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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "Board") of directors (the "Directors") of Huajin International Holdings Limited (the "Company") hereby announces the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026 together with the comparative figures for the corresponding period in 2025. The unaudited results for the six months ended 30 June 2026 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 2026

		Six months ended 30 June	
		2026	2025
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**131,514**	732,906
Cost of sales		**(176,609)**	(1,273,119)
Gross loss		**(45,095)**	(540,213)
Other income, other gains and losses, net		**(452)**	(2,122)
Selling expenses		**(4,883)**	(13,829)
Administrative expenses		**(28,248)**	(31,972)
Loss from operations		**(78,678)**	(588,136)
Finance income	*4*	**–**	809
Finance Costs	*4*	**(30,619)**	(29,472)
Finance costs, net	*4*	**(30,619)**	(28,663)
Loss before taxation		**(109,297)**	(616,799)
Income tax credit	*5*	**–**	93,651
Loss for the period	*6*	**(109,297)**	(523,148)
Total comprehensive loss for the period			
Attributable to owners of the Company		**(109,112)**	(523,148)
Attributable to non-controlling interests		**(185)**	–
Loss per share attributable to owners of the Company			
– basic *(RMB cents)*		**(18.19)**	(87.19)
– diluted *(RMB cents)*		**(18.19)**	(87.19)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	NOTES	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, Plant and equipment	9	**1,556,998**	1,571,382
Right-of-use assets	9	**235,636**	237,149
Deposits paid for property, plant and equipment and other non-current assets		**37,319**	35,895
		1,829,953	1,844,426
CURRENT ASSETS			
Inventories		**36,778**	30,958
Trade and other receivables	10	**401,341**	448,216
Restricted bank deposits		**14,372**	11,049
Bank Balances and cash		**2,673**	5,670
		455,164	495,893
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	11	**695,538**	577,396
Contract liabilities		**126,206**	173,333
Amounts due to related parties		**4,221**	2,670
Borrowings-due within one year	13	**843,454**	953,379
Lease liabilities		**577**	716
		1,669,996	1,707,494
NET CURRENT LIABILITIES		**(1,214,832)**	(1,211,601)
TOTAL ASSETS LESS CURRENT LIABILITIES		**615,121**	632,825

	NOTES	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Borrowings-due more than one year	*13*	**1,439,427**	1,311,255
Lease liabilities		**7,630**	7,638
Other payables	*11*	**125,224**	160,144
Deferred income		–	1,650
		1,572,281	1,480,687
NET LIABILITIES		**(957,160)**	(847,862)
CAPITAL AND RESERVES			
Share capital	*14*	**4,999**	4,999
Reserves		**(963,501)**	(854,389)
Deficit attributable to owners of the Company		**(958,502)**	(849,390)
Non-controlling interests		**1,342**	1,528
TOTAL DEFICIT		**(957,160)**	(847,862)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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 of Hong Kong Limited (the "Listing Rules").

In preparing the condensed consolidated financial statements of the Group for the six months ended 30 June 2026, the Directors have given careful consideration to the Group's financial position as at 30 June 2026. As at that date, the Group had net current liabilities of approximately RMB1,214.8 million and net liabilities of approximately RMB957.2 million, while cash and cash equivalents amounted to only approximately RMB2.7 million. Significant uncertainties relating to going concern were disclosed in the auditors' report for the Group's year ended 31 December 2025.

These conditions indicate the existence of significant uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

After considering the Group's business forecasts and cash-flow forecasts, together with the plans and measures set out below, the Directors are of the view that the Group will be able to raise sufficient funds to meet its financial obligations as they fall due and to continue as a going concern for at least the next twelve months from the end of the (being the six months ended 30 June 2026):

(i) The Group expects that, in light of its past renewal experience, the existing banking facilities will continue to be renewed on terms similar to the existing terms;

(ii) During the period ended 30 June 2026, the Group has entered into a letter of intent in respect of the sale of its terminal, port and related subsidiary assets;

(iii) The Directors anticipate that the Group will be able to generate positive operating cash flows in the foreseeable future; and

(iv) The Group will implement cost-saving and other cash-management measures to maintain liquidity and sufficient cash flows.

The Directors are of the opinion that, assuming the above-mentioned plans and measures can be successfully implemented, the Group will have sufficient working capital to finance its operations and meet its financial obligations as they fall due. Accordingly, the Directors consider it appropriate to prepare the condensed consolidated financial statements on a going-concern basis.

However, if the above-mentioned financing cannot be obtained or the above-mentioned plans and measures are not successfully implemented, the Group may not be able to continue as a going-concern. Under such circumstances, adjustments may have to be made to write down the carrying amounts of assets to their recoverable amounts, to provide for any further liabilities that may arise, and to re-classify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the condensed consolidated financial statements.

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 2026 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2025.

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRS") Accounting Standards

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

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

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in this condensed consolidated financial information.

New standards and amendments to standards that have been issued but not effective

A number of new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2026 and have not been early adopted by the Group in preparing the condensed consolidated financial information. None of these is expected to have a significant effect on the condensed consolidated financial information of the Group, except for HKFRS 18 which will mainly impact the presentation of the statement of profit or loss statement of profit or loss.

3. REVENUE AND SEGMENT INFORMATION

Operating segments are determined based on internal management reports reviewed regularly by the executive directors, Mr. Xu and Mr. Chen Chunniu ("**Mr. Chen**"), who are the chief operating decision makers (the "**CODM**"), for the purpose of resource allocation and operating performance assessment of the Group's business segments.

The Group reviewed its internal reporting structure and reassessed its operating segments in the year ended 31 December 2025. Following the change in internal reporting framework, the CODM separately evaluates the performance of (i) the steel business and (ii) terminal and port-related services business. These two businesses have different operating natures, revenue sources and cost structures. Accordingly, the Group has identified two operating segments starting from the year ended 31 December 2025.

Starting from the second half of 2025, the Group optimised its steel business layout and adjusted its operational focus. The steel segment shifted its core business from the production and sale of finished cold-rolled steel and galvanized steel products to professional steel processing services. For the interim period ended 30 June 2026, the Group continued to focus on steel processing services, which together with terminal and port-related services constitute the Group's two core operating segments, with their performances separately monitored by the CODM. The management confirms that the Group maintains two operating segments for the interim period ended 30 June 2026. The Group's principal operations and non-current assets are located in the PRC.

In line with the above strategic business adjustment, the Group's steel segment currently focuses primarily on steel processing services instead of finished steel product sales, including cutting, galvanising and other value-added treatments in accordance with customer specifications. Revenue from steel processing services is recognised at a point in time when the services are completed and control of the processed goods is transferred to customers, generally upon delivery or collection by customers at the Group's premises.

The Group provides product warranties to ensure its processed products are free from material and workmanship defects and comply with customer specifications. Customers may return non-conforming products within 15 days of delivery, and the Group shall repair or replace such products free of charge.

Revenue from terminal operations and port-related services, including cargo loading and unloading, bulk cargo handling, customer services, warehousing and other ancillary services, is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's services. Revenue is recognised based on contractual prices, net of estimated volume discounts, and is measured using an output method based on completed services.

The disaggregation of revenue from contracts with customers by type of goods and services is as follow:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Processing services	**104,340**	29,803
Sales of cold-rolled steel products		
— steel strips and sheets	**193**	317,925
— welded steel tubes	**–**	23,111
Sales of galvanized steel products	**–**	209,050
Sales of hot-rolled steel products and others	**9,963**	137,198
Terminal operations and provision of port and related services	**17,018**	15,819
	131,514	732,906

Revenue from sales of products and processing services is recognised at a point in time, whereas revenue from terminal operations and provision of port and related services is recognised over time. All products and services are delivered within a period of less than one year. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations is not disclosed.

Disaggregation of revenue from contracts with customers by time of revenue:

As at 30 June 2026

	Processing Services	**Sales of cold-rolled steel products and galvanized steel products**	**Terminal operation and provisions of port and port-related services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
At a point in time	**104,340**	**10,156**	**–**	**114,496**
Over time	**–**	**–**	**17,018**	**17,018**
	104,340	**10,156**	**17,018**	**131,514**

As at 30 June 2025

	Processing Services *RMB'000*	Sales of cold-rolled steel products and galvanized steel products *RMB'000*	Terminal operation and provisions of port and port-related services *RMB'000*	Total *RMB'000*
At a point in time	29,803	687,284	–	717,087
Over time	–	–	15,819	15,819
	29,803	687,284	15,819	732,906

The Group's revenue is derived from customers located in the PRC (including Hong Kong) (2025: PRC and 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC (including Hong Kong)	**131,514**	730,331
Southeast Asia	**–**	2,575
	131,514	732,906

The Group's revenue from customers located outside the PRC mainly represents export sales.

4. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
— Interest expense on borrowings, no amount was capitalised in the cost of qualifying assets during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB4,340,000)	**(30,406)**	(29,253)
— Interest expense on lease liabilities	**(213)**	(219)
	(30,619)	(29,472)
Finance income		
— Interest income from bank deposits	**–**	809
Finance costs, net	**(30,619)**	(28,663)

For the six months ended 30 June 2025, the finance costs capitalised at rates ranging from 2.90% to 7.11% per annum to expenditure on qualifying assets.

5. INCOME TAX CREDIT

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax charge:		
— PRC Enterprise Income Tax ("EIT")	–	–
Deferred tax	–	(93,651)
Income tax credit for the period	–	(93,651)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Singapore corporate income tax is calculated at 17% of the estimated assessable profits.

For subsidiaries established in the PRC, the Enterprise Income Tax ("EIT") is calculated based on the statutory rate of 25% of the assessable profits, in accordance with the relevant PRC enterprise income tax laws, implementation rules and notices, except as set out below.

Two of the Group's major PRC-established subsidiaries hold valid Certificates of High and New Technology Enterprises (the "HNTE Certificates"). Following the renewal of such certificates in 2025, a preferential EIT rate of 15% is applicable for the three calendar years from 2025 to 2027.

A withholding income tax at the rate of 10% is generally imposed on dividends declared by the Group's PRC subsidiaries to its Hong Kong-incorporated subsidiary. A reduced withholding income tax rate of 5% is available under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation, provided that the Hong Kong subsidiary qualifies as a Hong Kong tax resident and directly holds no less than 25% of the equity interest in the relevant PRC subsidiary.

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Directors' remuneration		
— fees	**297**	215
— other emoluments, salaries, allowances and other benefits	**267**	536
— retirement benefit scheme contributions	**39**	38
	603	789
Staff salaries, allowances and other benefits	**40,159**	46,128
Retirement benefit scheme contributions, excluding those of directors	**7,060**	10,448
Total employee benefits expenses	**47,822**	57,365
Depreciation of property, plant and equipment	**55,320**	54,202
Less: amount capitalised as cost of inventories manufactured	**(47,546)**	(49,958)
	7,774	4,244
Depreciation of right-of-use assets	**2,359**	3,411
Less: amount capitalised as cost of construction in progress	**–**	(898)
	2,359	2,513
Cost of inventories recognised as an expense	**176,609**	1,273,119
Loss on disposal of property, plant and equipment	**–**	4,780

7. LOSS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(109,112)**	(523,148)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	**600,000,000**	600,000,000
Effect of dilutive potential ordinary shares brought by share options *(Note)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	**600,000,000**	600,000,000

Note: The computation of diluted loss 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 2026 since the end of the reporting period (30 June 2025: nil).

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

During the six months ended 30 June 2026, the Group incurred no addition in construction costs in respect of property, plant and equipment (six months ended 30 June 2025: RMB65,139,000).

During the six months ended 30 June 2026, the Group did not obtain any new land use rights (six months ended 30 June 2025: Nil).

10. TRADE AND OTHER RECEIVABLES

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables from contracts with customers	**81,370**	42,940
Less: Allowance for credit losses	**(18,731)**	(16,424)
	62,639	26,516
Prepayments to suppliers	**50,643**	102,087
Value-added tax recoverable	**145,577**	145,580
Other prepayments, deposits and other receivables	**142,482**	174,033
	401,341	448,216

For long-term customers with good credit quality and payment history, the Group may allow credit periods of up to 90 days (2025: 90 days). For other customers, the Group requires full settlement upon delivery of goods.

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

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables:		
Within 30 days	**29,964**	15,681
31–60 days	**3,275**	439
61–90 days	**2,088**	591
91–120 days	**5,462**	1,234
121–180 days	**6,828**	2,621
181–365 days	**9,559**	1,338
Over 1 year	**5,463**	4,612
	62,639	26,516

11. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**142,097**	152,636
Accrued staff costs	**15,185**	14,949
Construction payables	**59,112**	60,367
Transportation fees payable	**11,460**	11,460
Other tax payables	**7,291**	6,080
Interest payable	**103,259**	77,728
Other payables and accrued expenses *(Note a)*	**482,358**	414,320
	820,762	737,540
Less: amount due within one year shown under current liabilities	**(695,538)**	(577,396)
Amount shown under non-current liabilities	**125,224**	160,144

Note:

(a) Included in other payables are balances of RMB216,909,746 arising from settlement arrangements with certain creditors, which have been restructured with extended repayment terms and recognised at the present value of future cash flows, discounted using effective interest rates ranging from 7.0% to 8.7%. The non-current portion of these balances amounts to RMB125,224,000 and is classified based on the revised contractual payment schedule. During the six-month period ended 30 June 2026, the Group recognised effective interest expense of RMB12,225,726 in profit or loss in relation to these arrangements.

The ageing analysis of the trade payables, based on the invoice dates at the end of each reporting period is presented as follows:

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables:		
Within 30 days	**11,071**	27,452
31–60 days	**3,703**	20,089
61–90 days	**9,177**	3,691
91–120 days	**5,094**	4,567
121–180 days	**4,443**	4,163
181–365 days	**30,081**	63,619
Over 1 year	**78,528**	29,055
	142,097	152,636

12. AMOUNTS DUE TO RELATED PARTIES

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mr. Xu	**3,978**	2,427
Mr. Chen Chunniu	**243**	243
	4,221	2,670

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

13. BORROWINGS

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Fixed-rate borrowings:		
Secured bank borrowings	**1,835,699**	1,815,185
Unsecured bank borrowings	**132,016**	153,160
Secured borrowings from entities established in the PRC independent of the Group	**269,592**	229,249
	2,237,307	2,197,594
Variable-rate borrowings:		
Secured bank borrowings	**36,484**	57,840
Unsecured bank borrowings	**9,090**	9,200
Total borrowings	**2,282,881**	2,264,634
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	**611,110**	879,480
— more than one year, but not more than two years	**112,542**	156,935
— more than two years, but not more than five years	**514,464**	478,028
— more than five years	**635,918**	520,942
	1,874,034	2,035,385
Less: amount due within one year shown under current liabilities	**(611,110)**	(879,480)
Amount shown under non-current liabilities	**1,262,924**	1,155,905

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
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	**232,344**	73,899
— more than one year, but not more than two years	**144,254**	123,102
— more than two years, but not more than five years	**32,249**	32,248
	408,847	229,249
Less: amount due within one year shown under current liabilities	**(232,344)**	(73,899)
Amount shown under non-current liabilities	**176,503**	155,350

The secured portion of the Group's borrowings is secured by certain assets of the Group as detailed in note 17 and by an 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
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2025, 31 December 2025 and 30 June 2026	**8,000,000,000**	80,000
Issued:		
At 1 January 2025 (audited), 31 December 2025 (audited) and 30 June 2026 (unaudited)	**600,000,000**	6,000

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Shown in the condensed consolidated statement of financial position	**4,999**	4,999

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 and had expired on 21 March 2026.

The movement of the share options of the Scheme during the six months ended 30 June 2026 is as follows:

	Number of share options
Outstanding as at 31 December 2025 (audited)	15,163,632
Lapsed during the period	(7,581,815)
Outstanding as at 30 June 2026 (unaudited)	**7,581,817**

Details of share options granted by the Company and outstanding as at 30 June 2026 and 31 December 2025 are as follows:

As at 30 June 2026 (Unaudited)

Date of grant	Vesting period	Exercise period	Number of share options granted	Exercise price *HK$*
Directors				
2 June 2021	2 June 2021 – 2 June 2024	3 June 2024 – 2 June 2027	**3,981,820**	**2.75**
			3,981,820	
Other Grantees				
2 June 2021	2 June 2021 – 2 June 2024	3 June 2024 – 2 June 2027	**3,599,997**	**2.75**
			3,599,997	
			7,581,817	

As at 31 December 2025 (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 2023	3 June 2023 – 2 June 2026	3,981,816	2.75
	2 June 2021 – 2 June 2024	3 June 2024 – 2 June 2027	3,981,820	2.75
			7,963,636	
Other Grantees				
2 June 2021	2 June 2021 – 2 June 2023	3 June 2023 – 2 June 2026	3,599,999	2.75
	2 June 2021 – 2 June 2024	3 June 2024 – 2 June 2027	3,599,997	2.75
			7,199,996	
			15,163,632	

The fair value of the options determined at the date of grant using the Binomial model was HK$11,598,000.

The vesting period for these options ran from 2 June 2021 to 2 June 2025 and was fully vested. The Company's 2016 Share Option Scheme expired on 21 March 2026, pursuant to which no new share options may be granted, whilst share options already granted prior to such expiry remain valid and exercisable in accordance with their respective exercise periods. Share options with an exercise period ending 2 June 2026 lapsed upon expiry of their respective exercise periods during the six months ended 30 June 2026, and share options with an exercise period ending 2 June 2027 remained outstanding and exercisable as at 30 June 2026. Accordingly, as at 30 June 2026, outstanding share options amounted to 7,581,817 (31 December 2025: 15,163,632) with an exercise price of HK$2.75 per share. No share-based payment expense was recognised in profit or loss for the six months ended 30 June 2026.

16. CAPITAL COMMITMENTS

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Capital expenditure contracted but not provided for in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	**86,235**	103,306

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:

	30.6.2026	31.12.2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**1,556,998**	1,224,407
Right-of-use assets	**235,636**	236,776
Restricted bank deposits	**14,372**	11,049
	1,807,006	1,472,232

18. RELATED PARTY DISCLOSURES

(a) Related party balances

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** **2026**	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Hua Jin Holdings Pte. Ltd ("Hua Jin Holdings") *(Note i)*	Interest expense on lease liabilities	–	8
Oriental Surplus Link Limited *(Note ii)*	Interest expense on lease liabilities	5	11

Notes:

(i) Hua Jin Holdings is 100% owned by Mr. Xu. The Group previously entered into a lease agreement with Hua Jin Holdings for the use of office premises and furniture located in Tradehub 21, 8 Boon Lay Way, 609964 in District 22, Singapore. The lease was terminated in September 2025, and the corresponding right-of-use asset and lease liability were fully derecognised at that date. During the six months ended 30 June 2026, the Group did not make any repayment of the lease liability (six months ended 30 June 2025: RMB155,000). As at 30 June 2026, the carrying amount of the lease liabilities was nil (31 December 2025: nil).

(ii) The Group entered into a lease agreement with Oriental Surplus Link Limited, a company wholly-owned by Mr. Xu, for staff quarters in Sai Kung, New Territories, Hong Kong. The lease was terminated on 31 May 2026. Under a written agreement dated the termination date, all outstanding lease-related obligations were re-agreed as a non-trade, interest-free, unsecured amount due to Mr. Xu's group, repayable on demand. The right-of-use asset and HKFRS 16 lease liability were fully derecognised upon termination. Accordingly, no lease liability was outstanding for this lease as at 30 June 2026 (31 December 2025: nil). An amount of RMB487,380 arising from this agreement is included within balances due to related parties in the statement of financial position.

(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 2026 and 31 December 2025 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	**1,850**	2,647
Retirement benefit scheme contributions	**7**	91
	1,857	2,738

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's steel business primarily involves the processing of hot-rolled steel coils into cold-rolled steel strips, steel plates, welded steel pipes, and galvanised steel products customised to customer specifications, and the provision of related services to customers, including flattening, slitting, shearing, processing, warehousing, and distribution. The downstream industries served by the Group's products and services include light industrial hardware, household appliances, furniture, motorcycle and bicycle parts, LED and lighting, and other industries.

Huajin Metal Industrial Park of the Group is located in Xinhui District, Jiangmen City, Guangdong Province, the PRC, and has developed into an industrial platform integrating steel processing, warehousing, logistics, and related services. Huajin Wharf, located in Gujing Town, Xinhui District, Jiangmen City, has three 30,000-tonne berths and, following the acquisition of a Port Operation Licence and the commencement of operations in 2025, has gradually become an important business segment of the Group in addition to its traditional steel processing and manufacturing business.

Operating performance for the first half of 2026

In the first half of 2026, the global macroeconomy and the manufacturing market continued to face significant uncertainty. Domestic steel demand remained relatively weak overall, while industry competition, raw material price fluctuations, and changes in downstream customer demand continued to exert pressure on the Group's operating environment.

In response to the above operating environment, the Group continued the adjustment of its business model initiated in the second half of 2025, gradually increasing the proportion of toll processing and processing services business, so as to reduce capital occupation, inventory price volatility, and market risks arising from the direct procurement of raw materials. The Group also shifted its operational focus from merely pursuing sales volume to improving equipment utilisation, processing volume, port throughput, and overall operational efficiency.

For the six months ended 30 June 2026, the Group recorded revenue of approximately RMB131.5 million, compared with revenue of approximately RMB732.9 million for the six months ended 30 June 2025, representing a decrease of approximately RMB601.4 million, or 82.1%. Despite the period-on-period decline in revenue, the Group's operating loss position improved significantly compared with the corresponding period in 2025. During the reporting period, the Group recorded a loss attributable to owners of approximately RMB109.1 million, compared with RMB523.1 million for the six months ended 30 June 2025, representing a decrease of RMB414.0 million; the loss before taxation was approximately RMB109.3 million, compared with a loss before taxation of approximately RMB616.8 million for the corresponding period in 2025, representing a period-on-period narrowing of the loss of approximately 82.3%.

For the six months ended 30 June 2026, the Group's processing and production volume was approximately 246,827 tonnes, representing a monthly average of approximately 41,100 tonnes, an increase of approximately 17.1% compared with the monthly average of approximately 35,100 tonnes for the whole year of 2025. During the same period, the throughput volume at Huajin Wharf was approximately 4,509,227 tonnes, representing a monthly average of approximately 751,500 tonnes, an increase of approximately 84.3% compared with the monthly average of approximately 407,700 tonnes for the whole year of 2025. The concurrent improvement in processing and production volume and wharf throughput reflects a certain degree of improvement in the Group's principal operating activities in the first half of 2026, and the gradual strengthening of industrial synergy between Huajin Metal Industrial Park and Huajin Wharf.

Since the Group increased its toll processing model, under which customers provide the raw materials, from the middle of 2025, the relevant business primarily recognises processing service revenue, rather than recognising sales revenue based on the full value of raw materials and finished products. As a result, the relationship between the Group's revenue scale and its processing and production volume is no longer directly proportional in the manner typical of a traditional steel trading model.

The Board considers that, in assessing the Group's actual operating performance for the first half of 2026, in addition to revenue, operating indicators such as processing volume, wharf throughput, gross profit performance, cost control, and capital occupation should also be taken into account on a comprehensive basis.

As at 30 June 2026, the Group had a net current liabilities position of approximately RMB1,214.8 million, which was broadly comparable with RMB1,211.6 million as at 31 December 2025. Such net current liabilities mainly arose from short-term borrowings utilised in prior periods to fund non-current capital expenditure on property, plant and equipment and land use rights. No capital expenditure on the acquisition of property, plant and equipment and construction costs was incurred for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB65.1 million). The Group will continue to monitor its working capital position and take appropriate measures to manage its short-term liquidity requirements.

The Directors are of the opinion that, in the absence of any unforeseen circumstances and taking into account (i) the internal resources of the Group; and (ii) the banking facilities currently available to the Group and the proposed renewal of such facilities upon their expiry, the Group will have sufficient working capital to meet its current liabilities or anticipated business expansion requirements.

As at 30 June 2026, capital commitments in respect of the acquisition of property, plant, and equipment amounted to approximately RMB86.2 million (31 December 2025: RMB103.3 million), which will be funded by the internal resources and borrowings of the Group.

The above changes primarily reflect that the measures adopted by the Group over the past year, including the adjustment of its business structure, the reduction of capital occupation in raw materials, the increase in toll processing, the improvement in capacity utilisation, and the control of selling, administrative, and financing costs, have begun to yield certain results. Nevertheless, the Group remained in a loss position during the reporting period, and its liquidity and debt levels continue to exert pressure on the Group's financial position. The Board and management will continue to prudently manage working capital, debt, and the balance sheet structure, and will accelerate the improvement of profitability in the core business.

Notwithstanding the progress in business transformation, the Group continues to face specific operational and financial risks, including uncertainties arising from outstanding legal disputes and debt related matters, pressure from net current liabilities, and thin profit margin characteristics under the toll processing business model. The management closely monitors such risks and takes corresponding mitigation measures to safeguard the Group's operational stability.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2026, the Group recorded revenue of approximately RMB131.5 million, a decrease of approximately RMB601.4 million or 82.1% from approximately RMB732.9 million for the same period in 2025.

Revenue during the period was mainly derived from steel processing services and income from terminal operations and the provision of port and related services.

Processing income, which refers to service revenue generated from customers' engagement of the Group to process customer-supplied steel products, accounted for approximately 79.3% of the Group's total revenue for the period (six months ended 30 June 2025: 4.1%). Income from terminal operations and port-related services accounted for approximately 12.9% (six months ended 30 June 2025: 2.2%).

For the six months ended 30 June 2026, the Group's processing volume was approximately 246,800 tonnes, representing a significant increase compared with the average monthly processing volume in 2025. The average processing fee was RMB422.7 per tonne.

The decrease in revenue was primarily attributable to the Group's business restructuring. Since mid-2025, the Group has gradually increased the proportion of toll processing services to mitigate risks arising from price fluctuations of major raw materials such as hot-rolled steel coils and to reduce working capital occupation. Under the toll processing model, customers supply the major raw materials, and the Group primarily recognises service-based revenue only, excluding the value of raw materials. Consequently, despite the recovery in processing volume, the recognised revenue is substantially lower than that under the traditional model of self-procuring raw materials and selling finished products.

Management considers that the decline in revenue should not be viewed in isolation as the sole indicator of a decline in actual business activities when compared with the corresponding period last year. Furthermore, as operations at Huajin Wharf continue to mature, the Group recorded higher throughput for stevedoring and port-related services during the period. This provides a basis for the Group to diversify its revenue streams beyond steel processing.

For the six months ended 30 June 2026, substantially all of the Group's revenue was generated in the PRC market (six months ended 30 June 2025: 99.6%).

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

	Six months ended 30 June			
	2026		2025	
	RMB'000	***%***	*RMB'000*	*%*
Processing services	**104,340**	**79.3%**	29,803	4.1%
Sales of cold-rolled steel products				
– steel strips and sheets	**193**	**0.1%**	317,925	43.4%
– welded steel tubes	**–**	**0.0%**	23,111	3.2%
Sales of galvanized steel products	**–**	**0.0%**	209,050	28.5%
Sales of hot-rolled steel products and others	**9,963**	**7.6%**	137,198	18.7%
Terminal operations and provision of port and related services	**17,018**	**12.9%**	15,819	2.2%
	131,514	**100%**	732,906	100%

Cost of Sales

For the six months ended 30 June 2026, the Group's cost of sales was approximately RMB176.6 million, a decrease of approximately RMB1,096.5 million or 86.1% from approximately RMB1,273.1 million for the same period in 2025. The substantial decrease was in line with the Group's business restructuring, which involved reducing self-procurement of major steel raw materials and increasing toll processing arrangements.

Under this operating model, the Group's direct exposure to costs of major raw materials such as hot-rolled steel coils and related inventory funding requirements decreased correspondingly, mitigating risks associated with raw material price fluctuations and inventory write-downs.

Notwithstanding the sharp fall in direct material costs, production-related costs including utilities, direct labour, depreciation and consumables remained at relatively stable absolute levels as the production facilities continued to operate under toll processing arrangements.

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

	Six months ended 30 June			
	2026		2025	
	RMB'000	***%***	*RMB'000*	*%*
Direct materials	**10,585**	**6.0%**	1,118,522	87.9
Utilities	**39,301**	**22.2%**	32,470	2.6
Direct labour	**34,968**	**19.8%**	35,331	2.8
Depreciation expense	**47,546**	**26.9%**	49,958	3.9
Consumables	**42,703**	**24.1%**	32,020	2.4
Others	**1,506**	**0.9%**	4,818	0.4
	176,609	**100.0**	1,273,119	100.0

Gross Loss and Gross Margin

For the six months ended 30 June 2026, the Group recorded a gross loss of approximately RMB45.1 million, compared to a gross loss of approximately RMB540.2 million for the same period in 2025, representing a significant reduction of approximately RMB495.1 million or 91.7%. The gross loss margin for the period was approximately 34.3%, compared to 73.7% for the same period in 2025.

The gross loss narrowed and the gross loss margin improved significantly, primarily benefiting from the Group's continuous adjustment of its operating model, reduction in the proportion of high-cost direct raw material procurement, increased proportion of processing services, and improved absorption of fixed production costs following the recovery in processing volume. Notwithstanding the improvement, the Group still recorded a gross loss during the period, reflecting that industry competition, market demand, and the existing cost structure continue to exert pressure on the Group's profitability. Management will continue to enhance gross profit levels by increasing capacity utilisation, optimising product and customer structures, and strengthening cost management.

Other Income, Gains and Losses, Net

For the six months ended 30 June 2026, the Group recorded a net other losses of approximately RMB0.5 million, compared to a net loss of approximately RMB2.1 million for the same period in 2025, representing a decrease of approximately RMB1.6 million or 76.2% for the period. The change was mainly due to variations in government subsidies, exchange differences, and other income and expenses related to daily operations during the period.

Selling Expenses

For the six months ended 30 June 2026, the Group's selling expenses were approximately RMB4.9 million, a decrease of approximately RMB8.9 million or 64.5% from approximately RMB13.8 million for the same period in 2025. The decrease was mainly attributable to the overall reduction in sales scale and the continuous implementation of cost control measures.

Administrative Expenses

For the six months ended 30 June 2026, the Group's administrative expenses were approximately RMB28.2 million, a decrease of approximately RMB3.8 million or 11.9% from approximately RMB32.0 million for the same period in 2025. The Group continued to strengthen the management of administrative costs and daily operating expenses during the period, while maintaining essential operations and compliance with listing requirements, and continuously reviewing non-core and non-essential expenditures.

Income Tax Expense

No income tax expense or deferred tax credit was recognised by the Group for the six months ended 30 June 2026 (six months ended 30 June 2025: deferred tax credit of approximately RMB93.7 million).

Finance Costs, net

For the six months ended 30 June 2026, the Group's finance costs, net, were approximately RMB30.6 million, representing an increase of approximately RMB1.9 million or 6.6% from approximately RMB28.7 million for the corresponding period in 2025. The increase in net finance costs was mainly attributable to changes in borrowing balances, financing arrangements and interest rate levels.

Given the Group's still relatively high overall borrowing level, Management will continue to maintain active communication with banks and other creditors and implement measures such as optimising the asset portfolio, improving working capital turnover, and gradually reducing high-cost financing to lower finance costs.

Loss Before Tax and Loss for the Period

For the six months ended 30 June 2026, the Group recorded a loss before tax of approximately RMB109.3 million, a decrease of approximately RMB507.5 million or 82.3% compared to a loss before tax of approximately RMB616.8 million for the same period in 2025, indicating a significant narrowing of the loss.

For the six months ended 30 June 2026, total comprehensive loss for the period attributable to owners of the Company was approximately RMB109.1 million. The total comprehensive loss was mainly driven by the loss for the period, with other comprehensive income items being immaterial.

The narrowing of losses was mainly attributable to: (i) reduced risks from raw material price fluctuations following the business model adjustment; (ii) economies of scale brought by increased processing and terminal throughput volumes; and (iii) the effective implementation of various cost and expense control measures.

Liquidity and Financial Resources

As at 30 June 2026, the Group's cash and bank balances were approximately RMB2.7 million, representing a decrease of approximately RMB3.0 million or 52.6% compared with approximately RMB5.7 million as at 31 December 2025. As at 30 June 2026, the Group's restricted bank deposits were approximately RMB14.4 million, representing an increase of approximately RMB3.4 million or 30.9% compared with approximately RMB11.0 million as at 31 December 2025.

As at 30 June 2026, the Group's net current liabilities were approximately RMB1,214.8 million (as at 31 December 2025: RMB1,211.6 million), representing a slight increase of approximately RMB3.2 million or 0.3%. As at 30 June 2026, the Group recorded a net liabilities of approximately RMB957.2 million, representing an increase of approximately RMB109.3 million or 12.9% (as at 31 December 2025: net liabilities of approximately RMB847.9 million). The current ratio (calculated as current assets divided by current liabilities) as at 30 June 2026 was 0.27 (as at 31 December 2025: 0.29).

As at 30 June 2026, the Group's total borrowings were approximately RMB2,282.9 million (as at 31 December 2025: RMB2,264.6 million), representing an increase of approximately RMB18.3 million or 0.8%. The Group's total assets were approximately RMB2,285.1 million (as at 31 December 2025: RMB2,340.3 million). The gearing ratio (calculated as total borrowings divided by total assets) as at 30 June 2026 was approximately 99.9% (as at 31 December 2025: 96.8%).

As at 30 June 2026, the Group's total banking facilities in respect of bank borrowings (excluding those related to factored receivable notes) and notes payable were approximately RMB2,283.0 million (as at 31 December 2025: RMB2,634.5 million), of which approximately RMB2,283.0 million (as at 31 December 2025: RMB2,634.5 million) had been utilised, with undrawn banking facilities of approximately nil (as at 31 December 2025: nil). Based on the Directors' best estimates, all utilised banking facilities will be renewable upon maturity.

As at 30 June 2026, certain borrowings of the Group were secured by certain assets of the Group and personal guarantees provided by Mr. Xu Songqing, Mr. Chen Chunniu, and Mr. Xu Jianhong. Mr. Xu has also agreed to provide necessary financial support to enable the Group to meet its financial obligations as they fall due within fifteen months from the date of approval of these consolidated financial statements.

Foreign Exchange Risk

During the reporting period, the Group's business was primarily denominated in Renminbi, and the exposure to foreign exchange risk was relatively limited. The Group currently does not employ any financial instruments to hedge against foreign exchange risk, but Management will continue to monitor foreign exchange market fluctuations and consider adopting appropriate hedging measures if necessary.

Financial Instruments

For the six months ended 30 June 2026, apart from commodity futures contracts, the Group had not entered into any financial instruments for hedging purposes.

Material Acquisitions and Disposals

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

Borrowings

Details of the Group's borrowings as at 30 June 2026 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 capital commitments are set out in Note 16 to the condensed consolidated financial statements.

Pledged Assets

Details of pledged assets are set out in Note 17 to the condensed consolidated financial statements.

Gearing Ratio

As at 30 June 2026, the Group's gearing ratio was approximately 99.9% (as at 31 December 2025: 96.8%). The increase in the gearing ratio was mainly attributable to a slight rise in the Group's overall borrowing scale and a marginal reduction in total assets during the period, which collectively lifted the overall gearing level of the Group.

Contingent Liabilities

During the six months ended 30 June 2026, the Group did not provide guarantees to banks as securities for financing facilities granted to its subsidiaries in the PRC. In addition, for financial guarantee contract, the aggregate amount of outstanding financial guarantee issued to a bank in respect of bank facility granted to the Company's director, Mr. Xu Jianhong, for assisting the business operation of the Group that the Group could be required to pay amounted to RMB10,000,000 as at 30 June 2026 (31 December 2025: RMB10,000,000). The outstanding credit facility amount has been fully utilised by the Company's director. The Group did not provide any guarantee to any independent third-party creditors and had no other material contingent liabilities as at 30 June 2026 (31 December 2025: nil).

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2026.

The Proposed Disposal of the Terminal

The Group had previously conducted preliminary discussions regarding the proposed disposal of the terminal assets. As of the date of this announcement, the relevant due diligence has not been completed and the terms of the transaction have not been finalised. There remains significant uncertainty as to whether the transaction will proceed.

The Group will continue to prudently evaluate various asset optimisation options in light of its business development needs, market conditions, and the overall interests of its shareholders. The Company will make further announcements in due course in accordance with applicable laws, regulations, and listing rules.

Employees

As at 30 June 2026, the Group had a total of 987 (31 December 2025: 995) 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 2026 amounted to approximately RMB47.8 million (six months ended 30 June 2025: RMB57.4 million). The Group remunerated the employees based on their performance, experience and prevailing market practices.

The Company's share option scheme has expired on 21 March 2026. No new share options may be granted there-under. No share-based payment expense was recognised for the six months ended 30 June 2026 (six months ended 30 June 2025: nil). There were outstanding share options as at 30 June 2026 and 31 December 2025 of 7,581,817 and 15,163,632 respectively; No share options had been exercised during the respective periods.

LEGAL PROCEEDINGS AND JUDICIAL MEASURES

Consumption restriction orders

As disclosed in the Company's announcements dated 4 May 2026, 23 June 2026 and 30 August 2026, certain subsidiaries of the Group and certain relevant Directors are subject to consumption restriction orders ("CROs") issued by PRC courts in connection with debt disputes arising from the Group's financing, leasing and other ordinary commercial transactions. The aggregate disputed amount in respect of the relevant cases is 263.65 million. The Group has been actively managing these matters, including maintaining communication with creditors with a view to negotiating repayment, settlement or other mutually acceptable arrangements. Certain cases have been resolved, while negotiations remain ongoing in respect of the others. The Group will continue to pursue orderly and appropriate resolutions of the relevant matters.

Board's assessment on the suitability of the relevant Directors

The Board has assessed the suitability of the relevant Directors to act as directors of the Company under Rule 3.09 of the Listing Rules. Based on the information available to the Board, the enforcement matters and judicial records arise from ordinary commercial financing, leasing and other commercial transactions entered into by the Group's PRC subsidiaries, and do not involve allegations of fraud, dishonesty or misconduct by the relevant Directors in their capacity as directors of the Company. Having regard to the relevant Directors' experience, their ongoing performance in managing the Group's business and their continuing efforts to resolve the relevant matters, the Board is of the view that each of the relevant Directors continues to possess the character, experience, integrity and competence required of a director of a listed issuer under Rule 3.09 of the Listing Rules.

Judicially frozen equity interests in PRC subsidiaries

As disclosed in the Company's announcement dated 2 July 2026, the Group identified 52 instances of judicially frozen equity interests in certain PRC subsidiaries arising from asset preservation applications submitted by external third-party claimants. The Company further noted that certain creditors had obtained asset preservation orders covering the same assets. Given the information asymmetry between public online records and physical court documents, the Group stated that it was not feasible to list each separate asset restraint on a case-by-case basis. The Group also stated that the freezing orders primarily restrict the ability of registered equity holders to dispose of the judicially frozen equity interests, including transfer, pledge, equity offset for debt and change of share registration. These measures do not affect the Group's lawful possession or daily operation of the relevant assets. Affected subsidiaries continue to carry on normal production, sales and all routine operations. The freezing orders also do not affect shareholders' inherent rights attached to the frozen shares, including dividend rights and voting rights at shareholders' meetings. The Group will continue to monitor any new or updated court orders and make further announcements as and when appropriate.

Detailed particulars of the individual cases, including creditor names, amounts in dispute and court references, are set out in the Company's announcements. For further details, please refer to the Company's announcements dated 4 May 2026, 23 June 2026, 2 July 2026 and 21 July 2026.

Enforcement proceedings related to guarantee contract dispute

The judgment debtors include certain Directors and wholly-owned subsidiaries of the Group. Based on the court's enforcement notice, the aggregate amount subject to enforcement is approximately RMB165.6 million (the "Judgment Sum"), comprising approximately RMB136.3 million in principal, approximately RMB29.3 million in accrued default interest and liquidated damages, and the balance representing court procedural costs. The Judgment Sum arises from advance payments made to the Group by the buyer under a guarantee contract, in circumstances where the Group allegedly failed to deliver the relevant products to the buyer. Certain Directors provided personal guarantees in respect of the Group's obligations under the guarantee contract in consideration of commercial benefits.

The Group is actively engaging with the relevant creditor to negotiate repayment and/or asset settlement arrangements. For further details, please refer to the Company's announcements dated 21 July 2026.

FUTURE PROSPECTS

Looking ahead to the second half of 2026, the recovery of the global macroeconomy remains uncertain. Changes in domestic market demand, the international trade environment, raw material prices, and downstream customer requirements are expected to continue posing challenges to the Group's business.

Nevertheless, two key operational indicators of the Group have shown improvement in the first half of 2026. For the six months ended 30 June 2026, the Group's processing and production volume was approximately 246,827 tonnes, representing a monthly average of approximately 41,100 tonnes, an increase of approximately 17.2% compared with the monthly average of approximately 35,100 tonnes for the whole year of 2025. Meanwhile, the throughput volume at Huajin Wharf reached approximately 4,509,227 tonnes, representing a monthly average of approximately 751,500 tonnes, an increase of approximately 84.3% compared with the monthly average of approximately 407,700 tonnes for the whole year of 2025. These operational figures indicate that, following the market and operational pressures experienced in 2025, the actual business activities of the Group's principal operations are gradually improving.

Moving forward, the Group will focus on improving profitability, reducing capital occupation, and optimising its financial structure, while continuing to pursue the following strategic directions:

1. Optimise Operations of Core Business and Enhance Profitability

The Group will continue to focus on its core metal processing and manufacturing business, leveraging the existing production capacity and facilities at Huajin Metal Industrial Park to advance the optimisation of production processes, the enhancement of equipment efficiency, and the strengthening of cost management. In response to market demand, the Group will arrange a reasonable balance between its traditional proprietary steel production and toll processing business, so as to improve equipment and capacity utilisation while managing raw material price risks and capital occupation.

At the same time, the Group will continue to deepen its presence in the Pearl River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area markets, strengthen long-term cooperation with major customers and high-quality downstream clients, enhance order stability, and strive to improve the gross profit level and overall profitability of its core steel processing business.

2. Strengthen Synergy between Port and Industrial Chain to Cultivate New Growth Momentum

The Group will make full use of the geographical location, coastline, berths, and river-sea intermodal advantages of Huajin Wharf to further improve the utilisation efficiency and throughput volume of the wharf. Subject to prevailing market conditions, regulatory requirements, and relevant policy requirements, the Group will progressively study and expand value-added services such as container transshipment, cargo lightering, warehousing, logistics, and cross-border trade, with a view to enhancing the comprehensive service capability and revenue sources of Huajin Wharf.

The Group will also further strengthen the synergy between Huajin Wharf and Huajin Metal Industrial Park, enabling raw materials, finished products, and other bulk commodities to flow more efficiently through the port, warehousing, processing, and logistics systems. Leveraging its existing wharf and logistics resources, the Group will prudently evaluate business opportunities in commodities suitable for handling at Huajin Wharf, including steel, stainless steel, timber, grain, sugar, high-calcium limestone, and other varieties, in accordance with market demand. These efforts aim to gradually diversify cargo categories and revenue sources, and reduce reliance on the Group's single steel processing business.

3. Optimise the Asset Portfolio and Improve the Financial Structure

Improving the financial position of the Group and reducing its debt level will remain a key priority for management. The Group will continue to review its existing asset portfolio, asset utilisation efficiency, and return on capital, and will prudently evaluate asset optimisation proposals having regard to business development needs, market conditions, and the overall interests of shareholders.

Where the Group undertakes appropriate asset disposals or other capital arrangements in the future, the proceeds will be prioritised for repaying high-cost borrowings, reducing financing costs, and replenishing daily working capital, so as to improve cash flow and the balance sheet structure. Management will also continue to maintain active communication with banks, financing institutions, major suppliers, and other creditors, with a view to facilitating the orderly resolution of existing indebtedness and providing a more stable financial foundation for the Group's ongoing operations and business development.

4. Expand Diversified Business Layout to Strengthen Risk Resilience

On the basis of consolidating its two core businesses in steel processing and port operations, the Group will prudently explore new business opportunities that have synergies with its existing industrial chain. Leveraging the resources of Huajin Metal Industrial Park, Huajin Wharf, and the Group's accumulated relationships with steel mills, traders, logistics enterprises, and downstream customers, the Group will study the development of metal trading, warehousing and logistics, and related comprehensive services, with a view to progressively building an integrated industrial service system covering raw materials, processing, warehousing, logistics, and end customers.

The Group will also prudently evaluate supply chain service and trading business opportunities related to its principal businesses, subject to compliance with applicable laws and regulations, listing rules, regulatory requirements, and internal risk control principles, so as to improve the utilisation efficiency of its existing resources and assets.

Looking ahead, the continued development of the Guangdong-Hong Kong-Macao Greater Bay Area and the coastal and riverine economic belts will continue to provide long-term market opportunities for the Group's relevant businesses. Taking the operational and financial challenges encountered in 2025 and the first half of 2026 as an opportunity to adjust its business model and enhance management efficiency, the Group will focus on its core strengths, deepen industrial chain synergy, and prudently advance its diversified business development. The Group will strive to improve its profitability, cash flow, and financial structure, and progressively enhance its core competitiveness and sustainable development capability, so as to create long-term value for its shareholders.

CHANGE OF AUDITOR

As disclosed in the Company's announcement dated 29 December 2025, the Group's auditor was changed from Deloitte Touche Tohmatsu to KTC Partners CPA Limited. The change was completed in 2025.

As further disclosed in the Company's supplemental announcements dated 10 February 2026 and 5 May 2026, additional details were provided in respect of the chronology of the auditor change, fee details, audit plans, team composition, reasonableness of audit fee, audit quality assurance, qualifications of the PRC component auditor, and the audit committee's evaluation process. For further details, please refer to the Company's announcements dated 29 December 2025, 10 February 2026 and 5 May 2026.

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 2026 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 spouses 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 2026.

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 2026.

The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code. The Directors will continue to use their best endeavours to procure the Company to comply with the CG Code.

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 2026.

SUFFICIENCY OF PUBLIC FLOAT

As at 30 June 2026, the Company has one class of shares in issue, which rank pari passu with each other in all respects.

The applicable public float threshold for the Company is the initial prescribed threshold of at least 25% of the total number of issued shares of the Company (excluding treasury shares, if any) held by the public.

Based on the publicly information available to the Company and within the knowledge of the Directors as at the date of this report, (i) the Company has complied with the requirements under Rule 13.32B of the Listing Rules and maintained the prescribed public float under the Listing Rules; and (ii) approximately 34.75% of the total issued shares of the Company (excluding treasury shares, if any) were held by the public as at 30 June 2026. For the information on the composition of ownership of the Company's ordinary shares listed on the Stock Exchange, please refer to section headed "Directors' And Chief Executive's Interests And Short Positions In Shares And Underlying Shares Of The Company" and "Substantial Shareholders' And Other Persons' Interests And Short Positions In Shares And Underlying Shares Of The Company".

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 risk management and internal control system, and providing advice to the Board. During the six months ending 30 June 2026, 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. On 22 August 2026, Mr. Ou Qiyuan resigned as an independent non-executive Director and a member of the Audit Committee. With effect from 22 August 2026 and as at the date of this announcement, the Audit Committee comprises two independent non-executive Directors, namely, Mr. Chan Oi Fat and Ms. Yip Nga Ting Cerin; and Mr. Chan Oi Fat remains the chairman of the Audit Committee.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2026. 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 2026.

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 2026 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

Resignation of Independent non-executive Director, Change in composition of Board Committees and Non-Compliance with the Listing Rules

On 22 August 2026, Mr. Ou Qiyuan resigned as an independent non-executive Director, ceased to be a member of each of the Audit Committee, the nomination committee of the Company (the "Nomination Committee") and the compliance committee of the Company (the "Compliance Committee"), and the chairman of the remuneration committee of the Company (the "Remuneration Committee").

Following the resignation of Mr. Ou, the Board comprises five Directors, of which two are executive Directors, one is a non-executive Director and two are independent non-executive Directors. The Company is currently not in compliance with the following requirements under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"): (1) the requirement under Rule 3.10(1) of the Listing Rules which stipulates that the board must include at least three independent non-executive Directors; (2) the requirement under Rule 3.21 of the Listing Rules which stipulates that the audit committee must comprise a minimum of three members; (3) the requirement under Rule 3.25 of the Listing Rules which stipulates that the remuneration committee shall be chaired by an independent non-executive Director. For details, please refer to the Company announcement and supplemental announcement dated 21 August 2026 and 24 August 2026 respectively.

Save as disclosed above, the Board is not aware of any material event requiring disclosure that has taken place subsequent to 30 June 2026 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 for 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, 31 August 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 and Ms. Yip Nga Ting Cerin as independent non-executive Directors.