



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



2025 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Songqing (*Chairman*)
Mr. Luo Canwen (*Chief Executive Officer*)
(*resigned on 1 December 2025*)
Mr. Xu Songman (*resigned on 22 June 2025*)
Mr. Chen Chunniu (*Chief Executive Officer*)
(*appointed on 1 December 2025*)

Non-executive Director

Mr. Xu Jianhong (*re-designated from executive director and resigned as Vice-chairman with effect from 17 April 2025*)

Independent non-executive Directors

Mr. Chan Oi Fat (*appointed on 27 March 2025*)
Mr. Ou Qiyuan
Ms. Yip Nga Ting Cerin
Mr. Suen To Wai (*deceased on 28 February 2025*)

AUDIT COMMITTEE

Mr. Chan Oi Fat (*Chairman*)
(*appointed on 27 March 2025*)
Mr. Ou Qiyuan
Ms. Yip Nga Ting Cerin
Mr. Suen To Wai (*Chairman*)
(*ceased on 28 February 2025*)

REMUNERATION COMMITTEE

Mr. Ou Qiyuan (*Chairman*)
(*re-designated as chairman on 28 February 2025*)
Mr. Xu Songqing
Mr. Chan Oi Fat (*appointed on 27 March 2025*)
Ms. Yip Nga Ting Cerin
Mr. Suen To Wai (*Chairman*)
(*ceased on 28 February 2025*)

NOMINATION COMMITTEE

Mr. Xu Songqing (*Chairman*)
Mr. Chan Oi Fat (*appointed on 27 March 2025*)
Mr. Ou Qiyuan
Ms. Yip Nga Ting Cerin
Mr. Suen To Wai (*ceased on 28 February 2025*)

COMPLIANCE COMMITTEE

Mr. Xu Jianhong (*Chairman*)
(*appointed as chairman on 17 April 2025*)
Mr. Chan Oi Fat
(*appointed on 27 March 2025*)
Mr. Ou Qiyuan
Ms. Yip Nga Ting Cerin
Mr. Xu Jianhong (*ceased on 17 April 2025*)
Mr. Suen To Wai (*ceased on 28 February 2025*)

COMPANY SECRETARY

Mr. Wong Chak Keung (*resigned on 3 July 2025*)
Mr. Zhang Liqiong (*appointed on 7 July 2025 and resigned on 10 July 2025*)
Ms. Lam Hoi Ki (*appointed on 10 July 2025*)

AUTHORISED REPRESENTATIVES

Mr. Xu Songqing
Mr. Wong Chak Keung (*resigned on 3 July 2025*)
Ms. Zhang Liqiong (*appointed on 7 July 2025 and resigned on 10 July 2025*)
Ms. Lam Hoi Ki (*appointed on 10 July 2025*)

PRINCIPAL BANKERS

Agricultural Bank of China Limited Jiangmen
Xinhui Branch
Jiangmen Rural Commercial Bank Company Limited
Bank of Guangzhou Jiangmen Branch

AUDITOR

KTC Partners CPA Limited
Registered Public Interest Entity Auditors

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, P.O. Box 2681
Grand Cayman, KY1-1111 Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point Hong Kong

REGISTERED OFFICE

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

HEADQUARTER IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Xinsha Industrial Zone of Muzhou Town Xinhui
District, Jiangmen City Guangdong Province, PRC

PRINCIPAL PLACE OF BUSINESS

Unit 4, 20/F, New Trend Centre
704 Prince Edward
Road East San Po Kong, Kowloon
Hong Kong

STOCK CODE

2738

WEBSITE

www.huajin-hk.com

DEFINITIONS

In this report, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“Abundant State”	Abundant State Ventures Limited (國溢創投有限公司), a limited liability company incorporated in BVI, and indirect wholly-owned subsidiary of the Company
“Articles of Association”	the articles of association of the Company
“associates”	having the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Huajin International Holdings Limited (華津國際控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Controlling Shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Deed of Non-competition”	the deed of non-competition dated 23 March 2016 and executed by our Controlling Shareholders in favour of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Haiyi”	Haiyi Limited (海逸有限公司), a business company incorporated under the laws of BVI with limited liability and our Controlling Shareholder, which is wholly-owned by Intrend Ventures
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hua Jin Holdings”	Hua Jin Holdings Pte. Ltd., a limited liability company incorporated in Singapore, which is wholly-owned by Mr. Xu
“Huajin Investments”	Huajin Investments Limited (華津投資有限公司), a limited liability company incorporated in BVI, the entire issued share capital of which is owned by the Company and is a direct wholly-owned subsidiary of the Company
“Huajin Metal Industrial Park”	the Group’s existing production plant located in Gujing Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC

DEFINITIONS

“Huajin Terminal”	Huajin terminal with the construction of three pier berths, with a maximum docking capacity of 30,000 deadweight tons for the Group’s own use and external operations, being built near to the coast of Huajin Metal Industrial Park and the terminal’s coastline is approximately 650 metres
“Independent Third Party(ies)”	individual(s) or company(ies) not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial Shareholder of the Company or any of its subsidiaries or any of their respective associates
“Inter Consortium”	Inter Consortium Holdings Limited (華滙控股有限公司), a limited liability company incorporated in Hong Kong, the entire issued shares of which is owned by Huajin Investments and is an indirect wholly-owned subsidiary of the Company
“Intrend Ventures”	Intrend Ventures Limited, a business company incorporated under the laws of BVI with limited liability and our Controlling Shareholder, which is wholly-owned by Mr. Xu
“Jiangmen Hairun”	江門市海潤再生資源回收有限公司(Jiangmen Hairun Renewable Resources Recycling Company Limited*), a limited liability company established under the laws of PRC and an indirect wholly-owned subsidiary of the Company
“Jiangmen Huajin”	江門市華津金屬製品有限公司(Jiangmen Huajin Metal Product Company Limited*), a limited liability company established under the laws of PRC and an indirect wholly-owned subsidiary of the Company
“Jiangmen Huajin Metal Trading”	江門市華津金屬交易市場有限公司(Jiangmen Huajin Metal Trading Market Company Limited*), a limited liability company established under the laws of PRC and an indirect wholly-owned subsidiary of the Company
“Jiangmen Huamu”	江門市華睦五金有限公司(Jiangmen Huamu Metals Company Limited*), a limited liability company established under the laws of PRC and an indirect wholly-owned subsidiary of the Company
“Jiangmen Huihan”	江門市匯涵精密五金製品有限公司(Jiangmen Huihan Precision Metal Products Company Limited*), a limited liability company established under the laws of PRC, which is indirectly owned as to 5% by the Company
“Jiangmen Huihao”	江門市匯浩精密五金製品有限公司(Jiangmen Huihao Precision Metal Products Company Limited*), a limited liability company established under the laws of PRC, which is indirectly owned as to 5% by the Company
“Jiangmen Huiyang”	江門市匯洋精密五金製品有限公司(Jiangmen Huiyang Precision Metal Products Company Limited*), a limited liability company established under the laws of PRC, which is indirectly owned as to 5% by the Company

DEFINITIONS

“Jiangmen Jinhao Metal Material”	江門市津浩金屬材料有限公司(Jiangmen Jinhao Metal Material Company Limited*), a limited liability company established under the laws of PRC, and indirect wholly-owned subsidiary of the Company
“Jiangmen Jinhong Logistics”	江門市津鴻物流有限公司(Jiangmen Jinhong Logistics Limited*), a limited liability company established under the laws of PRC, and indirect wholly-owned subsidiary of the Company
“Jiangmen Jinrun Ecotechnology”	江門市津潤環保科技有限公司(Jiangmen Jinrun Ecotechnology Company Limited*) (formerly known as江門市津潤金屬材料有限公司Jiangmen Jinrun Metal Material Company Limited*), a limited liability company established under the laws of PRC, and indirect wholly-owned subsidiary of the Company
“Jiangmen Jinyang Metal Material”	江門市津洋金屬材料有限公司(Jiangmen Jinyang Metal Material Company Limited*), a limited liability company established under the laws of PRC, and indirect wholly-owned subsidiary of the Company
“Jovial Idea”	Jovial Idea Ventures Limited (樂意創投有限公司), a limited liability company incorporated in BVI, and indirect wholly-owned subsidiary of the Company
“Listing” or “Listing Date”	the listing of our Shares on the Stock Exchange commenced on 15 April 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the memorandum of association of the Company
“Mr. Luo”	Mr. Luo Canwen (羅燦文), the executive Director
“Mr. Xu”	Mr. Xu Songqing (許松慶), the executive Director and Controlling Shareholder
“Oriental Surplus Link”	Oriental Surplus Link Limited (東方溢進有限公司), a limited liability company incorporated in Hong Kong, which is wholly-owned by Mr. Xu
“Prospectus”	the prospectus of the Company dated 5 April 2016
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sino Beauty”	Sino Beauty Group Limited (漢麗集團有限公司), a limited liability company incorporated in BVI, and indirect wholly-owned subsidiary of the Company
“substantial Shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“Zhong Cheng”	Zhong Cheng International Limited (中誠有限公司) (formerly known as China Reliance Limited (中誠有限公司)), a business company incorporated under the laws of BVI with limited liability, which is wholly-owned by Mr. Luo
“Vast Profit”	Vast Profit Enterprise Limited (浩利企業有限公司), a limited liability company incorporated in Hong Kong, and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent

* for identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.

FINANCIAL HIGHLIGHTS

	2025	2024	Change
Revenue (RMB million)	861.3	5,896.7	-85.4%
Gross (loss) profit (RMB million)	(638.7)	31.7	n/a
Gross (loss) profit margin (%)	(74.2%)	0.5%	
(Loss) attributable to owners of the Company (RMB million)	(1,271.4)	(91.0)	+1,397.1%
Basic and diluted (loss) per Shares (RMB cent)	(211.90)	(15.17)	+1,396.9%
Sales volume (tonne) (<i>note 1</i>)	145,558	1,283,074	-88.7%

	As at 31.12.2025	As at 31.12.2024	Change
Total assets (RMB million)	2,340.3	3,716.7	-37.0%
Net (liabilities) assets (RMB million)	(847.9)	423.8	n/a
Net (liabilities) assets per Share (RMB)	(1.41)	0.71	n/a
Borrowings (RMB million)	2,264.6	2,510.4	-9.8%
Gearing ratio (<i>note 2</i>)	96.8%	67.5%	n/a

Notes:

1. It represents the sales volume of cold-rolled steel products and galvanized steel products during the year.
2. Gearing ratio is calculated based on total borrowings divided by total assets as at 31 December.

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present our annual results of Huajin International Holdings Limited and its subsidiaries for the year ended 31 December 2025 to our Shareholders.

REVIEW

The domestic economy continued to face significant uncertainties in the year ended 31 December 2025. In addition to subdued market demand and intensified competition, the Group was affected by:

1. Continued trade-policy friction and tariffs;
2. Rising raw-material prices; and
3. Low capacity utilisation, which drove up unit processing cost.

To mitigate inventory, price-fluctuation and funding risk, the Group increased the use of toll-processing arrangements in the second half of 2025.

During the year ended 31 December 2025, the Group generated revenue of approximately RMB861.3 million, representing a decrease of RMB5,035.4 million or 85.4%, as compared to that of approximately RMB5,896.7 million during the year ended 31 December 2024.

Loss attributable to owners of the Company during the year ended 31 December 2025 was approximately RMB1,271.4 million, representing an increase of RMB1,180.4 million or 1,297.1%, as compared to that of RMB91.0 million during the year ended 31 December 2024.

The Board considered that the substantial increase of the net loss of the Group for the year ended 31 December 2025 was mainly due to, among others, the drop in revenue and sales volume, as well as profit margin for the Group during the year.

The Group's existing production plant located in Gujing Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC has been developed into Huajin Metal Industrial Park. Huajin Metal Industrial Park is close to the coastal area of Yinzhou Lake* (銀洲湖). Yinzhou Lake* (銀洲湖) is situated at the confluence of Xi River* (西江) and Tan River* (潭江) in the southwestern area of the Pearl River Delta of the PRC. With reference to the local government plan and the support from the government, Huajin Terminal with the construction of three pier berths has been built near to the coast of Huajin Metal Industrial Park. The Group would operate and manage three berths with a maximum docking capacity of 30,000 deadweight tons for the Group's own use and external operations. The terminals' coastline is approximately 650 metres. From 2024 onward, the Group is also engaged in terminal operation and provision of port and port-related services.

The cold-rolled and galvanized steel processing service business will continue to be the principal business providing a stable source of income to the Group. With our broad and diversified customer base, the Board believes that the terminal business will help broaden the income source of the Group with the saving of the transportation costs and time, and boosting distribution and warehousing.

CHAIRMAN'S STATEMENT

For corporate social responsibility, the Group is committed to striking a balance between earnings and sustainable development. We believe outstanding business environment, society and corporate governance are fundamental to maintaining long-term sustainable success. The Group encourages our staff to participate in community services with non-profit organizations, social enterprises and governments to benefit countries and communities where the Group operates.

FUTURE PROSPECTS

During the year 2025, the Group's operations encountered temporary challenges amid the combined impact of multiple adverse factors, including weak recovery in the global macroeconomy, persistent sluggishness in domestic market demand, sharp fluctuations in raw material prices, and underutilized production capacity. For the year ended 31 December 2025, the Group's revenue declined significantly year-on-year, resulting in a temporary net loss. Meanwhile, low capacity utilisation drove up unit processing costs, further intensifying overall operating pressure. Faced with such difficulties, the Group remained steadfast in its mission and actively formulated strategic responses and charted its future development path.

Looking ahead, the global manufacturing industry continues to face a complex landscape characterized by cyclical volatility and market structural adjustments. The Group's management has taken proactive actions to adjust its strategic layout, conduct in-depth reviews to learn from this experience, and develop targeted improvement measures in light of industry trends and its own core strengths. Leveraging the geographical and resource advantages of Huajin Metal Industrial Park and Huajin Wharf, the Group is determined to overcome current constraints, continuously advance the construction of a full industrial chain ecosystem, and drive the transformation of its profit model from a purely production-based approach to a diversified and integrated model. These efforts aim to enhance performance, optimise the financial position, and consolidate the foundation for sustainable development. Moving forward, the Group will focus on the following initiatives:

1. Optimise Operations of Core Business and Enhance Profitability

Concentrating on its core metal processing and manufacturing business, the Group will rely on Huajin Metal Industrial Park (with an annual processing capacity of 3 million tonnes) and existing production lines (including over 2 million tonnes of cold-rolled steel products and 900,000 tonnes of galvanised steel sheets) to continuously promote technological upgrading, process optimization and equipment renovation. By pursuing excellence in product quality and stability, the Group will precisely meet the diversified and high-quality product demand of downstream customers. It will further deepen its presence in the core Pearl River Delta market, strengthen long-term strategic cooperative relations with major high-quality customers, strive to improve capacity utilisation, alleviate cost pressure, and aim to return to profitability.

CHAIRMAN'S STATEMENT

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

Leveraging the unique geographical location and high-quality hardware advantages of Huajin Wharf (featuring 652 metres of premium coastline, three 30,000-tonne multipurpose berths, a designed annual throughput capacity of 20 million tonnes, and professional handling capabilities for a comprehensive range of cargo types including containers, steel coils, steel sections and bulk cargo), the Group will continuously improve the functional layout of port services and orderly introduce and expand diversified value-added services such as container transshipment, cargo lightering, bonded warehousing and cross-border trade. It is committed to building a highly influential port logistics hub in the Guangdong-Hong Kong-Macao Greater Bay Area.

Meanwhile, the Group will fully capitalise on the unique river-sea intermodal advantage of the Wharf, which is located along the golden Xijiang River waterway and at the Yamen Estuary, to better serve markets nationwide. This will help reduce the comprehensive logistics costs of the Group and its upstream and downstream customers, achieving deep synergy and two-way value creation between port operations and core manufacturing businesses. Furthermore, drawing on the resource advantages of the Wharf, the Group will actively expand into commodity trading covering steel, stainless steel, timber, grain, sugar, high-calcium limestone and other varieties. By diversifying its cargo portfolio, it will mitigate operational risks associated with over-reliance on a single product category, explore cross-border trade opportunities, foster new profit growth drivers, and support the Group's overall development.

3. Optimising the Asset Portfolio and Strengthening the Financial Position

The Group is actively reviewing its asset portfolio to streamline the statement of financial position and reduce overall leverage. Where necessary, proceeds realised from disposal of selected assets will be used to repay high-cost short-term borrowings and to replenish daily working capital, thereby lowering finance costs, improving cash flow, and providing the financial flexibility needed for future operations and market expansion.

4. Expand Diversified Business Layout to Strengthen Risk Resilience

On the basis of consolidating the market position of its core businesses, the Group will proactively pursue transformation and explore a diversified business portfolio to effectively hedge against cyclical industry fluctuations and comprehensively enhance its overall risk resilience and competitiveness.

Focusing on the resource and geographical advantages of Huajin Wharf, the Group plans to build a professional metal trading market in collaboration with major domestic steel mills and high-quality steel traders, leveraging its brand influence and resource integration capabilities as a leading steel enterprise in the province. The trading varieties will cover a full range of steel products including hot-rolled steel, cold-rolled steel, galvanised steel, silicon steel, rebar, wire rods (including highspeed wire rods and coils), section steel and pipes. The Group will strive to build an integrated online-offline metal trading service platform to enhance its industry influence.

CHAIRMAN'S STATEMENT

In addition, the Group will prudently evaluate opportunities in supply chain finance. Based on its existing stable business cooperation network, it will improve relevant business layout and, in compliance with regulatory requirements and risk control standards, explore businesses such as centralised steel procurement, structured trade finance and inventory financing including trust receipt arrangements, so as to improve capital utilisation efficiency.

Currently, the continuous deepening of the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the coastal and riverine economic belts has brought long-term opportunities to relevant industries, accompanied by challenges such as intensified market competition and changes in the macro environment. Taking the operational difficulties encountered during the year as a catalyst for improvement, the Group will summarise experiences, draw lessons, continuously optimise its operational strategies, focus on and deepen its core strengths, strengthen synergy across the full industrial chain, and actively expand diversified businesses.

Relying on its river-sea intermodal advantages, the Group will develop into a diversified and comprehensive industrial group, gradually improve its performance and core competitiveness to address market challenges and seize development opportunities, thereby creating long-term value for its shareholders.

PROPOSED DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

APPRECIATION

To conclude, I would like to take this opportunity to express my heartfelt gratitude and appreciation to the Board for their support and contributions, to the devotion of our management team and staff over the past year. Last but not least, I would like to give my sincerest thanks to our Shareholders, business partners and customers for their unflagging support.

Xu Songqing

Chairman

Hong Kong, 31 March 2026

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive directors

Mr. Xu Songqing (許松慶), aged 55, is the chairman of the Company and was appointed as an executive Director of the Company on 13 March 2015. Mr. Xu is also the chairman of the nomination committee and a member of remuneration committee of the Company. Mr. Xu is appointed as the chairman of the compliance committee on 17 April 2025. As a founder of the Group, Mr. Xu is also a director and legal representative of certain subsidiaries of the Company. Mr. Xu founded Jiangmen Huajin in July 2005 and Jiangmen Huamu in November 2006, and served as a director of Jiangmen Huajin and Jiangmen Huamu. He has been primarily responsible for overall strategic planning and business development. Prior to joining the Group, Mr. Xu served as a general manager at Zhongshan Guzhen Luhao Street Light Factory* (中山市古鎮路豪路燈廠) from December 2001 to July 2005, responsible for managing and supervising overall production of steel poles of street light. Mr. Xu served as a factory manager at Zhongshan Guzhen Henghua Lighting & Appliances Factory* (中山市古鎮恒華電器燈飾廠) from October 1999 to December 2001, responsible for managing the workshop and familiarising with characteristics and manufacturing requirements of all kinds of lamp poles. Mr. Xu worked in lighting and transportation industry as a self-employed entrepreneur from 1991 to 1999. Mr. Xu is the elder brother of Mr. Xu Songman and the father of Mr. Xu Jianhong, who are respectively the executive Director and non-executive Director of the Company.

Mr. Chen Chunniu (陳春牛), aged 54, was appointed as an executive Director and chief executive officer of the Company on 1 December 2025. Mr. Chen had previously served as an executive Director of the Company from 18 December 2015 until his resignation on 24 February 2022. He joined the Group in July 2005 and currently serves as the General Manager and Legal Representative overseeing the production and operation process of Jiangmen Huajin Metal Product Company Ltd., Jiangmen Huamu Metals Company Ltd., Guangdong Huajin Industry Company Limited* (廣東華津實業有限公司), Jiangmen Jinrun Ecotechnology Company Limited* (江門市津潤環保科技有限公司) and Jiangmen Hairun Renewable Resources Recycling Company Limited* (江門市海潤再生資源回收有限公司), all of which are indirect wholly-owned subsidiaries of the Company. Mr. Chen also holds the position as Director of Inter Consortium Holdings Limited* (華滙控股有限公司), an indirect wholly-owned subsidiary of the Company. Prior to joining the Group, Mr. Chen worked in an oil pump repairing factory in Jiangmen. He graduated from Jiangmen Advanced Technical Institute* (江門市高級技工學校) in June 1990. Mr. Chen also attained a certificate of junior safety officer in Guangdong Province* (廣東省初級安全主任證書) issued by the Jiangmen Administration of Work Safety* (江門市安全生產監督管理局) on 26 October 2005.

Mr. Luo Canwen (羅燦文), aged 52, was appointed as an executive Director and chief executive officer of the Company on 18 December 2015. With effect from 1 December 2025, Mr. Luo resigned as executive Director and chief executive officer of the Company. Mr. Luo joined the Group in May 2010 and currently serves as the raw material procurement director of Jiangmen Huajin and Jiangmen Huamu. Mr. Luo has been primarily responsible for the overall operation, management and raw material procurement of the Group. Mr. Luo is also a director of Inter Consortium and the supervisor of certain subsidiaries of the Company. Prior to joining the Group, Mr. Luo has over 12 years experience in the trading industry. Mr. Luo was the chief executive officer of Foshan Shunde Jinhong Trading Company Limited* (佛山市順德區晉虹貿易有限公司) (formerly known as Foshan Shunde Qianghong Trading Company Limited* (佛山順德區強虹貿易有限公司)) from May 2001 to April 2010. Mr. Luo also worked in the sales department in Foshan Dongying Trading Company Limited* (佛山市東盈貿易有限公司) (formerly known as Foshan Dongsheng Zhilian Trading Company Limited* (佛山市東升志聯貿易有限公司)) from May 1998 to April 2001.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu Songman, aged 49, was appointed as an executive Director of the Company on 18 December 2015. With effect from 22 June 2025, Mr. Songman resigned as the executive Director of the Company. Mr. Xu Songman joined the Group in July 2005 and served as the sales director of Jiangmen Huajin and Jiangmen Huamu. Mr. Xu Songman has been primarily responsible for the overall domestic and overseas marketing and logistics related services of the Group. Mr. Xu Songman is also a director of Inter Consortium. Prior to joining the Group, Mr. Xu Songman was involved in and managed his steel trading business in the Guangdong Province, the PRC, from 2002 to 2005. Mr. Xu Songman was engaged in the restaurant industry in the United Kingdom from 1997 to 2001. Mr. Xu Songman completed an EMBA course at Sun Yat-sen University (中山大學) located in Guangdong Province, the PRC in April 2014. Mr. Xu Songman is the younger brother of Mr. Xu and the uncle of Mr. Xu Jianhong.

Non-executive Director

Mr. Xu Jianhong (許健鴻), aged 32, was appointed as a non-executive Director of the Company on 21 November 2017 and was re-designated from the non-executive Director to the executive Director of the Company on 1 May 2022. Mr. Xu Jianhong was re-designated from the executive Director to the non-executive Director of the Company on 17 April 2025. Mr. Xu Jianhong was appointed as the vice chairman of the Company during the period from 24 February 2022 to 17 April 2025. Mr. Xu Jianhong was appointed as the chairman of the compliance committee of the Company during the period from 20 May 2024 to 17 April 2025. Mr. Xu Jianhong graduated from The Kilmore International School in Australia in 2014 and received his Bachelor of Science degree from The University of Melbourne, Australia in July 2018. Mr. Xu Jianhong is also a director of Inter Consortium, a director and the legal representative of Jiangmen Jinrun Ecotechnology and Jiangmen Jinyang Metal Material, all of which are indirect wholly-owned subsidiaries of the Company. Mr. Xu Jianhong is the son of Mr. Xu, a controlling shareholder, an executive Director and the chairman of the Company.

Independent non-executive Directors

Mr. Chan Oi Fat (陳愛發), aged 47, was appointed as an independent non-executive Director of the Company, the chairman of the audit committee, a member of each of the nomination committee, remuneration committee and compliance committee of the Company on 27 March 2025. Mr. Chan, graduated from the City University of Hong Kong with a bachelor's degree of business administration (honours) in accountancy in November 2000. Mr. Chan has been a member of the Association of Chartered Certified Accountants since December 2003 and a member of the Hong Kong Institute of Certified Public Accountants since October 2004. Mr. Chan has also been a life member of the Hong Kong Independent Non-Executive Director Association since March 2015.

Mr. Chan is the chief financial officer of SML Group Corporation (a company incorporated in the Cayman Islands with limited liability). Mr. Chan has over 20 years of experience in financial management.

Mr. Chan has worked in the audit department of Deloitte Touche Tohmatsu between September 2000 to January 2008, with his last position prior to his departure as a manager. Mr. Chan was then employed by Ta Yang Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1991), as company secretary and qualified accountant in January 2008 and resigned as company secretary in February 2017 but remained as the group's financial controller until March 2018.

DIRECTORS AND SENIOR MANAGEMENT

Since February 2018, Mr. Chan has been the company secretary of China Leon Inspection Holding Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1586). Since November 2020, Mr. Chan has been the company secretary of Raily Aesthetic Medicine International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2135).

Mr. Chan is currently an independent non-executive director of UBoT Holding Limited, a company listed on the GEM of the Stock Exchange (stock code: 8529) since May 2024. Mr. Chan has been an independent non-executive director of China Saftower International Holding Group Limited, a company listed on the GEM of the Stock Exchange (stock code: 8623), from June 2020 to December 2023. Mr. Chan has also been an independent non-executive director of Shanghai Prime Machinery Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2345) which withdrew listing by way of privatisation in January 2021, from June 2014 to January 2021.

Mr. Ou Qiyuan (區啓源), aged 50, was appointed as an independent non-executive Director of the Company, a member of each of the audit committee, nomination committee, remuneration committee and compliance committee of the Company on 1 October 2022. Mr. Ou has been re-designated as the chairman of remuneration committee of the Company with effect from 28 February 2025. Mr. Ou graduated from South China University of Technology, specializing in business administration, in 2013. Mr. Ou has been serving as the managing director of 江門市國旅國際旅行社有限公司 (Jiangmen International Travel Service Co., Ltd.*) since May 2007. Mr. Ou is also the sole shareholder of this company. Mr. Ou has over 14 years of operations and management experience in tourism business and corporate development.

Ms. Yip Nga Ting Cerin (葉雅婷), aged 43, was appointed as an independent non-executive Director of the Company, a member of each of the audit committee, nomination committee, remuneration committee and compliance committee of the Company on 1 July 2024. Ms. Yip received her double bachelors' degrees in business administration and laws, and her Postgraduate Certificate in Laws from the University of Hong Kong in 2004, 2006 and 2007, respectively. Ms. Yip is qualified to practice law in Hong Kong and was admitted as a solicitor in England and Wales. Ms. Yip obtained The European Federation of Financial Analysts Societies Certified ESG Analyst in 2023 and the CFA Institute Certificate in ESG Investing in 2024.

Ms. Yip is currently the ESG Director of Alibaba Group Holding Limited ("Alibaba Group", a company dual primary listed on the New York Stock Exchange (stock code: BABA) and the Hong Kong Stock Exchange (stock code: 9988)). Ms. Yip previously served as the senior legal counsel at Alibaba Group. Before joining Alibaba Group, Ms. Yip worked at international law firms, specializing in corporate finance transactions, investments, listing compliance and general corporate matters.

Save as disclosed above, each of the Directors has confirmed that he/she did not have any relationships with any other Directors, senior management or substantial or Controlling Shareholders, if any, of the Company as at the date of this annual report.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors of the Company during the year ended 31 December 2025 and up to the date of this report are set out below:

DIRECTORS AND SENIOR MANAGEMENT

Directors	Date of changes	Details of changes	Non-Compliance
Mr. Suen To Wai	28 February 2025	<ul style="list-style-type: none"> the directorship of Mr. Suen ended due to his passing away 	<ul style="list-style-type: none"> Rule 3.10, the Company fails to meet the requirements that the Board must include at least three independent non-executive Directors and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. Rule 3.21, the Company fails to meet the requirements that the audit committee must comprise a minimum of three members. Rule 3.10(2), at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. Upon the appointment of Mr. Chan Oi Fat, the Company has re-complied with Rule 3.10, 3.21 and 3.10(2).
Mr. Ou Qiyuan	28 February 2025	<ul style="list-style-type: none"> re-designated as Chairman of Remuneration Committee of the Company 	

DIRECTORS AND SENIOR MANAGEMENT

Directors	Date of changes	Details of changes	Non-Compliance
Mr. Chan Oi Fat	27 March 2025	<ul style="list-style-type: none"> appointed as the independent non-executive Director, the chairman of the audit committee, a member of each of the nomination committee, the remuneration committee and the compliance committee of the Company 	
Mr. Xu Jianhong	17 April 2025	<ul style="list-style-type: none"> resigned as the vice chairman of the Company and re-designated as a non-executive Director of the Company 	
Mr. Xu Songqing	17 April 2025	<ul style="list-style-type: none"> appointed as the chairman of the compliance committee of the Company 	
Mr. Xu Songman	22 June 2025	<ul style="list-style-type: none"> resigned as the executive Director of the Company 	<ul style="list-style-type: none"> Rule 13.51(2), the Company has fail to fulfill the requirements to announce as soon as practicable for any change in its directorate.
Mr. Luo Canwen	1 December 2025	<ul style="list-style-type: none"> resigned as the executive Director and chief executive officer of the Company 	
Mr. Chen Chunniu	1 December 2025	<ul style="list-style-type: none"> appointed as the executive Director and chief executive officer of the Company 	

DIRECTORS AND SENIOR MANAGEMENT

Company Secretary

Ms. Lam Hoi Ki (林海琪), aged 39, was appointed as the company secretary and acted as an authorised representative of the Company on 10 July 2025. She has accumulated over 15 years of auditing, accounting, corporate governance and company secretarial experience. Ms. Lam has been engaged in various accounting and company secretarial tasks since August 2015. Early in her career, Ms. Lam was employed by Ernst & Young, and thereafter she joined Hysan Development Company Limited (stock code: 0014) as a financial analyst. Since 2015, she has been engaged in handling corporate governance matters regarding Hong Kong listed companies. Currently she is also the company secretary and authorised representative of MBV International Limited (stock code: 1957), LVGEM (China) Real Estate Investment Company Limited (stock code: 0095) and Link Holdings Limited (stock code: 8237), and the company secretary of Feishang Anthracite Resources Limited (stock code: 1738).

Ms. Lam holds a bachelor degree of Business Administration (Honours) in Managerial Statistics from the City University of Hong Kong and is also a member of Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report for the year ended 31 December 2025.

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 C1 to the Listing Rules as its code of corporate governance. The Company has complied with the applicable code provisions in the CG Code throughout the year ended 31 December 2025.

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.

DIRECTORS' SECURITIES TRANSACTIONS

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 Listing Rules as the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

The Company has also adopted the Model Code as the standard of dealings in the Company's securities for relevant employees who are likely to possess unpublished inside information in relation to the Group. No incident of noncompliance by the relevant employees was noted by the Company during the year under review.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is responsible for providing high-level guidance and effective oversight of the Group's management and operation. In addition, the Board has also delegated various responsibilities to the Board committees and further details of these Board committees are set out in this report.

The Board is also responsible for performing the corporate governance duties as set out below:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Company;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct applicable to Directors and employees; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report under Appendix C1 to the Listing Rules.

(a) Board composition

The Board currently comprises a combination of two executive Directors, one non-executive Director and three independent non-executive Directors. The profile, role and function of each Director, their relationship with each other, the membership of the board committees and the change of the Board and board committees composition are set out in the section headed "Directors and senior management" in this annual report.

During the year under review, the Company experienced a temporary non-compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules following the passing away of an independent non-executive Director, Mr. Suen To Wai, as disclosed in the Company's announcement dated 28 February 2025. The Company restored compliance with relevant Listing Rules upon the appointment of Mr. Chan Oi Fat as an independent non-executive Director with effect from 27 March 2025, as set out in the Company's announcement dated 26 March 2025.

Pursuant to Rule 3.09D of the Listing Rules, each director of the Company is required to obtain legal advice regarding his or her obligations under the Listing Rules before the relevant appointment becomes effective.

Mr. Chen Chunniu, who was appointed as a Director on 1 December 2025, obtained the requisite legal advice on 1 December 2025 prior to his appointment and has confirmed that he understands his obligations as a Director.

CORPORATE GOVERNANCE REPORT

In respect of Ms. Yip Nga Ting Cerin and Mr. Chan Oi Fat, who were appointed as independent non-executive Directors on 1 July 2024 and 27 March 2025 respectively, the Company confirms that Ms. Yip and Mr. Chan obtained the requisite legal advice on 1 December 2025 and have each confirmed that they understand their obligations as Directors of the Company. The non-compliance resulted from an inadvertent compliance oversight. The Company has since reviewed and strengthened its procedures of directors appointment to ensure full compliance with Rule 3.09D for all future director appointments.

Mr. Xu Songqing is the elder brother of Mr. Xu Songman. Mr. Xu Jianhong is the son of Mr. Xu Songqing and a nephew of Mr. Xu Songman. Save as disclosed above, the Board members have no financial, business, family or other material/relevant relationship with each other.

(b) Director

Pursuant to the articles of association of the Company (the "Articles"), at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election. A circular which includes the biographical details of the retiring Directors who stand for re-election together with the notice of annual general meeting of the Company will be despatched to the shareholders of the Company in due course.

(c) Board proceedings

The Board meets regularly and at least four times a year at approximately quarterly intervals. Between scheduled meetings, senior management of the Company from time to time meets with the Directors to discuss the business of the Company. In addition, the Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Director. During the year ended 31 December 2025, 11 board meetings were held. Prior notices convening the board meetings were despatched to the Directors setting out the matters to be discussed. At the meetings, the Directors were provided with an agenda, accompanying board papers and relevant documents to be discussed and approved. The company secretary is responsible for keeping minutes for the board meetings.

The Directors are requested to declare their and their connected entities' direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings and abstain from voting in the Board meetings as appropriate.

CORPORATE GOVERNANCE REPORT

(d) Directors' attendance at Board meetings and general meeting

The attendance record of each Director at the Board meetings and general meeting during the year ended 31 December 2025 is set out in the table below:

Name of Directors	number of attendance/number of meeting(s)	
	Board meetings	General meeting
Executive Directors		
Mr. Xu Songqing	8/11	1/1
Mr. Luo Canwen (<i>note 2</i>)	0/11	0/1
Mr. Xu Songman (<i>note 3</i>)	1/7	0/1
Mr. Chen Chunniu (<i>note 6</i>)	N/A	N/A
Non-executive Director		
Mr. Xu Jianhong (<i>note 1</i>)	6/11	0/1
Independent non-executive Directors		
Mr. Chan Oi Fat (<i>note 4</i>)	7/7	0/1
Mr. Ou Qiyuan	11/11	0/1
Mr. Suen To Wai (<i>note 5</i>)	N/A	N/A
Ms. Yip Nga Ting Cerin	11/11	0/1

Notes:

1. Mr. Jianhong was re-designated from executive director to non-executive Director on 17 April 2025.
2. Mr. Luo Canwen resigned as executive Director on 1 December 2025.
3. Mr. Xu Songman resigned as executive Director on 22 June 2025.
4. Mr. Chan Oi Fat was appointed as an independent non-executive Director on 27 March 2025.
5. The directorship of Mr. Suen To Wai ended on 28 February 2025 due to his passing away.
6. Mr. Chen Chunniu was appointed as an executive Director on 1 December 2025.

The annual general meeting was held on 30 June 2025. Mr. Xu Songqing, the executive Director and the chairman of the Company attended the annual general meeting in person. Mr. Luo Canwen and Mr. Xu Songman, the executive Directors, Mr. Xu Jianhong, the non-executive Director, Mr. Chan Oi Fat, Mr. Ou Qiyuan and Ms. Yip Nga Ting Cerin, independent non-executive Directors, were absent from the annual general meeting due to their other commitments.

CORPORATE GOVERNANCE REPORT

(e) Responsibilities, accountability and contributions of the Board and management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and make contributions to the Company and the Group that was commensurate with their role and board responsibilities. An updated list of the Directors identifying their roles and functions is maintained on the respective websites of the Company and the Stock Exchange.

The executive Directors are responsible for running the Group and executing the strategies adopted by the Board. They ensure that proper internal control system is in place and the Group's business conforms to applicable laws and regulations. All independent non-executive Directors bring their wealth of experience to the Board by making a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments to ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks for safeguarding the interests of the Shareholders and the Company as a whole.

The Directors acknowledge their responsibilities for preparing the consolidated financial statements that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. In preparing the consolidated financial statements of the Company for the year ended 31 December 2025, the Directors, with the assistance of the management, selected the suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, and prepared the accounts on the going concern basis. The reporting responsibilities of KTC Partners CPA Limited are stated in the independent auditor's report on pages 69 to 74 of this annual report. As at the date of this report, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The Directors had conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 December 2025.

The Directors have each confirmed that he has allocated sufficient time and attention to the affairs of the Group, and have also disclosed their offices held in other public companies and organisations and updated the Company on any subsequent changes in a timely manner.

CORPORATE GOVERNANCE REPORT

(f) Delegation by the Board

Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management. The management has the obligation to supply the Board and the various Board committees with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in a timely manner to enable the Board members to make informed decisions. All Directors have full and timely access to all relevant information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

(g) Independence of independent non-executive Directors

The Board must be satisfied itself that an independent non-executive Director does not have any material relationship with the Group. The Board is guided by the criteria of independence as set out in the Listing Rules in determining the independence of Directors.

The independent non-executive Directors of the Company, namely Mr. Chan Oi Fat, Mr. Ou Qiyuan, and Ms. Yip Nga Ting Cerin, and have each provided confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Board continues to consider these Directors to be independent.

(h) Directors' induction and continuous professional development

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Company is responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Director.

During the Year and up to the date of this report, the Company has arranged in-house seminar(s) for all Directors on updates of the Listing Rules and the CG Code. Directors are also encouraged to keep up-to-date their knowledge of directors' duties and responsibilities by reading relevant materials or attending relevant training courses.

CORPORATE GOVERNANCE REPORT

(i) Directors' and officers' insurance

The Company has arranged appropriate Directors' and officers' ("D&O") insurance cover, which gives appropriate cover for any legal action brought against Directors and officers throughout the year ended 31 December 2025. To ensure sufficient cover is provided, we review the Company's D&O insurance policy annually to ensure that the coverage is sufficient and remains appropriate in light of recent trends in the insurance market and other relevant factors.

CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision C.2.1 to the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual to ensure a balance of power and authority so that power is not concentrated in any one individual.

The chairman and chief executive officer of the Company are Mr. Xu Songqing and Mr. Chen Chunniu respectively. The roles of the chairman and chief executive officer are segregated and assumed by two separate individuals who have no relationship with each other. It is aimed at striking a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The chairman of the Board is responsible for the leadership and effective running of the Board and take primary responsibility for ensuring that good corporate governance practices and procedures are established. The chief executive officer is delegated with the authorities to manage the business of the Group in all aspects effectively.

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the non-executive Director and independent non-executive Directors is appointed for an initial term of three years which is renewable automatically unless terminated by either party in writing prior to the expiry of the term. All the non-executive Director and independent non-executive Directors are also subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the Articles of Association.

BOARD COMMITTEES

The Board has established four Board committees and has delegated various responsibilities to the committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the compliance committee (the "Compliance Committee"). All the Board committees perform their distinct roles in accordance with their respective terms of reference which are available to Shareholders on the respective websites of the Company and the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rule and code provision D.3.3 of the CG Code. The primary duties of the Audit Committee are to provide the Board with an independent review of the effectiveness of the financial reporting process, risk management and internal control systems of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

As at 31 December 2025, the Audit Committee currently consists of three independent non-executive Directors, namely Mr. Chan Oi Fat, Mr. Ou Qiyuan and Ms. Yip Nga Ting Cerin. Mr. Suen To Wai ceased to act the chairman of the Audit Committee on 28 February 2025 due to his passing away. Mr. Chan Oi Fat was appointed as the chairman of the Audit Committee on 27 March 2025. In compliance with Rule 3.10(2) of the Listing Rules, Mr. Suen To Wai, the then independent non-executive Director, and Mr. Chan Oi Fat possess the appropriate professional and accounting qualifications or accounting or related financial management expertise.

During the year ended 31 December 2025, the Audit Committee held two meetings to consider and review, among other things, the following:

- (a) the Company's annual report and the audited results announcement of the Group for the year ended 31 December 2024, and the Company's interim report and the unaudited results announcement of the Group for the six months ended 31 December 2025;
- (b) the reports to the Audit Committee prepared by Deloitte Touche Tohmatsu, the auditors, and the matters reported to the Audit Committee and recommended by the auditors, including any material concerns raised to the management in relation to accounting records, financial statements or internal control systems and the management's responses;
- (c) the accounting policies and practices adopted by the Group;
- (d) the independence and objectivity of the auditor, the scope of audit services and related audit fees payable to the auditor;
- (e) selection and appointment of external auditor;
- (f) the adequacy and effectiveness of the Company's internal audit function, financial reporting system, internal control system, and risk management;
- (g) the connected transactions of the Group; and
- (h) the audit planning for the year ended 31 December 2025 with the auditor.

There was no disagreement between the Board and the Audit Committee on the selection, change of appointment of the external auditor during the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

The Group's audited consolidated results for the year ended 31 December 2025 have been reviewed by the Audit Committee. The Audit Committee has been satisfied with the review of the audit scope, process and effectiveness, independence of KTC Partners CPA Limited and thus recommended to the Board for the approval of the consolidated financial statements.

The individual attendance record of each member of the Audit Committee is as follows:

Name of Directors	Board meetings
Mr. Chan Oi Fat (appointed on 27 March 2025)	2/2
Mr. Ou Qiyuan	2/2
Mr. Suen To Wai (ceased on 28 February 2025)	n/a
Ms. Yip Nga Ting Cerin	2/2

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with code provision B.3.1 of the CG Code. The primary duties of the Nomination Committee are to (i) consider and review the Nomination Policy, the Board Diversity Policy, the Company's policies and practices on corporate governance, the process and criteria to select and recommend candidates for directorship; (ii) recommend the Board on the appointment of Directors and members to the Board committees; and (iii) recommend the Board to approve the proposed sequence for re-election of retiring Directors in the annual general meeting of the Company; (iv) assess the independence of independent non-executive Directors; and (v) make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors.

The Nomination Committee consists of four members, of whom three are independent non-executive Directors. The current members are Mr. Xu Songqing, Mr. Chan Oi Fat, Mr. Ou Qiyuan and Ms. Yip Nga Ting Cerin. Mr. Chan Oi Fat was appointed as a member of the Nomination Committee on 27 March 2025. Mr. Xu Songqing is the chairman of the Nomination Committee.

Board diversity policy

The Board recognizes and embraces the benefits of having a diverse Board to enhance its performance and to achieve a sustainable and balanced development. The Board has adopted a board diversity policy which sets out the approach to achieve and maintain its diversity. The board diversity policy provides that selection of Board candidates should be based on a range of different considerations, including but not limited to professional experience, skills, gender, age, cultural and educational background, ethnicity and length of service. When identifying potential candidates to the Board, the nomination committee and the Board will, among others, consider the criteria that promote diversity on the Board.

The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. All Board appointments will be based on meritocracy having due regard for the benefits of diversity on the Board. The ultimate selection of Board candidates will be based on merit and potential contribution to the Board with reference to the board diversity policy as a whole.

CORPORATE GOVERNANCE REPORT

The Board's composition as at the date of this report under diversified perspectives is summarised as follows:

Designation	2 executive Directors 1 non-executive Director 3 independent non-executive Directors
Education background	postgraduate certificate: 1 Director bachelor degree: 3 Directors others: 2 Directors
Gender	5 male Directors 1 female Director
Age group	31 to 35: 1 Director 41 to 45: 1 Director 46 to 50: 2 Directors 51 to 55: 2 Directors
Directorship with the Company	1 to 2 years: 2 Directors 3 to 4 years: 1 Director 6 to 7 years: 1 Director 7 to 8 years: 1 Director over 10 years: 1 Director
Working or professional experience	7 to 8 years: 1 Director over 20 years: 5 Directors

As at 31 December 2025, the percentage of male and female in the workforce (including the senior management) was 76.6% and 23.4% respectively. The Board recognises that the manufacturing industry is largely male-dominated and the Group will continue to take into account diversity perspectives including gender diversity in its future hiring to maintain gender diversity across its workforce (including its senior management).

Nomination policy

The Board has adopted the policy for the nomination of directors in relation to the nomination, appointment, reappointment of Directors and the nomination procedure of the Company, which provides that in evaluating and selecting any candidate for directorship, the nomination committee shall consider the candidates' character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the Nomination Committee held one meeting. The Nomination Committee carried out the process of selecting and recommending to the Board candidates for directorship with reference to diversity policy of the Company, including the candidate's professional knowledge, industry experience, personal ethics, integrity and skills, evaluated the Board's composition, assessed the independence of independent non-executive Directors and recommended the re-appointment of retiring Directors for Shareholders' approval at the general meeting.

The individual attendance record of each member of the Nomination Committee is as follows:

Name of Directors	Number of attendance/ number of meetings
Mr. Xu Songqing	1/1
Mr. Chan Oi Fat (appointed on 27 March 2025)	1/1
Mr. Ou Qiyuan	1/1
Mr. Suen To Wai (ceased on 28 February 2025)	n/a
Ms. Yip Nga Ting Cerin	1/1

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with code provision E.1.2 of the CG Code. The primary duties of the Remuneration Committee include (but not limited to): (a) making recommendations to the Board on the policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) making recommendations on the terms of the specific remuneration package of the Directors and senior management; and (c) reviewing and approving performance-based remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee consists of four members, of whom three are independent non-executive Directors. The current members are Mr. Xu Songqing, Mr. Chan Oi Fat, Mr. Ou Qiyuan and Ms. Yip Nga Ting Cerin. Mr. Chan Oi Fat was appointed as a member of the Remuneration Committee on 27 March 2025. Mr. Suen To Wai ceased to act the chairman of the Remuneration Committee on 28 February 2025 due to his passing away. Mr. Ou Qiyuan has been re-designated as the chairman of Remuneration Committee on 28 February 2025.

During the year ended 31 December 2025, the Remuneration Committee held one meeting. The Remuneration Committee determined the policy for the remuneration of the Directors, assessed the performance of the Directors and approved the terms of their service contracts. The Remuneration Committee had also made recommendations to the Board regarding the Company's remuneration policy and the formulation and review of the remuneration package of all Directors and senior management of the Company for determination by the Board. Emoluments of the Directors of the Company, senior management and five highest paid individuals of the Group during the year of 2025 are disclosed in note 10(a), 10(b) and 10(c), respectively, to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

The individual attendance record of each member of the Remuneration Committee is as follows:

Name of Directors	Number of attendance/ number of meetings
Mr. Xu Songqing	1/1
Mr. Chan Oi Fat (appointed on 27 March 2025)	1/1
Mr. Ou Qiyuan	1/1
Mr. Suen To Wai (ceased on 28 February 2025)	n/a
Ms. Yip Nga Ting Cerin	1/1

Compliance Committee

The Company established the Compliance Committee with written terms of reference on 20 May 2024.

The Compliance Committee consists of four members, of whom three are independent non-executive Directors. The current members are Mr. Xu Songqing, Mr. Chan Oi Fat, Mr. Ou Qiyuan and Ms. Yip Nga Ting Cerin. Mr. Xu Jianhong ceased to be the chairman of the Compliance Committee on 17 April 2025. Mr. Xu Songqing was appointed as the chairman of the Compliance Committee on 17 April 2025. Mr. Chan Oi Fat was appointed as a member of the Compliance Committee on 27 March 2025.

The main duties of the Compliance Committee are to formulate, review, approve, and monitor the Company's policies and practices on compliance with legal and regulatory requirements, supervise the implementation and monitor the efficiency and effectiveness of the compliance management system. The roles and functions of the Compliance Committee are clearly set out in terms of reference which are no less exacting than the CG Code and are available on the websites of the Company and the Stock Exchange.

The individual attendance record of each member of the Compliance Committee during the year of 2025 is as follows:

Name of Directors	Number of attendance/ number of meetings
Mr. Xu Jianhong (ceased on 17 April 2025)	n/a
Mr. Xu Songqing	n/a
Mr. Chan Oi Fat (appointed on 27 March 2025)	n/a
Mr. Ou Qiyuan	n/a
Mr. Suen To Wai (ceased on 28 February 2025)	n/a
Ms. Yip Nga Ting Cerin	n/a

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the Year, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report.

The Directors continue to adopt the going concern approach in preparing the consolidated financial statements. Save as disclosed in the section "Appropriateness of going concern assumptions" in this Report and "Material Uncertainty Related To Going Concern" in the Independent Auditor's Report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

APPROPRIATENESS OF GOING CONCERN ASSUMPTION

The Group recorded a net loss of approximately RMB1,271.6 million for the year ended 31 December 2025, and as at 31 December 2025. The Group was in net liabilities position of approximately RMB847.9 million and net current liabilities position of approximately RMB1,211.6 million.

These events and conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

For details on how the Company address the liquidity pressure and improve its cash flows, please refer to the section headed "Management Discussion & Analysis" on pages 38 to 47 of this annual report.

Should the Group fail to achieve the intended effects resulting from above measures, it might not be able to continue as a going concern, and adjustments would have to be made to reduce the value of assets to their net realisable amounts, to reclassify noncurrent assets and non-current liabilities as current assets and current liabilities and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in these consolidated financial statements.

CORPORATE GOVERNANCE REPORT

EXTERNAL AUDITORS

Below is an analysis of remuneration in respect of audit and non-audit services provided by the external auditors for the year ended 31 December 2025 and the amount charged to profit or loss during the year ended 31 December 2025 is shown in note 9 to the consolidated financial statements on page 109 of this annual report.

	KTC Partners CPA Limited <i>RMB'000</i>	Other auditors <i>RMB'000</i>	Total <i>RMB'000</i>
Audit service	1,600	538	2,138
Non-audit services*	150	472	622
Total	1,750	1,010	2,760

* The non-audit services included the review of interim consolidated financial statements, major transaction services fee and other fee of the Group.

The reporting responsibilities of KTC Partners CPA Limited are stated in the "Independent Auditor's Report" on pages 69 to 74 of this annual report.

COMPANY SECRETARY

The company secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The company secretary is responsible for advising the Board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors. All Directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

The appointment of company secretary is appointed by the Board. The Company Secretary, Ms. Lam Hoi Ki, has assisted on company secretarial matters of the Company and has closely communicated with Mr. Xu Songqing, who are the executive Directors and her primary corporate contact persons of the Company.

Biographical details of the company secretary are set out in the section "Directors and Senior Management" in this annual report. The company secretary confirmed that she undertook no less than 15 hours of relevant professional training and relevant updates during the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS

(a) Convening an extraordinary general meeting (“EGM”) and putting forward proposals at EGM

Pursuant to Article 58 of the Article of Association, the Board may whenever it thinks fit call EGM. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Save for the procedures for Shareholders to convene an EGM as set out above, there are no provisions allowing Shareholders to put forward proposals at the general meeting under the Articles of Association. Shareholders may follow the procedures set out above to convene an EGM for any business specified in such written requisition.

(b) Procedures for directing shareholders’ enquiries to the Board

Shareholder(s) may at any time send their enquiries and concerns to the Board in writing through the company secretary by post at Unit 4, 20/F, New Trend Centre, 704 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong or via email at the contact information as provided on the website of the Company.

The company secretary shall forward the Shareholder(s)’ enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to respond to the Shareholder(s)’ enquires.

(c) Procedures for Shareholders to propose a person for election as a Director

Pursuant to article 85 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

Under Cayman Islands law, dividends may be paid out of the profits of the Company or out of sums standing to the credit of the share premium account. Under the Articles, declaration of dividends is subject to the Shareholders' approval at our general meeting, but no dividend shall exceed the amount recommended by our Directors. In addition, our Directors may also pay interim or special dividends without Shareholders' approval as appear to our Directors to be justified by the financial conditions and the profits of the Company. Future dividends payments will also depend on the availability of dividends we will receive from our subsidiaries in the PRC. PRC laws require that dividends be paid only out of distributable profit according to the PRC accounting principles. Our PRC subsidiaries are also required to set aside part of their net profit as statutory reserves which are not available for distribution as cash dividends in accordance with PRC laws. Distributions from our PRC subsidiaries may also be subject to any restrictive covenants in bank credit facilities or loan agreements or other agreements that we or our PRC subsidiaries may enter into in the future.

Subject to the above, our Directors' discretion, and the applicable laws and regulations, the declaration, payment and amount of any dividends, if paid, will depend on our results of operations, operating and capital requirements, cash flows, financial condition, future prospects, and other factors that our Directors may consider relevant.

INVESTOR RELATIONS

The Company believes that effective and proper investor relations play a vital role in creating Shareholders' value, enhancing the corporate transparency as well as establishing market confidence. The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public via the respective websites of the Company and the Stock Exchange respectively in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate and complete, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions.

The Company should ensure that Shareholders are given sufficient notice of general meeting(s) in accordance with the Articles of Association and as required under the Listing Rules. The procedures for demanding and conducting a poll are explained at the meeting(s) prior to the polls being taken. Voting results will be published on the respective websites of the Company and the Stock Exchange on the day of the general meeting(s).

The Company also endeavours to maintain an on-going dialogue with Shareholders and in particular, through general meeting(s) which provides a forum for Shareholders to raise comments and exchange views with the Board. Mr. Xu Songqing, the executive director and Chairman of the Company, attended the annual general meeting of the Company held on 27 June 2025 (the "AGM") in person and other directors of the Company, namely, Mr. Luo Canwen, Mr. Xu Jianhong, Mr. Chan Oi Fat, Mr. Ou Qiyuan and Ms. Yip Nga Ting Cerin were absent from the AGM due to their other commitments. The engagement partner of Deloitte Touche Tohmatsu also attended the AGM in person. The Directors will be available at the general meeting(s) of the Company to address Shareholders' queries. The Company will continue to take measures to ensure effective Shareholders' communication and transparency.

CORPORATE GOVERNANCE REPORT

CONSTITUTIONAL DOCUMENTS

The Company adopted the second amended and restated memorandum of association and the amended and restated articles of association on 28 June 2022. During the Year, no change has been made to the said constitutional documents, which are available on the websites of the Company and the Stock Exchange.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems of the Group and ensuring reviews of the effectiveness of these systems have been conducted annually. The risk management and internal control systems, which are overseen by the executive Directors and the Group's management, are designed to provide reasonable assurance on the effectiveness and efficiency of operations to safeguard assets against unauthorized use or disposition and to maintain proper accounting records for producing reliable financial information.

The Group's management is responsible for the design, implementation and monitoring of such systems while the Board members (including the audit committee) oversee the management in performing its duties on an ongoing basis.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks that the Group is willing to take in achieving its strategic objectives and ensuring that the Group establishes and maintains appropriate and effective risk management system. The audit committee supports the Board in monitoring the Group's risk exposures and the design and operating effectiveness of the underlying risk management and internal control systems.

The Group emphasizes the importance of sound risk management and internal control systems which are indispensable for mitigating the Group's key risk exposures. The Group's risk management and internal control systems include a defined management structure with limits of authority and are designed for the Group to identify and manage the significant risks to achieve its business objectives. For risk management system, the Group has applied risk assessment model to identify, assess and manage different types of risks. The Group is committed to the identification, evaluation, and management of risks associated with its business activities through ongoing assessment with a risk register, by considering and evaluating the likelihood and the impact of each identified risk. For any newly identified significant risks, the Group will evaluate the financial or operational impacts on the Group and adopt mitigating measures to manage such risks. During the year of 2024, no material changes in the nature and extent of significant risks that might have an adverse impact on the financial position or operations of the Group have been identified.

The Group has developed an internal control system, which covers major financial, operational and compliance controls to safeguard its assets against unauthorised use, ensure maintenance of proper accounting records and compliance with relevant laws and regulations. For any identified internal control weaknesses or defects, the Group will enhance control measures to rectify such control weaknesses or defects. During the year of 2024, no significant weakness or defects in internal control that might have an adverse impact on the financial position or operations of the Group have been identified.

CORPORATE GOVERNANCE REPORT

The Group's management (including the executive Directors, if needed) will hold meetings on a regular basis to discuss, identify, evaluate and manage potential risks and internal control weaknesses that are associated with the Group. The Group has an internal audit function which primarily carries out analysis and independent appraisal of the adequacy and effectiveness of its risk management and internal control systems on an on-going basis. The risk management and internal control systems are reviewed by the Board and the audit committee at least annually.

The management has provided annual review report and confirmation to the Board and the audit committee on the effectiveness of the risk management and internal control systems for the reporting period under review. The Board has complied with the risk management and internal control code provisions of the CG Code by establishing and maintaining appropriate and effective risk management and internal control systems and reviewing the effectiveness of the Group's risk management and internal control system during the reporting period under review. Such review covered all material controls, including financial, operational and compliance controls. The Board considered that the resources, qualifications, and experience of staff of the Group's accounting, internal audit function, and financial reporting function, and their training and budget were adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. During the reporting period under review, no significant area of concern that may affect the financial, operational, compliance controls, and risk management functions of the Group has been identified.

The Group regulates the handling and dissemination of inside information with reference to the "Guidelines on Disclosure of Inside Information" published by the SFC in June 2012 to ensure inside information of the Group remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and the relevant employees about due compliance with all policies regarding the inside information.

The Board strives to uphold the highest level of business ethics and strictly prohibits and stands against any form of bribery, extortion, fraud, or corruption in our business operations. To comply with the applicable laws and regulations, the Group implements internal policies and control mechanisms to strengthen the management practices and prevent improper conduct and unethical behaviour. The Group has also communicated the preventive measures on bribery and corruption to the Directors and the Group's employees. Detailed policies and guidance relating to anti-corruption and conflict of interest are stipulated in the internal policies and staff handbook.

The Board also strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards, or advantages from any business associates. The Group has established a whistleblowing policy and mechanism to allow the employees and other stakeholders to raise concerns on any potential business misconduct and malpractice confidentially to the Board or the audit committee.

CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Corporate governance provides the framework within which the Board forms its decisions and builds its businesses with the aim of creating long-term sustainable growth for Shareholders and delivering long-term values to all stakeholders. An effective corporate governance structure allows the Group to have a better understanding of, evaluate and manage, risks and opportunities (including environmental and social risks and opportunities). The Board is responsible for effective governance and overseeing ESG matters, as well as assessment and management of material environmental and social risks. For details, please refer to the Company’s ESG Report for the year ended 31 December 2025 which is published on the respective websites of the Company and the Stock Exchange on or around 29 April 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company and the Group is a leading cold-rolled steel processor in Guangdong Province, the PRC. The Group's existing production plant located in Gujing Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC has been developed into Huajin Metal Industrial Park. 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 31 December 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.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year 2025, the domestic economy remained highly uncertain, and the Group continued to face significant uncertainties and experiencing several negative conditions, including:–

(i) Weak market demand and intensified competition – dual pressure on domestic and external demands

Investment in key downstream sectors such as real estate, infrastructure and the import and export of industrial products has slowed down. Domestic order growth remained tepid, while export volumes were hampered by tariff barriers, creating a “weak-domestic/external demands” landscape. To compete for the limited orders available, industry players slashed prices, continuously compressing product gross margins and driving declines in both revenue and profit.

(ii) Impact of the trade environment and tariff policies

Punitive tariffs imposed by major importing countries around the world on steel products 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 make it difficult for the Group to meet the minimum offtake terms in several long-term supply contracts with steel mills, resulting in forfeiture of commitment fees and deposits, which consequently increased the cost of sales.

(iii) Upward pressure from raw-material costs

Prices of key raw materials such as hot-rolled coils, influenced by the instability of international trade wars, stayed at high levels for several months before declining. However, product selling prices of the Group could not be adjusted accordingly, pushing production costs higher.

(iv) Low capacity utilisation drove up unit processing costs

Fixed manufacturing overheads had to be allocated over a much smaller output base, resulting in higher unit processing costs.

Due to the above adverse factors, the Group had increased the use of toll-processing arrangements in the second half of 2025 so as to reduce the raw-material inventories and mitigate both market price-fluctuation risk and funding risk.

During the year ended 31 December 2025, the Group generated revenue of approximately RMB861.3 million, representing a decrease of RMB5,035.4 million or 85.4%, as compared to that of approximately RMB5,896.7 million during the year ended 31 December 2024. Loss attributable to owners of the Company during the year ended 31 December 2025 was approximately RMB1,271.4 million, representing an increase of RMB1,180.4 million or 1,297.1%, as compared to that of RMB91.0 million during the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board considered that the substantial increase of the net loss of the Group for the year ended 31 December 2025 was mainly due to, among others, the drop in revenue and sales volume, as well as profit margin for the Group during the year.

The sales volume of cold-rolled steel products and galvanized steel products in aggregate was approximately 145,558 tonnes during the year of 2025, representing a decrease of approximately 1,137,516 tonnes or 88.7%, as compared to that of approximately 1,283,074 tonnes during the year of 2024.

During the year of 2025, the Group acquired property, plant and equipment and incurred construction costs of approximately RMB100.0 million.

The net current liabilities position of approximately RMB1,211.6 million (31 December 2024: RMB754.5 million) as at 31 December 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 31 December 2025, was approximately RMB103.3 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 a final dividend for the year ended 31 December 2025.

As at 31 December 2025, the Group's total borrowings amounted to approximately RMB2,264.6 million. As at 31 December 2025, the gearing ratio of the Group, calculated based on total borrowings divided by total assets, was approximately 96.8%.

FINANCIAL REVIEW

Revenue

The Group primarily generates revenue from the sales of cold-rolled steel products and galvanized steel products. The revenue decreased to approximately RMB861.3 million during the year ended 31 December 2025, by approximately RMB5,035.4 million or 85.4%, as compared with that of approximately RMB5,896.7 million during the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The sales volume of cold-rolled steel products decreased to approximately 91,327 tonnes during the year of 2025, by approximately 691,190 tonnes or 88.3%, as compared with that of 782,517 tonnes during the year of 2024. The sales volume of galvanized steel products decreased to approximately 54,231 tonnes during the year of 2025, by approximately 446,326 tonnes or 89.2%, as compared with that of approximately 500,557 tonnes during the year of 2024. Thus, the sales volume of cold-rolled steel products and galvanized steel products in aggregate was approximately 145,558 tonnes during the year of 2025, representing a decrease of approximately 1,137,516 tonnes or 88.7%, as compared to that of 1,283,074 tonnes during the year of 2024.

Due to the weak market demand and intense competition coupled with pressures from both domestic and international markets, as investment in downstream sectors slowed, exports were restricted, and price cuts by industry participants compressed gross profit margins. To mitigate the risks arising from fluctuations in raw material prices and reduce capital occupation pressure, the Group optimised and adjusted its business structure and, starting from around the middle of 2025, adopted “processing with supplied materials” as its main operation model. This change led to a decline in both revenue and sales volume during the year ended 31 December 2025.

The average selling price of our cold-rolled steel products decreased to RMB3,789 per tonne during the year of 2025 as compared with that of RMB3,921 per tonne during the year of 2024. The average selling price of our galvanized steel products decreased to RMB3,846 per tonne during the year of 2025 as compared with that of RMB4,121 per tonne during the year of 2024. In summary, the average selling price of our cold-rolled steel products and galvanized steel products decreased to RMB3,810 per tonne during the year of 2025 as compared with that of RMB3,999 per tonne during the year of 2024.

During the year ended 31 December 2025, the domestic sales in the PRC market, including Hong Kong, contributed over 99.7% (2024: 99.1%) of the revenue while the remaining portion was attributable to sales to the customers located in Southeast Asia.

Sales of hot-rolled steel products and others were primarily attributable to the sales of hot-rolled steel products, the sales of scrap steel residual in our manufacturing process to recycling agents, Such revenue accounted for around 9.1% (2024: 9.6%) of the Group’s total revenue during the year ended 31 December 2025.

Processing income represents the processing service to the customers who engage us to process steel products provided by them. Such revenue accounted for around 15.3% (2024: 3.2%) of the Group’s total revenue during the year ended 31 December 2025.

Revenue from terminal operations and provision of port and related services accounted for around 4.9% (2024: 0.2%) of the Group’s total revenue during the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out the breakdown of the revenue during the year of 2025 and 2024:

	Year ended 31 December			
	2025 RMB'000	2025 %	2024 RMB'000	2024 %
Sales of cold-rolled steel products	400,331	46.5	3,068,169	52.0
– steel strips and sheets	377,221	43.8	2,932,691	49.7
– welded steel tubes	23,110	2.7	135,478	2.3
Sales of galvanized steel products	208,550	24.2	2,062,604	35.0
Sales of hot-rolled steel products and others	78,350	9.1	566,262	9.6
Processing income	131,488	15.3	186,579	3.2
Terminal operations and provision of port and related services	42,554	4.9	13,055	0.2
	861,273	100.0	5,896,669	100.0

The following table sets out the sales volume and average selling price of the products for the periods indicated:

	Year ended 31 December	
	2025	2024
Sales volume of cold-rolled steel products	91,327 tonnes	782,517 tonnes
– steel strips and sheets	85,500 tonnes	750,641 tonnes
– welded steel tubes	5,827 tonnes	31,876 tonnes
Sales volume of galvanized steel products	54,231 tonnes	500,557 tonnes
	145,558 tonnes	1,283,074 tonnes
Average selling price (per tonne)		
– cold-rolled steel products	RMB3,789	RMB3,921
– galvanized steel products	RMB3,846	RMB4,121
– cold-rolled steel products and galvanized steel products	RMB3,810	RMB3,999

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

The cost of sales decreased to approximately RMB1,500.0 million during the year ended 31 December 2025, by approximately RMB4,365.0 million or 74.4%, as compared with that of approximately RMB5,865.0 million during the year of 2024.

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

	Year ended 31 December			
	2025	2025	2024	2024
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Direct materials	1,190,090	79.4	5,373,963	91.6
Utilities	81,341	5.4	193,014	3.3
Direct labour	67,983	4.5	107,419	1.8
Depreciation expense	100,339	6.7	87,642	1.5
Consumables	33,626	2.2	87,107	1.5
Others	26,580	1.8	15,854	0.3
	1,499,959	100.0	5,864,999	100.0

Direct materials represented the cost of raw materials, primarily hot-rolled steel coils. The direct materials accounted for over 79.4% (2024: 91.6%) of the cost of sales during the year end 31 December 2025. The decrease in direct materials was mainly attributable to the decrease in the sales volume of cold-rolled steel products and galvanized steel products during the year of 2025. The direct materials also include the forfeiture of commitments fees and deposits totaling approximately RMB395.8 million. These amounts were forfeited because the Group failed to meet the minimum offtake requirements by its steel suppliers after a significant decline in sales volume. The write-down of inventories in an amount of approximately RMB12.7 million, after determining the net realisable value of inventories, as at 31 December 2025 was provided during the year of 2025.

Utilities related primarily to electricity, water, and natural gas consumed throughout the production process. Utilities expenses decreased to approximately RMB81.3 million during the year ended 31 December 2025, by approximately RMB111.7 million or 57.9%, as compared with that of approximately RMB193.0 million the year ended 31 December 2024. Such decrease was mainly due to the decrease in sales volume and production activities during the year ended 31 December 2025.

The direct labour decreased to approximately RMB68.0 million during the year ended 31 December 2025, by approximately RMB39.4 million or 36.7%, as compared with that of approximately RMB107.4 million during the year ended 31 December 2024. The decrease in direct labour was mainly attributable to decrease in production volume during the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation expense experienced an increase to approximately RMB100.3 million during the year ended 31 December 2025, by approximately RMB12.7 million or 14.5%, as compared with that of approximately RMB87.6 million during the year ended 31 December 2024. Such increase was mainly due to the increase in depreciation for property, plant and equipment during the year ended 31 December 2025.

Consumables consisted of machinery spare parts and supplies consumed in the production process. Consumables decreased to approximately RMB33.6 million during the year ended 31 December 2025, by approximately RMB53.5 million or 61.4%, as compared with that of approximately RMB87.1 million during the year ended 31 December 2024 mainly due to decrease in production volume and revenue during the year ended 31 December 2025.

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 RMB638.7 million for the year ended 31 December 2025 as compared with a gross profit of approximately RMB31.7 million for the year ended 31 December 2024.

The gross loss margin was approximately 74.2% for the year ended 31 December 2025 when compared with a gross profit margin of 0.5% for the year ended 31 December 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 RMB7.7 million for the year ended 31 December 2025, compared with a net gain of RMB66.6 million for year ended 31 December 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 RMB47.2 million; (ii) a loss on exchange difference of RMB3.0 million for the year ended 31 December 2025 while a gain on exchange differences of RMB0.4 million recorded during the year ended 31 December 2024; (iii) a decrease in penalty income relating to the sales of scrap steel in the amount of approximately RMB3.6 million and (iv) an increase in loss on disposal of property, plant and equipment by approximately RMB8.0 million.

MANAGEMENT DISCUSSION AND ANALYSIS

(Provision for) reversal of impairment losses of trade and other receivables under ECL model

During the year ended 31 December 2025, the Group provided impairment losses of trade receivables and other receivables amounted to approximately RMB14.2 million and RMB39.8 million respectively while a reversal of impairment loss of RMB1.2 million on trade receivables for the year ended 31 December 2024.

Impairment losses on property, plant and equipment

The impairment losses on property, plant and equipment mainly the write down of fixed assets of the Group's cold-rolled steel products and galvanized steel products segment amounted to approximately RMB288.4 million due to the adverse reasons outlined in the section "Business Review".

Selling expenses

Selling expenses decreased to approximately RMB29.3 million for the year ended 31 December 2025, by approximately RMB12.9 million or 30.6%, as compared with that of approximately RMB42.2 million for the year ended 31 December 2024. The decrease in selling expenses was mainly attributable to the decrease in revenue for the year ended 31 December 2025.

Administrative expenses

The administrative expenses decreased to approximately RMB65.7 million for the year ended 31 December 2025, by approximately RMB7.8 million or 10.6%, as compared with that of approximately RMB73.5 million for the year ended 31 December 2024. The decrease in administrative expenses was mainly attributable to (i) a decrease in general administrative salaries and staff welfare of approximately RMB8.8 million; (ii) a decrease in audit fee of approximately RMB1.4 million offset with (iii) an increase in legal and professional fee of approximately RMB3.5 million.

Investment gain (loss)

There was investment gain on commodity futures contracts amounting to approximately RMB3.4 million was incurred by the Group during the year ended 31 December 2025 as compared to the investment loss of that amounting to approximately RMB2.3 million during the year ended 31 December 2024.

Finance costs

Finance costs increased to approximately RMB142.2 million during the year ended 31 December 2025, by approximately RMB40.9 million or 40.4%, as compared with that of approximately RMB101.3 million during the year ended 31 December 2024. Such increase was mainly attributable to the increased level of borrowings and interest expense on overdue payables during the year ended 31 December 2025.

Income tax (expense) credit

Income tax expense amounted to approximately RMB50.5 million during the year ended 31 December 2025 while there was income tax credit amounted to approximately RMB25.0 million during the year ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the year

The loss attributable to owners of the Company was approximately RMB1,271.6 million for the year ended 31 December 2025 compared to approximately RMB91.2 million for the year ended 31 December 2024.

Liquidity and financial resources

As at 31 December 2025, the Group's bank balances and cash decreased to approximately RMB5.7 million, by approximately RMB29.6 million or 83.9%, from approximately RMB35.3 million as at 31 December 2024. The Group's restricted bank deposits decreased to approximately RMB11.0 million as at 31 December 2025, by approximately RMB168.4 million or 93.9%, from approximately RMB179.4 million as at 31 December 2024.

As at 31 December 2025, the Group had the net current liabilities of RMB1,211.6 million (31 December 2024: RMB754.5 million) and had the net liabilities of approximately RMB847.9 million (31 December 2024: net assets of approximately RMB423.8 million). As at 31 December 2025, the current ratio calculated based on current assets divided by current liabilities of the Group was 29.0% as compared with that of 66.4% as at 31 December 2024.

At 31 December 2025, the Group's total borrowings amounted to approximately RMB2,264.6 million (31 December 2024: RMB2,510.4 million) and total assets amounted to approximately RMB2,340.3 million (31 December 2024: RMB3,716.7 million). The gearing ratio of the Group, calculated based on total borrowings divided by total assets, was approximately 96.8% (31 December 2024: 67.5%) as at 31 December 2025.

As at 31 December 2025, the Group had total banking facilities relating to bank borrowings (excluding those related to factoring of bills receivables) and bills payable amounted to approximately RMB2,634.5 million (31 December 2024: RMB2,931.4 million), of which approximately RMB2,634.5 million (31 December 2024: 1,604.8 million) had been utilised, and the unutilised banking facilities amounted to nil (31 December 2024: approximately RMB1,326.6 million). In addition, based on the historical experience of the directors of the Company, all of the currently utilised banking facilities would be renewed upon expiry.

As at 31 December 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, Mr. Chen Chunniu and Mr. Xu Jianhong 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial instruments

During the year ended 31 December 2025, apart from the commodity futures contracts, the Group had not entered into any financial instruments for hedging purpose.

Material acquisitions and disposal

During the year ended 31 December 2025, the Group had no material acquisitions or disposal of subsidiaries, associates and joint ventures.

Pledge of assets

Details of the pledge of assets of the Group as at 31 December 2025 are set out in note 30 to the consolidated financial statements.

Contingent liabilities

During the year ended 31 December 2025, the Company provided guarantees to banks as securities for financing facilities granted to certain subsidiaries of the Company 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 31 December 2025 (2024: RMB10,000,000) of the outstanding credit facility amount has been utilised by the Company's director. The Group did not provide any guarantee to any third parties and did not have contingent liabilities as at 31 December 2025 (31 December 2024: nil).

Employees

As at 31 December 2025, the Group had a total of 995 (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) during the year ended 31 December amounted to approximately RMB102.6 million (2024: RMB143.2 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 2022 and resulted in the share-based payment expenses of approximately RMB0.5 million included in the above staff costs during the year ended 31 December 2024 (2025: nil).

SUBSEQUENT EVENTS

There are no significant balance sheet events affecting the Company that have occurred since the end of the year to the date of this report.

DIRECTORS' REPORT



The Directors are pleased to present this annual report together with audited consolidated financial statements for the year ended 31 December 2025.

All reference below to other sections, reports or notes in this annual report form part of this Directors' report.

PRINCIPAL ACTIVITIES

The Company 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. The Group is also engaged in terminal operation and provision of provision of port logistic services (including uploading and unloading of cargoes, bulk cargo handling services, container handling, storage and other services).

A list of the Company's principal subsidiaries as at 31 December 2025 and their particulars are set out in note 38 to the consolidated financial statements.

BUSINESS REVIEW

The Group's revenue is derived primarily from business activities conducted in the PRC and Southeast Asia. An analysis of the Group's performance for the year by operating segment is set out in note 5 to the consolidated financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of this financial year, and an indication of likely future development in the Group's business, can be found in this report and the sections headed "Chairman's Statement", "Management Discussion and Analysis", and "Corporate Governance Report" of this annual report. Details about the risks associated with the financial instruments of the Group are set out in note 35 to the consolidated financial statements.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") will be held on Thursday, 25 June 2026. The notice of the AGM will be published and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 22 June 2026 to Thursday, 25 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to be qualified to attend and vote at the AGM, all completed transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suite 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Thursday, 18 June 2026.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group recognises that employees, customers and suppliers are the key to our sustainability and stable development. The Group is committed to establishing a close relationship with its employees, enhancing cooperation with our suppliers and providing processed steel products and galvanized steel products customised to the specification of the customers so as to ensure the Group's sustainable development.

(a) Employees

The remuneration packages of our employees include salary, bonuses and allowances. The Group also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational safety and health. The Group maintains a good relationship with its employees and maintains a relatively low turnover rate. To ensure the quality of our employees and to train up future generations of our management personnel, we provide in-house training to our employees to enhance their knowledge in operation and safety practice as well as training to individual employees according to specific job requirements. The goal of the in-house training is to train our employees and to identify talent, with the aim of providing promotion opportunities within the Company and fostering employee loyalty.

(b) Customers

The Group processes hot-rolled steel into cold-rolled steel products and galvanized steel products for our manufacturing customers. We derived most of our revenue from domestic sales which were made mainly to customers located in Guangdong Province, the PRC. Our customers are primarily manufacturers of different industrial products or their agents and steel trading companies which purchase our processed steel products and galvanized steel products for the manufacture of their end products. During the year ended 31 December 2025, we served over 500 customers in the year across a variety of industries in the PRC and overseas, including light industrial hardware, home appliances, furniture, motorcycle/bicycle accessories, LED and lighting. With a broad and diversified customer base, we are not dependent on any single customer, group of customers or any particular industry and are able to capture growth in various industries.

DIRECTORS' REPORT

(c) Suppliers

Our major suppliers are primarily steel producers or their agents and steel trading companies located in the PRC. We have established stable and long-standing business relationship with our key steel raw material suppliers given our large-scale operations and the resultant demand for their products. Our business relationship with our major suppliers for our principal raw materials is pivotal for us to purchase the necessary quantities of steel raw materials at market price on a timely basis. We have an assessment and selection procedure for selecting our suppliers. Our procurement team in general conducts a background assessment which covers various aspects including scale of operation, quality control, delivery time and reputation in the industry on each potential supplier before their admission to our approved supplier list. It is our procurement policy that we only purchase raw materials from approved suppliers to ensure the quality of our raw materials. We also carry out evaluation and assessment of our existing suppliers from time to time. In order to leverage our suppliers' in-depth understanding of the industry and market trends, we closely communicate and collaborate with our major suppliers to obtain the latest market information in anticipation of our customers' future needs. We believe that our long-standing and stable relationship with our suppliers have also helped us to strengthen our relationship with our key customers and maintain our competitiveness.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 75 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, the total purchases of raw materials from our five largest suppliers in aggregate accounted for approximately 85.1% (2024: 71.2%) of our total purchases and the total purchases from our largest supplier accounted for approximately 55.2% (2024: 34.3%) of our total purchases of raw materials.

For the year ended 31 December 2025, revenue from our five largest customers in aggregate accounted for approximately 32.0% (2024: 27.0%) of our revenue and revenue from our largest customer accounted for approximately 13.2% (2024: 14.4%) of our revenue.

None of the Directors, their respective close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the issued share capital of the Company) had any interest in the customers or suppliers mentioned above.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out in the section headed "Financial Summary" on page 152 of this annual report.

DONATIONS

During the year ended 31 December 2025, the Group's charitable and other donations amounted to nil (2024: RMB146,000).

PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND DEPOSITS PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the year ended 31 December 2025 are set out in note 13 to the consolidated financial statements.

Details of the Group's right-of-use assets during the year ended 31 December 2025 are set out in note 14 to the consolidated financial statements.

Deposits paid for acquisition of property, plant and equipment amounted to approximately RMB35.9 million (31 December 2024: RMB50.6 million) as at 31 December 2025.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2025 are set out in note 23 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 December 2025 are set out in note 27 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 77 of this annual report and note 37 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution to Shareholders, comprising share premium and retained profit amounted to nil (31 December 2024: approximately RMB169.2 million) calculated in accordance with the Companies Act of the Cayman Islands, as amended, supplemented or otherwise modified from time to time.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or applicable laws of the Cayman Islands where the Company is incorporated.

DIRECTORS

The Directors of the Company during the year ended 31 December 2025 and up to the date of this report were:

Executive Directors:

Mr. Xu Songqing (*Chairman*)

Mr. Luo Canwen (*Chief Executive Officer*) (*resigned on 1 December 2025*)

Mr. Xu Songman (*resigned on 22 June 2025*)

Mr. Chen Chunniu (*appointed on 1 December 2025*)

Non-executive Director:

Mr. Xu Jianhong (*Note 1*)

Note:

1. Mr. Xu Jianhong resigned as the Vice chairman and re-designated from executive Director to non-executive Director on 17 April 2025.

Independent non-executive Directors:

Mr. Chan Oi Fat (*appointed on 27 March 2025*)

Mr. Ou Qiyuan

Mr. Suen To Wai (*deceased on 28 February 2025*)

Ms. Yip Nga Ting Cerin

Pursuant to Article 83(3) of the Articles of Association of the Company, Mr. Chen Chunniu shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Pursuant to Article 84 of the Articles of Association of the Company, Mr. Xu Songqing and Mr. Xu Jianhong shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group and the changes in information of the Directors are set out on pages 13 to 18 of this annual report.

DIRECTORS' REPORT

DIRECTORS' EMOLUMENTS

Details of the Directors' emoluments are set out in note 10 to the consolidated financial statements.

No Director waived or has agreed to waive any emoluments and no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2025.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years renewable automatically unless terminated by either party in writing prior to the expiry of the term.

The non-executive Director has entered into a letter of appointment with the Company for an initial term of three years which unless otherwise terminated, pursuant to the terms of the appointment, is subject to automatic renewal. The appointment shall be subject to normal retirement and re-election at the annual general meeting by Shareholders of the Company pursuant to the Articles of Association.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company subject to retirement by rotation and re-election at annual general meetings of the Company and until terminated by either party in writing prior to the expiry of the term.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors the confirmation of their independence pursuant to rule 3.13 of the Listing Rules. Based on such confirmations, the Company considers each of the independent non-executive Directors is independent in accordance with rule 3.13 of the Listing Rules.

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 during the Year.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY" below and note 28 to the consolidated financial statements, no equity-linked agreement was entered into by the Company during the reporting year or subsisted at the end of the reporting year.

DIRECTORS' REPORT

SHARE OPTION SCHEME EXPIRED ON 21 MARCH 2026

Prior to the Listing, the Company conditionally adopted a share option scheme (the "Scheme") on 22 March 2016 which became effective and unconditional upon the Listing. The purpose of the Scheme is to enable the Company to grant options to the Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to the Group.

Details of the Scheme are as follows:

a. Purpose

The primary purpose of the Scheme is to grant options as incentives or rewards to Eligible Persons for their contribution or potential contribution to the Group.

b. Eligible Persons

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (h) below to any full-time or part-time employee of the Company or any member of the Group, including any executive Director, non-executive Director and independent non-executive Director, and any supplier, customer, agent, advisor and consultant of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Group (collectively, the "Eligible Persons").

Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may: (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Persons specifically identified by the Board.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of the Company (including the Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

c. Maximum entitlement for each Eligible Person

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Person in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the Eligible Person, the numbers and terms of the options to be granted (and options previously granted to such person, if any) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Person and his/her associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such person must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Person shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Person an offer document in such form as the Board may from time to time determine.

d. Time of exercise of option

Options may be exercised at any time commencing on the date as the Board may determine and ending on such date as the Board may determine but shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted). The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. No option may be granted more than ten years after the date of adoption of the Scheme.

e. Minimum holding period of the option before it can be exercised

The Scheme does not specify any minimum holding period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the shares forming the subject of the share options must be held before it can be exercised.

f. Acceptance and payment on acceptance

Offer for the grant of options must be accepted within 28 days from the offer date. Consideration of HK\$1 is required to be paid by the grantee of an option to the Company on acceptance of the offer for the grant of an option.

DIRECTORS' REPORT

g. Exercise price

The exercise price is determined by the Board, and will not be less than the higher of the closing price of the Shares on the date of offer of grant and the average closing price of the shares for the five business days immediately preceding the date of offer of grant.

h. Total number of shares available for issue

The number of options available for grant under the Share Option Scheme mandate limit as at 1 January 2025 was 34,727,280. As 10,109,088 options has been lapsed during the year ended 31 December 2025, the number of options available for grant under the Share Option Scheme mandate as at 31 December 2025 was 44,836,368.

i. Life of the Scheme and Termination

Subject to earlier termination by the Company in general meeting, the Scheme shall be valid and effective for a period of ten years from the date of its adoption (i.e. 22 March 2016). The Scheme has therefore expired on 21 March 2026.

During the term of the Scheme, a total of 25,272,720 options were granted thereunder to subscribe for an aggregate of up to 25,272,720 Shares. Upon the expiry of the Scheme, no further option was granted but in respect of all options which remains exercisable at the end of such period, the provisions of the Scheme shall remain in full force and effect.

DIRECTORS' REPORT

The following table shows the movements in the Company's share options granted to the Directors, employees and a consultant under the Scheme during the year ended 31 December 2025.

Name or category of participants	Date of grant of share option	Exercise price of share options per share (Note 1) HK\$	Vesting period	Exercisable Period	Outstanding as at 1 January 2025	Lapsed during the year	Granted during the year (Note 2)	Exercised during the year	reallocation (Note 3)	Outstanding as at 31 December 2025
Directors										
Mr. Xu Songqing	2 June 2021	2.75	2 June 2021 to 2 June 2022	3 June 2023 to 2 June 2025	727,272	(727,272)	-	-	-	-
			2 June 2021 to 2 June 2023	3 June 2024 to 2 June 2026	545,454	-	-	-	-	545,454
			2 June 2021 to 2 June 2024	3 June 2024 to 2 June 2027	545,455	-	-	-	-	545,455
Mr. Chen Chunniu	2 June 2021	2.75	2 June 2021 to 2 June 2022	3 June 2023 to 2 June 2025	-	(2,400,000)	-	-	2,400,000	-
			2 June 2021 to 2 June 2023	3 June 2024 to 2 June 2026	-	-	-	-	1,800,000	1,800,000
			2 June 2021 to 2 June 2024	3 June 2024 to 2 June 2027	-	-	-	-	1,800,000	1,800,000
Mr. Xu Jianhong	2 June 2021	2.75	2 June 2021 to 2 June 2022	3 June 2023 to 2 June 2025	727,272	(727,272)	-	-	-	-
			2 June 2021 to 2 June 2023	3 June 2024 to 2 June 2026	545,454	-	-	-	-	545,454
			2 June 2021 to 2 June 2024	3 June 2024 to 2 June 2027	545,455	-	-	-	-	545,455
Mr. Luo Canwen (Note 4)	2 June 2021	2.75	2 June 2021 to 2 June 2022	3 June 2023 to 2 June 2025	727,272	(727,272)	-	-	-	-
			2 June 2021 to 2 June 2023	3 June 2024 to 2 June 2026	545,454	-	-	-	-	545,454
			2 June 2021 to 2 June 2024	3 June 2024 to 2 June 2027	545,455	-	-	-	-	545,455
Mr. Xu Songman (Note 5)	2 June 2021	2.75	2 June 2021 to 2 June 2022	3 June 2023 to 2 June 2025	727,272	(727,272)	-	-	-	-
			2 June 2021 to 2 June 2023	3 June 2024 to 2 June 2026	545,454	-	-	-	-	545,454
			2 June 2021 to 2 June 2024	3 June 2024 to 2 June 2027	545,455	-	-	-	-	545,455
Subtotal					7,272,724	(5,309,088)	-	-	6,000,000	7,963,636

DIRECTORS' REPORT

Name or category of participants	Date of grant of share option	Exercise price of share options per share (Note 1) HK\$	Vesting period	Exercisable Period	Outstanding as at 1 January 2025	Lapsed during the year	Granted during the year (Note 2)	Exercised during the year	reallocation (Note 3)	Outstanding as at 31 December 2025
Employees	2 June 2021	2.75	2 June 2021 to 2 June 2022	3 June 2023 to 2 June 2025	6,991,304	(4,591,304)	-	-	(2,400,000)	-
			2 June 2021 to 2 June 2023	3 June 2024 to 2 June 2026	5,243,477	-	-	-	(1,800,000)	3,443,477
			2 June 2021 to 2 June 2024	3 June 2024 to 2 June 2027	5,243,476	-	-	-	(1,800,000)	3,443,476
Subtotal					17,478,257	(4,591,304)	-	-	(6,000,000)	6,886,953
Consultant (Note 6)	2 June 2021	2.75	2 June 2021 to 2 June 2022	3 June 2023 to 2 June 2025	208,696	(208,696)	-	-	-	-
			2 June 2021 to 2 June 2023	3 June 2024 to 2 June 2026	156,522	-	-	-	-	156,522
			2 June 2021 to 2 June 2024	3 June 2024 to 2 June 2027	156,521	-	-	-	-	156,521
Subtotal					521,739	(208,696)	-	-	-	313,043
Total					25,272,720	(10,109,088)	-	-	-	15,163,632

Notes:

1. The Company's Shares closed at HK\$2.70 on 1 June 2021, being the date immediately before the date of grant.
2. No share options were granted and cancelled during the year ended 31 December 2025.
3. Mr. Chen Chunniu was re-appointed as an executive Director on 1 December 2025. He previously served as an executive Director from 18 December 2015 until his resignation on 24 February 2022. He currently also holds positions as the General Manager, Legal Representative and Director for several of the Company's indirect wholly-owned subsidiaries.
4. Mr. Luo Canwen resigned as the executive Director of the Company with effect from 1 December 2025.
5. Mr. Xu Songman resigned as the executive Director of the Company with effect from 22 June 2025.
6. The consultant is Mr. Lo Hang Fong who has extensive experience in, including but not limited to, corporate finance, mergers and acquisitions, regulatory and compliance matters. The grant of share option to the consultant is to provide him an incentive to share his relevant experience, knowledge and network to support the Group's business development and expansion which will be beneficial to the long-term growth of the Group.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2025.

NON-COMPLIANCE AND RE-COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, the Company experienced certain instances of temporary non-compliance with specific Listing Rules, details of which are set out below.

(1) *Independent Non-executive Directors and Audit Committee Composition (Rules 3.10 and 3.21)*

Following the passing away of an independent non-executive Director, Mr. Suen To Wai, the Company did not meet the requirements of Rules 3.10 and 3.21 regarding the minimum number of independent non-executive Directors and the composition of the audit committee, as disclosed in the Company's announcement dated 28 February 2025. To restore compliance, the Company appointed Mr. Chan Oi Fat as an independent non-executive Director and the chairman of the audit committee with effect from 27 March 2025, as set out in the Company's announcement dated 26 March 2025. Following his appointment, the Company resumed compliance with Rules 3.10 and 3.21.

(2) *Company Secretary and Authorised Representatives (Rules 3.05 and 3.28)*

Following the resignation of Mr. Wong Chak Keung as the company secretary, chief financial officer and an authorised representative with effect from 3 July 2025, the Company did not maintain two authorised representatives who shall act at all times as required under Rule 3.05. Ms. Zhang Liqiong was appointed as the company secretary, chief financial officer and an authorised representative on 7 July 2025. As noted in the Company's announcement dated 7 July 2025, Ms. Zhang was a member of the Institute of Public Accountants, Australia and the Institute of Financial Accountants, United Kingdom, such qualifications did not fall within the acceptable professional qualifications under Rule 3.28. Accordingly, her appointment did not meet the requirements of Rule 3.28. Ms. Zhang subsequently tendered her resignation with effect from 10 July 2025. To restore compliance, the Company appointed Ms. Lam Hoi Ki as the company secretary and an authorised representative with effect from 10 July 2025, as disclosed in the Company's announcement dated 10 July 2025. Ms. Lam is a member of the Hong Kong Institute of Certified Public Accountants and therefore meets the qualification requirements under Rule 3.28. Following her appointment, the Company resumed compliance with Rules 3.05 and 3.28.

DIRECTORS' REPORT

(3) *Timely Disclosure of Director Changes (Rule 13.51(2))*

As disclosed in the Company's announcement dated 8 October 2025, the Company did not comply with Rule 13.51(2) in respect of the timely announcement of the resignation of an executive Director due to internal miscommunication. The Company has since strengthened its internal communication procedures to prevent recurrence.

The Company has taken appropriate steps to address the above matters, including the appointment of suitably qualified individuals and the enhancement of internal governance and communication procedures. The Board considers that the relevant non-compliance has been rectified and will continue to monitor the Company's governance framework to ensure ongoing compliance with the Listing Rules.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may sustain or incur in or about the execution of the duties of their office or otherwise in relation thereto. The Company has maintained Directors and officers liabilities insurance and such provisions were in force during the year ended 31 December 2025 and remained in force as of the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company and their associates in the Shares and underlying Shares of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

DIRECTORS' REPORT

Long positions in Shares of the Company

Name of Directors	Nature of interest	Number of Shares held	Percentage of the issued share capital of the Company <i>(note 3)</i>
Mr. Xu Songqing ("Mr. Xu")	Interest of controlled corporation <i>(note 1)</i>	391,500,000	65.25%
Mr. Chen Chunniu ("Mr. Chen")	Interest of controlled corporation <i>(note 2)</i>	4,500,000	0.75%

Notes:

- The entire issued share capital of Haiyi is legally and beneficially owned by Intrend Ventures and the entire issued share capital of Intrend Ventures is legally and beneficially owned by Mr. Xu. Each of Mr. Xu and Intrend Ventures is deemed to be interested in all the Shares held by Haiyi by virtue of the SFO.
- The entire issued share capital of Irichest Enterprises Limited ("Irichest Enterprises") is legally and beneficially owned by Mr. Chen. Mr. Chen is deemed to be interested in all the Shares held by Irichest Enterprises by virtue of the SFO. Mr. Chen was re-appointed as the executive Director of the Company with effect from 1 December 2025.
- The percentage of shareholding is calculated on the basis of the Company's issued share capital of 600,000,000 Shares as at 31 December 2025.

Long positions in the shares of associated corporations of the Company

Name of Directors	Name of associated corporation	Nature of interest	Number of Shares held	Percentage of the issued share capital of the associated corporation
Mr. Xu	Haiyi	Interest of controlled corporation <i>(note)</i>	1,000	100.00%

Note: The entire issued share capital of Haiyi is legally and beneficially owned by Intrend Ventures and the entire issued share capital of Intrend Ventures is legally and beneficially owned by Mr. Xu.

DIRECTORS' REPORT

Long positions in the underlying shares of the Company

Name of Directors	Nature of interest	Number of underlying shares in respect of share options granted <i>(Note 1)</i>	Percentage of underlying shares over the Company's issued share capital <i>(Note 2)</i>
Mr. Xu	Beneficial owner	1,090,909	0.18%
Mr. Xu Jianhong	Beneficial owner	1,090,909	0.18%
Mr. Chen Chunniu	Beneficial owner	3,600,000	0.60%

Notes:

1. Details of the above share options granted by the Company are set out in the section headed "Share Option" below.
2. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 600,000,000 Shares as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the Shares or underlying Shares of the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, so far as the Directors are aware, the following persons or corporations (not being a Director or a chief executive of the Company) who/which had interests and/or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were:

Long positions in Shares of the Company

Name of shareholders	Nature of interest	Number of Shares held <i>(Note 1)</i>	Percentage of the issued share capital of the Company <i>(Note 3)</i>
Haiyi Limited ("Haiyi")	Beneficial owner <i>(note 1)</i>	391,500,000	65.25%
Intrend Ventures Limited ("Intrend Ventures")	Interest of controlled corporation <i>(note 1)</i>	391,500,000	65.25%
Zhong Cheng International Limited ("Zhong Cheng")	Beneficial owner <i>(note 2)</i>	54,000,000	9.00%

Notes:

1. The entire issued share capital of Haiyi is legally and beneficially owned by Intrend Ventures and the entire issued share capital of Intrend Ventures is legally and beneficially owned by Mr. Xu. Each of Mr. Xu and Intrend Ventures is deemed to be interested in all the Shares held by Haiyi by virtue of the SFO.
2. The entire issued share capital of Zhong Cheng is legally and beneficially owned by Mr. Luo. Mr. Luo is deemed to be interested in all the Shares held by Zhong Cheng by virtue of the SFO.
3. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 600,000,000 Shares as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Company has not been notified by any person nor corporation (other than Directors or the chief executive of the Company) who/which had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Details of the connected transactions and material related party transactions are set out in this report and note 33 to the consolidated financial statements.

Save for the above, no other transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any its subsidiaries was a party and in which a Director of the Company or his connected entity had, directly or indirectly, a material interest subsisted at any time during the year or at the end of the financial year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the interests in share options of the Company as disclosed in the section headed "Share option scheme" above and note 28 to the consolidated financial statements, at no time during the year ended 31 December 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save for their respective interests in the Company, none of the Directors and Controlling Shareholders of the Company (as defined under the Listing Rules) nor their respective associates were interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules during the year ended 31 December 2025 and up to the date of this annual report.

NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

On 23 March 2016, each of the controlling shareholders, namely Mr. Xu, Mr. Luo, Haiyi, Intrend Ventures and Zhong Cheng entered into the Deed of Non-competition in favour of the Company, pursuant to which they undertook to the Company, inter alia, not to carry on, participate in, hold, engage in, acquire or operate, or to provide any form of assistance to any person, firm or company (except members of the Group) to conduct any business which, directly or indirectly, competes or may compete with the business carried on by the Group from time to time. Upon the execution of the Termination Deed on 16 December 2022, Mr. Luo and Zhong Cheng ceased to be controlling shareholders of the Company and would no longer be bound by the Deed of Non-competition, whereas Mr. Xu, Haiyi and Intrend Ventures will continue to be bound by the Deed of Non-competition notwithstanding the execution of the Termination Deed.

Details of the Deed of Non-competition are set out in the paragraph headed "Relationship with our Controlling Shareholders – Non-competition undertakings" in the Prospectus.

DIRECTORS' REPORT

Each of the Controlling Shareholders, namely Mr. Xu, Haiyi and Intrend Ventures has provided written confirmation to the Company that, for the year ended 31 December 2025, each of the Controlling Shareholders has complied with the non-competition undertakings (the "Undertakings") given under the Deed of Non-competition.

Upon receiving the above confirmations, the independent non-executive Directors of the Company had reviewed the same as part of the annual examination. In determining whether the Controlling Shareholders had fully complied with the Undertakings, the independent non-executive Directors noted that (a) the Controlling Shareholders declared that they had fully complied with the Undertakings; (b) no new competing business was reported by the Controlling Shareholders for the year ended 31 December 2025; and (c) there was no particular situation rendering the full compliance of the Undertakings being questionable. In view of the above, the independent non-executive Directors confirmed that the Controlling Shareholders had fully complied with the Deed of Non-competition for the year ended 31 December 2025.

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group undertaken in the normal course of business are set out in note 33 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group had the following continuing connected transactions:

On 1 August 2022, the Group entered into a lease agreement with Hua Jin Holdings, the landlord, to renew the continual use of the office in Singapore at a monthly rental of S\$5,000 for a term of two years commencing from 1 August 2022. On 1 August 2024, the Group renewed the lease agreement (the "Lease Agreement A") with the landlord at the same monthly rental of S\$5,000 for a term of two year commencing from 1 August 2024. Mr. Xu holds the entire equity interest of Hua Jin Holdings and is a director of Hua Jin Holdings. As Mr. Xu is an executive Director and the Controlling Shareholder, Hua Jin Holdings is a connected person pursuant to the Listing Rules. The same monthly rent of the lease was determined after arm's length negotiation between the parties with reference to the market rent of the office as assessed by the previous valuation as assessed by an independent property consultant.

On 15 December 2023, the Group entered into a lease agreement with Oriental Surplus Link, the landlord, to rent a residential premise located at Sai Kung, Hong Kong as staff quarter at a monthly rental of HK\$56,000 for a term of one year commencing from 15 December 2023 and extended for one year further. On 15 December 2025, the Group renewed the lease agreement (the "Lease Agreement B") with the landlord at the same monthly rental of HK\$56,000 for a term of one year commencing from 15 December 2025. Mr. Xu holds the entire equity interest of Oriental Surplus Link and is a director of Oriental Surplus Link. As Mr. Xu is an executive Director and the Controlling Shareholder, Oriental Surplus Link is a connected person pursuant to the Listing Rules. The monthly rent of the lease was determined after arm's length negotiation between the parties with reference to the then current market rent payable at the time for similar properties in the vicinity.

DIRECTORS' REPORT

As the relevant applicable percentage ratios with respect to the transaction contemplated under the Lease Agreement A and the Lease Agreement B on an annual basis are less than 5% and the aggregate consideration for the transaction is less than HK\$3 million, pursuant to Rule 14A.76(1) of the Listing Rules, such transactions constitute de minimis continuing connected transactions which are fully exempt from the relevant reporting, announcement and Shareholders' approval requirements.

The above continuing connected transactions have been reviewed by our independent non-executive Directors who have confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) in accordance with the agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

The Company confirms that it has complied with the disclosure requirement in accordance with Chapter 14A of the Listing Rules in respect of the above continuing connected transactions.

CONNECTED TRANSACTIONS

During the year ended 31 December 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, Mr. Chen Chunniu and Mr. Xu Jianhong respectively.

The Company confirms that it has complied with the disclosure requirement in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

TAX RELIEF

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holdings of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

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 year ended 31 December 2025.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its Shareholders as a whole. The Company has adopted and committed to the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules and has prepared the corporate governance report, which is set out in the section headed "Corporate Governance Report" on pages 19 to 37 of this annual report. The Board will continue to review and monitor the practices of the Company with an aim to maintaining the highest standard of corporate governance.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Our PRC subsidiaries are subject to the PRC national and local environmental laws, regulations and rules including, among others, the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》). Our production process generates noise, liquid waste, industrial waste water and metropolitan waste water. We consider protection of the environment to be important and have implemented measures such as neutralising the waste water before disposal and recycling of the waste water. Our Directors believe that we have adopted effective measures to prevent and control pollution to the environment. During the year of 2025, we did not receive any complaint from our customers or any other parties in respect of any environmental protection issues, and we have not experienced any material environmental incidents arising from our production activities. During the year of 2025 no material administrative sanctions or penalties were imposed upon us for the violation of environmental laws or regulations which had an adverse impact on our operations. Our PRC subsidiaries have obtained the environmental permit necessary to conduct our business and have complied with the relevant environmental laws and regulations in the PRC in all material respects.

As required by the Listing Rules, the Company is required to report on environmental, social and governance ("ESG") information ("ESG Information") on an annual basis and regarding the same period covered in this annual report. The Company's ESG report for the year ended 31 December 2025 is published on the respective websites of the Company and the Stock Exchange on or around 29 April 2026.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company is listed on the main board of the Stock Exchange. The Group accordingly shall comply with relevant laws and regulations in the PRC and Hong Kong and the respective places of incorporation of the Company and its subsidiaries.

During the year of 2025 and up to the date of this annual report, saved as disclosed in this report the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

As at 31 December 2025, the Company has one class of shares in issue, which ranks 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 available information to the Company and within the knowledge of the Directors as at the date of this annual 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 public as at 31 December 2025. For the information on the composition of ownership of the Company's ordinary shares listed on 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".

AUDITOR

On 29 December 2025, the Company has appointed KTC Partners CPA Limited as the auditor of the Company for the year ended 31 December 2025. The financial statements of the Company for the year ended 31 December 2025 have been audited by KTC Partners CPA Limited.

The Board, with the recommendation from the Audit Committee, has resolved to appoint KTC Partners CPA Limited ("KTC") as the new auditor of the Company with effect from 29 December 2025, to fill the vacancy following the resignation of Deloitte Touche Tohmatsu. Save as disclosed above, there was no other change of auditors of the Company in the preceding years. For details, please refer to announcements dated 29 December 2025 and 10 February 2026.

KTC will hold office until the conclusion of the forthcoming Annual General Meeting. KTC will retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KTC as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Xu Songqing

Chairman

Hong Kong, 31 March 2026

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF
HUAJIN INTERNATIONAL HOLDINGS LIMITED
華津國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Huajin International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 151, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3.1 to the consolidated financial statements, which mentions that the Group reported a net loss of approximately RMB1,271,624,000 for the year ended 31 December 2025, and as at 31 December 2025, the Group was in net liabilities position of approximately RMB847,862,000 and net current liabilities position of approximately RMB1,211,601,000. In addition, the Group is reliant on the renewal and extension of its borrowings. These events and conditions indicate the existence of a material uncertainty which may cast doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters

How our audit addressed the key audit matter

Impairment assessment of the property, plant and equipment

We identified the impairment assessment of the property, plant and equipment relating to the Group's business of sales of processed steel products and galvanized steel products and terminal operations and provision of port and port-related services, as a key audit matter as significant judgement by the management and estimates are required to assess the amount of impairment of these assets.

As disclosed in Notes 4 and 13 to the consolidated financial statements, the management of the Group performed an impairment assessment of the property, plant and equipment during the year ended 31 December 2025. As at 31 December 2025, the aggregate carrying amount of the property, plant and equipment was RMB1,571,382,000, after recognising impairment loss of approximately RMB288,380,000 during the year. The management of the Group determined the recoverable amounts of the property, plant and equipment using different valuation approaches depending on the nature and characteristics of the assets. For assets relating to the steel processing business, recoverable amounts were determined based on value in use calculations using discounted cash flow models. For port and terminal facilities, recoverable amounts were determined based on fair value less costs of disposal, taking into account the current physical condition of the assets, construction cost benchmarks and utilisation assumptions.

Based on the management's assessment, impairment loss of RMB288,380,000 in respect of the property, plant and equipment has been recognised in profit or loss for the year ended 31 December 2025.

Our procedures in relation to management's impairment assessment of the property, plant and equipment included:

- Understanding the key controls over the management of the Group's impairment assessment process, including impairment assessment model and key inputs;
- Evaluating the independent qualified professional valuer's competence, capabilities and objectivity;
- Engaging auditor's valuation specialists to assess the appropriateness of the impairment assessment model and the discount rate used by the management of the Group;
- Assessing the reasonableness of the key inputs used by the management of the Group in determining the value in use, with reference to the historical performance and market data; and
- Evaluating the assumptions used in estimating the fair value of the assets, including construction cost benchmarks and utilisation assumptions.

INDEPENDENT AUDITOR'S REPORT

Key audit matters (continued)

Impairment of trade and other receivables

We identified impairment assessment of trade and other receivables as a key audit matter due to the significance of trade and other receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") under HKFRS 9 of the Group's trade and other receivables at the end of the reporting period.

As disclosed in Note 16 to the consolidated financial statements, the Group's net trade and other receivables amounting to approximately RMB448,216,000 have been arrived at after netting off ECL on trade and other receivables amounted to approximately RMB56,271,000 as at 31 December 2025.

As disclosed in Note 35 to the consolidated financial statements, the management of the Group estimates the amount of ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. Other receivables are assessed for ECL on an individual basis, taking into account the specific credit risk characteristics of each counterparty. In addition, trade and other receivables that are credit-impaired are assessed for ECL individually. The loss allowance amount of the credit-impaired trade and other receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on 31 March 2025.

How our audit addressed the key audit matter

Our procedures in relation to management impairment of trade and other receivables included:

- i) Obtain an understanding of the key controls over management's assessment of the impairment of trade and other receivables;
- ii) Evaluating the independent valuer's competence, capabilities and their experiences in conducting valuation of ECL;
- iii) Assess the estimated default rates and loss given default applied by management in the ECL calculation, by considering the nature and credit profile of different customer base and the appropriateness of data used;
- iv) Assess current conditions and the forward-looking factors considered by management in the assessment by referencing to macroeconomic, industry and market information;
- v) Test, on a sample basis, the accuracy of the ageing of the trade and other receivables to invoices and other supporting evidence; and
- vi) Test, on a sample basis, settlement made by the customers and debtors subsequent to year end.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KTC Partners CPA Limited

Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph

Audit Engagement Director

Practising Certificate number: P04686

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	5	861,273	5,896,669
Cost of sales		(1,499,959)	(5,864,998)
Gross (loss) profit		(638,686)	31,671
Other income, other gains and (losses), net	6	(7,661)	65,388
(Provision for) reversal of impairment losses of trade and other receivables under ECL model		(54,087)	1,201
Impairment losses on property, plant and equipment		(288,380)	–
Selling expenses		(29,323)	(42,197)
Administrative expenses		(65,736)	(73,497)
Loss before investment gain (loss), net finance costs and taxation		(1,083,873)	(17,434)
Investment gain (loss)		3,429	(2,296)
Finance income	7	1,573	4,783
Finance costs	7	(142,259)	(101,306)
Finance costs, net	7	(140,686)	(96,523)
Loss before taxation		(1,221,130)	(116,253)
Income tax (expense) credit	8	(50,494)	25,033
Loss for the year	9	(1,271,624)	(91,220)
Other comprehensive expense			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity investments designated at fair value through other comprehensive income (“FVTOCI”), net of income tax		–	(270)
Other comprehensive expense for the year, net of income tax		–	(270)
Total comprehensive expense for the year		(1,271,624)	(91,490)
Loss for the year attributable to:			
Owners of the Company		(1,271,422)	(91,026)
Non-controlling interests		(202)	(194)
		(1,271,624)	(91,220)
Total comprehensive expense attributable to:			
Owners of the Company		(1,271,422)	(91,296)
Non-controlling interests		(202)	(194)
		(1,271,624)	(91,490)
Loss per share	12		
– Basic (RMB cents)		(211.90)	(15.17)
– Diluted (RMB cents)		(211.90)	(15.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,571,382	1,878,583
Right-of-use assets	14	237,149	243,780
Deposits paid for acquisition of property, plant and equipment		35,895	50,622
Equity investments designated at FVTOCI	17	–	1,405
Restricted bank deposits	18	–	10,000
Deferred tax assets	26	–	43,653
		1,844,426	2,228,043
CURRENT ASSETS			
Inventories	15	30,958	308,467
Trade, bills and other receivables	16	448,216	963,668
Tax recoverable		–	11,775
Restricted bank deposits	18	11,049	169,431
Bank balances and cash	19	5,670	35,268
		495,893	1,488,609
CURRENT LIABILITIES			
Trade, bills and other payables and accrued expenses	20	577,396	423,414
Contract liabilities	21	173,333	340,912
Tax payables		–	371
Amounts due to related parties	22	2,670	3,177
Borrowings – due within one year	23	953,379	1,473,822
Lease liabilities	24	716	1,426
		1,707,494	2,243,122
NET CURRENT LIABILITIES		(1,211,601)	(754,513)
TOTAL ASSETS LESS CURRENT LIABILITIES		632,825	1,473,530
NON-CURRENT LIABILITIES			
Borrowings – due more than one year	23	1,311,255	1,036,621
Lease liabilities	24	7,638	8,197
Other payables	20	160,144	–
Deferred income	25	1,650	4,950
		1,480,687	1,049,768
NET (LIABILITIES) ASSETS		(847,862)	423,762
CAPITAL AND RESERVES			
Share capital	27	4,999	4,999
Reserves		(854,389)	417,033
(Deficit) equity attributable to owners of the Company		(849,390)	422,032
Non-controlling interests		1,528	1,730
TOTAL (DEFICIT) EQUITY		(847,862)	423,762

The consolidated financial statements on pages 75 to 151 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

Mr. Xu Songqing
Director

Mr. Xu Jianhong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company										
	Share capital <i>RMB'000</i> <i>(note 27)</i>	Share premium <i>RMB'000</i>	Statutory reserve <i>RMB'000</i> <i>(note 1)</i>	Capital reserve <i>RMB'000</i>	Share-based payments reserve <i>RMB'000</i>	Fair value reserve of equity investments designated at FVTOCI <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Retained profits (accumulated losses) <i>RMB'000</i>	Subtotal <i>RMB'000</i>	Non-controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	4,999	184,003	65,728	63,840	9,448	(410)	(5,012)	190,229	512,825	1,924	514,749
Loss for the year	-	-	-	-	-	-	-	(91,026)	(91,026)	(194)	(91,220)
Other comprehensive expense for the year	-	-	-	-	-	(270)	-	-	(270)	-	(270)
Total comprehensive expense for the year	-	-	-	-	-	(270)	-	(91,026)	(91,296)	(194)	(91,490)
Recognition of equity-settled share-based payments	-	-	-	-	503	-	-	-	503	-	503
Transfer upon disposal of equity investments designated at FVTOCI	-	-	-	-	-	680	-	(680)	-	-	-
At 31 December 2024	4,999	184,003	65,728	63,840	9,951	-	(5,012)	98,523	422,032	1,730	423,762
Loss for the year	-	-	-	-	-	-	-	(1,271,422)	(1,271,422)	(202)	(1,271,624)
Total comprehensive expense for the year	-	-	-	-	-	-	-	(1,271,422)	(1,271,422)	(202)	(1,271,624)
Lapse of share options	-	-	-	-	(3,976)	-	-	3,976	-	-	-
At 31 December 2025	4,999	184,003	65,728	63,840	5,975	-	(5,012)	(1,168,923)	(849,390)	1,528	(847,862)

Notes:

- (i) Amount represents statutory reserve of the Group's subsidiaries in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the Group's subsidiaries in the PRC are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTE	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Loss before taxation		(1,221,130)	(116,253)
Adjustments for:			
Depreciation of property, plant and equipment		7,308	2,500
Depreciation of right-of-use assets		6,905	5,827
Loss on disposal of property, plant and equipment		8,009	–
Gain on deemed disposal of a subsidiary		–	(7,765)
Loss on disposal of equity investments designated at FVTOCI		905	–
Write-down of inventories		12,744	4,854
Provision for (reversal) of impairment losses of trade and other receivables under expected credit loss (“ECL”) model		54,087	(1,201)
Impairment losses on property, plant and equipment		288,380	–
Gain on termination of lease		(101)	–
Interest income		(1,573)	(4,783)
Interest expense		142,259	101,306
Release of deferred income		(3,300)	(3,300)
Share-based payments expenses		–	503
Investment loss on financial assets at fair value through profit or loss (“FVTPL”)		–	2,296
Operating cash flows before movements in working capital		(705,507)	(16,016)
Decrease in inventories		365,104	94,398
Decrease (Increase) in trade, bills and other receivables		148,981	(750,109)
Increase in trade, bills and other payables and accrued expenses		27,964	9,993
Increase (Decrease) in contract liabilities		43,774	(245,932)
Cash used in operations		(119,684)	(907,666)
Income tax refund/(paid)		4,563	(7,094)
NET CASH USED IN OPERATING ACTIVITIES		(115,121)	(914,760)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>NOTE</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
INVESTING ACTIVITIES			
Deposit paid for acquisition and purchase of property, plant and equipment		(85,256)	(394,211)
Decrease in restricted bank deposits		168,382	68,284
Net cash outflow on deemed disposal of a subsidiary	32	–	(93)
Proceeds from disposal of equity investments designated at FVTOCI		500	–
Upfront payments for right-of-use assets		–	(72,906)
Proceeds from disposal of property, plant and equipment		3,138	8,254
Settlements of derivative financial instruments		–	(2,296)
Interest received		1,573	4,783
NET CASH FROM (USED IN) INVESTING ACTIVITIES		88,337	(388,185)
FINANCING ACTIVITIES			
New borrowings raised		642,956	2,662,520
(Repayment to) Advance from related parties		(507)	363
Repayment of borrowings		(576,364)	(1,292,650)
Interest paid		(66,976)	(128,450)
Repayment of lease liabilities		(1,939)	(1,911)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(2,830)	1,239,872
NET DECREASE IN CASH AND CASH EQUIVALENTS		(29,614)	(63,073)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		35,268	98,386
EFFECTS OF EXCHANGE RATE CHANGES		16	(45)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH		5,670	35,268

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

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 holding company is Haiyi Limited, a company incorporated in the British Virgin Islands and its ultimate holding company is Intrend Ventures Limited, a company incorporated in the British Virgin Islands. The ultimate controlling shareholder of the Company is by Mr. Xu Songqing (“Mr. Xu”) who is also an executive director and chairman of the Company.

The principal activity of the Company is investment holding. The Group’s principal subsidiaries, including Inter Consortium Holdings Limited, Jiangmen Huajin Metal Product Company Limited, Jiangmen Huamu Metals Company Limited and Jiangmen Huajin Metal Trading Co., Ltd., are engaged in the processing and sales of cold-rolled steel products and galvanized steel products and terminal operations and provision of port and related services. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and principal place of business in Hong Kong is Unit 4, 20/F, New Trend Centre, 704 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (“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 consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

(Continued)

The Group has not early applied the following new and amendments to HKFRSs Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to HKFRS 19	Amendments to subsidiaries without Public Accountability: Disclosures ³
HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The Group reported a net loss of approximately RMB1,271,624,000 for the year ended 31 December 2025, and as at 31 December 2025, the Group was in net liabilities position of approximately RMB847,862,000 and net current liabilities position of approximately RMB1,211,601,000. In addition, the Group is reliant on the renewal and extension of its borrowings. These events and conditions indicate the existence of a material uncertainty which may cast doubt about the Group’s ability to continue as a going concern.

The directors of the Company are of the view that the Group will be able to raise adequate funds to enable it to operate as a going concern, based on the business forecasts and cash flow projections which, inter alia, take into account the past actual operating performance of the Group and the plans and measures as follows:

- (i) The Group expects that the existing banking facilities made available by various banks to finance its operations will continue to be renewed on terms similar to those currently in place, having regard to the Group’s past renewal experience.
- (ii) Subsequent to 31 December 2025, the Group entered into a letter of intent for the disposal of its terminal port and the related ancillary assets.
- (iii) The directors anticipate that the Group will be able to generate positive operating cash flows in the foreseeable future.
- (iv) The Group will implement cost-saving and other cash management measures to preserve liquidity and maintain adequate cash flows for its operations.

The directors of the Company are in the opinion that, based on the assumption that the plans and measures for future actions described as the above, the consolidated financial statements would improve the liquidity and financial position of the Group, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025 and would be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

However, should the above financing be unavailable or the eventual outcome of the above matters be unsuccessful or unfavorable to the Group, the Group may be unable to continue as a going concern, in which case adjustments might have to be made to the carrying values of the Group's assets to write down to their realisable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The directors of the Company have, at the time of approving the 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 for accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportional share of net assets of the relevant subsidiaries upon liquidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5 and 21.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date and any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments less any lease incentives receivable;

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

Lease liabilities *(Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share capital/share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of HKAS 2.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and deposits paid for acquisition of property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and deposits paid for acquisition of property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and deposits paid for acquisition of property, plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in selling expense.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life if the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve of equity investments designated at FVTOCI; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and is transferred to retained profits.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets which are subject to impairment assessment under HKFRS 9 (including trade, bills and other receivables, restricted bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped by considering the following factors:

- Nature of financial instruments;
- Past-due status;
- Nature and size of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL *(Continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognised a financial asset only when the contractual rights to the cash flows from the assets expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises the collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of property, plant and equipment

The domestic economy continues to face significant uncertainties in current year, the Group is experiencing negative conditions including mainly decreased revenue and incurring loss for the year. Certain property, plant and equipment are related to the Group's business of sales of processed steel products and galvanized steel products and terminal operations and provision port and port-related services. The management of the Group concluded there were indications for impairment and conducted impairment assessment on the recoverable amounts of the property, plant and equipment. As at 31 December 2025, the aggregate carrying amount of the property, plant and equipment was RMB1,571,382,000, after taking into account the impairment of RMB288,380,000, that have been recognised.

In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key inputs to be applied in estimating the value in use including cash flow projection and an appropriate discount rate. For assets measured based on fair value less costs of disposal, judgement is also required in estimating fair value, taking into account the physical condition and economic utilisation of the assets. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections and fair value assumptions, could materially affect the recoverable amounts. The details of impairment assessment are set out in Note 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Allowance for credit losses on trade receivables from contracts with customers

The Group involved independent and professional qualified valuer for the ECL estimation. The lifetime ECL of trade receivables was estimated collectively based on shared credit risk characteristics, taken into account the nature of the customer and its aging profile. The ECL rate estimation is based on the aging and the historical settlement pattern of the debtors and is adjusted by forward-looking information. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 16 and 35 to the consolidated financial statements.

Provision of ECL for other receivables

The Group calculates the ECL for other receivables by grouping the counterparties with similar credit risk characteristics under general approach. The provision rates are based on internal credit rating and taking into consideration forward-looking information that is reasonable and supportable available without undue costs of effort. At every reporting date, changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's other receivables are disclosed in Notes 16 and 35 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated provision for inventories

The management of the Group considers, whilst the contracted selling prices of the Group's processed steel products and galvanized steel products are negotiated according to the market conditions with reference to its costs of inventories, the trends of the market prices of steels are out of the control of the Group and thus imposed pressures to the net realisable values of its inventories. The management of the Group reviews the net realisable values of the inventories at the end of the reporting period based primarily on the latest invoice prices and current market conditions, less the estimates costs of completion and costs necessary to make the sale for the products (if any), to determine if any write-off or provision to write down inventories to their net realisable values is necessary. Where the actual net realisable values of the inventories are less than expected, a material provision may arise. As at 31 December 2025, the inventories amounted to RMB30,958,000 (2024: RMB308,467,000), net of write-down of RMB17,598,000 (2024: RMB4,854,000).

5. 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. Chen Chunniu ("Mr. Chen"), being the chief operating decision maker (the "CODM"), in order to allocate resources to segments and to assess their performance. The Group is primarily engaged in the production and sales of cold-rolled steel products and galvanized steel products and terminal operations and provision of port and port-related services. During the year ended 31 December 2025, the Group reassessed its operating segments based on the internal management reports reviewed by the CODM for performance evaluation and resource allocation. Following changes in the Group's internal reporting structure, the CODM separately monitors the performance of (i) the steel products business and (ii) the terminal and port-related services business. These businesses differ in terms of nature of operations, revenue streams and cost structures. Therefore, for the year ended 31 December 2025, the management considers that the Group has two operating segments. During the year ended 31 December 2024, the CODM assessed the operating performance and made decisions concerning allocation of resources of the Group based on financial information about the operating results of the Group as a whole. Accordingly, the Group determined it had only one operating segment in the year ended 31 December 2024. Comparative information for segment reporting purposes have not been restated as the information is not available without incurring excessive cost to develop such comparative segment information. The Group mainly operates in the PRC and the Group's non-current assets are also mainly located in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group's sales of cold-rolled steel products and galvanized steel products is recognised at a point in time when control of the goods has transferred, being when the goods have been shipped or delivered to the customers' specific locations or when the goods are collected by customers at the Group's production plants at their choice. The payment terms and credit terms (if any) are set out in Note 16. The Group's processing services business primarily involves the provision of steel processing services, including cutting, galvanising and other value-added treatments on steel products based on customer specifications. Revenue from the processing services business is recognised at a point in time when the processing services are completed and control of the processed goods is transferred to the customers, which is generally upon delivery or collection by the customers. The Group's product warranty typically requires it to produce products free from defects in material and workmanship and in conformity with specifications of the customers. If the Group fails to meet the product requirements, its customers may return such non-conforming products within 15 days and the Group shall repair or replace such products free of charge.

Revenue for terminal operations and provision of port and port-related services (including loading and unloading of cargos, bulk cargo handling services, customer handling, storage and other ancillary services) are recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance. Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Revenue is measured using an output method based on services performed, with reference to cargo handling volume and service activities completed, which faithfully depicts the Group's performance.

Disaggregation of revenue from contracts with customers by types of goods and services are as follow:

Segments	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of cold-rolled steel products		
– steel strips and sheets	377,221	2,932,691
– welded steel tubes	23,110	135,478
Sales of galvanized steel products	208,550	2,062,604
Sales of hot-rolled steel products and others	78,350	566,262
Processing income	131,488	186,579
Terminal operations and provision of port and related services	42,554	13,055
	861,273	5,896,669

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers by timing of recognition of revenue:

For the year ended 31 December 2025

	Sales of cold-rolled steel products and galvanized steel products <i>RMB'000</i>	Processing services <i>RMB'000</i>	Terminal operation and provisions of port and port-related services <i>RMB'000</i>	Total <i>RMB'000</i>
At a point of time	687,231	131,488	–	818,719
Over time	–	–	42,554	42,554
	687,231	131,488	42,554	861,273

For the year ended 31 December 2024

	Sales of cold-rolled steel products and galvanized steel products <i>RMB'000</i>	Processing services <i>RMB'000</i>	Terminal operation and provisions of port and port-related services <i>RMB'000</i>	Total <i>RMB'000</i>
At a point of time	5,697,035	186,579	–	5,883,614
Over time	–	–	13,055	13,055
	5,697,035	186,579	13,055	5,896,669

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC (including Hong Kong)	858,698	5,843,772
Southeast Asia	2,575	52,897
	861,273	5,896,669

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)***Information about major customer**

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the year as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Customer A	113,293	N/A
Customer B	97,969	848,703

The revenue from the above major customers is derived primarily from the sales of steel products and processing services segment.

Segment information

Information reported to the Group's chief operating decision makers ("CODM"), being the directors of the Company, for the purpose of resource allocation and assessment of segment performance, is based on the nature of the Group's business activities. Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" in the current year are as follows:

- Sales of cold-rolled steel products and galvanized steel products and processing services; and
- Terminal operations and provision of port and port-related services.

The following is an analysis of the Group's revenue and results by reportable segments:

	For the year ended 31 December 2025		Total <i>RMB'000</i>
	Sales of cold-rolled steel products and galvanized steel products and processing services <i>RMB'000</i>	Terminal operations and provision of port and port-related services <i>RMB'000</i>	
Segment revenue	818,719	42,554	861,273
Segment loss	(1,193,997)	(23,428)	(1,217,425)
Unallocated other income and gains			185
Unallocated corporate expenses and losses			(3,890)
Loss before taxation			(1,221,130)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION *(Continued)***Segment information** *(Continued)*

Segment loss represents the loss incurred from each segment without allocation of unallocated other income and gains, and corporate expenses and losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

All of the segment revenue reported above is from external customers.

The following is an analysis of the Group's assets by reportable and operating segments:

	2025 RMB'000
Sales of cold-rolled steel products and galvanized steel products and processing services	1,464,297
Terminal operations and provision of port and port-related services	855,826
Total segment assets	2,320,123
Unallocated	20,196
Consolidated total assets	2,340,319

For the purposes of monitoring segment performance and allocating resources, all assets are allocated to operating segments other than those assets managed on group basis, such as equity investments designated at FVTOCI, certain other receivables, prepayments and deposits and certain cash and cash equivalents. No analysis of the Group's liabilities by operating segments is disclosed as they are not regularly provided to the CODM for review.

Comparative segment information for 2024 has not been restated as it is impracticable to do so, as the necessary financial information was not previously captured and reported to the CODM on a disaggregated basis.

The current year's reportable segments are determined based on the information regularly reviewed by the CODM and are consistent with the Group's internal management reporting structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OTHER INCOME, OTHER GAINS AND (LOSSES), NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Extra deduction of value-added tax ("VAT") (<i>note i</i>)	15	47,200
Gain on deemed disposal of a subsidiary (<i>Note 32</i>)	–	7,765
Government grants (<i>notes ii, iii</i>)	3,304	3,440
Rental income	55	2,561
Penalty income	–	3,594
Net foreign exchange (losses) gain	(3,030)	444
Loss on disposal of property, plant and equipment	(8,009)	–
Loss on disposal of equity investments designated at FVTOCI	(905)	–
Gain on termination of lease	101	–
Others	808	384
	(7,661)	65,388

Notes:

- (i) According to the State Taxation Administration of the PRC, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the deductible input tax from the VAT payable.
- (ii) Grants amounting to RMB33,000,000 were recorded as a deferred income in previous years as details are set out in Note 25, of which RMB3,300,000 (2024: RMB3,300,000) has been recognised in the profit or loss for the year ended 31 December 2025.
- (iii) Incentives received from the PRC local authorities by the Group as encouragement of its business development amounting to RMB4,000 (2024: RMB140,000) are recognised in the profit or loss for the year ended 31 December 2025 for the purpose of giving immediate financial support to the Group with no future related costs expected to be incurred nor related to any assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. FINANCE INCOME AND COSTS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Finance costs:		
– Interest expense on bank borrowings, net of amounts capitalised in the cost of qualifying assets of nil (2024: RMB27,144,000)	(101,392)	(85,171)
– Interest expense on other borrowings	(16,854)	(15,675)
– Interest expense on lease liabilities	(474)	(460)
– Interest expense on overdue payables	(23,539)	–
	(142,259)	(101,306)
Finance income:		
– Interest income from bank deposits	1,573	4,783
Finance costs, net	(140,686)	(96,523)

During the year ended 31 December 2024, borrowing costs from certain bank borrowings were capitalised to expenditure on construction in progress at a weighted average rate of 5.34% (2025: nil).

8. INCOME TAX EXPENSE (CREDIT)

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”)		
– Current year	–	382
– Under-provision in prior years	6,841	–
Current tax charge	6,841	382
Deferred tax (<i>Note 26</i>)	43,653	(25,415)
	50,494	(25,033)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. INCOME TAX EXPENSE (CREDIT) (Continued)

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before taxation	(1,221,130)	(116,253)
Tax at the EIT rate of 25% (2024: 25%)	(305,282)	(29,063)
Tax effect of expenses not deductible for tax purpose	43,994	489
Tax effect of tax losses not recognised	213,657	3,078
Tax effect on temporary difference not recognised	8,113	–
Under-provision in prior years	6,841	–
Derecognition of previously recognised deferred tax assets	43,653	–
Utilisation of tax losses previously not recognised	–	(140)
Withholding tax on earnings of subsidiaries	–	(1,373)
Income tax at concessionary rate	38,976	4,620
Effect of super deduction of research and development cost	–	(2,940)
Effect of different tax rates of subsidiaries operating in other jurisdictions	542	296
Income tax expense (credit) for the year	50,494	(25,033)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Singapore corporate tax is calculated at 17% of the estimated assessable profit for both years.

PRC EIT is calculated based on the statutory rate of 25% of the assessable profit for those subsidiaries established in the PRC, as determined in accordance with the relevant enterprise income tax law, implementation rules and notices in the PRC, except for as set out below.

Two major subsidiaries established in the PRC are approved as enterprises that satisfied the conditions as high and new technology enterprises and obtained the Certificates of High and New Technology Enterprises (the "HNTE Certificates") enjoying the preferential enterprise income tax rate of 15% for a consecutive three calendar years from 2022 to 2024. During 2025, the two relevant subsidiaries have renewed and obtained the HNTE Certificates and the concessionary tax rate of 15% continue to be applied for a consecutive three calendar years from 2025 to 2027.

10% withholding income tax is generally imposed on dividends declared in respect of profits earned by the Group's subsidiaries established in the PRC to its subsidiary incorporated in Hong Kong, which entitles a reduced withholding income tax rate of 5% according to the PRC tax regulations when it is qualified as a Hong Kong tax resident.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. LOSS FOR THE YEAR

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year has been arrived at after charging (crediting):		
Directors' remuneration (<i>Note 10</i>)		
– fees	673	475
– other emoluments, salaries, allowances and other benefits	1,083	1,256
– equity-settled share-based payments	–	144
– retirement benefit scheme contributions	42	113
	1,798	1,988
Staff salaries, allowances and other benefits	83,762	122,980
Equity-settled share-based payments, excluding those of directors	–	349
Retirement benefit scheme contributions, excluding those of directors	17,030	17,925
Total employee benefit expenses	102,590	143,242
Auditor's remuneration		
– auditor of the Company	1,600	2,628
– non-audit services	622	816
– other auditors	538	606
Depreciation of property, plant and equipment	107,647	95,040
Less: amount capitalised as cost of inventories manufactured	(100,339)	(92,540)
	7,308	2,500
Depreciation of right-of-use assets	6,905	7,119
Less: amount capitalised as cost of construction in progress	–	(1,292)
	6,905	5,827
Cost of inventories recognised as an expense	1,499,959	5,864,998
– Raw materials and consumables used	1,091,401	5,860,144
– Forfeiture of commitment fees and deposits recorded in cost of sales	395,814	–
– Write-down of inventories	12,744	4,854
Loss on disposal of property, plant and equipment	8,009	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable by the Group to the directors and the chief executive of the Company during the years ended 31 December 2025 and 2024 are as follows:

For the year ended 31 December 2025

Name of directors	Fee <i>RMB'000</i>	Salaries, allowances and other benefits <i>RMB'000</i>	Equity- settled share-based payments <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:					
Mr. Xu	–	649	–	14	663
Mr. Luo (<i>note i</i>)	–	209	–	13	222
Mr. Chen Chunniu (<i>note ii</i>)	–	25	–	1	26
Mr. Xu Songman (<i>note iii</i>)	–	109	–	–	109
Mr. Xu Jianhong (<i>note iv</i>)	–	91	–	3	94
Non-executive director:					
Mr. Xu Jianhong (<i>note iv</i>)	277	–	–	11	288
Independent non-executive directors:					
Mr. Suen To Wai (<i>note v</i>)	46	–	–	–	46
Mr. Chan Oi Fat (<i>note vi</i>)	140	–	–	–	140
Mr. Ou Qiyuan	27	–	–	–	27
Ms. Yip Nga Ting Cerin (<i>note vii</i>)	183	–	–	–	183
	673	1,083	–	42	1,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)***(a) Directors' and chief executive's emoluments** *(Continued)***For the year ended 31 December 2024**

Name of directors	Fee	Salaries, allowances and other benefits	Equity- settled share-based payments	Retirement benefit scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Mr. Xu	–	572	36	87	695
Mr. Luo <i>(note i)</i>	–	228	36	13	277
Mr. Xu Songman <i>(note iii)</i>	–	228	36	–	264
Mr. Xu Jianhong <i>(note iv)</i>	–	228	36	13	277
Independent non-executive directors:					
Mr. Goh Choo Hwee <i>(note viii)</i>	91	–	–	–	91
Mr. Suen To Wai <i>(note v)</i>	183	–	–	–	183
Mr. Ou Qiyuan	110	–	–	–	110
Ms. Yip Nga Ting Cerin <i>(note vii)</i>	91	–	–	–	91
	475	1,256	144	113	1,988

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive director's emolument shown above was for his/her services as a director of the Company.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)***(a) Directors' and chief executive's emoluments** *(Continued)**Notes:*

- (i) Mr. Luo was also the chief executive of the Group and his emoluments disclosed above included those for services rendered by him as the chief executive and resigned on 1 December 2025.
- (ii) Mr. Chen Chunniu was appointed as executive director and chief executive of the Group with effect from 1 December 2025.
- (iii) Mr. Xu Songman resigned as executive director on 22 June 2025.
- (iv) Mr. Xu Jianhong was re-designated from executive director to non-executive director on 17 April 2025.
- (v) The directorship of Mr. Suen To Wai was ended due to pass away on 28 February 2025.
- (vi) Mr. Chan Oi Fat was appointed as independent non-executive director with effect from 27 March 2025.
- (vii) Ms. Yip Nga Ting Cerin was appointed as independent non-executive director with effect from 1 July 2024.
- (viii) Mr. Goh Choo Hwee resigned as independent non-executive director on 27 June 2024.

(b) Emoluments of senior management:

Of the 16 (2024: 16) senior management of the Company for the year ended 31 December 2025, 5 (2024: 4) of them are directors of the Company and their remuneration has been disclosed in Note 10(a) above. The total emoluments of the remaining 11 (2024: 12) senior management are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, allowances and other benefits	3,411	4,075
Equity-settled share-based payments	–	349
Retirement benefit scheme contributions	199	214
	3,610	4,638

The emoluments fell within the following bands:

	2025	2024
Nil to HK\$1,000,000	11	11
HK\$1,000,001 to HK\$1,500,000	–	1
	11	12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

(c) Five highest paid individuals

The five highest paid individuals of the Group include 1 director (2024: 1 director) of the Company and 4 (2024: 4) senior managements for the year ended 31 December 2025 whose emoluments have been disclosed in Note 10(a) and (b) above.

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the directors of the Company, the chief executive, senior management of the Group, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company or the chief executive of the Group waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

11. DIVIDENDS

No dividends were recognised as distribution for both years.

No final dividend for the year ended 31 December 2025 was recommended by the directors.

12. LOSS PER SHARE

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	(1,271,422)	(91,026)
	2025	2024
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 <i>(note)</i>	—	—
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 the years ended 31 December 2025 and 2024 does not assume the exercise of the Company's share options because the exercise price of vested share options is higher than the average market price for shares during the year ended 31 December 2025, and the adjusted exercise price of unvested options and exercise price of vested share options are both higher than the average market price for shares during the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Manufacturing building <i>RMB'000</i>	Port and terminal building <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Furniture, fixture and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i> <i>(Note)</i>	Total <i>RMB'000</i>
COST							
At 1 January 2024	585,085	-	897,823	57,762	8,021	434,864	1,983,555
Additions	17,631	-	30,182	30,516	13,093	508,135	599,557
Transfer	42,376	-	96,675	60	-	(139,111)	-
Disposal of a subsidiary <i>(Note 32)</i>	(47,570)	-	-	-	-	-	(47,570)
Disposals	(8,049)	-	(631)	(45)	(158)	-	(8,883)
Exchange realignment	-	-	-	6	50	-	56
At 31 December 2024	589,473	-	1,024,049	88,299	21,006	803,888	2,526,715
Additions	106	-	7,797	11,952	9,987	70,141	99,983
Transfer	216,902	549,932	72,779	6,046	-	(845,659)	-
Disposals	(980)	-	(16,066)	(12)	(2,403)	-	(19,461)
Exchange realignment	-	-	-	(6)	(58)	-	(64)
At 31 December 2025	805,501	549,932	1,088,559	106,279	28,532	28,370	2,607,173
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	148,127	-	379,804	47,081	6,213	-	581,225
Provided for the year	24,311	-	57,931	11,282	1,516	-	95,040
Disposal of a subsidiary <i>(Note 32)</i>	(27,545)	-	-	-	-	-	(27,545)
Disposals	-	-	(448)	(31)	(150)	-	(629)
Exchange realignment	-	-	-	5	36	-	41
At 31 December 2024	144,893	-	437,287	58,337	7,615	-	648,132
Provided for the year	25,096	5,412	55,957	17,240	3,942	-	107,647
Disposals	(265)	-	(5,801)	(5)	(2,243)	-	(8,314)
Impairment	153,821	-	129,094	1,890	-	3,575	288,380
Exchange realignment	-	-	-	(6)	(48)	-	(54)
At 31 December 2025	323,545	5,412	616,537	77,456	9,266	3,575	1,035,791
CARRYING VALUES							
At 31 December 2025	481,956	544,520	472,022	28,823	19,266	24,795	1,571,382
At 31 December 2024	444,580	-	586,762	29,962	13,391	803,888	1,878,583

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis as follows:

Building	Over the shorter of the term of the lease or 20 years
Plant and machinery	7.3%–9.5% per annum
Furniture, fixture and equipment	9.5%–19.5% per annum
Motor vehicles	19%–33.3% per annum
Leasehold improvement	Over the shorter of the term of the lease and 3 years

All of the building are situated on land under medium-term lease and located in the PRC.

Details of property, plant and equipment pledged as securities for the Group's borrowings are set out in Note 30.

Note: As at 31 December 2025, the construction in progress includes an amount of RMB14,223,000 (2024: RMB630,132,000) related to port and port facilities as detailed in the announcement of the Company dated 14 March 2025. The directors considered that there is a valuation upward on the relevant port and port facilities, with reference to the valuation of their fair values performed by an independent professional valuer not connected to the Group, and therefore there is no impairment indicator to the relevant assets at the end of the reporting period.

Impairment assessment

The domestic economy continues to face significant uncertainties in current year, the Group is experiencing negative conditions including mainly decreased revenue and incurring loss for the year. The management of the Group concluded there were indications for impairment and conducted impairment assessment on the recoverable amounts of the property, plant and equipment. For the purpose of impairment assessment, the Group has identified cash-generating units ("CGUs") based on the nature of its operations, including steel production plants and port and terminal operations. As at 31 December 2025, the aggregate carrying amount of the property, plant and equipment was RMB1,571,382,000. The majority of the carrying amount of property, plant and equipment is attributable to the steel production CGU, while certain port and terminal assets are assessed separately using fair value less costs of disposal.

The recoverable amounts of the CGUs have been primarily determined by value in use calculations using discounted cash flow model on the basis of the CGUs to which the property, plant and equipment belong and performed by an independent qualified professional valuer not connected to the Group. The cash flow model is based on financial budgets approved by the management of the Group, with a pre-tax discount rate of 10.35%. The revenue growth rates applied in the cash flow projections for the first five-year forecast period range from -23.8% to 45.3%, and the expected gross profit margins range from 4.2% to 20.4%, which are determined by reference to the historical performance and the market development. The cash flow projection beyond the ten-year projection period is extrapolated using a declined growth rate of 11.5% per annum.

For certain assets, including port and terminal facilities, the recoverable amounts are determined based on fair value less costs of disposal, taking into account the physical condition of the assets, construction cost benchmarks and utilisation assumptions.

Based on the result of the impairment assessment, the management of the Group determined that the recoverable amount of the CGUs is lower than the aggregated carrying amount of the assets allocated. Based on the value in use calculation and fair value less costs of disposal, an impairment loss of RMB288,380,000 has been recognised against the carrying amount of property, plant and equipment. The directors have performed sensitivity analyses on key assumptions, including discount rates and growth rates, and consider that no reasonably possible change in these assumptions would cause the carrying amount to exceed the recoverable amount.

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For the year ended 31 December 2025

14. RIGHT-OF-USE ASSETS

	Sea use rights <i>RMB'000</i>	Leasehold lands <i>RMB'000</i>	Office premise and furniture <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2025				
Carrying amount	5,253	231,523	373	237,149
At 31 December 2024				
Carrying amount	5,365	237,239	1,176	243,780
For the year ended 31 December 2025				
Depreciation charge	112	5,699	1,094	6,905
For the year ended 31 December 2024				
Depreciation charge	112	5,574	1,433	7,119
Less: capitalised in qualifying assets	(112)	(1,180)	–	(1,292)
	–	4,394	1,433	5,827
2025				
<i>RMB'000</i>				
Total cash outflow for leases			–	75,277
Additions to right-of-use assets			551	75,008
2024				
<i>RMB'000</i>				

For both years, the Group leases sea use rights, leasehold lands and office premises and furniture for its operations. Lease contracts are entered into for initial term of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, lease liabilities of RMB569,000 are recognised with related right-of-use assets of RMB551,000 as at 31 December 2025 (2024: lease liabilities of RMB9,623,000 are recognised with related right-of-use assets of RMB9,384,000). The lease agreements entered into by the Group do not impose any covenants other than the security interests in the certain leased assets that are held by the lessor. Except for certain right-of-use assets pledged as securities for the Group's borrowings set out in Note 30, the remaining leased assets may not be used as security for borrowing purposes.

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For the year ended 31 December 2025

15. INVENTORIES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	14,004	50,098
Work in progress	16,586	244,191
Finished goods	368	14,178
	30,958	308,467

16. TRADE, BILLS AND OTHER RECEIVABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from contracts with customers	42,940	46,761
Less: Allowance for credit losses	(16,424)	(2,184)
	26,516	44,577
Bills receivables	–	112,592
Prepayments to suppliers	102,087	541,000
Value-added tax recoverable	145,580	127,988
Other prepayments, deposits and other receivables	174,033	137,511
	448,216	963,668

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB78,894,000.

The Group normally requires full payment upon delivery of goods. 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).

The Group generally makes prepayments to those suppliers in exchange of the price advantage of the hot-rolled steel, the main raw materials for production in the industry where the Group operates. It is a common industry practice as the steel price fluctuates greatly due to market influence. Fixing the steel price in advance is a cost-effective solution for the Group to manage the business efficiently.

The prepayments to suppliers represent the payments in advance to supplier for the purchase of raw materials. The Group assesses the recoverability of prepayments to suppliers at the end of each reporting period, taking into consideration of raw material purchase and utilisation plan. No impairment loss is recognised on the prepayments to suppliers as at 31 December 2025 and 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

The following is an aging analysis of trade receivables and bills receivables, net of allowance for credit losses, presented based on the invoice dates and bills maturity dates respectively at the end of each reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables:		
Within 30 days	15,681	31,583
31–60 days	439	6,040
61–90 days	591	–
91–120 days	1,234	447
121–180 days	2,621	4,747
181–365 days	1,338	920
Over 1 year	4,612	840
	26,516	44,577
Bills receivables:		
Within 30 days	–	28,666
31–60 days	–	19,356
61–90 days	–	11,077
91–120 days	–	18,329
121–180 days	–	35,164
	–	112,592

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit terms granted to customers are reviewed regularly. Trade receivables that are neither past due nor credit-impaired are assessed to have low credit risk based on the Group's historical default experience and forward-looking information; however, the amounts remain subject to expected credit loss assessment in accordance with HKFRS 9.

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB21,685,000 (2024: RMB8,235,000) which are past due as at the reporting date. Out of the past due balances, RMB14,039,000 (2024: RMB2,451,000) has been past due 90 days or more and is not considered as in default as the Group considered such balances could be recovered based on historical experience and taking into consideration of forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

Included in the Group's bills receivables are amounts of RMB111,990,000 (2025: nil) as at 31 December 2024 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 23) and trade payables (Note 20). These bills receivables are carried at amortised cost in the consolidated statement of financial position. All the bills receivables are with a maturity period of less than one year.

As at 31 December 2025 and 2024, the Group does not hold any collateral as security over these balances.

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of transferred asset	–	111,990
Carrying amount of associated bank borrowings	–	(103,163)
Carrying amount of associated trade payables	–	(8,827)
	–	–

During the year ended 31 December 2025 and 2024, certain transactions between subsidiaries of the Company arising from steel processing services were settled by bank bills. As at 31 December 2024, bills receivables held by two subsidiaries of the Company issued by other members of the Group of RMB122,300,000 (2025: nil) 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 bill receivables with full recourse.

Details of impairment assessment of trade, bills and other receivables are set out in Note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. EQUITY INVESTMENTS DESIGNATED AT FVTOCI**Equity investments designated at FVTOCI**

	2025 RMB'000	2024 RMB'000
Unlisted equity investments in the PRC, at fair value	–	1,405

The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

During the year ended 31 December 2024, the Group entered into a capital injection agreement with an independent third party, pursuant to which acquired 95% of the enlarged equity interest of the Group's previously a wholly-owned subsidiary in the PRC set out in Note 32. The Group's equity interests in this equity investments have been diluted to 5%. The fair value of the above equity investments on the date of deemed disposal was RMB1,405,000. The management of the Group elected to designate the investment as the equity instrument at FVTOCI as they believe that recognising short-term fluctuations in fair value of these investments in profit or loss is not consistent with the Group's strategy of holding the investment for long-term strategic purpose and realising its performance potential in the long run.

During the year ended 31 December 2025, the Group disposed the remaining equity investments designated at FVTOCI amounted to RMB1,405,000 to independent third party at a consideration of RMB500,000. The disposal was made as part of the Group's strategy to streamline its investment portfolio and reallocate resources to its core business operations.

18. RESTRICTED BANK DEPOSITS

Restricted bank deposits represent deposits pledged to banks for issue of bank bills on the Group's behalf and for secured bank borrowings, as set out in Note 30.

Restricted bank deposits carry interest at variable interest rates ranging from 0.35% to 1.50% (2024: 0.35% to 2.10%) per annum as quoted by the People's Bank of China as at 31 December 2025.

19. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Bank balances carry interest at variable rates which range from 0.01% to 0.35% (2024: 0.01% to 0.35%) per annum as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. TRADE, BILLS AND OTHER PAYABLES AND ACCRUED EXPENSES

	2025 RMB'000	2024 RMB'000
Trade payables (<i>note a</i>)	152,636	113,481
Bills payables (<i>note b</i>)	–	80,000
Accrued staff costs	14,949	24,060
Construction payables	60,367	144,248
Transportation fees payable	11,460	7,572
Other tax payables	6,080	22,384
Interest payable	77,728	2,919
Other payables and accrued expenses (<i>note c</i>)	414,320	28,750
	737,540	423,414
Less: amount due within one year shown under current liabilities	(577,396)	(423,414)
Amount shown under non-current liabilities	160,144	–

Notes:

- (a) As at 31 December 2024, included in the amounts was RMB8,827,000 (2025: nil) related to the trade payables in which the Group has endorsed bills to the relevant suppliers. The details are set out in Note 16.
- (b) These relate to the amounts in which the Group has issued bills to the relevant suppliers and were not yet matured as at 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 consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.
- (c) Included in other payables are balances of RMB211,353,000 arising from settlement arrangements with certain creditors and counterparties, which were originally recognised as contract liabilities and subsequently reclassified upon restructuring during the year ended 31 December 2025, and have been restructured with extended repayment terms and are interest bearing. These balances are 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 amounted to RMB160,144,000 and is classified based on the revised contractual payment schedule. During the year ended 31 December 2025, the Group recognised effective interest expense of RMB8,930,000 in profit or loss in relation to these arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. TRADE, BILLS AND OTHER PAYABLES AND ACCRUED EXPENSES *(Continued)*

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 20(a), based on the invoice dates at the end of each reporting period is presented as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables:		
Within 30 days	27,452	38,045
31–60 days	20,089	20,235
61–90 days	3,691	15,286
91–120 days	4,567	6,472
121–180 days	4,163	11,701
181–365 days	63,619	8,741
Over 1 year	29,055	4,174
	152,636	104,654

The maturity dates of the trade payables in which the Group has endorsed bills to the relevant suppliers as described in Note 20(a) at the end of each reporting period are presented as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables:		
Within 30 days	–	2,585
31–60 days	–	280
61–90 days	–	1,554
91–120 days	–	2,457
121–180 days	–	1,951
	–	8,827

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. TRADE, BILLS AND OTHER PAYABLES AND ACCRUED EXPENSES *(Continued)*

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bills payables:		
Within 30 days	–	35,000
31–60 days	–	5,000
61–90 days	–	–
121–180 days	–	40,000
	–	80,000

The average credit period granted by suppliers on purchase of goods is no longer than 30 (2024: 30) days from certain of its suppliers. For other suppliers, the Group is required to prepay in advance and make full payment upon receipt of the goods purchased.

21. CONTRACT LIABILITIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Sales of cold-rolled steel products and galvanized steel products and analysed for reporting purpose as current liabilities	173,333	340,912

As at 1 January 2024, contract liabilities amounted to RMB586,844,000.

Contract liabilities represent the deposit amount received from certain customers at the requests of the Group when they place confirmed orders. Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year amounted to RMB254,532,000 (2024: RMB586,844,000).

22. AMOUNTS DUE TO RELATED PARTIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Mr. Xu	2,427	3,014
Mr. Chen Chunniu	243	163
	2,670	3,177

Note: The amounts are non-trade in nature, interest free, unsecured and repayable within twelve months from 31 December 2025 and 2024, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. BORROWINGS

	2025 RMB'000	2024 RMB'000
Fixed-rate borrowings:		
Secured bank borrowings	1,815,185	1,529,215
Unsecured bank borrowings	153,160	181,058
Bank borrowings from factoring of bills receivables with full recourse (<i>Note 16</i>)	–	225,463
Secured borrowings from entities established in the PRC independent of the Group	229,249	271,986
	2,197,594	2,207,722
Variable-rate borrowings:		
Secured bank borrowings	57,840	293,121
Unsecured bank borrowings	9,200	9,600
Total borrowings	2,264,634	2,510,443
The carrying amounts of the above bank borrowings are repayable based on the scheduled repayment dates set out in the loan agreements as		
– within one year	879,480	1,257,356
– more than one year, but not more than two years	156,935	508,209
– more than two years, but not more than five years	478,028	252,406
– more than five years	520,942	220,486
	2,035,385	2,238,457
Less: amount due within one year shown under current liabilities	(879,480)	(1,257,356)
Amount shown under non-current liabilities	1,155,905	981,101
The carrying amounts of the above other borrowings are repayable based on the scheduled repayment dates set out in the loan agreements as		
– within one year	73,899	216,466
– more than one year, but not more than two years	123,102	52,050
– more than two years, but not more than five years	32,248	3,470
	229,249	271,986
Less: amount due within one year shown under current liabilities	(73,899)	(216,466)
Amount shown under non-current liabilities	155,350	55,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. BORROWINGS (Continued)

The ranges of effective interest rates on the Group's borrowings are as follows:

	2025	2024
Fixed-rate borrowings		
– Bank borrowings	2.64%–4.00%	2.90%–4.20%
– Other borrowings	2.26%–11.00%	5.45%–9.46%
Variable-rate borrowings		
– Bank borrowings	3.33%–3.40%	3.30%–4.30%
– Other borrowings	N/A	N/A

During the year ended 31 December 2025, the Group experienced certain delays in repayment and breaches of loan covenants in respect of its borrowings. Notwithstanding the above, the Group has maintained ongoing communication with the bank and other lenders and the lenders have not demanded immediate repayments. The relevant banking facilities were renewed or extended during the year, and as at 31 December 2025, the Group had contractual rights to defer settlement of certain borrowings beyond 12 months based on the revised repayment terms. Accordingly, no cross-default has been triggered and no material penalty interest or additional charges have been recognised in the consolidated financial statements.

The secured portion of the Group's borrowings are secured by certain assets of the Group as detailed in Note 30. Certain of the Group's borrowings are also guaranteed personally by certain directors of the Company. Details of the guarantee are set out in Note 33(c).

24. LEASE LIABILITIES

	2025	2024
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	716	1,426
Within a period of more than one year but not more than two years	198	612
Within a period of more than two years but not more than five years	563	553
Within a period of more than five years	6,877	7,032
	8,354	9,623
Less: amount due for settlement within 12 months shown under current liabilities	(716)	(1,426)
Amount due for settlement after 12 months shown under non-current liabilities	7,638	8,197

The incremental borrowing rates applied to lease liabilities range from 4.77% to 5.88% (2024: from 2.28% to 5.88%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. LEASE LIABILITIES *(Continued)*

Lease liabilities that are denominated in currencies other than the functional currencies of the relevant group entities, being Hong Kong dollars (“HKD”) and Singapore dollars (“SGD”), are set out below:

	HKD <i>RMB'000</i>	SGD <i>RMB'000</i>
As at 31 December 2025	330	–
As at 31 December 2024	689	490

Details of the lease maturity analysis of the Group’s lease liabilities are set out in Note 35.

25. DEFERRED INCOME

Deferred income represents government grants received by the Group’s subsidiaries in the PRC from the People’s Government of Jiangmen Municipal Xinhui District Muzhou Town, the PRC for and applied towards the construction of the Group’s manufacturing plants in Muzhou Town.

The deferred income is released to income over the expected useful life of the relevant assets. Movements of deferred income during both years are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants related to assets:		
At the beginning of the year	4,950	8,250
Released to profit or loss	(3,300)	(3,300)
At the end of the year	1,650	4,950

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. DEFERRED TAX ASSETS

	2025 RMB'000	2024 RMB'000
Deferred tax assets	–	43,653

The deferred tax assets recognised by the Group as at 31 December 2025 and 2024 and the movements during the current and prior years are as follow:

	Government grants RMB'000	Write-down of inventories RMB'000	Impairment losses of property, plant and equipment RMB'000	Tax losses RMB'000	ECL provision and write-off RMB'000	Fair value adjustments of equity investments designated at FVTOCI RMB'000	Undistributed earnings of PRC subsidiaries RMB'000	Right of use assets RMB'000	Lease liabilities RMB'000	Total RMB'000
As at 1 January 2024	1,238	–	194	17,669	508	(29)	(1,373)	(1,958)	1,960	18,209
(Charge) credit to profit or loss	(495)	728	–	23,975	(180)	–	1,373	(7)	21	25,415
Credit to other comprehensive expense	–	–	–	–	–	29	–	–	–	29
At 31 December 2024	743	728	194	41,644	328	–	–	(1,965)	1,981	43,653
(Charge) credit to profit or loss	(743)	(728)	(194)	(41,644)	(328)	–	–	1,965	(1,981)	(43,653)
At 31 December 2025	–	–	–	–	–	–	–	–	–	–

As at 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries in the PRC for which deferred tax liabilities have not been recognised was approximately RMB40,095,000 (2025: nil). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. DEFERRED TAX ASSETS *(Continued)*

At the end of the reporting period, the Group has unused tax losses of RMB1,393,679,000 (2024: RMB264,173,000) available for offset against future profits. No deferred tax asset has been recognised as at 31 December 2025 (2024: RMB248,160,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB1,393,679,000 (2024: RMB16,013,000) due to the unpredictability of future profit streams. Out of these unrecognised tax losses, RMB6,042,000 (2024: RMB2,816,000) were incurred by entities overseas and may be carried forward indefinitely. The remaining balance of the unrecognised tax losses will expire in the following years:

	2025 RMB'000	2024 RMB'000
2025	–	2
2026	–	122
2027	95,083	6,288
2028	5,620	5,763
2029	435,532	1,022
2030	851,402	–
	1,387,637	13,197

27. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital HK\$'000
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Ordinary shares of HK\$0.01 each

Authorised:

At 1 January 2024, 31 December 2024 and 2025	8,000,000,000	80,000
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Issued:

At 1 January 2024, 31 December 2024 and 2025	600,000,000	6,000
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	2025 RMB'000	2024 RMB'000
Shown in the consolidated statement of financial position	4,999	4,999

All the shares issued ranked pari passu in all respects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SHARE OPTIONS

Pursuant to a resolution passed on 23 March 2016 by the board of directors of the Company, a share option scheme (the "Share Option Scheme") was adopted.

The purpose of the Share Option Scheme is to provide incentives or rewards to eligible persons for their contribution or potential contribution to the Group.

The board of directors of the Company may, at its discretion, offer to grant an option to subscribe for such number of new shares as the board of directors of the Company may determine at an exercise price which will not be less than the higher of (i) closing price of the shares on the date of offer of grant and (ii) the average closing price of the shares for the five business days immediately preceding the date of offer of grant to any full-time or part-time employee of the Company or any member of the Group, including any executive director, non-executive director and independent non-executive director, and any supplier, customer, agent, advisor and consultant of the Group who, in the sole opinion of the board of directors of the Company, will contribute or have contributed to the Group.

The Share Option Scheme will expire on 22 March 2026.

An option may be exercised at any time commencing on the date as the board of directors may determine and ending on such date as the board of directors may determine but shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted). The period during which an option may be exercised will be determined by the board of directors in its absolute discretion, save that no option may be exercised more than ten years after it has been granted. A consideration of HK\$1 is payable upon acceptance of the offer.

No option may be granted more than ten years after the date of adoption of the Share Option Scheme.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme established by the Company, if any, is 60,000,000, representing 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme, if any, shall not exceed 30% of the issued share capital of the Company from time to time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. SHARE OPTIONS (Continued)

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.

Details of the movement of the share options of the scheme during the years ended 31 December 2025 and 2024 are as follow:

	Number of share options
Outstanding as at 1 January 2024, 31 December 2024 and 31 December 2024	25,272,720
Lapsed during the year	(10,109,088)
Outstanding as 31 December 2025	15,163,632

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

As at 31 December 2025

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	2,181,816	2.75
	2 June 2021–2 June 2024	3 June 2024–2 June 2027	2,181,820	2.75
			4,363,636	
Other grantees				
2 June 2021	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	5,399,997	2.75
			10,799,996	
Total			15,163,632	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. PLEDGE OF ASSETS

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	–	9,259
Property, plant and equipment	1,224,407	1,451,558
Right-of-use assets	236,776	237,239
Restricted bank deposits	11,049	179,431
	1,472,232	1,877,487

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 23.

31. RETIREMENT BENEFIT SCHEMES

The Group participates in a defined contribution scheme which is registered under the MPF Scheme established under the Mandatory Provident Fund Ordinance in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The Group participates in the Central Provident Fund Scheme ("CPF" or "CPF Scheme"), which is a state-managed retirement benefit scheme operated by Singapore government. The Group is required to make monthly contributions to CPF Scheme in respect of each employee, who is either a citizen or permanent resident of Singapore.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

31. RETIREMENT BENEFIT SCHEMES *(Continued)*

CPF contributions are required for both ordinary wages and additional wages (subject to any ordinary wages ceiling) of employees at the contribution rates prescribed under the Central Provident Fund Act (Cap 36) of Singapore (“CPFA”). Employer must make payment for both employer’s and employee’s share of the monthly contribution. Pursuant to section 7(2) of the CPFA, the employer is allowed to recover certain amounts as stipulated in the CPFA from the monthly wages of an employee. The only obligation of the Group with respect to the CPF Scheme is to make the specified contributions. The Group has no further payment obligations once the contributions have been paid.

The Group also participates in a state-managed defined contribution retirement scheme organised by the relevant local governmental authority in the PRC. The PRC employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The Group is required to make monthly contributions to the retirement scheme of the eligible employees at 14%, of the payroll and the local governmental authority is responsible for the pension liabilities to these employees upon their retirement. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

During the year ended 31 December 2025, the total amounts contributed by the Group to the schemes and cost charged to the profit or loss represent contributions paid/payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to RMB17,072,000 (2024: RMB18,038,000) for the year ended 31 December 2025.

32. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December 2024, the Group entered into capital injection agreements with an investor, an independent third party, pursuant to which the investor acquired 95% of the enlarged equity interest of Jiangmen Zhongtuo Precision Metal Products Co., Ltd (“Zhongtuo”), which is principally engaged in the manufacturing and sale of processed steel products, which was previously an indirect wholly-owned subsidiary of the Company. On 29 August 2024, Zhongtuo has completed the update on business registration records of State Administration for Industry and Commerce of the People’s Republic of China. Since then, the Group’s equity interests in Zhongtuo have been diluted to 5%, the Group ceased to control and had no significant influence over Zhongtuo. Remaining equity interests in Zhongtuo at the date on which the control being lost are recognised as equity investments designated at FVTOCI (Note 17).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. DISPOSAL OF A SUBSIDIARY (Continued)

The net liabilities of the subsidiary was as follows:

	Zhongtuo RMB'000
Analysis of assets and liabilities over which control was lost during the year:	
Property, plant and equipment	20,025
Right-of-use assets	10,401
Trade receivables	18
Other receivables	3,953
Bank balances and cash	93
Other payables (<i>note</i>)	(40,850)
Net liabilities disposed of	(6,360)
Gain on deemed disposal:	
Fair value of the retained interests	1,405
Add: net liabilities disposed of	6,360
Gain on deemed disposal	7,765
Net cash outflow arising from deemed disposal of a subsidiary:	
Cash and cash equivalents disposed of	(93)

Note: Other payables are amounts due from a subsidiary of the Company which had been eliminated in the consolidated financial statements as at 31 December 2023. The Group recognised the amount as other receivables upon the disposal of Zhongtuo.

33. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties:

(a) Related parties balances

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in Note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. RELATED PARTY DISCLOSURES *(Continued)***(b) Related party transactions**

The Group entered into the following transactions with related parties:

		2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Hua Jin Holdings Pte. Ltd <i>(note i)</i>	Interest expense on lease liabilities	7	10
	Repayment of lease liabilities	136	320
Oriental Surplus Link Limited <i>(note ii)</i>	Interest expense on lease liabilities	15	16
	Repayment of lease liabilities	564	613

Notes:

- (i) The Group entered into a lease agreement with Hua Jin Holdings Pte. Ltd., which was wholly-owned by Mr. Xu, with the lease term till 2024 for the use of office premise and furniture located in Tradehub 21, 8 Boon Lay Way, 609964 in District 22, Singapore. During the current year, the lease agreement was early terminated and the Group made repayment of the lease liability of RMB136,000 (2024: RMB320,000). As at 31 December 2025, the corresponding carrying amount of the lease liabilities is nil (2024: RMB490,000). The corresponding right-of-use asset was derecognised upon early termination and a gain of approximately RMB51,000 has been recognised during the year ended 31 December 2025.
- (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 2024 for the use of staff quarter located in Sai Kung, New Territories, Hong Kong. During the current year, the Group have renewed the lease agreement with the lease term till 2025 and made repayment of the lease liability of RMB564,000 (2024: RMB613,000). As at 31 December 2025, the corresponding carrying amount of the lease liabilities is nil (2024: RMB548,000).

(c) Guarantees provided by related parties

Certain of the Group's borrowings are guaranteed personally by Mr. Xu Songqing, Mr. Chen Chunniu and Mr. Xu Jianhong, directors of the Company as at 31 December 2025 and 2024 as set out in Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. RELATED PARTY DISCLOSURES *(Continued)***(d) Compensation of key management personnel**

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and other benefits	5,167	5,806
Retirement benefit scheme contributions	241	327
Equity-settled share-based payments	–	493
	5,408	6,626

The remuneration of key management personnel are determined having regard to the performance of the individuals and contribution to the Group.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings and amounts due to related parties, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, various reserves and retained profits.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost and the risks associated with each class of the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payments of dividends, new shares issue as well as the issue of new debt or the redemption of existing debts, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. CAPITAL RISK MANAGEMENT *(Continued)*

The gearing ratio, calculated based on total borrowings dividend by total assets was as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Total borrowings	2,264,634	2,510,443
Total assets	2,340,319	3,716,652
Gearing ratio	96.8%	67.5%

35. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Financial assets		
Financial assets at amortised cost	199,194	462,201
Equity investments designated at FVTOCI	–	1,405
Financial liabilities		
Financial liabilities at amortised cost	2,982,578	2,878,008
Lease liabilities	8,354	9,623

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, restricted bank deposits, bank balances, equity investments designated at FVTOCI, trade, bills and other payables, amounts due to related parties, lease liabilities and borrowings.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS *(Continued)***(b) Financial risk management objectives and policies*****Market risk******(i) Currency risk***

The functional currencies of the Company and its subsidiaries are RMB and most of their transactions are denominated in RMB.

The Group's exposure to foreign currency risk related primarily to certain bank balances, trade receivables and inter-companies balances that are denominated in HKD, United States dollars ("USD") and SGD. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Monetary assets		
HKD	510	2,846
USD	19	288
SGD	1,957	1,454
Monetary liabilities		
HKD	3,958	689
SGD	635	490

Sensitivity analysis

The Group mainly exposes foreign currency risk on fluctuation of HKD, USD and SGD during the years ended 31 December 2025 and 2024. Management considered the exposure of foreign currency risk to the Group is not material for both years and no sensitivity analysis is performed.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the borrowings (Note 23) and lease liabilities (Note 24). The Group is also exposed to cash flow interest rate risk in relation to the restricted bank deposits (Note 18), bank balances (Note 19) and variable-rate borrowings (Note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range. Management considered the exposure of interest rate risk to the Group is not material for both years and no sensitivity analysis is performed.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade, bills and other receivables, restricted bank deposits and bank balances. As at 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is best represented by the carrying amounts of the respective financial assets. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. In general, limits attributed to customers are reviewed every year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivables collectively based on shared credit risk characteristics, taken into account the nature of the customer and its aging profile. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 December 2025, the Group has concentration of credit risk from trade receivables as 73% (2024: 43%) of the total balances were due from the Group's five largest customers. The management of the Group considers the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial positions.

As at 31 December 2024, the Group has concentration of credit risk from bills receivables as 81% (2025: nil) of the total balances were due from the Group's five largest customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The management of the Group considers the credit risk associated with bills receivables, which are all bank acceptance drafts, is limited because the accepting bank will cash it unconditionally when the entity presents these bills receivables. The credit risk on the restricted bank deposits and bank balances is also limited because the counterparties are banks with good reputations. The credit risk on other receivables is also limited because of the natures of these balances, credit quality of the counterparties and the historical settlement record.

Other than the concentration of the credit risk as set out above, the Group does not have any other significant concentration of credit risk.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Financial assets other than trade receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Watch list	Debtor frequently repays in full after due dates	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – non-credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

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For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

Financial assets at amortised costs	Notes	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount	
					2025 RMB'000	2024 RMB'000
Trade receivables – contracts with customers	16	N/A	<i>(note i)</i>	Lifetime ECL – non-credit-impaired	31,720	46,761
				Lifetime ECL – credit impaired	11,220	–
Other receivables	16	N/A	<i>(note ii)</i>	12m ECL	153,088	90,333
				Lifetime ECL – credit impaired	135,602	–
Bills receivables	16	A2 to Ba3	N/A	12m ECL	–	112,592
Restricted bank deposits	18	A2 to Ba3	N/A	12m ECL	11,049	179,431
Bank balances	19	A2 to Ba3	N/A	12m ECL	5,670	35,268
Financial guarantee contract	35	N/A	Low risk	12m ECL	10,000	–

Notes:

- (i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses collectively based on shared credit risk characteristics, taken into account the nature of the customer and its aging profile. The ECL rate estimation is based on the aging and the historical settlement pattern of the debtors and is adjusted by forward-looking information. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on a collective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Notes: (Continued)

(i) (Continued)

Gross carrying amount

	2025			2024		
	ECL rate	Trade receivables RMB'000	ECL amount RMB'000	ECL rate	Trade receivables RMB'000	ECL amount RMB'000
Current (not past due)	21.4%	21,256	4,545	2.3%	38,526	903
1-30 days past due	45.2%	2,254	1,020	0.9%	451	4
31-90 days past due	51.4%	5,392	2,771	11.0%	5,333	586
More than 90 days past due	57.6%	14,038	8,088	28.2%	2,451	691
		42,940	16,424		46,761	2,184

The following table shows the movement in ECL that has been recognised for trade receivables.

	Lifetime ECL (non-credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2024	3,385	–	3,385
Changes due to financial assets recognised as at 1 January 2024:			
– Impairment losses reversed	(3,385)	–	(3,385)
New financial assets originated during the year:			
Impairment losses recognised	2,184	–	2,184
As at 31 December 2024	2,184	–	2,184
Changes due to financial assets recognised as at 1 January 2025:			
– Impairment losses reversed	(2,002)	–	(2,002)
Transfer to credit-impaired	(182)	182	–
New financial assets originated during the year:			
Impairment losses recognised	9,816	6,426	16,242
As at 31 December 2025	9,816	6,608	16,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: *(Continued)*

- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk in other receivables has increased significantly since initial recognition.

The following tables shows the movement in ECL that has been recognised for other receivables

	Life time ECL (credit & impaired) RMB'000
As at 1 January 2024, 31 December 2024	-
New financial assets originated during the year	
Impairment loss recognised	39,847
As at 31 December 2025	39,847

Financial guarantee contract

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 31 December 2025 (2024: RMB10,000,000) of the outstanding credit facility amount has been utilised by the Company's director. The fair value of this financial guarantee, as at 8 November 2024, was considered insignificant. At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognised in the profit or loss as the amount of the loss allowance was not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group relies on borrowings as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, on which the Group can be required to pay. Specifically, amounts due to related parties which are repayable within twelve months are included in the earliest time band regardless of the probability of the directors choosing to exercise their rights.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand/ less than 1 month RMB'000	1-3 months RMB'000	4 months to 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
As at 31 December 2025									
<i>Non-derivative financial liabilities</i>									
Trade, bills and other payables	1.59	557,817	5,974	26,883	46,544	168,088	2,348	807,654	715,274
Amounts due to related parties	N/A	2,670	-	-	-	-	-	2,670	2,670
Borrowings	3.78	37,519	15,747	923,056	295,906	577,747	668,545	2,518,520	2,264,634
		598,006	21,721	949,939	342,450	745,835	670,893	3,328,844	2,982,578
Lease liabilities	5.49	894	70	282	633	1,763	14,874	18,516	8,354
As at 31 December 2024									
<i>Non-derivative financial liabilities</i>									
Trade, bills and other payables	N/A	364,388	-	-	-	-	-	364,388	364,388
Amounts due to related parties	N/A	3,177	-	-	-	-	-	3,177	3,177
Borrowings	5.48	121,685	332,373	1,065,401	623,372	312,474	287,922	2,743,227	2,510,443
		489,250	332,373	1,065,401	623,372	312,474	287,922	3,110,792	2,878,008
Lease liabilities	4.88	1,006	218	493	933	1,737	15,463	19,850	9,623

(c) Fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate to their fair values at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS *(Continued)***(c) Fair value** *(Continued)****Fair value hierarchy as at 31 December 2025***

	Level 3 RMB'000	Total RMB'000
Equity investments designated at FVTOCI:		
Unlisted equity investments	–	–

Fair value hierarchy as at 31 December 2024

	Level 3 RMB'000	Total RMB'000
Equity investments designated at FVTOCI:		
Unlisted equity investments	1,405	1,405

In estimating the fair value, the Group uses market-observable data to the extent it is available. For investments with significant unobservable inputs under Level 3, the Group engages third party qualified valuer to perform the valuation. The management works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The asset-based approach, which uses the fair market value of the unlisted equity investments' total assets minus total liabilities, was applied for the fair value estimation of the unlisted equity investments. The significant unobservable inputs in the approach included adjustment factors on market comparable assets and obsolescence rates applied for certain assets. Changes in these inputs, holding all other variables constant, do not have material impacts to the carrying amounts of the unlisted equity investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value (Continued)

Fair value hierarchy as at 31 December 2024 (Continued)

Financial asset	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	31 December 2025	31 December 2024			
	RMB'000	RMB'000			
Unlisted equity investments	nil	1,405	Level 3	Asset-based approach	<p>(i) The fair value of the underlying assets and liabilities of the investee</p> <p>(ii) Based on circumstances, adjustments to asset values and obsolescence factors have been considered</p>

Note: At 31 December 2024, if the applied adjustment factors were 5% higher/lower while all other variables were held constant, the carrying amount of unlisted equity investments would increase/decrease by RMB70,000/RMB70,000.

Reconciliation of Level 3 fair value measurements of the unlisted equity investments

	RMB'000
At 1 January 2024	1,799
Total loss in other comprehensive expense	(299)
Disposal	(1,500)
Others (<i>Note 32</i>)	1,405
At 31 December 2024	1,405
Disposal	(1,405)
At 31 December 2025	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Reconciliation of liabilities arising from financing activities:

	Borrowings	Amounts due to related parties	Lease liabilities	Interest payables	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	2,277,902	2,814	9,426	–	2,290,142
Financing cash flows (<i>note</i>)	1,369,870	363	(2,371)	(127,990)	1,239,872
Non-cash changes:					
Interest expenses	–	–	460	100,846	101,306
Discounted bills expired	(1,137,329)	–	–	–	(1,137,329)
Finance costs capitalised	–	–	–	27,144	27,144
Addition/modification	–	–	2,102	2,919	5,021
Foreign exchange translation	–	–	6	–	6
At 31 December 2024	2,510,443	3,177	9,623	2,919	2,526,162
Financing cash flows (<i>note</i>)	66,592	(507)	(1,939)	(66,976)	(2,830)
Non-cash changes:					
Interest expenses	–	–	474	141,785	142,259
Discounted bills expired	(312,401)	–	–	–	(312,401)
Addition/modification	–	–	207	–	207
Foreign exchange translation	–	–	(11)	–	(11)
At 31 December 2025	2,264,634	2,670	8,354	77,728	2,353,386

Note: The cash flows for borrowings and amounts due to related parties above included the net amount of proceeds from and repayments to the relevant parties in the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
NON-CURRENT ASSET		
Interests in subsidiaries	4	201,241
CURRENT ASSETS		
Other receivables	28	51
Bank balances and cash	23	1,447
	51	1,498
CURRENT LIABILITIES		
Accrued expenses	1,731	1,122
Amounts due to subsidiaries	12,457	11,483
	14,188	12,605
NET CURRENT LIABILITIES	(14,137)	(11,107)
NET (LIABILITIES) ASSETS	(14,133)	190,134
CAPITAL AND RESERVES		
Share capital	4,999	4,999
Reserves (<i>note</i>)	(19,132)	185,135
TOTAL (DEFICIT) EQUITY	(14,133)	190,134

Note:

The followings are the movements of the Company's reserves:

	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Share-based payments reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	184,003	6,031	9,448	(11,116)	188,366
Loss and total comprehensive expense for the year	–	–	–	(3,734)	(3,734)
Recognition of equity-settled share-based payments	–	–	503	–	503
At 31 December 2024	184,003	6,031	9,951	(14,850)	185,135
Loss and total comprehensive expense for the year	–	–	–	(204,267)	(204,267)
Lapse of share option	–	–	(3,976)	3,976	–
At 31 December 2025	184,003	6,031	5,975	(215,141)	(19,132)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation/ operations	Issued and fully paid share capital	Attributable equity interest held by the Company		Principal activities
			2025	2024	
Huajin Investments Limited (<i>note a</i>)	British Virgin Islands	US\$300	100%	100%	Investment holding
Inter Consortium Holdings Limited	Hong Kong	HK\$161,534,566	100%	100%	Investment holding and trading of steel products and residuals
Huajin (Singapore) Pte. Ltd.	Singapore	US\$1,680,000	100%	100%	Trading of steel products and residuals
江門市華津金屬制品有限公司 (Jiangmen Huajin Metal Product Co., Ltd) (<i>note b</i>)	PRC	RMB178,404,000	100%	100%	Production and sales of steel products and residuals
江門市華睦五金有限公司 (Jiangmen Huamu Metal Co., Ltd.) (<i>note b</i>)	PRC	RMB180,977,811	100%	100%	Production and sales of steel products and residuals
廣東華津實業有限公司 (Guangdong Huajin Industrial and residuals Co., Ltd) (<i>note b</i>)	PRC	RMB200,000,000	100%	100%	Sales of steel products
江門市華津金屬交易市場有限公司 (Jiangmen Huajin Metal Trading Co., Ltd) (<i>note b</i>)	PRC	RMB100,000,000	100%	100%	Operation of port
江門市津鴻物流有限公司 (Jiangmen Jinhong Logistics Co., Ltd) (<i>note b</i>)	PRC	RMB10,500,000	100%	100%	Operation of transportation
江門市津潤環保科技有限公司 (Jiangmen Jinrun Ecotechnology Co., Ltd) (<i>note b</i>)	PRC	RMB9,050,000	100%	100%	Renewable resources recycling
江門市津聯環保科技有限公司 (Jiangmen Jinlian Renewable Resources Recycling Co., Ltd) (<i>note b</i>)	PRC	RMB6,000,000	65%	65%	Renewable resources recycling

Notes:

- (a) Directly held by the Company. All other principal subsidiaries are indirectly held by the Company.
- (b) Registered as limited liability companies in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

39. MATERIAL NON-CASH TRANSACTIONS

During the year ended 31 December 2025, contract liabilities of RMB211,353,000 were transferred to other payables as part of settlement arrangements with certain counterparties. These balances primarily relate to deposits and advances received which, following changes in underlying transactions or cancellation of orders, were no longer recognised as contract liabilities and were reclassified as amounts payable. Details please refer to Note 20(c) to the consolidated financial statements.

40. SUBSEQUENT EVENT

There are no significant post balance sheet events affecting the Company that have occurred since the end of the year to the date of this report.

FINANCIAL SUMMARY

	Year ended 31 December				
	2021	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RESULTS					
Revenue	5,293,037	4,663,563	6,589,901	5,896,669	861,273
Profit (loss) before taxation	77,040	(197,418)	101,161	(116,253)	(1,221,130)
Income tax (expense) credit	(15,001)	32,119	(15,681)	25,033	(50,494)
Profit (loss) for the year	62,039	(165,299)	85,480	(91,220)	(1,271,624)
ASSETS AND LIABILITIES					
Total assets	2,404,606	2,796,767	3,787,675	3,716,652	2,340,319
Total liabilities	1,817,623	2,371,429	3,272,926	3,292,890	3,188,181
Net assets (liabilities)	586,983	425,338	514,749	423,762	(847,862)
EQUITY					
Equity (deficit) attributable to					
owners of the Company	586,983	425,338	512,825	422,032	(849,390)
Non-controlling interests	–	–	1,924	1,730	1,528
Total equity (deficit)	586,983	425,338	514,749	423,762	(847,862)