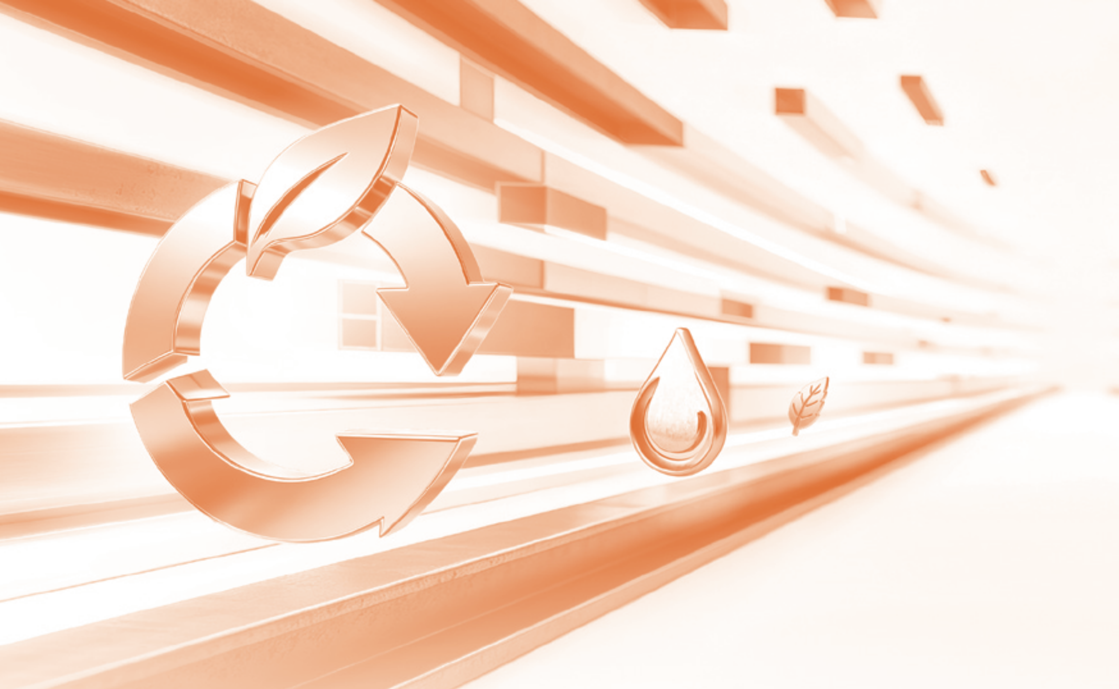
2026
INTERIM REPORT

興 發 鋁 業 控 股 有 限 公 司
XINGFA ALUMINIUM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(HKEX stock code: 98)



CONTENTS

CORPORATE INFORMATION

DIRECTORS AND BOARD COMMITTEES

Directors

Executive Directors

WANG Li *(Chairman)*
LIAO Yuqing *(Chief Executive Officer)*
ZHENG Jianhua *(Chief Financial Officer)*
LAW Yung Koon
WANG Zhihua
LUO Jianfeng

Non-executive Directors

ZUO Manlun
WANG Lei

Independent Non-executive Directors

CHEN Mo
HO Kwan Yiu
LAM Ying Hung, Andy
WEN Xianjun

Board Committees

Audit Committee

LAM Ying Hung, Andy *(Chairman)*
CHEN Mo
HO Kwan Yiu
WANG Lei

Remuneration Committee

HO Kwan Yiu *(Chairman)*
CHEN Mo
LAM Ying Hung, Andy
LIAO Yuqing
WANG Li

Nomination Committee

WANG Li *(Chairman)*
CHEN Mo
HO Kwan Yiu
LAM Ying Hung, Andy
ZUO Manlun

Company Secretary

ZHOU Tianyi

AUTHORIZED REPRESENTATIVES

WANG Li
LIAO Yuqing
WANG Zhihua *(alternate to LIAO Yuqing)*

REGISTERED OFFICE

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

CORPORATE INFORMATION

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Sanshui District
Foshan City
Guangdong Province
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat F, 31/F
Boton Technology Innovation Tower
368 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL BANKERS

Bank of China
Agriculture Bank of China
Industrial and Commercial Bank of China

LEGAL ADVISERS

As to Hong Kong law:

Hastings & Co.

As to Cayman Islands law:

Conyers Dill & Pearman

AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

SHARE REGISTRARS

Principal Share Registrar and Transfer Office in the Cayman Islands

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

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Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17/F, Hopewell Centre
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WEBSITE

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STOCK CODE

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INTRODUCTION

The board ("**Board**") of directors ("**Directors**") of Xingfa Aluminium Holdings Limited ("**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as "**Group**", "**our Group**", "**we**", "**us**", "**our**", "**Xingfa Aluminium**") prepared under International Financial Reporting Standards ("**IFRS**") for the six months ended 30 June 2026 ("**1H26**"), together with the comparative figures for the corresponding period in 2025 ("**1H25**") and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee of the Board and the Company's independent auditors, Deloitte Touche Tohmatsu.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF XINGFA ALUMINIUM HOLDINGS LIMITED 興發鋁業控股有限公司

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Xingfa Aluminium Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 7 to 25, which comprise the condensed consolidated statement of financial position as of 30 June 2026 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	Six months ended 30 June **2026** **RMB'000** **(unaudited)**	 2025 RMB'000 (unaudited)
Revenue	*3 & 4*	**9,693,337**	9,323,190
Cost of sales		**(9,232,816)**	(8,705,303)
Gross profit		**460,521**	617,887
Other income		**86,430**	98,635
Other gains and losses		**(9,602)**	1,275
Distribution costs		**(107,204)**	(146,652)
Administrative expenses		**(198,788)**	(222,213)
Impairment losses on trade and other receivables		**(2,029)**	(12,496)
Finance costs	*5*	**(56,037)**	(45,091)
Share of result of an associate		**3,126**	—
Profit before taxation		**176,417**	291,345
Income tax expense	*6*	**(9,342)**	(21,340)
Profit for the period	*7*	**167,075**	270,005
Profit (loss) attributable to:			
Owners of the Company		**170,717**	270,866
Non-controlling interests		**(3,642)**	(861)
		167,075	270,005
Earnings per share, in RMB	*9*		
Basic		**0.41**	0.64

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	**167,075**	270,005
Other comprehensive (expenses) income for the period		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**(280,491)**	(98,786)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**276,784**	99,252
Total other comprehensive (expenses) income for the period	**(3,707)**	466
Total comprehensive income for the period	**163,368**	270,471
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**167,605**	271,332
Non-controlling interests	**(4,237)**	(861)
	163,368	270,471

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**At 30 June 2026 RMB'000 (unaudited)**	At 31 December 2025 RMB'000 (audited)
Non-current assets			
Investment properties		**184,495**	179,024
Property, plant and equipment	*10*	**4,213,720**	3,702,157
Right-of-use assets	*10*	**1,244,327**	505,261
Intangible assets		**1,127**	1,269
Investment in an associate		**11,031**	7,905
Equity securities designated at fair value through other comprehensive income (FVTOCI)		**23,299**	23,299
Financial assets at FVTPL		**5,544**	4,489
Fixed bank deposits		**255,202**	527,746
Prepayments		**2,508**	53,191
Deferred tax assets		**215,436**	214,034
		6,156,689	5,218,375
Current assets			
Inventories		**3,135,250**	1,986,447
Trade and other receivables	*11*	**4,998,210**	5,116,770
Prepayments		**92,771**	106,880
Prepaid income tax		**69,540**	30,136
Pledged deposits		**273,563**	326,115
Fixed bank deposits		**685,085**	561,356
Cash and cash equivalents		**2,093,525**	1,647,878
		11,347,944	9,775,582
Current liabilities			
Trade and other payables	*12*	**4,926,767**	5,010,737
Contract liabilities		**476,725**	495,879
Bank and other borrowings	*13*	**962,376**	479,315
Lease liabilities		**59,445**	4,411
Tax liabilities		**19,411**	32,760
		6,444,724	6,023,102
Net current assets		**4,903,220**	3,752,480
Total assets less current liabilities		**11,059,909**	8,970,855

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	**At 30 June 2026 RMB'000 (unaudited)**	At 31 December 2025 RMB'000 (audited)
Non-current liabilities			
Bank and other borrowings	*13*	**3,799,215**	2,485,877
Lease liabilities		**751,899**	46,603
Deferred income		**124,928**	131,161
Deferred tax liabilities		**10,651**	12,825
Other financial liabilities		**7,209**	7,209
		4,693,902	2,683,675
NET ASSETS		**6,366,007**	6,287,180
CAPITAL AND RESERVES			
Share capital		**3,753**	3,753
Reserves		**6,265,533**	6,280,605
Total equity attributable to owner of the Company		**6,269,286**	6,284,358
Non-controlling interests		**96,721**	2,822
TOTAL EQUITY		**6,366,007**	6,287,180

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

		Attributable to owners of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	FVTOCI reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025 (audited)		3,753	148,239	6,354	209,822	421,948	3,004	3,826	5,100,929	5,897,875	9,585	5,907,460
Profit(loss) for the period		—	—	—	—	—	—	—	270,866	270,866	(861)	270,005
Exchange differences on translation of foreign operations		—	—	—	—	—	466	—	—	466	—	466
Total comprehensive income(expense) for the period		—	—	—	—	—	466	—	270,866	271,332	(861)	270,471
Dividend recognised as distribution	*8(b)*	—	—	—	—	—	—	—	(245,511)	(245,511)	—	(245,511)
At 30 June 2025 (unaudited)		3,753	148,239	6,354	209,822	421,948	3,470	3,826	5,126,284	5,923,696	8,724	5,932,420
At 1 January 2026 (audited)		**3,753**	**148,239**	**6,354**	**209,822**	**426,423**	**2,918**	**3,687**	**5,483,162**	**6,284,358**	**2,822**	**6,287,180**
Profit(loss) for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**170,717**	**170,717**	**(3,642)**	**167,075**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**(3,112)**	**–**	**–**	**(3,112)**	**(595)**	**(3,707)**
Total comprehensive (expense) income for the period		**–**	**–**	**–**	**–**	**–**	**(3,112)**	**–**	**170,717**	**167,605**	**(4,237)**	**163,368**
Capital contribution from non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**98,136**	**98,136**
Dividend recognised as distribution	*8(b)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(182,677)**	**(182,677)**	**–**	**(182,677)**
At 30 June 2026 (unaudited)		**3,753**	**148,239**	**6,354**	**209,822**	**426,423**	**(194)**	**3,687**	**5,471,202**	**6,269,286**	**96,721**	**6,366,007**

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
	(unaudited)	(unaudited)
Operating activities		
Operating cash flows before movements in working capital	**561,094**	619,263
Increase in inventories	**(1,163,848)**	(450,111)
Decrease (increase) in trade and other receivables	**116,531**	(242,641)
Increase in trade and other payables	**676,245**	895,275
Movements in other working capital	**(5,045)**	(49,065)
Cash generated from operations	**184,977**	772,721
Income tax paid	**(65,671)**	(92,312)
Net cash generated from operating activities	**119,306**	680,409
Investing activities		
Interest received	**18,865**	30,458
Payment for the purchase of property, plant and equipment and land use rights	**(735,982)**	(341,358)
Placement of pledged deposits	**(940,402)**	(781,987)
Proceeds received upon maturity of pledged deposits	**992,954**	538,564
Proceeds from disposal of property, plant and equipment and investment properties	**1,749**	6,656
Placement of fixed bank deposits with original maturity over three months	**—**	(421,334)
Proceeds received upon maturity of fixed bank deposits	**148,815**	—
Net cash used in investing activities	**(514,001)**	(969,001)

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
	(unaudited)	(unaudited)
Financing activities		
Payment of lease liabilities	**(342)**	(1,110)
Payment of interest on lease liabilities	**(18)**	(62)
Interest paid	**(58,734)**	(51,199)
Proceeds from bank and other borrowings	**2,133,121**	996,052
Repayment of bank and other borrowings	**(1,141,722)**	(433,271)
Dividends paid to owners of the Company	**(182,677)**	(245,511)
Capital contribution from non-controlling interests	**98,136**	—
Net cash generated from financing activities	**847,764**	264,899
Net increase (decrease) in cash and cash equivalents	**453,069**	(23,693)
Cash and cash equivalents at 1 January	**1,647,878**	2,726,060
Effect of foreign exchange rates changes	**(7,422)**	(846)
Cash and cash equivalents at 30 June	**2,093,525**	2,701,521

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1 Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") Interim Financial Reporting issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2 Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7	**Amendments to the Classification and Measurement of Financial Instruments**
Amendments to IFRS 9 and IFRS 7	**Contracts Referencing Nature-dependent Electricity**
Amendments to IFRS Accounting Standards	**Annual Improvements to IFRS Accounting Standards — Volume 11**

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 Revenue and segment reporting

The principal activities of the Group are manufacturing and sale of aluminium products and sale of completed properties.

The Group manages its businesses by product lines. In a manner consistent with the way in which the information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments:

- Non-construction aluminium profiles: this operating and reportable segment manufactures and sells plain aluminium profiles, mainly for non-construction usage.

- Construction aluminium profiles: this operating and reportable segment manufactures and sells aluminium profiles with surface finishing, including anodic oxidation aluminium profiles, electrophoresis coating aluminium profiles, powder coating aluminium profiles and PVDF coating aluminium profiles. Construction aluminium profiles are widely used in architecture decoration.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

3 Revenue and segment reporting *(Continued)*

- All other segments: this reportable segment including the revenue generated from processing service contracts related to aluminium products and sale of aluminium panels, aluminium alloy, moulds and spare parts, sale of office premises and residential properties.

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following basis:

Revenue are allocated to the reportable segments with reference to sales generated by those segments. The measure used for reporting segment profit is gross profit. The Group's most senior executive management is provided with segment information concerning segment revenue and gross profit. Segment assets and liabilities are not reported to the Group's most senior executive management regularly.

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Disaggregated of products or service lines		
— Sales of aluminium profiles	**9,459,761**	9,042,335
— Sales of aluminium panels, aluminium alloy, moulds and spare parts	**233,576**	277,459
— Sales of completed properties	**—**	3,396
	9,693,337	9,323,190
Disaggregated by geographical location of customers		
— Mainland China, except for Hong Kong	**9,394,269**	9,068,917
— Hong Kong	**69,006**	58,178
— Asia Pacific, except for Mainland China and Hong Kong	**217,501**	191,855
— Other regions	**12,561**	4,240
	9,693,337	9,323,190

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(b).

During the six months ended 30 June 2026, the Group does not include any individual customer (six months ended 30 June 2025: Nil) with whom transactions have exceeded 10% of the Group's revenue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

3 Revenue and segment reporting *(Continued)*

(b) Segment results

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended on 30 June 2026 is set out below:

	Non-construction aluminium profiles		Construction aluminium profiles		All other segments		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Revenue from external customers recognised by point in time	**1,980,302**	1,569,883	**7,479,459**	7,472,452	**233,576**	280,855	**9,693,337**	9,323,190
Reportable segment profit								
Gross profit	**30,006**	45,880	**317,367**	429,638	**113,148**	142,369	**460,521**	617,887

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Reportable segment profit derived from the Group's external customers	**460,521**	617,887
Other income	**86,430**	98,635
Other gains and losses	**(9,602)**	1,275
Distribution costs	**(107,204)**	(146,652)
Administrative expenses	**(198,788)**	(222,213)
Impairment losses on trade and other receivables	**(2,029)**	(12,496)
Finance costs	**(56,037)**	(45,091)
Share of result of an associate	**3,126**	—
Consolidated profit before taxation	**176,417**	291,345

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

4 Seasonality of operations

The Group's operation on average generally experiences lower sales in the first quarter, compared to the other quarters in the year, due to the decreased demand for its products during the Chinese New Year holidays.

For the twelve months ended 30 June 2026, the Group reported revenue of RMB21,070,682,000 (twelve months ended 30 June 2025: RMB19,827,991,000), and gross profit of RMB1,143,786,000 (twelve months ended 30 June 2025: RMB1,631,850,000).

5 Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on bank and other borrowings	**48,131**	40,731
Interest expenses on discounted bills and trade receivables	**10,603**	10,468
Interest on lease liabilities	**3,330**	62
	62,064	51,261
Less: interest expenses capitalised into construction in progress	**(6,027)**	(6,170)
	56,037	45,091

6 Income tax expense

(a) Taxation in the condensed consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
Provision for People's Republic of China ("**PRC**") corporate income tax	**8,875**	19,098
PRC dividend withholding tax	**10,500**	12,500
Under provision for PRC corporate income tax in prior years	**–**	2,900
Over provision for PRC land appreciation tax in prior years	**(6,458)**	–
Pillar Two income tax	**–**	1,315
	12,917	35,813
Deferred tax		
Origination and reversal of temporary differences	**6,925**	(1,973)
Effect on distribution of dividends	**(10,500)**	(12,500)
	(3,575)	(14,473)
	9,342	21,340

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

6 Income tax expense *(Continued)*

(a) Taxation in the condensed consolidated statement of profit or loss represents: *(Continued)*

(i) Pursuant to the income tax rules and regulations of the PRC, the PRC subsidiaries of the Company are liable to PRC corporate income tax at a rate of 25% for the six months ended 30 June 2026 (six months ended 30 June 2025: 25%) except for Guangdong Xingfa Aluminium Co., Ltd. ("**Guangdong Xingfa**"), Xingfa Aluminium (Chengdu) Co., Ltd. ("**Xingfa Chengdu**"), Guangdong Xingfa Aluminium (Henan) Co., Ltd. ("**Xingfa Henan**"), Guangdong Xingfa Aluminium (Jiangxi) Co., Ltd. ("**Xingfa Jiangxi**") and Guangdong Xingfa Precision Manufacturing Co., Ltd. ("**Xingfa Precision**"), which were certified as "High and New Technology Enterprises" and entitled to the preferential income tax rate of 15% for the six months ended 30 June 2026 (six months ended 30 June 2025: 15%).

(ii) At 30 June 2026, deferred tax liabilities of RMB10,000,000 (at 31 December 2025: RMB12,174,000) have been provided for in this regard based on the expected dividends to be distributed from Guangdong Xingfa in the foreseeable future.

(iii) During the six months ended 30 June 2026, Guangdong Xingfa, Xingfa Chengdu, Xingfa Henan, Xingfa Jiangxi and Xingfa Precision were entitled to super deduction on research and development expenses. As such, the income tax of the aforesaid subsidiaries of the Company for the six months ended 30 June 2026 was reduced by RMB19,924,000 (six months ended 30 June 2025: RMB34,450,000). Such additional tax deduction on research and development expenses equals 100% (2025: 100%) of the amount of research and development expenses actually incurred.

(b) Pillar Two income tax

During the six months ended 30 June 2026, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account certain adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

7 Profit for the period

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation charge		
— Investment properties	**2,079**	2,979
— Property, plant and equipment	**342,967**	293,480
— Right-of-use assets	**14,269**	6,705
Amortisation of intangible assets	**142**	453
Total staff costs(including directors' remuneration)	**515,923**	594,928
Net foreign exchange gain (loss)	**8,676**	(1,367)
Interest income	**(18,865)**	(30,458)
Cost of inventories sold (i)	**8,872,350**	8,284,362
Research and development costs (ii)	**360,466**	420,941
Income from additional value-added tax ("VAT") input deduction (iii)	**50,189**	46,261

(i) Cost of inventories sold for the six months ended 30 June 2026 included RMB578,187,000 (six months ended on 30 June 2025: RMB595,086,000) relating to depreciation and staff costs, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

(ii) Research and development costs for the six months ended 30 June 2026 included RMB84,940,000 (six months ended 30 June 2025: RMB95,935,000) relating to staff costs of employees which is also included in total staff costs as disclosed above.

(iii) Income from additional VAT input deduction represented the deduction on VAT input granted by the government authorities in the PRC, which is included in other income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

8 Dividends

(a) Dividends payable to owners of the Company attributable to the interim period

The directors of the Company do not propose any payment of interim dividends for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final dividends in respect of the previous financial year, approved and paid during the interim period ended 30 June 2026 of HKD0.50 per share (six months ended 30 June 2025: HKD0.64 per share)	**182,677**	245,511

9 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB170,717,000 (six months ended 30 June 2025: RMB270,866,000) and the weighted average number of 420,649,134 ordinary shares (six months ended 30 June 2025: 420,649,134 ordinary shares) in issue during the interim period. No diluted earnings per share is presented as the Group did not have dilutive potential ordinary share in both periods.

10 Property, plant and equipment/Right-of-use assets

During the six months ended 30 June 2026, the Group acquired items of plant and machinery with a cost of RMB177,590,000 (six months ended 30 June 2025: RMB258,690,000). Items of property, plant and equipment with a net book value of RMB3,733,000 were disposed during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB6,250,000), resulting in a loss on disposal of RMB1,984,000 (six months ended 30 June 2025: RMB92,000).

In addition, during the six months ended 30 June 2026, the Group incurred RMB689,221,000 (six months ended 30 June 2025: RMB135,597,000) for construction costs for the new manufacturing plants in the PRC, Vietnam and Australia in order to upgrade its manufacturing capabilities.

During the six months ended 30 June 2026, the Group entered into a 15 year lease agreement in respect of the lease of new manufacturing plants in Vietnam, resulting in additions to right-of-use assets amounting to RMB772,916,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

11 Trade and other receivables

As of the end of the reporting period, the aging analysis of trade receivables and bills receivables (which are included in trade and other receivables), based on the invoice date or bills acceptance date and net of allowance for credit losses, is as follows:

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Within 1 month	**2,247,384**	2,328,383
1 to 3 months	**1,467,016**	1,443,071
3 to 6 months	**605,538**	771,496
Over 6 months	**243,524**	263,370
Trade receivables and bills receivables, net of allowance for credit losses (i) (ii)	**4,563,462**	4,806,320
Other receivables, net of loss allowance (iii)	**434,748**	310,450
Financial assets measured at amortised cost	**4,998,210**	5,116,770

(i) The credit period of trade receivables and bills receivables is within 30 days to 360 days from the invoice date or bills acceptance date. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted.

As at 30 June 2026, loss allowances of RMB1,003,744,000 was recognised on trade receivables and bills receivables (at 31 December 2025: RMB1,030,089,000).

The Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses ("**ECLs**").

For the credit-impaired trade receivables, the loss allowances are assessed individually based on the estimated future cash flows derived from the collateralised assets. As at 30 June 2026, the gross carrying amount of credit-impaired trade receivables was RMB818,663,000 (at 31 December 2025: RMB865,997,000), against which a loss allowance of RMB818,663,000 was recognised (at 31 December 2025: RMB865,997,000).

During the six months ended 30 June 2026, the Group wrote off credit-impaired trade receivables amounting RMB28,162,000 against loss allowances.

For the remaining trade receivables, ECLs are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and the forward-looking information, including but not limited to the economic condition on the domestic real estate industry at the reporting date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

11 Trade and other receivables *(Continued)*

(ii) All the bills receivables are due within one year and the aging are counted starting from the date of acceptance.

Certain bills receivables with carrying value of RMB257,419,000 were pledged as securities for bills payable of the Group as at 30 June 2026 (at 31 December 2025: RMB513,569,000).

(iii) As at 30 June 2026, VAT input receivable of RMB387,222,000 was included in other receivables (at 31 December 2025: RMB269,481,000). As at 30 June 2026, loss allowances of RMB195,000 was recognised on other receivables (at 31 December 2025: RMB195,000).

12 Trade and other payables

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

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Within 1 month	**758,058**	788,151
1 to 3 months	**1,580,105**	1,379,808
3 to 6 months	**1,165,135**	1,783,177
Over 6 months	**125,156**	90,353
Trade payable and bills payable	**3,628,454**	4,041,489
Trade payables	**761,611**	887,880
Bills payable *(Note)*	**2,866,843**	3,153,609
Accrued payroll and benefits	**133,665**	227,846
Other payables and accruals	**921,842**	567,542
Payable for purchase of property, plant and equipment	**202,978**	128,859
Deferred income	**12,467**	12,467
Financial liabilities measured at amortised cost	**4,899,406**	4,978,203
Refund liabilities		
— arising from volume rebates	**27,361**	32,534
	4,926,767	5,010,737

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the condensed consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

13 Bank and other borrowings

During the current interim period, the Group obtained new bank and other borrowing amounting to RMB2,133,121,000 (six months ended 30 June 2025: RMB996,052,000), including RMB899,069,000 medium-term notes under other borrowings. These medium-term notes were issued and tradable solely among banking institutions on the PRC interbank market. The loans carry interest ranged from 1.9% to 5.72% per annum and repayable over 1 to 7 years. The proceeds were used to finance the acquisition of property, plant and equipment and maintain the working capital of the Group.

14 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each reporting date, and is reviewed and approved by the chief financial officer.

	Fair value at 30 June 2026 RMB'000 (unaudited)	**Fair value measurements as at 30 June 2026 categorised into**		
		Level 1 RMB'000 (unaudited)	**Level 2 RMB'000** (unaudited)	**Level 3 RMB'000** (unaudited)
Recurring fair value measurement				
Assets:				
Equity securities designated at FVTOCI				
— Unlisted equity securities	**23,299**	–	–	**23,299**
Financial assets at FVTPL:				
— Derivative financial instruments	**4,489**	–	–	**4,489**
— Listed equity securities	**1,055**	**1,055**	–	–
	28,843	**1,055**	–	**27,788**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

14 Fair value measurement of financial instruments *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

(i) Fair value hierarchy *(Continued)*

	Fair value at 31 December 2025 RMB'000 (audited)	Fair value measurements as at 31 December 2025 categorised into Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)
Recurring fair value measurement				
Assets:				
Equity securities designated at FVTOCI				
— Unlisted equity securities	23,299	—	—	23,299
Financial assets at FVTPL:				
— Derivative financial instruments	4,489	—	—	4,489
	27,788	—	—	27,788

During the six months ended 30 June 2026 and the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	**Significant unobservable input**	**Weighted average**
Equity securities designated at FVTOCI			
— Unlisted equity securities	Market comparable companies price/ book ratios	Discount for lack of marketability	15.60%
Derivative financial instruments:			
— Other derivative	Black-Scholes model	Expected volatility	41.78%

(b) Fair values of financial assets and liabilities carried at other than fair value

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

15 Commitments

At the end of the reporting period, the Group had the following commitments:

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Contracted for		
— Purchase of property, plant and equipment for the production base in Mainland China	**39,152**	42,562
— Purchase of property, plant and equipment for the production base outside Mainland China	**—**	384,721
	39,152	427,283

16 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group entered into the following material related party transactions:

(a) Transactions

During the six months ended 30 June 2026, the Group sold goods of RMB442,000 (six months ended 30 June 2025: RMB32,777,000) to Guangdong Xingfa Curtain Wall, Door & Window Co., Ltd. ("**Xingfa Curtain Wall**"), which is invested by one of the Group's executive directors.

During the six months ended 30 June 2026, the Group sold goods of RMB807,000 (six months ended 30 June 2025: RMB4,236,000) to China Lesso Group Holdings Limited and its subsidiaries ("**China Lesso Group**"). China Lesso Group is a shareholder of the Company.

During the six months ended 30 June 2026, the Group sold goods of RMB24,129,000 to Guangdong Xingfa Aoke Architecture Technology Co., Ltd. ("**Xingfa Aoke**"), which becomes an associate of the Group since July 2025.

During the six months ended 30 June 2026, the Group provided leasing and other service of RMB2,321,000 (six months ended 30 June 2025: RMB3,092,000) to China Lesso Group.

During the six months ended 30 June 2026, the Group provided leasing and other service of RMB496,000 to Xingfa Aoke.

(b) Balances with related parties

As at the end of the reporting period, the Group had the trade balance due from Xingfa Curtain Wall of RMB4,975,000 (at 31 December 2025: RMB6,007,000), trade balance due from China Lesso Group of RMB1,040,000 (at 31 December 2025: RMB1,445,000), and trade balance due from Xingfa Aoke of RMB15,111,000 (at 31 December 2025, trade balance due to: RMB8,590,000).

The balances with related parties are trade-related, unsecured, interest-free and have no fixed terms of repayment.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

According to the data of the National Bureau of Statistics (the "**NBS**"), in the first half of 2026, China's economy showed a stable and progressive momentum, with Gross Domestic Product (GDP) reaching RMB69,570.4 billion, representing a year-on-year increase of 4.7% at constant prices, a decrease of 0.6% compared to the growth rate in the same period of 2025 (5.3%). Economic structure continued to improve and tangible progress has been made in developing new quality productive forces. As the primary driver of economic growth, consumption contributed 45% to GDP. The aluminium profile industry, as a critical foundational material for high-end manufacturing and green building, is deeply aligned with the national "dual carbon" strategy and industrial upgrading policies, with a key focus on transitioning toward high-end, intelligent, and green development in high value-added non-construction profiles applications such as energy storage, computing power, and automotive lightweighting. In the first half of the year, the added value of China's high-tech manufacturing industry grew by 9.1% year-on-year, significantly outpacing traditional industries, fully reflecting the structural upgrade trend in the manufacturing sector. On the supply and demand side, national aluminium material production reached 32.303 million tonnes in the first half of 2026, down 2.4% year-on-year, with notable structural divergence across the industry. Clean-energy aluminium smelting capacity continued to rise, while a sharp increase in aluminium ingot prices imposed significant cost pressure across the entire industry. Non-construction aluminium profiles maintained strong momentum, driven by new energy vehicles, energy storage, power grids, and rail transit. Energy storage and computing power equipment compensated for the weak demand in the photovoltaic sector. Aluminium product exports grew by 12.2% year-on-year, partly offsetting subdued domestic demand. Architectural aluminium profiles remained under pressure from the ongoing adjustment in the real estate sector, with traditional development orders facing headwinds. Although urban renewal projects and the construction of affordable housing released a limited amount of demand for green building materials, these factors were insufficient to reverse the overall low operating rate in the sector. Facing the dual operational pressures of rising raw material costs and diverging market demand, Xingfa Aluminium takes transformation-driven critical advancement as its guiding thrust, optimizing its product and customer mix. It has deepened cooperation with central and local state-owned enterprises as well as urban investment platforms, while expanding its home-improvement retail channels. At the same time, it is intensifying efforts to develop high-value-added non-construction profiles for energy storage, computing power, and other applications, as well as overseas markets. Meanwhile, it strengthens internal management efficiency and further promotes lean management and digitalised operations. Through a diversified portfolio across products, customers and regions, it aims to strengthen its counter-cyclical resilience and solidify its competitiveness and profitability.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As a leading aluminium profile manufacturer in China, Xingfa Aluminium continues to deeply cultivate the research and development, manufacturing, and sales of aluminium profiles. As at 30 June 2026, with the core strategy of "Rooted in Construction, Advancing Energy Storage & Computing in Tandem", the Group has consolidated its industry position through technological innovation and strategic transformation, holding a cumulative total of 1,008 valid patents, including 152 invention patents, 343 utility model patents, and 513 design patents, and has participated in the drafting of approximately 172 national and industry standards. During the period, the Group was ranked first in the "Top 10 Preferred Supplier and Service Provider Brands" in the aluminium profile category of the "2026 Top 500 Preferred Suppliers and Service Providers for Housing Construction Supply Chain Enterprises" and also topped the "Top 10 Preferred Architectural Profile Brands" in the 21st AL-Survey. Its high-tech products for energy storage and automotive lightweighting achieved mass production implementation, and its brand value received authoritative industry recognition.

Affected by the continuous decline in industry processing fees and intensifying market competition, the overall sales volume dropped. For the six months ended 30 June 2026, the Group achieved revenue of RMB9,693.3 million, representing a year-on-year increase of 4.0% compared to RMB9,323.2 million for the same period in 2025. Sales volume reached 379,751 tonnes, a decrease of 6.7% compared to 407,224 tonnes for the same period in 2025. Sales of construction aluminium profiles and non-construction aluminium profiles accounted for 77.2% (same period in 2025: 80.1%) and 20.4% (same period in 2025: 16.8%) of the revenue respectively. The revenue contribution from non-construction profiles continued to rise, highlighting the effectiveness of product mix optimization. In the face of multiple challenges such as industry supply and demand adjustments and cost pressures, the Group has demonstrated strong operational resilience by continuously promoting business model transformation and cost control through refined operations and strengthened risk management. During the period, the Group continued to optimise its product mix, while advancing transformation of digital and intelligent plants and the capacity construction of bases in Vietnam and by strengthening the layout of high value-added products and optimising customer cooperation, it actively responded to market fluctuations and consolidated the foundation for long-term sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of business development, the construction aluminium profiles segment stabilized cash flow by prioritizing central and state-owned enterprise clients and expanding home decoration retail channels. For the six months ended 30 June 2026, the revenue of construction aluminium profiles increased by 0.1% year-on-year to approximately RMB7,479.5 million (same period in 2025: RMB7,472.5 million), and sales volume decreased by 11.3% year-on-year to approximately 294,725 tonnes (same period in 2025: 332,315 tonnes). The non-construction aluminium profile business is penetrating deeply into the energy storage, computing power, and new energy vehicle lightweighting sectors, continuously driving the upgrade of its revenue structure. For the six months ended 30 June 2026, the revenue of non-construction aluminium profiles increased by 26.1% year-on-year to approximately RMB1,980.3 million during the first half of 2026 (same period in 2025: RMB1,569.9 million), and sales volume increased by 13.5% year-on-year to approximately 85,026 tonnes (same period in 2025: 74,909 tonnes).

In the first half of 2026, the aluminium profile industry underwent a profound cyclical adjustment. Real estate development investment continued to weaken, average aluminium ingot prices surged significantly year-on-year, and small- and medium-sized enterprises broadly adopted price-for-volume strategies, driving industry-wide processing fees steadily lower and pushing overall capacity utilization to a five-year low. Confronted with these multifaceted operational pressures, the Group remained steadfast in its core mission of "pursuing excellence in quality and serving global customers." By leveraging a low-risk client screening system to refine its customer mix, and capitalizing on its state-level corporate technology center and full-chain quality control advantages to drive a high-value-added product transformation, the Group achieved simultaneous revenue improvements in both its architectural and non-construction profile segments.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group fully implemented its annual core strategy of "building a solid foundation in architectural profiles while advancing energy-storage and computing-power applications", pursuing differentiated operational approaches across segments. In the architectural profiles segment, the Group proactively reduced its reliance on traditional commercial housing development, seized opportunities in national livelihood-oriented construction projects such as urban renewal and affordable housing, and deepened long-term cooperation with central and local state-owned enterprises as well as urban investment platforms. Concurrently, it continued to expand its nationwide home-improvement retail distribution network, iterated its standardized system door and window products, and applied low-carbon profile technologies originally developed for industrial and public construction to the civilian market. By leveraging its environmental and energy-saving attributes, the Group built a distinctive product competitive edge, effectively mitigating the impact of declining orders caused by the real estate downturn. The non-construction profiles track benefited from national policies fostering new quality productive forces, with robust downstream demand growth in energy storage, computing-power cabinets, and new energy vehicle lightweighting. The Group established a dedicated R&D team for high-precision profiles, achieving breakthroughs in multi-cavity and thin-wall extrusion processes. Energy-storage liquid cooling plates and thermal management structural components entered mass production, and the Group was successfully included in the supply chains of several global industry players. As a result, the order scale and revenue contribution of non-construction profiles increased significantly, marking the Group's formal transition from a single-focus architectural profile business to a dual-track industrial structure encompassing both architectural and high-end non-construction profiles. In parallel, the Group implemented digital and smart upgrades across multiple production bases and adopted value-stream lean management, resulting in comprehensive improvements in core operational indicators such as tooling and production delivery. Looking further ahead, the Group will continue to invest in R&D for fully recycled aluminium low-carbon profiles and high-strength lightweight alloy technologies, leveraging green technological innovation to address both industry cyclicality and overseas carbon-tax challenges.

MANAGEMENT DISCUSSION AND ANALYSIS

On the global operations front, intensifying international trade barriers, cross-regional carbon tax regulations, and exchange-rate volatility have increasingly heightened uncertainties in overseas operations. The Group adheres to a localized "zero-distance" global strategy, establishing region-dedicated sales and technical service teams and building an integrated local production-sales system to continuously strengthen global customer partnerships. In the first half of 2026, the Vietnam plant has entered into the trial production phase. The standardized channel system in the Australian market has been established and is progressing toward stable operations. Overall sales in Southeast Asia and Oceania recorded notable year-on-year growth. The localized overseas production capacity can substantially reduce cross-border logistics costs and flexibly adapt to mandatory product standards in different regions, enabling faster delivery and customized technical services for customers in Southeast Asia and Oceania, thereby steadily boosting the overseas revenue mix. Going forward, the Group will accelerate the capacity ramp-up of its Vietnam plant, establish a dynamic risk early-warning mechanism for exchange rates, freight, and tariffs, and refine its multinational production synergy network, consolidating its leading position in global industry layout.

Revenue

Driven by product mix optimization, the Group's revenue rose steadily during 1H26. For the six months ended 30 June 2026, the revenue of the Group increased by 4.0% to RMB9,693.3 million (1H25: RMB9,323.2 million), and the sales volume was 379,751 tonnes (1H25: 407,224 tonnes). The sales of construction aluminium profiles and non-construction aluminium profiles accounted for 77.2% (1H25: 80.1%) and 20.4% (1H25: 16.8%) of the revenue, respectively.

Construction Aluminium Profiles

Construction aluminium profiles are surface treated aluminium profiles which are mainly used for the construction and installation of doors and windows, curtain walls, ceilings and blinds and other decorative products. In the first half of 2026, the revenue of construction aluminium profiles increased by 0.1% year-on-year to approximately RMB7,479.5 million (1H25: RMB7,472.5 million), and sales volume decreased by 11.3% year-on-year to approximately 294,725 tonnes (1H25: 332,315 tonnes).

Non-Construction Aluminium Profiles

Non-construction aluminium profiles are mainly plain aluminium profiles, which can be used as container frames and other products such as new conductive profiles of urban railway locomotives and ship components. In addition, they can also be made into different forms and shapes, such as heat sinks of central processing units (CPUs) and displays and frames of consumer electronic products. The revenue of non-construction aluminium profiles increased by 26.1% year-on-year to approximately RMB1,980.3 million (1H25: RMB1,569.9 million) in the first half of 2026, and sales volume increased by 13.5% year-on-year to approximately 85,026 tonnes (1H25: 74,909 tonnes).

MANAGEMENT DISCUSSION AND ANALYSIS

Prospect

In the second half of 2026, the aluminium extrusion industry remains in a cycle of structural adjustment and slowing growth. The recovery in the real estate sector is limited, placing pressure on demand for architectural aluminium profiles, while intensifying industry competition keeps processing fees relatively weak. Prices of major raw materials such as aluminium ingots, fluctuate at elevated levels, leaving industry players under persistent dual pressure on both revenue and costs. As national property market regulatory policies continue to take effect, and with urban renewal and affordable housing construction progressing in an orderly manner, the real estate sector is expected to gradually bottom out. Meanwhile, the global energy transition and the development of new quality productive forces are driving growth in energy storage, computing power infrastructure, new energy vehicle lightweighting, and photovoltaic applications, fueling continued expansion in demand for high-end non-construction aluminium profiles and creating structural growth opportunities for the industry. Taking into account both internal and external factors, the Group maintains a cautiously optimistic outlook on the industry's prospects and the execution of its own strategies.

The Group firmly believes that industry adjustment periods present critical opportunities for market leaders to consolidate their strengths and expand market share. In the face of a challenging external environment, the Group adheres to its core values of "Customer First, Quality Foremost, Innovation Leading, Ingenious Craftsmanship", and executes its development strategy of "building a solid foundation in architectural profiles while advancing energy-storage and computing-power applications", responding pragmatically to market changes. In the architectural profiles segment, the Group consolidates its existing business base, deepens cooperation with financially robust central and local state-owned enterprise clients, and expands standardized home-improvement products and retail channels. In the non-construction profiles segment, the Group focuses strategically on the energy storage sector, having established a dedicated technical team to drive process breakthroughs in energy storage and automotive components. Products such as liquid cooling plates, energy storage enclosures, and thermal management components are now in volume production and have been successfully integrated into the supply chains of leading global customers, advancing the non-construction profile business toward higher technological value-added. The Group continues to enhance its downstream processing capabilities to improve product profitability, accelerates its digital and smart transformation, promotes the construction of smart factories, and optimizes its R&D systems for tooling and new materials, while building technical and product reserves in response to overseas carbon tariffs and trade barriers.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will seize the opportunities presented by the global industrial chain restructuring and the development of new quality productive forces, accelerating the globalization of its production capacity and green smart upgrades. In overseas markets, the Group continues to deepen regional synergies. The Vietnam plant has entered into the trial production phase. In the second half of the year, the Group will push forward capacity ramp-up and full-capacity production, with a focus on meeting ASEAN market demand for semiconductor heat-dissipation profiles and high-end construction materials. The Australian project is dedicated to serving Oceania's data center and high-end equipment manufacturing sectors. The Group has successively obtained multiple certifications, including international EPD, ASI, Malaysia's SIRIM, and IATF 16949. By leveraging a dual-track approach of technical standard output and local certification adaptation, the Group has enhanced its localized service capabilities and continued to expand its market share in Southeast Asia and Oceania. In parallel, the Group is building a resilient "global resources — local delivery" supply chain system, leveraging the Vietnam plant to shorten delivery lead times in ASEAN, and the Australian project to reduce logistics and operational costs in Oceania, thereby comprehensively enhancing its international market competitiveness, supply chain risk resilience, and ESG compliance competitiveness. Through the deep integration of domestic and overseas production and sales systems, the Group drives efficient global resource coordination, and with the dual advantages of technical standard output and green manufacturing, it comprehensively strengthens its international market influence and brand premium capabilities.

Since its establishment, the Group has been deeply rooted in the aluminium profile industry for many years, having weathered multiple industry cycles and built a solid foundation in production capacity, R&D and customer relationships. Looking ahead, the Group will continue to seize opportunities in emerging industries, rationally assess risks arising from property market cycles, raw material price fluctuations, and changes in overseas trade policies, and consistently optimize its product mix while driving cost reduction and efficiency enhancement, with the goal of achieving long-term, stable and sustainable operations.

FINANCIAL REVIEW

Revenue

The revenue of the Group for 1H26 increased by 4.0% to approximately RMB9,693.3 million while the sales volume decreased by 6.7% to approximately 379,751 tonnes (1H25: RMB9,323.2 million and 407,224 tonnes respectively).

The sales volume of construction aluminium profiles for 1H26 decreased by 11.3% to 294,725 tonnes (1H25: 332,315 tonnes) and the sales volume of non-construction aluminium profiles for 1H26 increased by 13.5% to 85,026 tonnes (1H25: 74,909 tonnes).

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the details of our revenue by segments for 1H26 and 1H25:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sale of aluminium profiles		
— Construction aluminium profiles	**7,479,459**	7,472,452
— Non-construction aluminium profiles	**1,980,302**	1,569,883
	9,459,761	9,042,335
Others *(Note)*	**233,576**	280,855
Total	**9,693,337**	9,323,190

Note: Our Group's revenue generated from other segments represents revenue generated from processing service contracts related to aluminium products and sale of aluminium panels, aluminium alloy, moulds and spare parts and sales of office premises and residential properties.

Gross profit and gross profit margin

The gross profit of the Group for 1H26 decreased by 25.5% to approximately RMB460.5 million (1H25: RMB617.9 million).

The overall gross profit margin for 1H26 of the Group decreased to 4.8%, while the sales to production ratio maintained stable at 96.32% (1H25: 97.3%).

The following table sets forth the gross profit margin of our segments:

	Six months ended 30 June	
	2026	2025
Overall	**4.8%**	6.6%
Construction aluminium profiles	**4.2%**	5.7%
Non-construction aluminium profiles	**1.5%**	2.9%
All other segments *(Note)*	**48.4%**	50.7%

Note: Our Group's all other segments include processing service contracts related to aluminium products and sale of aluminium panels, aluminium alloy, moulds and spare parts and sales of office premises and residential properties.

MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit margin of construction aluminium profiles and non-construction aluminium profiles segments decreased to 4.2% and 1.5% respectively. Such decrease in gross profit margin was mainly due to the intensified market competition.

Other income

The other income of the Group for 1H26 was RMB86.4 million (1H25: RMB98.6 million).

Distribution costs

The distribution costs of the Group for 1H26 decreased by 26.9% to approximately RMB107.2 million (1H25: RMB146.7 million), which was 1.1% of the revenue (1H25: 1.6%). During 1H26, the distribution costs decreased as compared to that of 1H25 mainly due to the tightened cost control.

Administrative expenses

The administrative expenses of the Group for 1H26 decreased by 10.5% to RMB198.8 million (1H25: RMB222.2 million), which was 2.1% of the revenue (1H25: 2.4%).

Profit attributable to owners of the Company and net profit margin

The profit attributable to owners of the Company for 1H26 decreased by 37.0% to approximately RMB170.7 million (1H25: RMB270.9 million), whilst the net profit margin decreased to 1.7% (1H25: 2.9%).

The Board believes that such decrease in profit was primarily attributable to the decrease in overall gross profit margin.

ANALYSIS OF FINANCIAL POSITION

Current and quick ratios

The following table sets out our Group's current and quick ratios as at 30 June 2026 and 31 December 2025:

	At 30 June 2026	At 31 December 2025
Current ratio *(Note i)*	**1.76**	1.62
Quick ratio *(Note ii)*	**1.27**	1.29

Notes:

(i) Current ratio is calculated based on the total current assets divided by the total current liabilities at the end of the period/year.

(ii) Quick ratio is calculated based on the difference between the total current assets and the inventories divided by the total current liabilities at the end of the period/year.

Quick ratio as at 30 June 2026 decreased as compared to that as at 31 December 2025. Such decrease was mainly due to an increase in short-term bank and other borrowings during 1H26.

Gearing ratio

The following table sets out our Group's gearing ratio as at 30 June 2026 and 31 December 2025:

	At 30 June 2026	At 31 December 2025
Gearing ratio *(Note)*	**27.2%**	19.8%

Note:

Gearing ratio is calculated based on the loans and borrowings divided by total assets and multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

The gearing ratio as at 30 June 2026 increased slightly as compared to that as at 31 December 2025, mainly due to the combined effect of the increase in the overall bank and other borrowings during 1H26.

Inventory turnover days

The following table sets out our Group's inventory turnover days during 1H26 and 1H25:

	Six months ended 30 June	
	2026	2025
Inventory turnover days *(Note)*	**50**	39

Note:

Inventory turnover days is calculated based on the average of the beginning and ending inventory balance before provision for the periods divided by the total cost of sales during the periods multiplied by 181 days.

Inventories balance as at the respective periods ended 30 June 2026 and 2025 represents aluminium profiles segment including our raw materials, work in progress and the unsold finished goods and completed properties for sale.

The Group's inventory turnover days for 1H26 extended as compared to that of 1H25.

Debtors' turnover days

The following table sets out our Group's debtors' turnover days during 1H26 and 1H25:

	Six months ended 30 June	
	2026	2025
Debtors' turnover days *(Note)*	**87**	98

Note:

Debtors' turnover days is calculated based on the average of the beginning and ending balance of trade and bills receivables (net of allowance for credit losses) for the corresponding period divided by revenue during the period under review multiplied by 181 days.

The debtor's turnover days shortened in 1H26 as compared to that of 1H25, mainly due to the optimization of the aging structure.

MANAGEMENT DISCUSSION AND ANALYSIS

Creditors' turnover days

The following table sets out our Group's creditors' turnover days during 1H26 and 1H25:

	Six months ended 30 June	
	2026	2025
Creditors' turnover days *(Note)*	**75**	102

Note:

Creditors' turnover days is calculated based on the average of the beginning and ending balance of trade and bills payables for the corresponding period divided by the total cost of sales for the period under review multiplied by 181 days.

The creditors' turnover days shortened in 1H26 as compared to that of 1H25, as the Group accelerated the settlement of payments to suppliers, and reduced the proportion of bills used during the period, resulting in a more proactive overall payment rhythm.

Loans and borrowings

As at 30 June 2026, the Group's loans and borrowings amounted to approximately RMB4,761.6 million (31 December 2025: RMB2,965.2 million), among which approximately RMB1,294.2 million were at fixed interest rates (31 December 2025: RMB49.3 million). All of the Group's loans and borrowings as at 30 June 2026 were denominated in RMB and United States ("**US**") dollars.

Save for typically lower borrowing requirements in the first quarter of the year due to holidays during the Chinese Lunar New Year, there was no seasonality in the Group's bank borrowing requirements.

Banking facilities and guarantee

As at 30 June 2026, the banking facilities of the Group amounted to approximately RMB22,287.8 million (31 December 2025: RMB17,019.2 million), of which approximately RMB8,798.2 million were utilized (31 December 2025: RMB6,636.8 million).

No banking facilities were guaranteed by related parties of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital structure

As at 30 June 2026, the Company had 420,649,134 ordinary shares of HK$0.01 each in issue. No shares of the Company have been issued or repurchased during 1H26.

Treasury Policies

The Group's treasury policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in both short term and long term.

Certain sales and purchases of inventories of the Group are denominated in US dollars, Hong Kong ("**HK**") dollars, Vietnamese dong ("**VND**") and Australian dollars ("**AUD**"). Furthermore, certain trade receivables, trade payables, loans and borrowings and bank balances are denominated in US dollars, HK dollars, VND and AUD, therefore exposing the Group to the currency risk of US dollars, HK dollars, VND and AUD.

CASH FLOW HIGHLIGHTS

The following table sets out our Group's cash flow highlights during 1H26 and 1H25:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash generated from operating activities	**119,306**	680,409
Payment for the purchase of property, plant and equipment and land use rights	**(735,982)**	(341,358)
Net (increase)/decrease in pledged deposits	**52,552**	(243,423)
Interest paid	**(58,734)**	(51,199)
Net increase in bank borrowings	**991,399**	562,781
Dividends paid	**(182,677)**	(245,511)

We generally finance our operations through internally generated cash flows, bank borrowings and our cash and cash equivalents. Our Directors believe that on a long-term basis, our liquidity will be funded from operations and, if necessary, additional equity financing or bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2026, the Group had cash and cash equivalents of approximately RMB2,093.5 million (31 December 2025: RMB1,647.8 million), among which 12.9% was held in US dollars, 1.7% was held in HK dollars, 0.1% was held in Australian dollars and 1.2% was held in Vietnamese dong and the remaining balance was held in RMB.

SUBSEQUENT EVENT

There was no significant subsequent event affecting the Group that had occurred since the end of 1H26.

HUMAN RESOURCES

As at 30 June 2026, our Group employed a total of approximately 9,871 full-time employees in Chinese Mainland, Hong Kong, Vietnam and Australia which included management staff, technicians, salespersons and workers. In 1H26, our Group's total expenses on the remuneration of employees were approximately RMB515.9 million (1H25: approximately RMB594.9 million), representing approximately 5.3% (1H25: 6.4%) of the revenue of our Group. Our Group's emolument policies are formulated on the performance of individual employees and directors, which will be reviewed regularly every year. Apart from (i) the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the laws of Hong Kong) for Hong Kong employees), (ii) state-managed retirement pension scheme (for the PRC employees), housing fund, medical insurance, unemployment insurance and other relevant insurance (according to the PRC rules and regulations for PRC employees), (iii) the social insurance, medical insurance and unemployment insurance (according to the regulations of Vietnam for Vietnamese employees); and (iv) superannuation (according to the regulations of Australia for Australian employees), discretionary bonuses and employee share options would also be awarded to employees according to the assessment of individual performance. In-house and external training programmes are provided as and when required. The Group did not have any share award scheme for its employees during 1H26.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors did not propose the payment of interim dividend for 1H26 (1H25: Nil).

SHARE SCHEME

The Company conditionally adopted a share option scheme ("**Share Option Scheme**") on 29 December 2017. The Share Option Scheme became effective for 10 years commencing from 5 January 2018. Upon acceptance of the grant of an option, the grantee shall pay HK$1.00 to the Company as nominal consideration for the grant, payment of which shall not be later than 21 days from the date on which the offer is made to the grantee.

No share option was granted, vested, exercised, cancelled or lapsed under the Share Option Scheme during 1H26. No share option was outstanding or unvested as at 1 January 2026 and 30 June 2026. As at 1 January 2026 and 30 June 2026, the total number of share options available for grant under the scheme mandate was 39,150,866, which represents 9.31% of the issued shares of the Company as at the date of this report. No service provider sublimit has been authorised under the Share Option Scheme.

The Company has not adopted any share award scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

At no time during 1H26 were rights to acquire benefits by means of the acquisitions of Shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public float as required under the Listing Rules on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") during the six months ended 30 June 2026.

OTHER INFORMATION

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the applicable laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders of the Company ("**Shareholders**").

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during 1H26.

MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2026, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

SIGNIFICANT INVESTMENT

As at 30 June 2026, the Group did not hold any significant investment with a value of 5% or more of the Group's total assets.

CHARGES ON GROUP ASSETS

As at 30 June 2026, bills receivable of the Group with a carrying value of RMB257.4 million (31 December 2025: RMB513.6 million) and pledged deposits of the Group amounting to RMB273.6 million (31 December 2025: RMB326.1 million) were pledged as security for bills payable of the Group.

As at 30 June 2026, property, plant and equipment of the Group with a net book value of RMB357.4 million (31 December 2025: RMB258.4 million) and right-of-use-assets of the Group with a carrying value of RMB265.4 million (31 December 2025: RMB269.6 million) were charged as security for bank loans and borrowings of the Group amounting to RMB1,040.55 million.

OTHER INFORMATION

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2026.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules ("**Model Code**"), to be notified to the Company and the Stock Exchange, were as follows:

Long position

Name of directors	Capacity	No. of ordinary shares of the Company	Percentage of shareholding of the Company as at 30 June 2026
LIAO Yuqing	Founder of a discretionary trust who can influence how the trustee exercises his discretion	48,200,100	11.46%
LAW Yung Koon	Beneficial owner	19,432,000	4.62%
	Interest of spouse	1,719,000	0.41%
WANG Zhihua	Beneficial owner	128,000	0.03%

Save as disclosed above, as at 30 June 2026, none of the Directors or the chief executive of the Company had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS PURSUANT TO PART XV OF THE SFO

As at 30 June 2026, the following persons, other than a Director or the chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Position

Name of entities	Capacity	Total number of ordinary shares of the Company	Percentage of interest in the Company
GuangXin (Hong Kong) Investment Limited	Beneficial owner	132,382,000	31.47%
Guangdong Guangxin Holdings Group Ltd.*	Interest of controlled corporation	132,382,000	31.47%
State-owned Assets Supervision and Administration Commission of The People's Government of Guangdong Province*	Interest of controlled corporation	132,382,000 *(Note 1)*	31.47%
Lesso Group Holdings Limited	Beneficial owner	109,842,900	26.11%
China Lesso Group Holdings Limited	Interest of controlled corporation	109,842,900	26.11%
New Fortune Star Limited	Interest of controlled corporation	109,842,900	26.11%
Xi Xi Development Limited	Interest of controlled corporation	109,842,900	26.11%
UBS Trustees (B.V.I.) Limited	Interest of controlled corporation	109,842,900 *(Note 2)*	26.11%

OTHER INFORMATION

Name of entities	Capacity	Total number of ordinary shares of the Company	Percentage of interest in the Company
WONG Luen Hei	Founder of a discretionary trust who can influence how the trustee exercises his discretion	109,842,900 *(Note 2)*	26.11%
Sure Keen Limited	Beneficial owner	48,200,100	11.46%
Glorious Joy Limited	Interest of controlled corporation	48,200,100	11.46%
TMF (Cayman) Limited	Trustee	48,200,100 *(Note 3)*	11.46%
LAM Yuk Ying	Beneficial owner Interest of spouse	*1,719,000* *19,432,000*	
		21,151,000 *(Note 4)*	5.03%

Notes:

1. These Shares were held by GuangXin (Hong Kong) Investment Limited, which was directly wholly-owned by Guangdong Guangxin Holdings Group Ltd.* and ultimately wholly-owned by the State-owned Assets Supervision and Administration Commission of The People's Government of Guangdong Province*.

2. These Shares were held by Lesso Group Holdings Limited, which was directly wholly-owned by China Lesso Group Holdings Limited. China Lesso Group Holdings Limited was owned as to 68.93% by New Fortune Star Limited, which was wholly-owned by Xi Xi Development Limited and ultimately owned by UBS Trustees (B.V.I.) Limited, as trustee of a discretionary trust, the settlor of which was Mr. Wong Luen Hei.

3. These Shares were held by Sure Keen Limited, which was directly wholly-owned by Glorious Joy Limited and ultimately wholly-owned by TMF (Cayman) Limited, as trustee of a discretionary trust, the settlor of which was Mr. LIAO Yuqing, an executive Director.

4. The spouse of LAM Yuk Ying is Mr. LAW Yung Koon, an executive Director.

* *For identification purpose only*

OTHER INFORMATION

Save as disclosed above and in the paragraph headed "Directors' Interests in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations", as at 30 June 2026, no other person had interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company had complied with all the code provisions of the Corporate Governance Code ("**Corporate Governance Code**") as set out in Part 2 of Appendix C1 to the Listing Rules for 1H26.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct regarding Directors' securities transactions. After having made specific enquiry with all Directors, our Company has received confirmations from all Directors that they have complied with the required standards as set out in the Model Code for 1H26.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions of the employees who are likely to be in possession of unpublished inside information of the Company.

REVIEW BY THE AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company has an audit committee which is accountable to the Board and the primary duties of the audit committee include the review and supervision of our Group's financial reporting process and internal control measures.

OTHER INFORMATION

The audit committee of the Board ("**Audit Committee**") is composed of three independent non-executive Directors of the Company namely, Mr. CHEN Mo, Mr. HO Kwan Yiu and Mr. LAM Ying Hung, Andy ("**Mr. LAM**") and one non-executive Director namely, Mr. WANG Lei. Mr. LAM, who has professional qualifications and experience in financial matters, serves as the chairman of the Audit Committee.

The Audit Committee has met with the management and external auditors of the Company and has reviewed the unaudited condensed consolidated results of our Group for 1H26.

By Order of the Board
Xingfa Aluminium Holdings Limited
WANG Li
Chairman

26 August 2026