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HUAJIN INTERNATIONAL HOLDINGS LIMITED

華 津 國 際 控 股 有 限 公 司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2738)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

The board (the “Board”) of directors (the “Directors”) of Huajin International Holdings Limited (the “Company”) hereby announced the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024. The unaudited results for the six months ended 30 June 2025 have been reviewed by the Company’s Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	NOTES	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	732,906	3,206,463
Cost of sales		<u>(1,273,119)</u>	<u>(3,112,274)</u>
Gross (loss) profit		(540,213)	94,189
Other income, other gains and losses, (net)		(2,122)	24,510
Selling expenses		(13,829)	(16,844)
Administrative expenses		<u>(31,972)</u>	<u>(36,941)</u>
(Loss) profit before investment gain, net			
finance costs and taxation		(588,136)	64,914
Investment gain		—	6,055
Finance income	4	809	1,724
Finance costs	4	<u>(29,472)</u>	<u>(53,216)</u>
Finance costs, net	4	<u>(28,663)</u>	<u>(51,492)</u>
(Loss) profit before taxation		(616,799)	19,477
Income tax credit (expense)	5	<u>93,651</u>	<u>(2,592)</u>
(Loss) profit and total comprehensive (expense) income for the period attributable to owners of the Company	6	<u><u>(523,148)</u></u>	<u><u>16,885</u></u>
(Loss) earnings per share attributable to owners of the Company	7		
— basic (RMB cents)		<u>(87.19)</u>	<u>2.81</u>
— diluted (RMB cents)		<u>(87.19)</u>	<u>2.81</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025	31 December 2024
	NOTES	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,881,936	1,878,583
Right-of-use assets	9	240,296	243,780
Deposits paid for acquisition of property, plant and equipment		1,383	50,622
Equity investments designated at fair value through other comprehensive income ("FVTOCI")		1,405	1,405
Restricted bank deposits		10,000	10,000
Deferred tax assets		137,303	43,653
		<u>2,272,323</u>	<u>2,228,043</u>
CURRENT ASSETS			
Inventories		45,880	308,467
Trade, bills and other receivables	10	847,619	963,668
Tax recoverable		11,608	11,775
Restricted bank deposits		119,906	169,431
Bank balances and cash		5,200	35,268
		<u>1,030,213</u>	<u>1,488,609</u>
CURRENT LIABILITIES			
Trade, bills and other payables and accrued expenses	11	314,333	423,414
Contract liabilities		712,664	340,912
Tax payables		–	371
Amounts due to related parties	12	1,201	3,177
Borrowings — due within one year	13	1,097,686	1,473,822
Lease liabilities		471	1,426
		<u>2,126,355</u>	<u>2,243,122</u>
NET CURRENT LIABILITIES		<u>(1,096,142)</u>	<u>(754,513)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,176,181</u>	<u>1,473,530</u>

		30 June 2025	31 December 2024
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Borrowings — due more than one year	13	1,264,376	1,036,621
Lease liabilities		8,145	8,197
Deferred income		3,300	4,950
		1,275,821	1,049,768
NET (LIABILITIES) ASSETS		(99,640)	423,762
CAPITAL AND RESERVES			
Share capital	14	4,999	4,999
Reserves		(106,369)	417,033
(Deficit) equity attributable to owners of the Company		(101,370)	422,032
Non-controlling interests		1,730	1,730
TOTAL (DEFICIT) EQUITY		(99,640)	423,762

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

Huajin International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is a public limited company incorporated in the Cayman Islands as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate and ultimate holding company is Haiyi Limited, a company incorporated in the British Virgin Islands and ultimately controlled by Mr. Xu Songqing (“Mr. Xu”).

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange Hong Kong Limited.

In preparing the condensed consolidated financial statements of the Group, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by RMB1,096,142,000 and net liabilities of RMB99,640,000 as at 30 June 2025, and had capital commitments contracted for but not provided in the condensed consolidated financial statements of RMB100,929,000 on the same date, of which RMB8,988,000 expect to due for payment in the next twelve months from 30 June 2025.

In the opinion of the directors of the Company, the Group will be able to continue as a going concern at least in the coming twelve months taking into consideration that the available bank facilities from various banks for the operation requirements of the Group based on the past history of renewal of such facilities and the working capital estimated to be generated from operating activities. As at 30 June 2025, the Group had total banking facilities relating to bank borrowings (excluding those related to factoring of bills receivable) and bills payables amounted to approximately RMB2,855,235,000, of which approximately RMB1,646,358,000 had been utilised, and the unutilised banking facilities amounted to RMB1,208,877,000. In addition, based on the best estimation of the directors of the Company, all of the currently utilised financing facilities would be renewed upon expiry.

Based on the aforesaid factors, the directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. 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, as appropriate.

Other than change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard 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 INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors, Mr. Xu and Mr. Luo Canwen (“Mr. Luo”), being the chief operating decision maker (the “CODM”), in order to allocate resources to segments and to assess their performance. During the periods ended 30 June 2025 and 2024, the CODM assesses the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in production and sales of cold-rolled steel products and galvanized steel products. Therefore, the management considers that the Group has one operating segment only. The Group mainly operates in the PRC and the Group’s non-current assets are also located in the PRC.

A disaggregation of revenue from contracts with customers by types of goods is as follow:

	Six months ended 30 June	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Sales of cold-rolled steel products		
— steel strips and sheets	317,925	1,669,663
— welded steel tubes	23,111	67,910
Sales of galvanized steel products	209,050	1,148,899
Sales of hot-rolled steel products and others	182,820	319,991
	<u>732,906</u>	<u>3,206,463</u>

All revenue of the Group are recognised at a point in time. All products are delivered within a period less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group’s revenue is derived from customers located in the PRC (including Hong Kong) and the Southeast Asia. The Group’s revenue by the geographical locations of the customers, determined based on the destination of goods delivered, irrespective of the origin of goods, is detailed below:

	Six months ended 30 June	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
PRC (including Hong Kong)	730,331	3,173,171
Southeast Asia	2,575	33,292
	<u>732,906</u>	<u>3,206,463</u>

4. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance costs		
— Interest expense on borrowings, net of amounts capitalised in the cost of qualifying assets of RMB4,340,000 (six months ended 30 June 2024: RMB12,645,000)	(29,253)	(52,986)
— Interest expense on lease liabilities	(219)	(230)
	<u>(29,472)</u>	<u>(53,216)</u>
Finance income		
— Interest income from bank deposits	<u>809</u>	<u>1,724</u>
Finance costs, net	<u><u>(28,663)</u></u>	<u><u>(51,492)</u></u>

The finance costs have been capitalised at rates ranging from 2.90% to 7.11% during the six months ended 30 June 2025 (six months ended 30 June 2024: 3.10% to 7.11%) per annum to expenditure on qualifying assets.

5. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax charge:		
— PRC Enterprise Income Tax (“EIT”)	—	3,398
Deferred tax	<u>(93,651)</u>	<u>(806)</u>
Income tax (credit) expense for the period	<u><u>(93,651)</u></u>	<u><u>2,592</u></u>

6. (LOSS) PROFIT AND TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) profit and total comprehensive (expense) income for the period has been arrived at after charging (crediting):		
Directors' remuneration		
— fees	215	236
— other emoluments, salaries, allowances and other benefits	536	621
— equity-settled share-based payments	–	71
— retirement benefit scheme contributions	38	55
	789	983
Staff salaries, allowances and other benefits	46,128	61,776
Equity-settled share-based payments, excluding those of directors	–	174
Retirement benefit scheme contributions, excluding those of directors	10,448	7,355
Total employee benefits expenses	57,365	70,288
Depreciation of property, plant and equipment	54,202	51,120
Less: amount capitalised as cost of inventories manufactured	(49,958)	(43,992)
	4,244	7,128
Depreciation of right-of-use assets	3,411	3,490
Less: amount capitalised as cost of construction in progress	(898)	(903)
	2,513	2,587
Cost of inventories recognised as an expense	1,273,119	3,112,274
Loss on disposal of property, plant and equipment	4,780	139

7. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) earnings:		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	<u>(523,148)</u>	<u>16,885</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	600,000,000	600,000,000
Effect of dilutive potential ordinary shares brought by share options (<i>Note</i>)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	<u>600,000,000</u>	<u>600,000,000</u>

Note: The computation of diluted (loss) earnings per share for each interim period does not assume the exercise of the Company's options because the adjusted exercise price of vested options are both higher than the average market price for shares during both interim periods.

8. DIVIDENDS

No interim dividend has been proposed for the period ended 30 June 2025 since the end of the reporting period (30 June 2024: nil).

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group acquired property, plant and equipment and incurred construction costs of RMB65,139,000 (six months ended 30 June 2024: RMB432,236,000).

No new land use right was obtained by the Group during the six months ended 30 June 2025. During the six months ended 30 June 2024, the Group obtained a new land use right at a cash consideration of RMB41,613,000.

10. TRADE, BILLS AND OTHER RECEIVABLES

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Trade receivables from contracts with customers	40,652	46,761
Less: Allowance for credit losses	(2,184)	(2,184)
	38,468	44,577
Bills receivables	61,826	112,592
Prepayments to suppliers	480,042	541,000
Value-added tax recoverable	129,898	127,988
Other prepayments, deposits and other receivables	137,385	137,511
	847,619	963,668

For long-term customers with good credit quality and payment history, the Group may allow credit periods of up to 90 days (2024: 90 days). For other customers, the Group demands for full settlement upon delivery of goods.

The following is an ageing analysis of trade receivables and bills receivables presented based on the invoice date and bills receipt dates respectively at the end of each reporting period:

	30.6.2025	31.12.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables:		
Within 30 days	26,981	31,583
31–60 days	3,944	6,040
61–90 days	1,205	–
91–120 days	678	447
121–180 days	61	4,747
181–365 days	4,199	920
Over 1 year	1,400	840
	38,468	44,577
Bills receivables:		
Within 30 days	1,929	28,666
31–60 days	1,483	19,356
61–90 days	802	11,077
91–120 days	19,772	18,329
121–180 days	37,840	35,164
	61,826	112,592

As at 30 June 2025, included in the Group's bills receivables are amounts of RMB39,449,000 (31 December 2024: RMB111,990,000), being the discounted bills receivables transferred to certain banks and suppliers with full recourse. If the issuing banks of bills receivables default payment on maturity, the banks and suppliers have the right of recourse to request the Group to pay the unsettled balance. As the Group has not transferred substantially all the risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and the corresponding amounts in bank borrowings from factoring of bills receivables with full recourse (note 13) and trade payables (note 11). These bills receivables are carried at amortised cost in the condensed consolidated statement of financial position. All the bills receivables are with a maturity period of less than one year.

	30.6.2025	31.12.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Carrying amount of transferred asset	39,449	111,990
Carrying amount of associated bank borrowings	(35,917)	(103,163)
Carrying amount of associated trade payables	(3,532)	(8,827)
	<u>-</u>	<u>-</u>

During the six months ended 30 June 2025, certain transactions between subsidiaries of the Company arising from steel processing services were settled by bank bills. As at 30 June 2025, bills receivables held by a subsidiary of the Company issued by other members of the Group of RMB66,270,000 (31 December 2024: RMB122,300,000) were transferred to certain banks with full recourse similar to the arrangements as set out above. These bills receivables were eliminated in full on consolidation. The Group had recognised the cash received on the transfer of the bills receivables as bank borrowings from factoring of trade receivables with full recourse.

11. TRADE, BILLS AND OTHER PAYABLES AND ACCRUED EXPENSES

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Trade payables (<i>Note a</i>)	121,142	113,481
Bills payables (<i>Note b</i>)	73,237	80,000
Accrued staff costs	11,285	24,060
Construction payables	81,136	144,248
Transportation fees payables	11,155	7,572
Other tax payables	2,422	22,384
Other payables and accrued expenses	13,956	31,669
	<u>314,333</u>	<u>423,414</u>

Notes:

- (a) Included in the amounts was RMB3,532,000 (31 December 2024: RMB8,827,000) related to the trade payables in which the Group has endorsed bills to the relevant suppliers. The details are set out in the note 10.
- (b) These relate to the amounts in which the Group has issued bills to the relevant suppliers and were not yet matured as at period/year end. 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.

The ageing analysis of the trade payables, excluding those related to the trade payables in which the Group has endorsed bills to the relevant suppliers as described in note 11(a), based on the invoice dates at the end of each reporting period is presented as follows:

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Trade payables:		
Within 30 days	4,408	38,045
31–60 days	–	20,235
61–90 days	11,111	15,286
91–120 days	29,100	6,472
121–180 days	28,546	11,701
181–365 days	37,323	8,741
Over 1 year	7,122	4,174
	<u>117,610</u>	<u>104,654</u>

The maturity dates of the bills payables at the end of each reporting period are presented as follows:

	30.6.2025	31.12.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Bills payables:		
Within 30 days	–	35,000
31–60 days	–	5,000
61–90 days	4,087	–
121–180 days	69,150	40,000
	<u>73,237</u>	<u>80,000</u>

12. AMOUNTS DUE TO RELATED PARTIES

	30.6.2025	31.12.2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Mr. Xu	958	3,014
Mr. Chen Chunniu	243	163
	<u>1,201</u>	<u>3,177</u>

The amount is non-trade in nature, interest free, unsecured and repayable within twelve months from the respective dates.

13. BORROWINGS

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Fixed-rate borrowings:		
Secured bank borrowings	1,710,399	1,529,215
Bank borrowings from factoring of bills receivables with full recourse (<i>note 10</i>)	102,187	225,463
Unsecured bank borrowings	187,998	181,058
Secured borrowings from entities established in the PRC independent with the Group	204,138	271,986
	<u>2,204,722</u>	<u>2,207,722</u>
Variable-rate borrowings:		
Secured bank borrowings	147,940	293,121
Unsecured bank borrowings	9,400	9,600
	<u>157,340</u>	<u>302,721</u>
Total borrowings	<u>2,362,062</u>	<u>2,510,443</u>
The carrying amounts of the above bank borrowings are repayable based on the scheduled repayment dates set out in the loan agreements:		
— within one year	905,909	1,257,356
— more than one year, but not more than two years	621,607	508,209
— more than two years, but not more than five years	236,683	252,406
— more than five years	393,725	220,486
	<u>2,157,924</u>	<u>2,238,457</u>
Less: amount due within one year shown under current liabilities	<u>(905,909)</u>	<u>(1,257,356)</u>
Amount shown under non-current liabilities	<u>1,252,015</u>	<u>981,101</u>
The carrying amounts of the above other borrowings are repayable based on the scheduled repayment dates set out in the loan agreements:		
— within one year	191,777	216,466
— more than one year, but not more than two years	10,728	52,050
— more than two years, but not more than five years	1,633	3,470
	<u>204,138</u>	<u>271,986</u>
Less: amount due within one year shown under current liabilities	<u>(191,777)</u>	<u>(216,466)</u>
Amount shown under non-current liabilities	<u>12,361</u>	<u>55,520</u>

The secured portion of the Group's borrowings are secured by certain assets of the Group as detailed in note 17 and equity interest in a subsidiary. Certain of the Group's borrowings are also guaranteed personally by certain directors of the Company.

14. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 30 June 2025	<u>8,000,000,000</u>	<u>80,000</u>
Issued:		
At 1 January 2024 (audited), 31 December 2024 (audited) and 30 June 2025 (unaudited)	<u>600,000,000</u>	<u>6,000</u>
	30.6.2025	31.12.2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Shown in the condensed consolidated statement of financial position	<u>4,999</u>	<u>4,999</u>

15. SHARE-BASED PAYMENTS

Pursuant to a resolution passed on 2 June 2021, the board of directors of the Company has offered to grant share options to certain directors and other eligible grantees under the share option scheme of the Company adopted on 23 March 2016.

The movement of the share options of the Scheme during the six months ended 30 June 2025 is as follows:

	Number of share options
Outstanding as at 1 January 2024 and 31 December 2024 (audited)	25,272,720
Lapsed during the period	<u>(10,109,088)</u>
Outstanding as at 30 June 2025 (unaudited)	<u>15,163,632</u>

Details of share options granted by the Company and outstanding as at 30 June 2025 and 31 December 2024 are as follows:

As at 30 June 2025 (unaudited)

Date of grant	Vesting period	Exercise period	Number of share options granted	Exercise price HK\$
Directors				
2 June 2021	2 June 2021 –	3 June 2023 –		
	2 June 2023	2 June 2026	2,181,816	2.75
	2 June 2021 –	3 June 2024 –		
	2 June 2024	2 June 2027	<u>2,181,820</u>	2.75
			<u>4,363,636</u>	
Other grantees				
2 June 2021	2 June 2021 –	3 June 2023 –		
	2 June 2023	2 June 2026	5,399,999	2.75
	2 June 2021 –	3 June 2024 –		
	2 June 2024	2 June 2027	<u>5,399,997</u>	2.75
			<u>10,799,996</u>	
			<u>15,163,632</u>	

As at 31 December 2024 (audited)

Date of grant	Vesting period	Exercise period	Number of share options granted	Exercise price HK\$
Directors				
2 June 2021	2 June 2021 – 2 June 2022	3 June 2022 – 2 June 2025	2,909,088	2.75
	2 June 2021 – 2 June 2023	3 June 2023 – 2 June 2026	2,181,816	2.75
	2 June 2021 – 2 June 2024	3 June 2024 – 2 June 2027	<u>2,181,820</u>	2.75
			<u>7,272,724</u>	
Other grantees				
2 June 2021	2 June 2021 – 2 June 2022	3 June 2022 – 2 June 2025	7,200,000	2.75
	2 June 2021 – 2 June 2023	3 June 2023 – 2 June 2026	5,399,999	2.75
	2 June 2021 – 2 June 2024	3 June 2024 – 2 June 2027	<u>5,399,997</u>	2.75
			<u>17,999,996</u>	
			<u><u>25,272,720</u></u>	

The fair value of the options determined at the date of grant using the Binomial model was HK\$11,598,000. Out of the outstanding share options of 15,163,632 (31 December 2024: 25,272,720), 15,163,632 (31 December 2024: 25,272,720) options were exercisable as at 30 June 2025 with an exercise price of HK\$2.75 per share.

16. CAPITAL COMMITMENTS

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 <i>RMB'000</i> (Audited)
Capital expenditure contracted but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	<u>100,929</u>	<u>112,074</u>

17. PLEDGE OF ASSETS

Certain of the Group's borrowings are secured by assets of the Group and the carrying amounts of which at the end of each reporting period are stated below:

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 <i>RMB'000</i> (Audited)
Trade receivables	–	9,259
Property, plant and equipment	1,499,037	1,451,558
Right-of-use assets	222,174	237,239
Restricted bank deposits	<u>129,906</u>	<u>179,431</u>
	<u>1,851,117</u>	<u>1,877,487</u>

Furthermore, bills receivables issued by third parties with full recourse that is discounted to banks for settlement of payables for purchasing of steel raw materials is disclosed in note 13.

18. RELATED PARTY DISCLOSURES

(a) Related party balance

Details of the outstanding balance with related parties are set out in the condensed consolidated statement of financial position and in note 12.

(b) Related party transactions

The Group entered into the following transactions with related parties, during the reporting period:

Related parties	Nature of transactions	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Hua Jin Holdings Pte. Ltd ("Hua Jin Holdings") (Note i)	Interest expense on lease liabilities	8	1
Oriental Surplus Link Limited (Note ii)	Interest expense on lease liabilities	11	12

Notes:

- (i) Hua Jin Holdings is 100% owned by Mr. Xu. The Group entered into a lease agreement with Hua Jin Holdings, with the lease term till 2026 for the use of office premise and furniture located in Tradehub 21, 8 Boon Lay Way, 609964 in District 22, Singapore. During the six months ended 30 June 2025, the Group have made repayment of the lease liability of RMB155,000 (six months ended 30 June 2024: RMB158,000). As at 30 June 2025, the corresponding carrying amount of the lease liabilities is RMB357,000 (31 December 2024: RMB490,000).
- (ii) The Group entered into a lease agreement with Oriental Surplus Link Limited, which was wholly-owned by Mr. Xu, with the lease term till 2025 for the use of staff quarter located in Sai Kung, New Territories, Hong Kong. During the six months ended 30 June 2025, the Group have made repayment of the lease liability of RMB297,000 (six months ended 30 June 2024: RMB305,000). As at 30 June 2025, the corresponding carrying amount of the lease liabilities is RMB252,000 (31 December 2024: RMB548,000).

(c) Guarantees provided by related parties

Certain of the Group's borrowings are secured by guarantees provided by certain directors of the Company as at 30 June 2025 and 31 December 2024 as set out in note 13.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the reporting period were as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	2,647	2,817
Retirement benefit scheme contributions	91	152
Share-based payment expense	–	245
	2,738	3,214

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Huajin International Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) is an investment holding company and the Group is a leading cold-rolled steel processor in Guangdong Province, the PRC. The Group is principally engaged in processing of hot-rolled steel coils into cold-rolled steel strips, sheets and welded steel tubes and galvanized steel products customised to the specification of the customers covering a wide range of industries, including light industrial hardware, home appliances, furniture, motorcycle/bicycle accessories, LED and lighting. The Group provides processing, cutting, slitting, warehousing and delivery services on customized cold-rolled steel products and galvanized steel products.

From 2024 onward, the Group is also engaged in terminal operation and provision of port and port-related services (including uploading and unloading of cargoes, bulk cargo handling services, container handling, storage and other services). The Group’s port terminal, namely Huajin Terminal, is situated in Gujing Town, Xinhui District, Jiangmen City, in the southwestern area of the Pearl River Delta of the PRC.

As at 30 June 2025, the Group had invested approximately RMB750.0 million in constructing the Huajin Terminal. After the Spring Festival in 2025, berths No. 1, 2, and 3 at the Huajin Terminal obtained the Port Operation Licence* (港口經營許可證) and commenced operation. Huajin Terminal is having three berths with the capacity to accommodate vessels with sizes of 30,000 deadweight tonnage.

In addition to the construction of Huajin Terminal, the Group has also invested in the construction of the Huajin Metal Industrial Park. The Group is committed to building this industrial park into a steel trading and distribution center in the Greater Bay Area of South China, providing customers in places such as Zhuhai, Zhongshan, and Jiangmen with low-cost raw material supplies and distribution service. The annual processing capacity of Huajin Metal Industrial Park reaches 3.5 million tons, and its processing businesses cover flattening separation and shearing. The annual throughput of Huajin Terminal is expected to reach more than 15 million tons, mainly providing cargo consolidation services for all upstream and downstream enterprises in the Greater Bay Area.

Huajin Terminal is also equipped with containers, providing high-quality logistics services for downstream enterprises and effectively promoting the efficient operation of the industrial chain in the Greater Bay Area.

The integrated operation of Huajin Terminal and the warehousing and processing area of Huajin Metal Industrial Park has established a modern logistics industry. Raw materials and finished products can be quickly transferred along the shortest route and with the highest efficiency, and are directly transported to the processing and warehousing, where various metal processing, warehousing and distribution services are immediately carried out for the Group. This operational model has achieved seamless integration across the entire industrial chain, establishing a robust platform that enhances resource-side efficiency and reduces operational costs for regional manufacturers, while significantly amplifying our Group's industrial synergy benefits.

On 26 March 2025, the Group signed an letter of investment intent with a state-owned company under the jurisdiction of Jiangmen City regarding the possible equity participation in Jiangmen Huajin Metal Trading Market Co., Ltd. ("Jiangmen Huajin Metal Trading"). Jiangmen Huajin Metal Trading is an indirect wholly-owned subsidiary of the Company, which is responsible for the operation and management of Huajin Terminal. As at the date of this interim report, the Group has not entered into any formal or legally binding agreements in relation to the letter of investment intent.

During the six months ended 30 June 2025, the Group generated revenue of approximately RMB732.9 million, representing a decrease of RMB2,473.6 million or 77.1%, as compared to that of approximately RMB3,206.5 million during the six months ended 30 June 2024. Loss attributable to owners of the Company during the six months ended 30 June 2025 was approximately RMB523.1 million when compared with profit attributable to owners of the Company for the six months ended 30 June 2024 of approximately RMB16.9 million.

The board considered that the net loss of the Group for the six months ended 30 June 2025 was mainly due to, among others, the drop in revenue and sales volume, as well as profit margin for the Group during the six months ended 30 June 2025.

The sales volume of cold-rolled steel products and galvanized steel products in aggregate was 145,494 tonnes during the six months ended 30 June 2025, representing a decrease of 533,393 tonnes or 78.6%, as compared to 678,887 tonnes during the six months ended 30 June 2024.

During the six months ended 30 June 2025, the Group acquired property, plant and equipment and incurred construction costs of approximately RMB65.1 million (six months ended 30 June 2024: RMB432.2 million).

The net current liabilities position of approximately RMB1,096.1 million (31 December 2024: RMB754.5 million) as at 30 June 2025 was primarily attributable to the fact that short-term borrowings were obtained to finance the non-current capital expenditures on property, plant and equipment, and land use rights. The Directors are of the opinion that, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group, and (ii) the Group's presently available financing facilities and the intended renewal of the existing financing facilities upon maturity, the Group would have sufficient working capital to meet its current liabilities or expand its operations as anticipated.

The capital commitments towards the acquisition of property, plant and equipment, as at 30 June 2025, was approximately RMB100.9 million (31 December 2024: RMB112.1 million), which will be financed by the Group's internal resources and borrowings.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025.

FINANCIAL REVIEW

Revenue

The Group primarily generates revenue from sales of cold-rolled steel products and galvanized steel products. The revenue for the six months ended 30 June 2025 amounted to approximately RMB732.9 million, representing a decrease of approximately RMB2,473.6 million or 77.1%, as compared with that of approximately RMB3,206.5 million for the six months ended 30 June 2024.

The sales volume of cold-rolled steel products decreased to 91,262 tonnes for the six months ended 30 June 2025, by 328,716 tonnes or 78.3%, as compared with that of 419,978 tonnes for the six months ended 30 June 2024. The sales volume of galvanized steel products decreased to 54,232 tonnes for the six months ended 30 June 2025, by 204,677 tonnes or 79.1%, as compared with that of 258,909 tonnes for the six months ended 30 June 2024. Thus, the sales volume of cold-rolled steel products and galvanized steel products in aggregate was 145,494 tonnes for the six months ended 30 June 2025, representing a decrease of 533,393 tonnes or 78.6%, as compared to 678,887 tonnes for the six months ended 30 June 2024.

The decrease in revenue was mainly attributable to the decrease in sales volume of our cold-rolled steel products and galvanized steel products. The average selling price of our cold-rolled steel products decreased to RMB3,737 per tonne for the six months ended 30 June 2025 as compared with that of RMB4,137 per tonne for the six months ended 30 June 2024. The average selling price of our galvanized steel products decreased to RMB3,855 per tonne for the six months ended 30 June 2025 as compared with that of RMB4,437 per tonne for the six months ended 30 June 2024. In summary, the average selling price of our cold-rolled steel products and galvanized steel products decreased to RMB3,781 per tonne for the six months ended 30 June 2025 as compared with that of RMB4,251 per tonne for the six months ended 30 June 2024.

The domestic sales in the PRC market contributed over 99.6% for the six months ended 30 June 2025 (six months ended 30 June 2024: 98.9%) of the revenue while the remaining portion was attributable to sales to our customers located in Southeast Asia. Other revenue was primarily attributable to the sales of scrap steel residual in our manufacturing process to recycling agents and the provision of processing service to the customers who engage us to process steel coils provided by them. Such other revenue accounted for about 24.9% (six months ended 30 June 2024: 10.0%) of the revenue for the the six months ended 30 June 2025.

The following table sets out the breakdown of our revenue during the reporting period:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales of cold-rolled steel products	341,036	46.6	1,737,573	54.2
— steel strips and sheets	317,925	43.4	1,669,663	52.1
— welded steel tubes	23,111	3.2	67,910	2.1
Sales of galvanized steel products	209,050	28.5	1,148,899	35.8
Sales of hot-rolled steel products and others	182,820	24.9	319,991	10.0
	732,906	100.0	3,206,463	100.0

Cost of sales

The cost of sales decreased to approximately RMB1,273.1 million for the six months ended 30 June 2025, by approximately RMB1,839.2 million or 59.1%, as compared with that of approximately RMB3,112.3 million for the six months ended 30 June 2024.

The following table sets out the breakdown of our cost of sales for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Direct materials	1,118,522	87.9	2,865,012	92.1
Utilities	32,470	2.6	104,919	3.4
Direct labour	35,331	2.8	47,511	1.5
Depreciation expense	49,958	3.9	46,294	1.5
Consumables	32,020	2.4	43,089	1.4
Others	4,818	0.4	5,449	0.1
	<u>1,273,119</u>	<u>100.0</u>	<u>3,112,274</u>	<u>100.0</u>

Direct materials represented the cost of raw materials, primarily hot-rolled steel coils. The direct materials accounted for over 87.9% (six months ended 30 June 2024: 92.1%) of the cost of sales for the six months ended 30 June 2025. The decrease in direct materials was mainly attributable to the decrease in the sales volume of cold-rolled steel products, galvanized steel products and hot-rolled steel coils.

Utilities related primarily to electricity, water, and natural gas consumed throughout our production process. Utilities expenses decreased to approximately RMB32.5 million for the six months ended 30 June 2025, by approximately RMB72.4 million or 69.0%, as compared with that of approximately RMB104.9 million for the six months ended 30 June 2024.

Direct labour decreased to approximately RMB35.3 million for the six months ended 30 June 2025, by approximately RMB12.2 million or 25.7%, as compared with that of approximately RMB47.5 million for the six months ended 30 June 2024. The decrease in direct labour was mainly attributable to the decrease in production volume during the reporting period under review.

Depreciation expense experienced an increase to approximately RMB50.0 million for the six months ended 30 June 2025, by approximately RMB3.7 million or 8.0%, as compared with that of approximately RMB46.3 million for the six months ended 30 June 2024. Such increase was mainly due to the increase in depreciation for property, plant and equipment during the reporting period under review.

Consumables consisted of machinery spare parts and supplies consumed in the production process. Consumables decreased to approximately RMB32.0 million for the six months ended 30 June 2025, by approximately RMB11.1 million or 25.8%, as compared with that of approximately RMB43.1 million for the six months ended 30 June 2024.

Other costs primarily comprised other taxes and surcharges expenses.

Gross profit

Due to the drop in the profit margin on the sales of all steel products, the Group recorded a gross loss of approximately RMB540.2 million for the six months ended 30 June 2025 as compared with a gross profit of approximately RMB94.2 million for the six months ended 30 June 2024.

The gross loss margin was approximately 73.7% for the six months ended 30 June 2025 when compared with a gross profit margin of 2.9% for the six months ended 30 June 2024. It was mainly due to punitive tariffs imposed by major importing countries around the world on steel products, which led to sharp drops in the sales volume and average selling price of goods exported by the Group's downstream customers. As end-market demand contracted, certain long-term customers unilaterally postponed or cancelled signed orders, adversely affecting the Group's revenue. The abrupt fall in orders also prevented the Group from meeting the minimum offtake requirements in several long-term supply contracts with steel mills, triggering non-refundable commitment fees and deposits and thereby increasing cost of sales.

Other income, other gains and losses (net)

Other income, other gains and losses (net) recorded a net loss of approximately RMB2.1 million for the six months ended 30 June 2025, compared with a net gain of RMB24.5 million for the six months ended 30 June 2024. The change from net gain to net loss on other income, other gains and losses was mainly due to (i) a decrease in

extra deduction of value-added tax credit amounted to RMB17.2 million; (ii) a decrease in unrealized gain on derivative financial instruments in relation to the commodity futures contracts amounted to RMB3.0 million; (iii) a decrease in penalty income relating to the sales of scrap steel in the amount of approximately RMB2.0 million and (iv) an increase in loss on disposal of property, plant and equipment by approximately RMB4.6 million.

Selling expenses

Selling expenses decreased to approximately RMB13.8 million for the six months ended 30 June 2025, by approximately RMB3.0 million or 17.9%, as compared with that of approximately RMB16.8 million for the six months ended 30 June 2024. The decrease in selling expenses was mainly attributable to the decrease in revenue for the six months ended 30 June 2025.

Administrative expenses

The administrative expenses decreased to approximately RMB32.0 million for the six months ended 30 June 2025, by approximately RMB4.9 million or 13.3%, as compared with that of approximately RMB36.9 million for the six months ended 30 June 2024. The decrease in administrative expenses was mainly attributable to (i) a decrease in general administrative salaries and staff welfare of approximately RMB1.9 million; (ii) a decrease in consumables off approximately RMB1.5 million; and (iii) a decrease in entertainment expenses of approximately RMB1.5 million.

Investment gain

The investment gain was nil for the six months ended 30 June 2025 when compared to approximately RMB6.1 million for the six months ended 30 June 2024. Such investment gain during the reporting period under review was primarily due to the net realised gain on derivative financial instruments in relation to the commodity futures contracts.

Finance costs

Finance costs decreased to approximately RMB29.5 million for the six months ended 30 June 2025, by approximately RMB23.7 million or 44.5%, as compared with that of approximately RMB53.2 million for the six months ended 30 June 2024. Such decrease was mainly attributable to the decrease in general interest rates of most of the borrowings during the six months ended 30 June 2025 compared to the six months ended 30 June 2024.

Income tax expenses

There was deferred tax credit amounted to approximately RMB93.7 million for the six months ended 30 June 2025 while there was income tax expenses and deferred tax credit amounted to approximately RMB3.4 million and RMB0.8 million respectively for the six months ended 30 June 2024.

(Loss) profit for the period

The loss attributable to owners of the Company was approximately RMB523.1 million for the six months ended 30 June 2025 when compared with a profit attributable to owners of the Company of approximately RMB16.9 million for the six months ended 30 June 2024.

Liquidity and financial resources

As at 30 June 2025, the Group's bank balances and cash decreased to approximately RMB5.2 million, by approximately RMB30.1 million or 85.3%, from approximately RMB35.3 million as at 31 December 2024. The Group's restricted bank deposits decreased to approximately RMB129.9 million as at 30 June 2025, by approximately RMB49.5 million or 27.6%, from approximately RMB179.4 million as at 31 December 2024.

As at 30 June 2025, the Group had the net current liabilities and the net liabilities of approximately RMB1,096.1 million (31 December 2024: RMB754.5 million) and approximately RMB99.6 million (31 December 2024: net assets of approximately RMB423.8 million), respectively. As at 30 June 2025, the current ratio calculated based on current assets divided by current liabilities of the Group was 48.4% as compared with that of 66.4% as at 31 December 2024.

As at 30 June 2025, the Group's total borrowings amounted to approximately RMB2,362.1 million (31 December 2024: RMB2,510.4 million) and total assets amounted to approximately RMB3,302.5 million (31 December 2024: RMB3,716.7 million). As at 30 June 2025, the gearing ratio of the Group, calculated based on total borrowings divided by total assets, was approximately 71.5% (31 December 2024: 67.5%).

As at 30 June 2025, the Group had total banking facilities relating to bank borrowings (excluding those related to factoring of bills receivables) and bills payables amounted to approximately RMB2,855.2 million (31 December 2024: RMB2,931.5 million), of which approximately RMB1,646.4 million (31 December 2024: RMB1,604.8 million) had been utilised, and the unutilised banking facilities amounted to approximately RMB1,208.8 million (31 December 2024: RMB1,326.7 million). In addition, based on the best estimation of the directors of the Company, all of the currently utilised banking facilities would be renewed upon expiry.

As at 30 June 2025, certain of the Group's borrowings, which were secured by certain assets of the Group, were also secured by personal guarantees from Mr. Xu Songqing and Mr. Luo Canwen respectively. Mr. Xu also agreed to provide necessary financial support to enable the Group to meet its financial obligations as they fall due for a period of fifteen months from the date of approval of these consolidated financial statements.

Foreign currency exposure

As the functional currency of the PRC subsidiaries is Renminbi ("RMB") and a portion of the revenue is derived from sales to overseas customers who settle in United States dollars ("USD"), we are exposed to risks associated with fluctuations in USD against RMB. In addition, we are exposed to foreign currency risk arising from certain bank balances which are denominated in USD, Hong Kong dollars and Singapore dollars. The Group currently does not have any foreign currency hedging policy. However, the management closely monitors its exposure to foreign currency risk and will consider hedging significant foreign currency exposure should the need arise.

Financial instruments

During the reporting period under review, apart from the commodity futures contracts, the Group had not entered into any financial instruments for hedging purpose.

Material acquisitions and disposal

During the six months ended 30 June 2025, the Group had no material acquisitions or disposal of subsidiaries, associates and joint ventures.

Borrowings

Details of the borrowings of the Group as at 30 June 2025 are set out in note 13 to the condensed consolidated financial statements.

Capital structure

Details of the share capital are set out in note 14 to the condensed consolidated financial statements.

Capital commitments

Details of the capital commitments are set out in note 16 to the condensed consolidated financial statements.

Pledge of assets

Details of the pledge of assets are set out in note 17 to the condensed consolidated financial statements.

Contingent liabilities

During the reporting period under review, the Company provided guarantees to banks as securities for financing facilities granted to certain subsidiaries of the Company in the PRC. The Group did not provide any guarantee to any third parties and did not have contingent liabilities as at 30 June 2025 (31 December 2024: nil).

Employees

As at 30 June 2025, the Group had a total of 1,165 (31 December 2024: 1,492) full-time employees (including executive Directors) in mainland China, Hong Kong and Singapore. The Group's total staff costs (including Directors' remuneration) for the six months ended 30 June 2025 amounted to approximately RMB56.6 million (six months ended 30 June 2024: RMB70.3 million). The Group remunerated the employees based on their performance, experience and prevailing market practices. The Company has share option scheme in place as a means to encourage and reward the eligible employees (including the Directors) for their contributions to the Group's results and business development based on their individual performance. Share options to certain Directors and employees granted on 2 June 2021. No share-based payment expenses was recognised for the six months ended 30 June 2025. Share-based payment expenses of approximately RMB0.2 million included in the above staff costs for the six months ended 30 June 2024.

FUTURE PROSPECTS

Huajin Group's Future Development Direction and Diversified Profit Model

In the face of fluctuations in the global manufacturing industry and changes in market structure, the Group has actively adjusted its strategic layout. Leveraging the location, resource and facility advantages of Huajin Metal Industrial Park and Huajin Terminal, it plans to build a full industrial chain ecosystem encompassing “raw material centralized procurement — logistics — warehousing and processing — production — finished product warehousing — logistics distribution — industrial and financial trade — financial supply chain”, aiming to promote the transformation of its profit model from a single cold-rolled coil production and sales to a diversified and integrated one.

I. Leveraging the advantages of the terminal to expand port steel loading/unloading and comprehensive services

Huajin Terminal is located on the bank of Yinzhou Lake* (銀洲湖) in the Greater Bay Area, with a coastline of 652 metres. It has completed 3 berths of 30,000-tonne class, with an annual handling capacity of 20 million tonnes, and is equipped with loading and unloading capabilities for all types of cargo including containers, steel coils, sections and bulk cargo.

It is estimated that upon reaching full production capacity, the annual loading and unloading volume will reach 18 to 20 million tonnes. In the future, plans are to further introduce functions such as container transshipment, lighterage, bonded warehousing and cross-border trade, with a view to building a key port hub in the Greater Bay Area. Huajin Terminal will change the traditional model of multiple transshipments for steel products transported southward from northern regions. Through one-stop services, it will significantly reduce the overall costs of southward steel products and markedly enhance the comprehensive competitiveness of downstream customers in cities surrounding the Greater Bay Area.

II. Building a metal full-industry-chain processing and warehousing platform

Huajin Industrial Park is currently equipped with processing equipment such as hot-rolled flattening machines, slitting machines and cold-rolled flattening machines, with an annual processing capacity of 3 million tonnes. Through integrated processing and warehousing services, it provides core customers with operational services covering procurement, land transportation, maritime transportation, warehousing, processing, distribution and supply chain. In the future, it will also build an IOT platform integrating “Internet of Things, edge computing and AI analysis”, which will enable full-process digital management of cargo inbound, outbound and in-warehouse management, achieving visualization, online access, early warning and traceability. This will effectively enhance operational efficiency and cargo ownership security assurance capabilities, striving to build a modern public warehouse for metal futures and spot regulatory futures trading delivery in the Greater Bay Area.

III. Developing bulk raw material trading such as high-calcium stones and construction aggregates

Leveraging the navigational capacity of the terminal and the advantages of the 600-mu rear storage yard resources, it directly procures high-quality high-calcium stones and construction aggregates from mining areas in Guangxi, forming a model of direct supply from producing areas and port stockpiling. Sales during the dry season from October to April of the following year will be able to achieve relatively high gross profit margins. Meanwhile, through the “two-way cargo flow”

model that combines the distribution of high-calcium stones and construction aggregates for backflow to steel mills at the original port after unloading at Huajin Terminal with bulk commodity distribution services, it has formed long-term cooperation with steel mills, expanding the market coverage in key regions nationwide, including South China, East China, North China, northeast coastal areas and inland regions.

IV. Expanding logistics and ferrous metal trading market services

The Group has currently put its automobile transportation segment into operation. It is estimated that the annual demand for land transportation in the industrial park will reach 6 to 10 million tonnes, and this potential business segment is expected to increase the Group's business income and profits. In addition, it has established stable cooperative relationships with a number of domestic steel mills and large state-owned trading enterprises to promote supply chain finance businesses such as steel centralized procurement, financing trade, and pallet credit sales, so as to improve the return on capital. Furthermore, relying on Huajin Terminal and joining hands with major steel mills and steel traders, the Group will give full play to its advantages as a leading steel enterprise in the province to build a metal trading market. The traded varieties will cover all types of steel products including hot-rolled, cold-rolled, galvanized, silicon steel, rebar, wire rod (including high-speed wire rod and coil rod), section steel and pipe, aiming to create an online-offline integrated metal trading demonstration zone.

V. Deploying diversified trade and import-export businesses

The Group intends to expand its import-export businesses to open up cross-border trade channels. Leveraging the advantages of its 30,000-tonne-class terminal, it will gradually expand into the trading of various bulk commodities such as steel products, stainless steel, timber, grain, white sugar and high-calcium stones, and diversify operational risks by enriching the structure of cargo types.

VI. Strategic Vision

As the development of the Guangdong-Hong Kong-Macau Greater Bay Area and the coastal and riverside economic belts accelerates, the Group will leverage the advantages of river-sea intermodal transportation between the Xijiang Golden Waterway and the Yamen Estuary* (崖門出海口) to build a diversified industrial group integrating port loading and unloading, metal processing, warehousing and logistics, raw material trading, supply chain finance and cross-border trade. Future profits will achieve stable and sustainable growth through the synergy of multiple businesses.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the interests in share options of the Company as disclosed above, at no time during the six months ended 30 June 2025 was the Company, its holding company, or any of its subsidiaries or associated corporations, a party to any arrangement which enables the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2025.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Company recognises that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of the shareholders and stakeholders, and enhance shareholder value.

The corporate governance principles of the Group emphasise an effective Board, sound internal controls, appropriate independence policy, and transparency and accountability to the Shareholders. The Group is committed to striking a balance between earnings and sustainable development. The Company believes outstanding business environment, society and corporate governance are fundamental to maintaining long-term sustainable success.

The Company has applied the principles of good corporate governance and adopted the code provisions set out in the Corporate Governance Code (“CG Code”) contained in Appendix 14 to the Listing Rules as its code of corporate governance. The Company has complied with the applicable code provisions in the CG Code as set out in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2025.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix C3 to the Rules (“Listing Rules”) Governing the Listing of Securities on the Stock Exchange. Having made specific enquiry with each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors as at date of this announcement, the Company has maintained the prescribed public float required by the Listing Rules during the six months ended 30 June 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) in accordance with the requirements of the CG Code for the purpose of reviewing and supervising the Group’s financial reporting process. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Oi Fat, Mr. Ou Qiyuan and Ms. Yip Nga Ting Cerin. Mr. Chan Oi Fat serves as the chairman of the Audit Committee.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the “Audit Committee”) has reviewed the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2025. Based on the review and discussions with the management, the Audit Committee was satisfied that the unaudited condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group’s financial position and results for the six months ended 30 June 2025.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The interim result announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.huajin-hk.com). The interim report for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the above websites in due course.

EVENTS AFTER REPORTING PERIOD

Under Rule 3.05, the Company shall appoint two authorised representatives who shall act at all times as the listed issuer’s principal channel of communication with the Stock Exchange.

Under Rule 3.28, the Company must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Following the resignation of Mr. Wong Chak Keung (“Mr. Wong”) as the company secretary and the chief financial officer of the Company, and ceased to act as an authorised representative of the Company on 3 July 2025, in view of the time required for identifying and appointing a suitable candidate, the Company was not be able to meet the requirements of Rule 3.05 of the Listing Rules. Upon the appointment of Ms. Zhang Liqiong (“Ms. Zhang”) on 7 July 2025, the Company has then re-complied with the requirements of Rule 3.05 of the Listing Rules on the Stock Exchange as at date of this announcement.

Upon the appointment of Ms. Lam Hoi Ki on 10 July 2025 after resignation of Ms. Zhang as the company secretary of the Company on 10 July 2025, the Company has re-complied with the requirements of Rule 3.28 of the Listing Rules on the Stock Exchange as at date of this announcement.

For detailed information, please refer to the announcements of the Company dated 7 July 2025 and 10 July 2025.

Save for disclosed above, the Board is not aware of any important event requiring disclosure that has taken place subsequent to 30 June 2025 and up to the date of this announcement.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation of the support from our shareholders, customers and suppliers. I would also like to thank my fellow Directors for their valuable contribution and the staff members of the Group for their commitment and dedicated services throughout the period.

On behalf of the Board
Huajin International Holdings Limited
Xu Songqing
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the Board is comprised of Mr. Xu Songqing (Chairman), Mr. Luo Canwen (Chief Executive Officer) and Mr. Xu Songman 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.