



Xingye Alloy Materials Group Limited

興業合金材料集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 00505

2026 INTERIM REPORT





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Environmental, Social and Governance Committee

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

COMPANY SECRETARY

Ms. MUI Ngar May, Joel

AUTHORISED REPRESENTATIVES

Mr. ZHU Wenjun
Ms. MUI Ngar May, Joel

PRINCIPAL LEGAL ADVISORS

Hong Kong

Zhong Lun Law Firm LLP

PRC

DeHeng Law Offices (Hangzhou)

Cayman Islands

Conyers Dill & Pearman, Cayman

AUDITORS

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

REGISTERED OFFICE

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

Corporate Information

PRINCIPAL PLACE OF BUSINESS

Hong Kong

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

PRC (Copper Business)

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

PRC (Online Gaming Business)

Haile Road, BaoAn District
Shenzhen
Guangdong Province
518066, PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank
Bank of China

COMPANY WEBSITE

www.xingyealloy.com

STOCK CODE

505

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026 (unaudited)

		Six months ended 30 June	
	Note	2026 RMB'000	2025 RMB'000
Revenue	4	5,928,172	4,388,782
Cost of sales		(5,315,203)	(4,010,742)
Gross profit		612,969	378,040
Other income		22,033	50,403
Distribution expenses		(34,885)	(38,101)
Administrative expenses		(216,285)	(213,327)
Other gains and losses, net	5	(16,310)	(44,292)
Profit from operations		367,522	132,723
Finance income		12,731	13,711
Finance costs		(27,836)	(19,646)
Net finance costs	6(a)	(15,105)	(5,935)
Profit before taxation		352,417	126,788
Income tax	7	(71,990)	(20,623)
Profit for the period		280,427	106,165
Attributable to:			
Equity shareholders of the Company		281,114	106,128
Non-controlling interests		(687)	37
Profit for the period		280,427	106,165
Earnings per share			
– Basic (RMB cents)	8(a)	32.68	12.16
– Diluted (RMB cents)	8(b)	32.68	12.16

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 (unaudited)

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Profit for the period	280,427	106,165
Other comprehensive income for the period (after tax and reclassification adjustments):		
<i>Items that will not be reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of the Company	(33,297)	(24,978)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of the Company's subsidiaries outside mainland China	28,968	23,527
Other comprehensive income for the period	(4,329)	(1,451)
Total comprehensive income for the period	276,098	104,714
Attributable to:		
Equity shareholders of the Company	276,785	104,677
Non-controlling interests	(687)	37
Total comprehensive income for the period	276,098	104,714

Consolidated Statement of Financial Position

As at 30 June 2026 (unaudited)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	9	1,471,807	1,414,292
Right-of-use assets		58,899	59,694
Deposits for acquisition of property, plant and equipment		20,571	21,724
Other non-current assets		6,446	6,446
Deferred tax assets		22,469	39,229
		1,580,192	1,541,385
Current assets			
Inventories	10	2,208,997	2,043,090
Trade and other receivables	11	1,758,093	1,316,993
Derivative financial instruments		24,177	828
Restricted bank deposits	12	1,070,854	999,054
Bank deposits with original maturity over three months		20,152	89,209
Cash and cash equivalents		758,845	542,391
		5,841,118	4,991,565
Current liabilities			
Derivative financial instruments		1,494	46,127
Interest-bearing borrowings	13	2,135,410	1,510,098
Trade and other payables	14	2,346,665	2,276,661
Lease liabilities		29	28
Income tax payable		22,424	31,008
		4,506,022	3,863,922
Net current assets		1,335,096	1,127,643
Total assets less current liabilities		2,915,288	2,669,028

Consolidated Statement of Financial Position (Continued)

As at 30 June 2026 (unaudited)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current liabilities			
Interest-bearing borrowings	13	276,711	293,946
Lease liabilities		–	15
Deferred income		63,059	72,328
Deferred tax liabilities		6,000	6,000
		345,770	372,289
NET ASSETS		2,569,518	2,296,739
CAPITAL AND RESERVES	15		
Share capital		80,774	80,774
Reserves		2,486,257	2,212,791
Total equity attributable to equity shareholders of the Company		2,567,031	2,293,565
Non-controlling interests		2,487	3,174
TOTAL EQUITY		2,569,518	2,296,739

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 (unaudited)

Note	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Translation reserve RMB'000	Treasury shares held for the Share Award Scheme RMB'000	Share-based compensation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2026	80,774	354,133	258,060	129,524	(14,932)	(35,879)	–	1,521,885	2,293,565	3,174	2,296,739
Profit for the period	–	–	–	–	–	–	–	281,114	281,114	(687)	280,427
Other comprehensive income	–	–	–	–	(4,329)	–	–	–	(4,329)	–	(4,329)
Total comprehensive income for the period	–	–	–	–	(4,329)	–	–	281,114	276,785	(687)	276,098
Share Award Scheme: – Treasury shares held for the Share Award Scheme	–	–	–	–	–	(3,319)	–	–	(3,319)	–	(3,319)
As at 30 June 2026	80,774	354,133	258,060	129,524	(19,261)	(39,198)	–	1,802,999	2,567,031	2,487	2,569,518

Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2026 (unaudited)

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026 (unaudited)

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Operating activities		
Cash used in operations	(75,418)	(219,979)
Tax paid	(63,814)	(46,884)
Net cash used in operating activities	(139,232)	(266,863)
Investing activities		
Payment for the purchase of property, plant and equipment and right-of-use assets	(106,383)	(78,011)
Other cash flows arising from investing activities	63,352	69,844
Net cash used in investing activities	(43,031)	(8,167)
Financing activities		
Proceeds from interest-bearing borrowings	2,474,400	1,360,996
Repayment of interest-bearing borrowings	(1,866,237)	(904,695)
Change in pledged deposits	(200,486)	(152,818)
Capital element of lease rentals paid	(15)	(15)
Payment for purchase of shares in connection with the Share Award Scheme	(3,319)	(9,907)
Capital injection from a non-controlling shareholder of a subsidiary	–	1,000
Net cash generated from financing activities	404,343	294,561
Net increase in cash and cash equivalents	222,080	19,531
Cash and cash equivalents at 1 January	542,391	681,211
Effect of movements in exchange rates on cash held	(5,626)	(469)
Cash and cash equivalents at 30 June	758,845	700,273

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

1 REPORTING ENTITY AND BACKGROUND INFORMATION

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

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

2 BASIS OF PREPARATION

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

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

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

The Interim Financial Information contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the IASB (“**IFRS Accounting Standards**”).

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRS Accounting Standards that are first effective for the current accounting period. The Group has applied the amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments. The amendments do not have a material impact on this interim financial report as the Group does not have financial assets or financial liabilities with contractual terms or features within the scope of the amendments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

4 REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The principal activities of the Group are (i) the manufacture and sales of high precision copper plates and strips, trading of raw materials, provision of processing services; and (ii) developing, publishing and operating online games and provision of related services.

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

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue from contracts with customers within the scope of IFRS15		
Disaggregated by major products or service lines:		
Copper products related:		
– Sales of high precision copper plates and strips	5,739,771	4,213,297
– Processing service fees	145,948	133,634
– Trading of raw materials	40,797	40,272
	5,926,516	4,387,203
Online games related:		
– Publishing and operating online games	1,656	1,579
	1,656	1,579
	5,928,172	4,388,782
Disaggregated by timing of revenue recognition:		
– Point in time	5,926,516	4,387,203
– Over time	1,656	1,579
	5,928,172	4,388,782
Disaggregated by geographical location of customers:		
– Chinese Mainland	5,277,680	3,948,998
– Taiwan, China	165,533	73,638
– Singapore	76,241	47,041
– Hong Kong, China	54,873	14,251
– Vietnam	49,456	48,458
– India	42,847	46,386
– Malaysia	30,966	16,241
– South Korea	20,028	10,256
– Bangladesh	13,659	15,016
– Other locations	196,889	168,497
	5,928,172	4,388,782

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

4 REVENUE AND SEGMENT REPORTING (continued)

(a) Disaggregation of revenue (continued)

The Group's customer base is diversified and no single customer contributed over 10% of the total revenue of the Group for both the six months ended 30 June 2026 and 2025.

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment.

As the assets and liabilities by segment is not a measure used by the Group's chief operating decision maker to allocate resources and assess performance, the segment assets and liabilities of the Group are not reported to the Group's chief operating decision maker regularly. As a result, reportable segment assets and liabilities have not been presented in the consolidated financial statements.

5 OTHER GAINS AND (LOSSES), NET

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Credit losses allowance on trade receivables	(6,668)	(6,582)
Gains on disposal of property, plant and equipment	–	634
Net losses on metal future contracts	(9,480)	(37,405)
Others	(162)	(939)
	(16,310)	(44,292)

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

6 PROFIT BEFORE TAXATION

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

(a) Net finance costs

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

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

(b) Other items

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

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

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

7 INCOME TAX

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

The provision for PRC Corporate Income Tax is calculated by applying the estimated annual effective rates of taxation that are expected to be applicable to each entity operating in the PRC.

The Group's consolidated effective tax rate for the six months ended 30 June 2026 was 20% (six months ended 30 June 2025: 16%). The increase in the effective tax rate was mainly due to the decrease in the estimated additional deduction for qualified R&D expenses.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB281,114,000 (six months ended 30 June 2025: RMB106,128,000) and the weighted average number of 860,262,117 ordinary shares (six months ended 30 June 2025: 872,628,581) in issue during the interim period.

(b) Diluted earnings per share

As at 30 June 2026 and 30 June 2025, diluted earnings per share is the same as basic earnings per share as there are no dilutive potential shares during the period.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of RMB124,985,000 in total (six months ended 30 June 2025: RMB136,655,000). Items of property, plant and equipment with a net book value of RMB412,000 were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB4,001,000), resulting in no gain or loss on disposal (six months ended 30 June 2025: gain of RMB634,000).

10 INVENTORIES

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

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

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

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

11 TRADE AND OTHER RECEIVABLES

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

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

As at 30 June 2026, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis, in the amount of RMB473,115,000 (31 December 2025: RMB338,412,000). In the opinion of the Directors, the Group has not transferred the substantial risks and rewards relating to these bank acceptance bills, and accordingly, it continues to recognise the full carrying amounts of these bills receivable and the associated trade payables settled, and has recognised the cash received on the transfer as cash advances under discounted bills.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

11 TRADE AND OTHER RECEIVABLES (continued)

Ageing analysis

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

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

Credit terms granted to customers ranged from 7 to 90 days depending on the customer's relationship with the Group, its creditworthiness and past settlement record.

As at 30 June 2026, the Group's bills receivables with an age over 3 months in amount of RMB118,884,000 (31 December 2025: RMB127,313,000).

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

12 RESTRICTED BANK DEPOSITS

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Guarantee deposits for issuance of commercial bills	1,007,322	948,978
Guarantee deposits for foreign exchange swap contracts	61,407	35,371
Others	2,125	14,705
	1,070,854	999,054

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

13 INTEREST-BEARING BORROWINGS

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

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

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

13 INTEREST-BEARING BORROWINGS (continued)

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

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

- (ii) The Group's interest-bearing borrowings in the amount of RMB43,500,000 (31 December 2025: RMB44,000,000) are subject to the fulfilment of financial covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. As at and during the six months ended 30 June 2026, none of these covenants related to drawn down facilities were breached.
- (iii) The secured bank loans as at 30 June 2026 bear interest at rates ranging from 2.15% to 3.20% (31 December 2025: 2.15% to 3.20%) per annum and were pledged by the following assets:

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

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

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

14 TRADE AND OTHER PAYABLES

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

As of the end of the Reporting Period, the ageing analysis of trade and bills payable (which is included in trade and other payables), based on the invoice date or issuance date, is as follows:

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Within 3 months	1,408,609	949,171
Over 3 months but within 6 months	689,036	1,026,617
Over 6 months but within 1 year	8,746	11,225
Over 1 year	1,672	11,280
	2,108,063	1,998,293

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

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

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

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

(b) Share capital

Authorised

	30 June 2026		31 December 2025	
	Number of shares (unaudited)	Amount HKD'000 (unaudited)	Number of shares (audited)	Amount HKD'000 (audited)
Ordinary shares of HKD0.1 each	5,000,000,000	500,000	5,000,000,000	500,000

Ordinary shares issued and fully paid

	30 June 2026			31 December 2025		
	Number of shares '000 (unaudited)	Amount HKD'000 (unaudited)	Equivalent RMB'000 (unaudited)	Number of shares '000 (audited)	Amount HKD'000 (audited)	Equivalent RMB'000 (audited)
At 1 January	899,559	89,959	80,774	899,559	89,959	80,774
At 30 June/31 December	899,559	89,959	80,774	899,559	89,959	80,774

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

15 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Capital management

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

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

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

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

	30 June 2026	31 December 2025
Gearing ratio	44.14%	42.68%

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

	Fair value at 30 June 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)
Assets:				
Derivative financial instruments:				
– Metal future contracts	22,734	22,734	–	–
– Foreign exchange forward contracts	773	773	–	–
– Foreign exchange option contracts	14	14	–	–
– Foreign exchange swap contracts	656	656	–	–
Liabilities:				
Derivative financial instruments:				
– Metal future contracts	(439)	(439)	–	–
– Foreign exchange option contracts	(582)	(582)	–	–
– Foreign exchange swap contracts	(473)	(473)	–	–

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

(i) Fair value hierarchy (continued)

	Fair value at 31 December 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)
Assets:				
Derivative financial instruments:				
– Foreign exchange forward contracts	207	207	–	–
– Foreign exchange swap contracts	621	621	–	–
Liabilities:				
Derivative financial instruments:				
– Metal future contracts	(46,127)	(46,127)	–	–

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

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

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

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

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

17 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

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

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

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

As the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of the employees who have been awarded the shares of the Company (the “**Awarded Shares**”) through their continued employment with the Group, the Group is required to consolidate the Trust.

As at 30 June 2026, the Company has accumulatively contributed HKD82,510,000 (equivalent to RMB73,093,000) (31 December 2025: HKD79,510,000 (equivalent to RMB70,450,000)) to the Trust and the amount was recorded as “Investments in subsidiaries” in the Company’s statement of financial position.

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

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

	Average purchase price HKD	2026 No. of shares held	Value RMB’000	Average purchase price HKD	2025 No. of shares held	Value RMB’000
At 1 January	1.04	37,434,000	35,879	1.05	23,862,000	23,153
Shares purchased during the period/year	1.01	3,726,000	3,319	1.02	13,572,000	12,726
Shares vested during the period/year	–	–	–	–	–	–
At 30 June/31 December	1.04	41,160,000	39,198	1.04	37,434,000	35,879

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2026

18 COMMITMENTS

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

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Contracted for	196,340	90,187

19 KEY MANAGEMENT PERSONNEL REMUNERATIONS

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

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Short-term employee benefits	5,273	4,517
Post-employee benefits	113	53
	5,386	4,570

Management Discussion and Analysis

COPPER PROCESSING BUSINESS

Market and Industry Review

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

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

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

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

Management Discussion and Analysis

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

Business Review

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

Business Development

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

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

Management Discussion and Analysis

2. Through business and financial collaboration effect, we are leveraging data-driven approaches to support business decision-making. The Group has established two key foundational initiatives for business data—process data governance and a product process library—enabling us to tackle four major challenges: optimizing inventory management, deepening the implementation of budget baselines and strengthening control over expenses, rigorously managing the asset-liability ratio, and building a comprehensive budget management system. As a result, we have essentially achieved seamless integration of underlying data, effectively supporting management in making and adjusting decisions.
3. Profit growth is anchored in high-quality customers and products. This year, the Group has adopted “stabilizing existing customers while expanding into new ones” as its overarching marketing strategy. We are continuing to strengthen our presence in the smart terminal sector, by fully leveraging our expanded electroplating production capacity, deepening our relationships with key domestic customers, driving growth through dual-directional efforts in both domestic and international markets, and building a Customer Relationship Management System. Through these five initiatives, we have effectively expanded our market share and brand recognition in high-margin industries such as smartphones, automobiles, AI, 5G networks and new energy.
4. Production lines complement each other to strengthen our core competitiveness. The Group has comprehensively assessed the positioning and strengths of our three major production bases, enabling them to independently make decisions on their specialized product areas and respond flexibly to segmented market demands. At the same time, we have fostered deep collaboration in terms of process expertise, supply-chain resources, and capacity allocation. Through these efforts, each subsidiary has achieved significant improvements in product development and process optimization, quality control, and equipment efficiency, providing solid support for further unlocking the Group’s production capacity and consolidating our core competitiveness.
5. Digital intelligence empowers our strategic decision-making and enhances efficiency. The Group is committed to “integrating data governance across the entire process with production systems” management objectives. We are making every effort to fully integrate the production management system. As of the end of the Reporting Period, the cold rolling and finishing sections of our three major subsidiaries have been successfully put into operation and optimized. The melting and casting section is scheduled to be integrated in the second half of the year, enabling seamless connectivity across all process stages and significantly enhancing the accuracy and timeliness of decision-making.
6. Green and low-carbon initiatives are accelerating the industry’s transformation. Under the guidance of the nation’s dual-carbon goals, the Group has tapped deeply into its internal potential for carbon reduction and achieved remarkable results. During the Reporting Period, both energy consumption per ton and water consumption per ton saw significant declines. Moreover, the Group has been awarded the Eco-Vadis Bronze certification by an internationally recognized authority for two consecutive years, placing us among the industry leaders in terms of ESG performance.

Management Discussion and Analysis

Outlook

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

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

GAMING BUSINESS

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

FINANCIAL REVIEW

Revenue and gross profit

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

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

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

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

Management Discussion and Analysis

Other income

During the six months ended 30 June 2026, the Group's other income amounted to RMB22.0 million, representing a decrease of RMB28.4 million as compared with that of RMB50.4 million of the corresponding period in 2025. This was mainly because a PRC subsidiary of the Company received compensation for equipment quality deficiency in 2025.

Other gains and losses, net

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

Distribution expenses

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

Administrative expenses

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

Net finance costs

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

Income tax

For the six months ended 30 June 2026, the Group's income tax expenses was RMB72.0 million (six months ended 30 June 2025: RMB20.6 million). The Group's consolidated effective tax rate for the six months ended 30 June 2026 was 20% (six months ended 30 June 2025: 16%). The increase in the effective tax rate was mainly due to the decrease in the estimated additional deduction for qualified R&D expenses.

Profit attributable to the shareholders of the Company

The profit attributable to shareholders of the Company for the six months ended 30 June 2026 amounted to RMB281.1 million, representing an increase of RMB175.0 million as compared with that of RMB106.1 million of the corresponding period in 2025.

Management Discussion and Analysis

Liquidity financial resources and capital structure

As at 30 June 2026, the Group recorded net current assets of RMB1,335.1 million (31 December 2025: RMB1,127.6 million), which was primarily because the Group had more restricted bank deposits and cash and cash equivalents as compared with that as at 31 December 2025.

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

The Group is able to generate net cash inflows from operating activities. Also, the Group has good credit standing and relationships with principal lending banks and possesses available undrawn banking facilities of RMB3,475.9 million that will not expire within 12 months from 30 June 2026 (including long term loan facilities amounting to RMB1,672.4 million effective until 2034) and cash at banks of RMB1,849.8 million (comprised of restricted bank deposits of RMB1,070.8 million, bank deposits with original maturity over three months of RMB20.2 million and cash and cash equivalents of RMB758.8 million) respectively. Based on previous experience and the Group's relationships with its principal lending banks, the Board believes that the Group can roll over the existing short-term bank borrowings upon maturity in the coming year. The Board is confident that the Group has adequate financial resources to sustain its working capital requirements and meet its foreseeable debt repayment requirements.

As at 30 June 2026, the Group had outstanding bank loans and other borrowings of approximately RMB2,135.4 million (31 December 2025: RMB1,510.1 million), which shall be repaid within 1 year. As at 30 June 2026, 22.3% (31 December 2025: 33.5%) of the Group's debts was on a secured basis.

The gearing ratio as at 30 June 2026 was 44.1% (31 December 2025: 42.7%), which is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all interest-bearing borrowings, lease liabilities and bills payable as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Company as shown in the consolidated statement of financial position plus net debt.

Charge on assets

As at 30 June 2026, the Group pledged assets with an aggregate carrying value of RMB96.3 million (31 December 2025: RMB97.8 million) to secure bank loans and facilities of the Group.

Capital expenditure

For the six months ended 30 June 2026, the Group has invested approximately RMB106.4 million (six months ended 30 June 2025: RMB78.0 million) in purchase of property, plant and equipment. These capital expenditures were largely financed by internal resources and bank borrowings.

Capital commitments

As at 30 June 2026, future capital expenditures, for which the Group had contracted but not provided for, amounted to RMB196.3 million (31 December 2025: RMB90.2 million), which are mainly for plant construction and capacity expansion of the Group's copper processing business.

Management Discussion and Analysis

Contingent liabilities

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

SIGNIFICANT INVESTMENTS

As at 30 June 2026, the Group had no significant investment with a value of 5% or more of the Group's total assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have other future plans for material investments or capital assets as at 30 June 2026.

MARKET RISK

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

Price risk

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

The Group uses its copper futures contracts in SHFE and LME to hedge against fluctuations in copper price. The Group recorded a net loss on metal future contracts of approximately RMB9.5 million for the six months ended 30 June 2026, which was RMB37.4 million in the corresponding period in 2025. The net loss of future contracts is mainly due to the Group had a net short position of copper future contracts to hedge against the price risks of the physical copper inventory held by the Group.

Management Discussion and Analysis

Interest rate risk

Except for short-term deposits, the Group has no significant interest-bearing assets. Therefore, the Group's income and operating cash flows are, to a large extent, independent of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to fluctuations in interest rates on bank borrowings. The Group's exposure to debt is used for general corporate purposes, including capital expenditures and working capital needs. The Group's bank borrowings bear interest rates that are subject to adjustment by lenders in accordance with changes of the relevant regulations of the People's Bank of China ("PBOC"). The Group's financing costs will increase when the PBOC raises interest rates. Fluctuations in interest rates will affect the cost of undertaking new debts. The Group had not entered into any interest rate swaps to hedge against exposure to interest rate risk.

Foreign exchange risk

The Group's export sales and certain parts of the purchase of raw materials were denominated in foreign currencies, primarily U.S. dollars. Therefore, the Group has exposure for foreign exchange risks and the Group uses foreign exchange option contracts to hedge its foreign exchange risks. For the Reporting Period, the Group recorded net foreign exchange losses of RMB9.3 million, while recording net foreign exchange gains of RMB0.4 million in the corresponding period in 2025. Meanwhile, the Group recorded a net gain of RMB1.5 million from foreign exchange forward contracts, swap contracts and option contracts during the Reporting Period, while recording a net gain of RMB0.1 million in the corresponding period in 2025.

EMPLOYEES

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

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

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

Other Information

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

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

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

Name of Directors	Capacity/Nature of Interest	Number of Shares held	Number of Underlying Shares held	Approximate percentage of shareholding (Note 1)
HU Changyuan	Founder of a discretionary trust/ other Interest	274,200,000 (Note 2)	–	30.48%
	Interest of a controlled corporation/ corporate interest	13,213,000 (Note 3)	–	1.47%
	Beneficial owner/personal Interest	7,200,000	–	0.80%
HU Minglie	Beneficial owner/personal Interest	10,603,000	–	1.18%
ZHU Wenjun	Beneficial owner/personal interest	2,200,000	–	0.24%
CHAI Chaoming	Beneficial owner/personal Interest	434,000	–	0.05%
LOU Dong	Beneficial owner/personal interest	300,000	–	0.03%
LU Hong	Beneficial owner/personal Interest	500,000	–	0.06%

Notes:

1. The percentages are calculated based on the total issued shares of 899,558,173 as at 30 June 2026.
2. These 274,200,000 shares were held by Luckie Strike Limited and Come Fortune International Limited which were wholly owned by Dynamic Empire Holdings Limited as at 30 June 2026. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust which was founded by Mr. HU Changyuan. Mr. HU was deemed to be interested in these shares by virtue of the SFO.
3. These 13,213,000 shares were held by Regency Success Limited, which is 100% controlled by Mr. HU Changyuan. Mr. HU was deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company held or was deemed to hold any interests or short positions in the shares or underlying shares of the Company or any of its associated corporations (as defined in the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or were required to be recorded in the register required to be kept pursuant to section 352 of the SFO, or is otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS FOR ACQUISITION OF SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

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

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

The number of share options available for grant under the 2016 Share Option Scheme as at 1 January 2026 and 26 May 2026 (date of expiry) was 81,111,595 shares of the Company.

The Company has not granted any options since adoption of the 2016 Share Option Scheme. During the Reporting Period, no options were granted, exercised, lapsed, cancelled or outstanding under the 2016 Share Option Scheme and therefore, no shares of the Company are expected to be issued in relation to the options, and the proportion of such shares divided by the weighted average number of shares of the Company in issue for the six months ended 30 June 2026 would be nil.

Other Information

SHARE AWARD SCHEME

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

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

The number of new shares to be issued for satisfying the awards available for grant under the Share Award Scheme as at 1 January 2026 and 17 April 2026 (date of amendment) was 16,222,319 shares of the Company. After amendment (as mentioned herein below), no new shares will be issued and allotted under the Share Award Scheme.

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

During the six months ended 30 June 2026, no new shares were subscribed by the Trustee, a total of 3,726,000 shares of the Company were acquired by the Trustee pursuant to the rules and trust deed of the Share Award Scheme, no shares were granted to the selected employee(s), and no shares were vested, lapsed, cancelled or outstanding under the Share Award Scheme and therefore, no shares of the Company are expected to be issued in relation to the share awards, and the proportion of such shares divided by the weighted average number of shares of the Company in issue for the six months ended 30 June 2026 would be nil. Accordingly, since the Adoption Date and up to 30 June 2026, there were 41,160,000 shares held in trust under the Share Award Scheme.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2026, the following persons or corporations (other than the Directors' interests disclosed in the section headed "Directors' and Chief Executive's Interests in Shares, Underlying Shares and Debentures") had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or notified to the Company:

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

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

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

Other Information

Notes:

1. The percentages are calculated based on the total issued shares of 899,558,173 as at 30 June 2026.
2. The shares were held by Luckie Strike Limited and Come Fortune International Limited which were wholly owned by Dynamic Empire Holdings Limited. The entire issued share capital of Dynamic Empire Holdings Limited was beneficially owned by the Hu Family Trust, the trustee of which was Zedra Trust Company (Singapore) Limited. Dynamic Empire Holdings Limited was deemed to be interested in all the shares in which each of Luckie Strike Limited and Come Fortune International Limited was interested by virtue of the SFO. Zedra Trust Company (Singapore) Limited was deemed to be interested in all the shares in which Dynamic Empire Holdings Limited was interested by virtue of the SFO. The shares registered in the name of Luckie Strike Limited and Come Fortune International Limited were also disclosed as the interest of Mr. HU Changyuan in the section headed "Directors' and chief executive's interests in shares, underlying shares and debentures" above.
3. Zedra SA, through its 100% controlled corporations (including Zedra Holding SA and Zedra Malta Limited), is interested in 274,200,000 shares which were held by Zedra Trust Company (Singapore) Limited as trustee as referred to note 2 above. Zedra Trust Company (Singapore) Limited was indirectly wholly owned by Zedra SA. Each of Zedra SA, Zedra Holding SA and Zedra Malta Limited was deemed to be interested in all the shares in which Zedra Trust Company (Singapore) Limited was interested by virtue of the SFO.
4. Ms. YU Yuesu was deemed to be interested in these shares under the SFO by virtue of being the spouse of Mr. HU Changyuan.
5. As per the notifications filed by Ms. MA Jiafeng ("**Ms. Ma**") and Mr. XIE Shicai ("**Mr. Xie**") respectively, on 2 March 2022, these 206,930,000 shares comprised (i) 164,812,000 shares held by bostone Group Limited, which in turn beneficially owned by Ms. Ma as to 65.67% and by Mr. Xie as to 34.33% respectively; and (ii) 42,118,000 shares held by Hong Kong Nes International New Energy Limited, which in turn beneficially owned by Mr. Xie as to 34.93%. Both Ms. Ma and Mr. Xie were deemed to be interested in the above shares by virtue of the SFO. To the best knowledge of the Directors, Mr. Xie is the ultimate controlling shareholder of Ningbo Boway Alloy Materials Company Limited, a listed company in Shanghai Stock Exchange (Stock Code: 601137.SH). Ms. Ma is the spouse of Mr. Xie. Ningbo Boway Alloy Materials Company Limited manufactures and sells high-performance, high-precision, non-ferrous alloy bars, wires and plate-strips, and is a direct competitor of the Group's copper processing business.

Save as disclosed herein, as at 30 June 2026, so far as the Directors are aware, there were no other person, other than the Directors and chief executive of the Company as disclosed above, who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

AUDIT COMMITTEE

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules throughout the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Board of the Company has adopted the Model Code. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2026.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 3,726,000 shares of the Company at a total consideration of HKD3,758,000 (equivalent to RMB3,319,000) for the six months ended 30 June 2026.

Except for the purchase of shares under the Share Award Scheme mentioned above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including re-sale or transfer of any treasury shares as defined under the Listing Rules) of the Company for the six months ended 30 June 2026.

INTERIM DIVIDEND AND PAYMENT DATE

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

Other Information

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

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

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

To the best of the Directors' knowledge, there is no change of Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the disclosure made in the annual report of the Company for the year ended 31 December 2025 up to the date of this interim report.

By Order of the Board

Xingye Alloy Materials Group Limited

HU Minglie

Chief Executive Officer and Executive Director

Hong Kong, 28 August 2026