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## **HUAJIN INTERNATIONAL HOLDINGS LIMITED**

### **華津國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2738)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CHANGE OF AUDITOR**

Reference is made to the announcement (the "**Announcement**") of Huajin International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 29 December 2025 in relation to the change of auditor. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide the following supplementary information regarding the resignation of Deloitte as the Group's auditor and the appointment of KTC as the new auditor.

### **THE CHRONOLOGY OF THE AUDITOR CHANGE**

The change of auditor was a prudent and compliant decision made following full consultations and rigorous assessments by the Company's Audit Committee (the "**Committee**"), Board of Directors (the "**Board**"), Deloitte and KTC. The entire process strictly adhered to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Company's Articles of Association.

Prior to proposing Deloitte's reappointment in the 6 June 2025 Annual General Meeting Circular, the Company conducted preliminary discussions with Deloitte in relation to the audit scope and proposed audit fee. While no indicative audit fee was provided at that time, there was a preliminary

understanding that the fee would be benchmarked against the prior year's and adjusted to reflect the current year's operations and any changes in the Group's activities.

In October 2025, the Company's Finance Department initiated consultations with Deloitte in respect of the 2025 annual audit arrangements, updating the auditor on the Group's operational transformation, newly launched port terminal business, mid-term operating losses and its liquidity position. Given the additional audit work required due to the Group's operational changes and the aforementioned matters, Deloitte proposed an increase in the audit fee which was higher than expected, and despite multiple rounds of negotiations between the two parties, no consensus was reached on the fee terms.

In light of this, the Board has formally commenced the process to explore quotes from other qualified audit firms. The Committee then conducted a market search and made comprehensive assessments of qualified audit firms and following detailed reviews and prudent deliberations, it unanimously recommended KTC as the new auditor, confirming that KTC's service capabilities meet the Group's business needs with acceptable fee levels and adequate resource allocation. This recommendation has been approved by the Board.

In December 2025, in view of the increment of 50% on the proposed fee for the 2025 audit, Deloitte and the Company could not reach the consensus on the audit fee. Deloitte officially resigned on 29 December 2025, confirmed that there were no outstanding matters requiring shareholders' attention, officially resigned on 29 December 2025, and issued a professional clearance to KTC on the same day. This auditor change strictly complies with relevant Listing Rules including Rule and Code Provision D.3.3(a) of Appendix C1, ensuring the timely and high-quality completion of the 2025 annual audit and safeguarding the interests of the Company and its shareholders.

## **AUDIT FEE PROPOSED BY DELOITTE AND KTC, RESPECTIVE AUDIT PLAN AND AUDIT APPROACH**

Pursuant to Paragraph 2.3.8 of the Guidelines for Effective Audit Committees (the "**Guide**") issued by the Accounting and Financial Reporting Council ("**AFRC**"), the Company and the Committee have hereby disclosed considered reviewed the details of the audit fees proposed by Deloitte and agreed with KTC, including the fee calculation basis and approved KTC's proposal.

Deloitte, the outgoing auditor, has proposed a fee for the Group's 2025 annual audit. The proposed fee covers estimated audit and other specialist fees, reserved travel and administrative disbursements, and projected VAT. The proposed amount represents a substantial increase of over 50% from the total audit fee of RMB3.4 million for the year ended 31 December 2024, primarily reflecting the additional audit effort required in view of the Group's operational changes, sustained operating losses and liquidity considerations.

This additional work includes, among others audit procedures relating to new port terminal operations, enhanced asset impairment assessments, and liquidity and going concern assessment.

KTC, the new auditor, has agreed to an audit fee of RMB1.6 million, exclusive of reimbursable expenses, which will be settled on an actual-incurrence basis. This fee was determined following a comprehensive assessment of the Group's business operations, corporate structure and audit scope as set out in its audit proposal.

KTC's audit scope fully covers the Group's core steel processing and early-stage port terminal operations, tailored to their respective scale and risk profiles, with key focus areas including asset impairment, going concern, liquidity assessments and revenue recognition. The fee reflects resources allocated to these high-risk areas in compliance with Hong Kong Standards on Auditing.

To ensure effective audit coverage of all significant locations and business activities, KTC will coordinate its work with a reputable, sizeable PRC audit firm serving as the component auditor for the Group's Mainland operations. The Mainland component auditor is a well-established firm registered with the relevant Mainland regulatory authority, comprising nearly 1,000 audit professionals, including approximately 200 certified public accountants. It possesses extensive experience in auditing domestic and overseas listed companies, IPOs, publicly traded companies, central enterprises, state-owned enterprises and large groups, with business coverage across China.

In accordance with KTC's group audit instructions, the Mainland component auditor will be responsible for performing audit procedures on the Group's Mainland subsidiaries, including substantive testing of revenue, cost of sales, major expenses and key balance-sheet items. The component auditor will also carry out procedures relating to local internal controls, related-party transactions and compliance with PRC statutory requirements, and assist KTC in work supporting

the Group's assessments of impairment, expected credit loss and, going concern as directed. The agreed fixed audit fee is reasonably allocated between KTC and the Mainland component auditor.

The Committee has reviewed KTC's fee breakdown by staff seniority, geography and business segment, benchmarked it against competing firms, confirmed the fee covers partner oversight, PRC component audit coordination and on-site personnel, and considered KTC's additional work commitment, total expected hours, team grade mix and hourly rates.

Based on the Group's observations and insights from the 2024 annual audit, Deloitte's engagement team consists of one engagement partner, two managers, plus a number of core and supporting staff, comparing to the team composition of KTC and the PRC component, the Company is of the view that the team mix offered by KTC is better than Deloitte. A detailed breakdown of KTC's audit team composition is set out in the table below.

<b>Staff category</b>	<b>No. of staff</b>	<b>Role</b>
Group engagement partner (HK)	1	Overall responsibility for group audit, supervision of component auditors and signing of group audit opinion; extensive listed-company and PRC group audit experience
Senior managers / managers (HK)	2	Day-to-day engagement management, supervision and review of key audit areas
Senior auditors (HK)	1	Execution of substantive audit procedures in higher-risk areas
Associates (HK)	2	Execution of standard audit procedures under supervision
PRC component audit team	5 - 6 (Led by PRC partner)	Audit of PRC subsidiaries under group audit instructions
EQCR (HK & PRC)	2	Independent engagement quality control review
Valuation specialists	1-2	Support on asset impairment and ECL assessments

The Committee has conducted a thorough review and deliberations with KTC on its proposed audit methodology, indicative timetable and resource allocation for the Group's audit for the year ended 31

December 2025, including the roles, qualifications and experience levels of the audit team and experts.

The details of each phase, including the respective time frame and core audit activities, are set out in the table below.

<b>Audit Phase</b>	<b>Timeframe</b>	<b>Core Audit Activities</b>
Planning and Interim Work	Early January 2026	<ol style="list-style-type: none"> <li>1. Update understanding of the Group’s operations, key revenue streams and internal controls</li> <li>2. Identify and assess significant audit risks (including risks related to management override, terminal income, asset impairment and going concern)</li> <li>3. Perform preliminary analytical procedures</li> <li>4. Conduct initial tests of internal controls where appropriate</li> </ol>
Year-end Fieldwork	Mid-January 2026 to February 2026	<ol style="list-style-type: none"> <li>1. Execute substantive audit procedures over revenue, impairment of identified long-lived assets, financial assets, going concern and other material account balances and disclosures in the consolidated financial statements</li> <li>2. Test consolidation workings and related disclosures</li> </ol>
Completion and Reporting	March 2026	<ol style="list-style-type: none"> <li>1. Resolve outstanding audit issues</li> <li>2. Finalise all audit documentation</li> <li>3. Report audit findings to the Audit Committee</li> <li>4. Issue the auditor’s report on the Group’s 31 December 2025 consolidated financial statements in accordance with the Group’s financial reporting timetable</li> </ol>

## **AUDIT COMMITTEE’S KEY ASSESSMENTS AND DISCHARGE OF DUTIES**

Throughout the auditor change process, the Committee conducted a rigorous independent review, thoroughly examined the circumstances leading to Deloitte’s resignation, focusing on audit fee considerations arising from the Group’s operational changes.

Notably, global economic dynamics including new rare earth tariffs impacted the Group's performance in October 2025, with mid-term loss trajectory and the impact of the new port business remaining uncertain. Ongoing discussions were held between Deloitte and the Committee regarding the Company's operations from October to November 2025, Deloitte was only able to provide a concrete fee proposal until later in December due to the prevailing uncertainty.

The Committee confirms its fee discussions with Deloitte were reasonable and aligned with sound corporate governance and industry norms. Following in-depth discussions with Deloitte and the Company's management, there are no undisclosed matters relating to accounting treatments, audit scope or audit opinion requiring shareholder notification.

In assessing KTC's appointment as the new auditor, the Committee comprehensively reviewed KTC's audit proposal, fee structure, industry experience, technical competence, independence and service capabilities, taking into account the Group's business nature, scale, complexity, risk profile and newly launched port terminal operations. The Committee confirmed KTC's proposed audit approach fully covers the Group's core steel processing business and new segment, with no audit scope restrictions.

The Committee evaluated the audit fee proposals from Deloitte and KTC and approved KTC's quote, which is substantially lower, primarily due to differences in their respective cost structures and operating models, while both firms adhere to the relevant professional standards. In particular: (i) Deloitte's fee includes a premium reflecting its long-standing market presence and reputation; (ii) it incorporated additional resources to address the Group's operational changes, sustained losses and liquidity considerations; and (iii) with reference to a quotation of RMB2.0 million received from a third firm serving over 40 listed companies, KTC's proposed fee is comparable and considered to be at a market-competitive level. Both Deloitte and KTC based their quotations on the Group's current business structure, commensurate with the required audit scope and aligned with prevailing market practices.

Having regard to the Group's business attributes and complexity, the Committee confirms KTC has properly assessed the engagement and will deploy sufficient qualified resources to key risk areas in line with required audit procedures. KTC's plan fully covers all key audit matters in compliance with Hong Kong standards, led by partners with over 30 years of audit experience, supported by a dedicated EQR partner and a reputable Mainland component auditor. Backed by KTC's track record

of auditing over 20 listed companies, robust quality management system aligned with HKSQM 1 and strict adherence to independence requirements, the Committee confirms KTC is fully suitable for the engagement and that its competitive fee will not compromise audit quality.

The Company and the Committee have undertaken rigorous reviews of KTC's audit plan, resource deployment and implementation framework. KTC will adopt a risk-based approach compliant with Hong Kong Standards on Auditing and the Exchange's regulatory requirements, focusing on key risk areas with targeted and robust procedures. The Audit Committee confirms that KTC's audit scope is consistent with that of the former auditor. All arrangements are comprehensive, rigorous and compliant, ensuring the 2025 annual audit is completed in a timely manner and to high standards, thereby safeguarding the interests of the Company and its shareholders as a whole.

Save as disclosed above, all other information in the Announcement remains unchanged.

By order of the Board  
**Huajin International Holdings Limited**  
**Xu Songqing**  
*Chairman*

Hong Kong, 10 February 2026

*As at the date of this announcement, the Board is comprised of Mr. Xu Songqing (Chairman) and Mr. Chen Chunniu (Chief Executive Officer) as executive Directors, Mr. Xu Jianhong as non-executive Director and Mr. Chan Oi Fat, Mr. Ou Qiyuan and Ms. Yip Nga Ting Cerin as independent non-executive Directors.*