	
Region	***RMB'000***	%	*RMB'000*	%
Eastern region, China	**14,767,490**	**67.4**	14,503,641	68.4
Northern region, China	**3,106,704**	**14.2**	2,947,685	13.9
Central region, China	**1,996,300**	**9.1**	1,999,275	9.4
Southwestern region, China	**529,232**	**2.4**	361,079	1.7
Northeastern region, China	**315,355**	**1.4**	308,931	1.5
Northwestern region, China	**251,433**	**1.2**	179,045	0.8
Southern region, China	**409,241**	**1.9**	330,909	1.6
Overseas	**526,971**	**2.4**	567,819	2.7
Total	**21,902,726**	**100.0**	21,198,384	100.0

RMB'000



Gross profit

Gross profit increased from approximately RMB553.7 million for the six months ended 30 June 2025 to approximately RMB559.5 million for the six months ended 30 June 2026 mainly due to the increase in revenue.

Other income

Other income decreased from approximately RMB9.9 million for the six months ended 30 June 2025 to approximately RMB8.4 million for the six months ended 30 June 2026 mainly due to the decrease in government grants received during the current period.

Distribution costs

Distribution costs increased from approximately RMB233.4 million for the six months ended 30 June 2025 to approximately RMB250.8 million for the six months ended 30 June 2026. Such increase was mainly due to the increase in transportation costs.

Administrative expenses

Administrative expenses decreased from approximately RMB184.6 million for the six months ended 30 June 2025 to approximately RMB154.1 million for the six months ended 30 June 2026. Such decrease was mainly due to the decrease in entertainment and travelling expenses.

Finance costs

Finance costs decreased from approximately RMB110.5 million for the six months ended 30 June 2025 to approximately RMB99.8 million for the six months ended 30 June 2026. Such decrease was mainly due to the decrease in interest expenses on bank borrowings.

Income tax expense

The income tax expense increased from approximately RMB10.8 million for the six months ended 30 June 2025 to approximately RMB19.7 million for the six months ended 30 June 2026 due to the increase in profit.

Profit for the period

The Group recorded a net profit of approximately RMB34.0 million for the six months ended 30 June 2026 as compared with a net profit of approximately RMB22.8 million for the six months ended 30 June 2025.

Foreign exchange risk management

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has certain trade receivables, restricted bank balances, cash and cash equivalents, trade payables, other payables and borrowings denominated in foreign currencies, mainly United States Dollar, Euro, Hong Kong Dollar and Japanese Yen, which are exposed to foreign currency translation risk.

The management will closely monitor the exchange rate fluctuations to ensure sufficient precautionary measures against any adverse impacts.

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 30 June 2026, the borrowings of the Group amounted to approximately RMB10,416 million. Notes payable amounted to approximately RMB366 million while the bank balances were approximately RMB5,341 million of which approximately RMB5,147 million were restricted bank deposits for bank financing facilities for issuing letter of credit and notes payable.

As at 30 June 2026, the Group recorded a net current liabilities of approximately RMB1,446 million.

The gearing ratios as at 30 June 2026 and 31 December 2025 were 78.05% and 70.22% respectively. The ratios are calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents while total capital is calculated as total equity plus net debt.

CONTINGENT LIABILITIES

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**4,909,691**	4,900,870
Right-of-use assets		**518,787**	515,316
Investment properties		**1,676**	1,371
Intangible assets		**12,858**	15,899
Deferred income tax assets		**275,506**	261,934
Trade receivables and contract assets	8	**2,629**	4,814
Other non-current assets		**31,818**	55,970
		5,752,965	5,756,174
Current assets			
Inventories	7	**3,463,449**	3,597,406
Trade receivables and contract assets	8	**616,302**	552,859
Prepayments, deposits and other receivables	9	**984,897**	1,051,031
Financial assets at fair value through other comprehensive income		**30,310**	55,887
Restricted bank deposits		**5,146,983**	1,306,737
Cash and cash equivalents		**194,501**	109,181
		10,436,442	6,673,101
Total assets		**16,189,407**	12,429,275
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	10	**109,041**	109,041
Reserves		**2,407,596**	2,383,776
		2,516,637	2,492,817
Non-controlling interests		**357,926**	347,711
Total equity		**2,874,563**	2,840,528

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	11	**1,101,883**	1,411,115
Deferred government grants		**108,044**	114,804
Deferred income tax liabilities		**33,216**	23,187
Lease liabilities		**1,582**	1,582
Long-term payables		**187,314**	30,826
		1,432,039	1,581,514
Current liabilities			
Trade payables	12	**1,046,150**	1,130,891
Accruals and other current liabilities		**685,826**	450,383
Contract liabilities		**753,605**	970,287
Current income tax liabilities		**83,348**	31,564
Borrowings	11	**9,313,876**	5,395,576
Lease liabilities		**–**	532
Dividends payable		**–**	28,000
		11,882,805	8,007,233
Total liabilities		**13,314,844**	9,588,747
Total equity and liabilities		**16,189,407**	12,429,275

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	13	**21,902,726**	21,198,384
Cost of sales	14	**(21,343,185)**	(20,644,687)
Gross profit		**559,541**	553,697
Other income		**8,378**	9,891
Other expenses		**(9,516)**	(1,535)
Distribution costs	14	**(250,798)**	(233,427)
Administrative expenses	14	**(154,118)**	(184,604)
Operating profit		**153,487**	144,022
Finance income	15	**20,809**	26,696
Finance costs	15	**(120,595)**	(137,151)
Finance costs – net	15	**(99,786)**	(110,455)
Profit before income tax		**53,701**	33,567
Income tax expense	16	**(19,666)**	(10,800)
Profit and total comprehensive income for the period		**34,035**	22,767
Attributable to:			
Equity holders of the Company		**23,820**	7,579
Non-controlling interests		**10,215**	15,188
		34,035	22,767
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– basic earnings per share	17	**1.87 cents**	0.59 cents
– diluted earnings per share	17	**1.87 cents**	0.59 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to equity holders of the Company		Non-controlling interests	Total equity
	Share Capital	Reserves		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2025	109,041	2,418,872	336,885	2,864,798
Comprehensive income				
(Loss)/Profit for the year	–	(35,559)	47,795	12,236
Transactions with owners				
Acquisition of non-controlling interest	–	463	(8,969)	(8,506)
Dividends	–	–	(28,000)	(28,000)
Total transaction with owners	–	463	(36,969)	(36,506)
Balance at 31 December 2025	109,041	2,383,776	347,711	2,840,528

	Attributable to equity holders of the Company		**Non-controlling interests**	**Total equity**
	Share Capital	**Reserves**		
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Balance at 1 January 2026	**109,041**	**2,383,776**	**347,711**	**2,840,528**
Comprehensive income				
Profit for the period	**–**	**23,820**	**10,215**	**34,035**
Balance at 30 June 2026	**109,041**	**2,407,596**	**357,926**	**2,874,563**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash flows from operations	**543,260**	254,961
Interest received	**20,809**	26,696
Interest paid	**(120,595)**	(137,112)
Income tax paid	**(23,880)**	(9,348)
Net cash from operating activities	**419,594**	135,197
Cash flows from investing activities		
Purchase of property, plant and equipment	**(242,034)**	(89,284)
Other investing cash flow	**166,938**	(32,024)
Net cash used in investing activities	**(75,096)**	(121,308)
Cash flows from financing activities		
Net change in borrowings	**3,609,068**	4,340,753
Net change in restricted bank deposits	**(3,840,246)**	(4,121,174)
Dividend paid to non-controlling shareholders	**(28,000)**	–
Net cash (used in)/from financing activities	**(259,178)**	219,579
Net change in cash and cash equivalents	**85,320**	233,468
Cash and cash equivalents at beginning of the period	**109,181**	153,891
Cash and cash equivalents at end of the period	**194,501**	387,359

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 14 February 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1 December 2010.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These unaudited condensed consolidated financial statements have not been reviewed by external auditors but have been reviewed by the Company's audit committee.

Going Concern

As at 30 June 2026, the Group's current liabilities exceeded its current assets by approximately RMB1,446,363,000. This financial condition may cast significant doubt upon the Group's ability to continue as a going concern.

The Group meets its day-to-day working capital requirements mainly through its operating cash flows and bank borrowings. In preparing the financial statements, the Directors of the Company have given a careful consideration to the projected needs for liquidity, operating results and the available financial resources of the Group in evaluating whether the Group will have sufficient financial resources to continue as a going concern. Management's plan has included a number of measures to mitigate the liquidity pressure and to improve the financial position and operating results:

(i) the Group will continue to make efforts to improve its operating results and cash flows, including but not limited to increasing sales volume, improving working capital turnover by enhancing inventory level management and trade receivables collection, and controlling operating expenditures;

(ii) the Group will continue to maintain ongoing relationships with banks and other financial institutions to secure sufficient available bank credit quota, and manage financing from bank borrowings to pursue renewal or refinancing of existing bank borrowings upon maturity; and

(iii) the Group will continue to manage its capital expenditures in line with the available funding from operating and financing activities and sufficiency of liquidity.

Having considered the above, the Directors of the Company believe that the Group will have adequate liquidity to fulfill its financial obligations when fall due, and to continue operations for the foreseeable future of not less than twelve months from period end date of these financial statements. The Directors, therefore, are of the opinion that it is appropriate to adopt the going concern basis in preparing the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2025, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual financial period commencing 1 January 2026:

		Effective for annual periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	The Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026

(b) New and amended standards not yet effective for the current reporting period

The following new interpretations and amendments to standards and interpretations have been issued but were not mandatory for interim reporting periods ended on 30 June 2026 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 and Amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKAS 21	Amendment to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4. ESTIMATES

The preparation of unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, and liquidity risk.

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2025.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Fair value estimation

There are no financial assets/liabilities carried at fair value determined by valuation method. The carrying value of cash and cash equivalents, restricted bank deposits, trade and other receivables and financial liabilities including trade and other payables and borrowings are assumed to approximate their fair values.

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings and plant *RMB'000*	Machinery *RMB'000*	Vehicles *RMB'000*	Office equipment and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Year ended 31 December 2025						
Opening net book amount	1,583,790	2,990,682	16,189	24,751	505,956	5,121,368
Additions	14,975	7,816	2,384	3,517	196,011	224,703
Transfer from construction-in-progress	16,982	249,208	22	990	(267,202)	–
Disposals	(102)	(3,432)	(1,620)	(41)	–	(5,195)
Depreciation	(77,311)	(352,151)	(4,866)	(5,678)	–	(440,006)
Closing net book amount	1,538,334	2,892,123	12,109	23,539	434,765	4,900,870
At 31 December 2025						
Cost	2,112,261	5,699,904	53,243	105,773	434,765	8,405,946
Accumulated depreciation	(573,927)	(2,807,781)	(41,134)	(82,234)	–	(3,505,076)
Net book amount	1,538,334	2,892,123	12,109	23,539	434,765	4,900,870
Six months ended 30 June 2026						
Opening net book amount	**1,538,334**	**2,892,123**	**12,109**	**23,539**	**434,765**	**4,900,870**
Additions	**23,728**	**3,563**	**480**	**5,488**	**197,240**	**230,499**
Transfer	**1,407**	**(3,939)**	**–**	**1,627**	**905**	**–**
Disposals	**(1,219)**	**(9,779)**	**(234)**	**(89)**	**–**	**(11,321)**
Depreciation	**(38,668)**	**(166,657)**	**(1,001)**	**(4,031)**	**–**	**(210,357)**
Closing net book amount	**1,523,582**	**2,715,311**	**11,354**	**26,534**	**632,910**	**4,909,691**
At 30 June 2026						
Cost	**2,136,177**	**5,689,749**	**53,489**	**112,799**	**632,910**	**8,625,124**
Accumulated depreciation	**(612,595)**	**(2,974,438)**	**(42,135)**	**(86,265)**	**–**	**(3,715,433)**
Net book amount	**1,523,582**	**2,715,311**	**11,354**	**26,534**	**632,910**	**4,909,691**

7. INVENTORIES

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Raw materials	**2,466,308**	2,315,176
Finished goods and work-in-progress	**997,141**	1,282,230
	3,463,449	3,597,406

For the six months ended 30 June 2026, the Group recorded a gain of approximately RMB8,173,000 for the reversal of provision for the write-down of inventories to their net realisable value. A gain of approximately RMB59,729,000 was recorded for the reversal of provision for the write-down of inventories to their net realisable value for the six months ended 30 June 2025. These amounts have been included in the cost of sales in the unaudited condensed consolidated statement of comprehensive income.

8. TRADE RECEIVABLES AND CONTRACT ASSETS

	As at 30 June 2026			As at 31 December 2025		
	Current	Non-Current	Total	Current	Non-Current	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets	**37,963**	**2,760**	**40,723**	38,876	5,054	43,930
Notes receivable	**–**	**–**	**–**	44,308	–	44,308
Accounts receivable	**623,528**	**–**	**623,528**	513,755	–	513,755
	661,491	**2,760**	**664,251**	596,939	5,054	601,993
Less: provision for impairment	**(45,189)**	**(131)**	**(45,320)**	(44,080)	(240)	(44,320)
	616,302	**2,629**	**618,931**	552,859	4,814	557,673

The carrying amounts of trade receivables and contract assets approximate their fair value as at the balance sheet date.

Majority of the Group's sales are made on (i) cash on delivery, (ii) receipt of bank or commercial acceptance. Credit terms within 180 days are granted to certain long term customers with good credit history. The aging analysis of trade receivables was as follows:

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
Accounts receivable		
– within 30 days	**474,545**	351,696
– 30 days to 3 months	**55,910**	85,812
– 3 months to 6 months	**16,666**	33,517
– 6 months to 1 year	**27,134**	10,501
– 1 year to 2 years	**18,811**	13,968
– over 2 years	**30,462**	18,261
	623,528	513,755

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Prepayment for purchase of raw materials	**779,279**	937,833
Discounted interest for notes receivable	**29,760**	18,817
Value added tax recoverable	**70,098**	69,041
Export tax refundable	**1,201**	755
Deposits and other receivables	**104,559**	24,585
	984,897	1,051,031

10. SHARE CAPITAL

	Number of shares *'000*	*HKD'000*	*RMB'000*
Authorised share capital:			
As at 31 December 2025 and 30 June 2026 (ordinary shares of HKD0.10 each)	1,500,000	150,000	128,886
Issued and fully paid up:			
As at 31 December 2025 and 30 June 2026 (ordinary shares of HKD0.10 each)	1,274,528	127,453	109,041

11. BORROWINGS

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Non-current		
Bank borrowings	**944,411**	1,236,031
Borrowing under finance lease arrangement	**157,472**	175,084
	1,101,883	1,411,115
Current		
Bank borrowings	**9,119,251**	5,234,659
Borrowing under finance lease arrangement	**194,625**	160,917
	9,313,876	5,395,576
Total borrowings	**10,415,759**	6,806,691
Representing :		
Bank borrowings		
– secured	**5,668,926**	2,268,635
– unsecured	**4,394,737**	4,202,055
Finance lease arrangement	**352,096**	336,001
	10,415,759	6,806,691

12. TRADE PAYABLES

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Accounts payable	**679,850**	646,643
Notes payable	**366,300**	484,248
	1,046,150	1,130,891

The ageing analysis of the trade payable was as follows:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Within 6 months	**1,019,938**	1,089,934
6 months to 1 year	**12,487**	33,822
1 year to 2 years	**8,377**	5,271
More than 2 years	**5,348**	1,864
	1,046,150	1,130,891

13. REVENUE AND SEGMENT INFORMATION

The result of its sales from external customers in different countries and regions was as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Mainland China	**21,375,755**	20,630,565
Hong Kong and other overseas countries and regions (i)	**526,971**	567,819
Total sales	**21,902,726**	21,198,384

(i) Other overseas countries and regions mainly represented Australia, United States of America, South Korea, Japan, Europe, South America and Southeast Asia.

The segment results for the six months ended 30 June 2026:

	Processing *RMB'000*	**Manufacturing** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Sales to external customers	**21,255,319**	**647,407**	**–**	**21,902,726**
Intra-group sales	**330,615**	**63,072**	**(393,687)**	**–**
Segment revenue	**21,585,934**	**710,479**	**(393,687)**	**21,902,726**
Segment results	**257,474**	**(96,167)**	**(6,682)**	**154,625**
Other income and expenses				**(1,138)**
Finance costs – net				**(99,786)**
Profit before income tax				**53,701**
Income tax expense				**(19,666)**
Profit for the period				**34,035**
Items included in profit and loss:				
Depreciation and amortisation	**150,395**	**69,109**	**–**	**219,504**

The segment results for the six months ended 30 June 2025:

	Processing *RMB'000*	Manufacturing *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Sales to external customers	20,473,474	724,910	–	21,198,384
Intra-group sales	372,119	82,477	(454,596)	–
Segment revenue	20,845,593	807,387	(454,596)	21,198,384
Segment results	172,059	(26,849)	(9,544)	135,666
Other income and expenses				8,356
Finance costs – net				(110,455)
Profit before income tax				33,567
Income tax expense				(10,800)
Profit for the period				22,767
Items included in profit and loss:				
Depreciation and amortisation	163,167	70,047	–	233,213

14. EXPENSES BY NATURE

Expenses included in cost of sales, distribution costs and administrative expenses were analysed as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Changes in inventories of finished goods	**65,455**	92,412
Raw materials consumed	**20,609,166**	19,902,014
Stamp duty, property tax and other surcharges	**48,509**	49,773
Transportation costs	**131,758**	125,237
Employee benefit expenses, including directors' emoluments	**553,319**	510,027
Depreciation and amortisation	**219,504**	233,213
Operating lease rental for buildings	**7,226**	4,441
Utilities charges	**42,173**	43,337
Reversal of write-down of inventories	**(8,173)**	(59,729)
Entertainment and travelling expenses	**22,709**	28,678
Professional service expenses	**8,094**	7,619
Others	**48,361**	125,696
	21,748,101	21,062,718

15. FINANCE COSTS – NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Interest expenses on bank borrowings	**75,854**	90,568
Interest expenses on bank/commercial acceptance notes and letters of credit	**38,090**	47,952
Exchange loss/(gain), net	**6,651**	(1,369)
Total finance costs	**120,595**	137,151
Interest income	**(20,809)**	(26,696)
	99,786	110,455

16. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current income tax expense		
– Mainland China corporate income tax	**23,880**	17,612
Deferred income tax	**(4,214)**	(6,812)
	19,666	10,800

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The subsidiary incorporated in British Virgin Islands under the International Business Companies Acts of the British Virgin Islands is exempted from payment of British Virgin Islands income tax.

Subsidiaries incorporated in Hong Kong are subject to income tax at the prevailing rates of 16.5% (2025: 16.5%). Hong Kong profits tax has not been provided as there is no estimated assessable profit arising in or derived from Hong Kong during the financial periods.

The PRC Corporate Income Tax ("CIT") is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items, which are not assessable or deductible for income tax purposes. All of the subsidiaries of the Group in Mainland China are subject to corporate income tax rate of 25% (2025: 25%), except for certain subsidiaries which are entitled to certain preferential income tax rates of 15% to 20%.

17. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2026	2025
Profit attributable to equity holders of the Company (RMB'000)	**23,820**	7,579
Weighted average number of ordinary shares in issue (thousands)	**1,274,528**	1,274,528
Basic earnings per share (RMB)	**1.87 cents**	0.59 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 30 June 2026, there was no dilutive potential ordinary shares for the Company. Accordingly, diluted earnings per share for the six months ended 30 June 2026 and 2025 are the same as basic earnings per share for the periods.

18. INTERIM DIVIDENDS

The board of directors does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2026 (2025: nil).

19. COMMITMENTS

Capital commitments

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Contracted but not provided for:		
Acquisition of property, plant and equipment	**350,733**	200,512

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance in enhancing shareholders' value and safeguarding interests of shareholders and other stakeholders.

The Company has complied with the Corporate Governance Code (the "CG Code") set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2026. The Company adopted the CG Code as its own code of corporate governance.

MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "Model Code") as its code of conduct regarding securities transactions by the directors. Having made specific enquiry with all the directors of the Company (the "Directors"), all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2026.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in Note 10 to the unaudited condensed consolidated financial statements.

INTERIM DIVIDEND

The board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2026 (2025: Nil).

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2026.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has discussed with the management and reviewed the unaudited interim results, including the unaudited condensed consolidated financial statements, of the Group for the six months ended 30 June 2026 and considered that the Company has complied with all applicable accounting standards and requirements.

CHANGE IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the date of the 2025 annual report of the Company are set out below:

1. Mr. Wang Liuqi ceased to be a deputy director of the 15th Cantal Economic Committee of the China Association for the Promotion of Democracy since January 2026.

2. Prof. Chen Xin was appointed as an independent non-executive director of Axera Semiconductor Co., Ltd. (stock code: 600), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with effect from 10 February 2026.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE AWARD SCHEME

The Company adopted a share award scheme on 25 August 2011. Principal terms of the share award scheme were set out in our 2025 Annual Report.

During the period ended 30 June 2026, a total of 1,950,000 awarded shares were granted under the share awarded scheme, representing 0.15% of the issued share capital of the Company as at the date of grant of awarded shares on 20 May 2026 and all the awarded shares were vested during the period ended 30 June 2026.

A summary of grants of awarded shares during the period is set out below:

Date of grant	:	20 May 2026
Awardees	:	8 selected employees(1)
Number of awarded shares granted	:	1,950,000 awarded shares
Consideration	:	Nil
Vesting date	:	29 May 2026
Performance target	:	No performance target attached to the awarded shares granted
Percentage of issued shares at the date of grant	:	0.15%
Closing price of the shares immediately before the date of grant	:	HK$0.74
Closing price of the share on the date of approval by the board of the total number of shares to be awarded to each selected employee	:	HK$0.79
Fair value of awarded shares at the date of grant(2)	:	HK$1,540,500

Details of movements of awarded shares of the Company during the period are as follows:

Category of participant	Date of grant	Vesting date	Number of Awarded Shares: Unvested as at 1 January 2026	Granted	Vested	Lapsed	Cancelled	Unvested as at 30 June 2026	Fair value of awarded shares at the date of grant (2) HK$
Director									
Mr. Ni Chen (1)	20 May 2026	29 May 2026	–	500,000	(500,000)	–	–	–	395,000
Employees	20 May 2026	29 May 2026	–	1,450,000	(1,450,000)	–	–	–	1,145,500
Total			–	1,950,000	(1,950,000)	–	–	–	1,540,500

Details of movements of awarded shares of the Company (excluding directors of the Company) during the period are as follows:

Category of participant	Date of grant	Vesting date	Number of Awarded Shares: Unvested as at 1 January 2026	Granted	Vested	Lapsed	Cancelled	Unvested as at 30 June 2026	Fair value of awarded shares at the date of grant (2) HK$
Five highest paid employees in aggregate (1)	20 May 2026	29 May 2026	–	1,500,000	(1,500,000)	–	–	–	1,185,000
Total			–	1,500,000	(1,500,000)	–	–	–	1,185,000

Notes:

(1) Mr. Ni Chen was appointed as a Director of the Company on 1 June 2026, he was classified as employee and was not a connected person of the Company when relevant awarded shares was granted on 20 May 2026. Please refer to the announcement of the Company dated 20 May 2026 on appointment of executive Director for details.

(2) The fair value of the awarded shares at the date of grant on 20 May 2026 during the reporting period was HK$0.79 per share; and was determined based on the closing price of the share on the date of approval by the board of the total number of shares to be awarded to each selected employee. The Group has adopted the accounting standard in accordance with HKFRS 2 – Share-based payments for calculation of the fair value of the awarded shares. The fair value of these awards is calculated based on the market price at the grant date, adjusted for expected dividends during the vesting period, charged to employee expenses.

(3) No awarded shares have been granted in excess of the 1% individual limit.

(4) The weighted average closing price of the shares immediately before the dates on which the shares were vested was HK$0.74.

The number of shares available for grant under the share award scheme as of 1 January 2026 and 30 June 2026 were 17,614,000 shares and 15,664,000 shares, respectively. As at 30 June 2026, an independent trustee holds 15,664,000 shares of the Company for the share award scheme, representing 1.23% (2025: 1.38%) of the issued shares (excluding treasury shares) of the Company.

Rule 17.07(3) of the Listing Rules is not applicable to the share award scheme as it involves no issuance of new shares in respect of awards granted under the share award scheme during the period.

EMPLOYMENT POLICY

As at 30 June 2026, the Group employed a total of 6,644 staffs (2025: 6,608), of which 4,934 were production and technical personnel, representing 74.3%; 1,110 were sales personnel, representing 16.7%; and 600 were management and financial officer, representing 9.0%.

The remuneration of the Directors and employees is based on their performance, skills, knowledge, experiences and market trend. The remuneration committee reviews the remuneration policies and packages of the Group on a regular basis. In addition to basic salaries, employees may be offered with discretionary bonus on individual performance. The Group has also adopted share award scheme for its employees, providing incentives and rewards to eligible participants with reference to their contribution.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2026, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long and short position in the shares and underlying shares of the Company

Name of Director	Nature of interests	Number of shares/underlying shares held	% of issued share capital
Mr. Zhou Keming	Personal, family and corporate	738,551,000[1]	57.95%
Ms. Xu Xia	Personal, family and corporate	738,551,000[1]	57.95%
Mr. Zou Xiaoping	Personal and family	5,060,000[2]	0.40%
Mr. Zhang Feng[3]	Personal	2,144,000	0.17%
Mr. Ni Chen[4]	Personal	730,000	0.06%

(1) 738,435,000 shares are held by Ally Good Group Limited, which is owned as to 77.2% by Mr. Zhou Keming, and 22.8% by Ms. Xu Xia. Mr. Zhou Keming and Ms. Xu Xia each personally hold 60,000 shares and 56,000 shares, respectively.

(2) 60,000 shares are held by Mr. Zou Xiaoping and 5,000,000 shares are held by Mr. Zou Xiaoping's spouse, Ms. Li Jun.

(3) Mr. Zhang Feng was resigned as a Director of the Company on 26 March 2026.

(4) Mr. Ni Chen was appointed as a Director of the Company on 1 June 2026.

(b) Long position in the shares in associated corporation(s)

Name of Director	Name of associated corporation	Nature of interests	Number of shares held	% of issued share capital of associated corporation
Mr. Zhou Keming	Ally Good Group Limited[1]	Personal and family	1,000[2]	100%
Ms. Xu Xia	Ally Good Group Limited[1]	Personal and family	1,000[2]	100%

(1) As at 30 June 2026, Ally Good Group Limited is the holder of 57.94% of the issued share capital of the Company and is an associated corporation under SFO.

(2) 772 shares are held by Mr. Zhou Keming and 228 shares are held by Ms. Xu Xia. Ms. Xu Xia is the spouse of Mr. Zhou Keming.

Save as disclosed above, as at 30 June 2026, none of the directors or chief executive and their associates, had interests or short positions in any shares, underlying shares or debentures of the Company and its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the reporting period was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its parent company a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debenture of the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, the interests or short positions of every person, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

Aggregate long position in the shares and underlying shares of the Company

Name of Shareholder	**Number of ordinary shares held**	**Approximate percentage of the Company's issued share capital**
Long position		
Ally Good Group Limited	738,435,000[(1)]	57.94%
China Baowu Steel Group Corporation Limited ("China Baowu")	207,500,000[(2)]	16.28%
Baosteel Stainless Steel (International) Limited ("Baosteel")	103,750,000	8.14%
Tisco Trading (H.K.) Limited ("Tisco (H.K.) Limited")	103,750,000	8.14%

(1) As Ally Good Group Limited is owned as to 77.2% by Mr. Zhou Keming and 22.8% by Ms. Xu Xia, they have interest in these shares as disclosed under the previous section.

(2) These Shares comprise 103,750,000 shares held by China Baowu indirectly through Baosteel and 103,750,000 shares held by China Baowu indirectly through Tisco (H.K.) Limited. China Baowu owned 51% equity interests in Taiyuan Iron & Steel (Group) Co., Ltd. ("Taiyuan Steel"). Taiyuan (Group) International Trade Co., Ltd. ("Taiyuan (Group) International") is a direct wholly-owned subsidiary of Taiyuan Steel. Taiyuan (Group) International owned 12.23% equity interests in Tisco (H.K.) Limited, Taiyuan Steel directly owned 87.77% equity interest in Tisco (H.K.) Limited, Tisco (H.K.) Limited is a subsidiary of Taiyuan Steel. As such, China Baowu was deemed to be interested in the same 103,750,000 shares in which Tisco (H.K.) Limited held.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2026.