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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "Board") of directors (the "Directors") of Huajin International Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the consolidated results of the Group for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023, which have been prepared in accordance with the Hong Kong Financial Reporting Standards as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	4	**5,896,669**	6,589,901
Cost of sales		**(5,864,998)**	(6,293,347)
Gross profit		**31,671**	296,554
Other income, other gains and losses	5	**66,589**	8,772
Selling expenses		**(42,197)**	(68,960)
Administrative expenses		**(73,497)**	(58,627)
(Loss) profit before investment (loss) gain, net finance costs and taxation		**(17,434)**	177,739
Investment (loss) gain		**(2,296)**	194
Finance income	6	**4,783**	3,832
Finance costs	6	**(101,306)**	(80,604)
Finance costs, net	6	**(96,523)**	(76,772)
(Loss) profit before taxation		**(116,253)**	101,161
Income tax credit (expenses)	7	**25,033**	(15,681)
(Loss) profit for the year	8	**(91,220)**	85,480

	NOTES	**2024**	2023
		RMB'000	*RMB'000*
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value (loss) gain on equity investments designated at fair value through other comprehensive income ("FVTOCI"), net of income tax		**(270)**	28
Other comprehensive (expense) income for the year, net of income tax		**(270)**	28
Total comprehensive (expense) income for the year		**(91,490)**	85,508
(Loss) profit for the year attributable to:			
Owners of the Company		**(91,026)**	85,656
Non-controlling interests		**(194)**	(176)
		(91,220)	85,480
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(91,296)**	85,684
Non-controlling interests		**(194)**	(176)
		(91,490)	85,508
(Loss) earnings per share	*11*		
— Basic *(RMB cents)*		**(15.17)**	14.28
— Diluted *(RMB cents)*		**(15.17)**	14.28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**1,878,583**	1,402,330
Right-of-use assets		**243,780**	186,256
Deposits paid for acquisition of property, plant and equipment		**50,622**	200,399
Equity investments designated at FVTOCI		**1,405**	1,799
Restricted bank deposits		**10,000**	–
Deferred tax assets		**43,653**	19,611
		2,228,043	1,810,395
CURRENT ASSETS			
Inventories		**308,467**	315,179
Trade, bills and other receivables	12	**963,668**	1,311,308
Tax recoverable		**11,775**	4,692
Restricted bank deposits		**169,431**	247,715
Bank balances and cash		**35,268**	98,386
		1,488,609	1,977,280
CURRENT LIABILITIES			
Trade, bills and other payables and accrued expenses	13	**423,414**	386,288
Contract liabilities	14	**340,912**	586,844
Tax payables		**371**	–
Amounts due to related parties	15	**3,177**	2,814
Borrowings — due within one year	16	**1,473,822**	1,266,382
Lease liabilities		**1,426**	1,687
		2,243,122	2,244,015
NET CURRENT LIABILITIES		**(754,513)**	(266,735)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,473,530**	1,543,660

	NOTES	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Borrowings — due more than one year	16	**1,036,621**	1,011,520
Lease liabilities		**8,197**	7,739
Deferred income		**4,950**	8,250
Deferred tax liabilities		**–**	1,402
		1,049,768	1,028,911
NET ASSETS		**423,762**	514,749
CAPITAL AND RESERVES			
Share capital		**4,999**	4,999
Reserves		**417,033**	507,826
Equity attributable to owners of the Company		**422,032**	512,825
Non-controlling interests		**1,730**	1,924
TOTAL EQUITY		**423,762**	514,749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 and ultimate holding company is Haiyi Limited, a company incorporated in the British Virgin Islands and ultimately controlled by Mr. Xu Songqing ("Mr. Xu").

The 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 Huajin (Singapore) Pte. Ltd., are engaged in the processing and sales of cold-rolled steel products and galvanized steel products. 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 Room 518, Tower A, New Mandarin Plaza, No.14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs 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.

In preparing the consolidated financial statements of the Group, the directors of the Company has given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by RMB754,513,000 as at 31 December 2024 and had capital commitments contracted for but not provided in the consolidated financial statements of RMB112,074,000 on the same date, of which RMB74,509,000 is due for payment in the next twelve months from 31 December 2024. The Group had generated a net cash outflow of RMB63,073,000 and net operating cash outflow of RMB914,760,000 for the year ended 31 December 2024. The material net operating cash outflow is primarily due to the increased use of discounted bills receivables with full recourse in the normal production and sales of steel business, with the relevant cash inflow of discounting the bills to banks, amounting to RMB957,460,000 during the year is presented in financing activities.

In the opinion of the directors of the Company, the Group will be able to continue as a going concern at least in the coming twelve months taking into consideration the available bank facilities from various banks for the operation requirements of the Group based on the past history of renewal of such facilities and the working capital estimated to be generated from operating activities. As at 31 December 2024, the Group had total banking facilities relating to bank borrowings (excluding those related to factoring of bills receivable) and bills payables amounted to approximately RMB2,931,440,000, of which approximately RMB1,604,759,000 had been utilised, and the unutilised banking facilities amounted to RMB1,326,681,000. In addition, based on the best estimation of the directors of the Company, all of the currently utilised banking facilities would be renewed upon expiry.

Based on the aforesaid factors, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. 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 Standards 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 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards 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.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

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

The Group has not early applied the following amendments to HKFRS 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 Instrument[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature dependent Electricity[3]
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[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

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 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 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.

4. REVENUE AND SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors Mr. Xu and Mr. Luo Canwen ("Mr. Luo"), being the chief operating decision maker (the "CODM"), in order to allocate resources to segments and to assess their performance. During the years ended 31 December 2024 and 2023, the CODM assesses the operating performance and allocates the resources of the Group as a whole as the Group is primarily engaged in the production and sales of cold-rolled steel products and galvanized steel products. Therefore, the management considers that the Group has one operating segment only. The Group mainly operates in the PRC and the Group's non-current assets are also mainly located in the PRC.

The CODM reviews the overall results and financial position of the Group as a whole based on the same accounting policies and no further segment information is presented.

The Group's sales of cold-rolled steel products and galvanized steel products is recognised 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 12. 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.

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

Segments	**2024**	2023
	RMB'000	*RMB'000*
Sales of cold-rolled steel products		
— steel strips and sheets	**2,932,691**	3,573,976
— welded steel tubes	**135,478**	127,846
Sales of galvanized steel products	**2,062,604**	2,498,571
Sales of hot-rolled steel products and others	**756,350**	389,508
Others	**9,546**	–
	5,896,669	6,589,901

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

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

	2024	2023
	RMB'000	*RMB'000*
PRC (including Hong Kong)	**5,843,772**	6,557,538
Southeast Asia	**52,897**	32,363
	5,896,669	6,589,901

Information about major customer

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

	2024	2023
	RMB'000	*RMB'000*
Customer A	**N/A**	1,084,556
Customer B	**848,703**	N/A

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
Extra deduction of value-added tax ("VAT") *(note i)*	**47,200**	4,708
Gain on deemed disposal of a subsidiary *(Note 9)*	**7,765**	–
Government grants *(notes ii, iii)*	**3,440**	3,495
Rental income	**2,561**	2,371
Penalty income	**3,594**	–
Net foreign exchange gain	**444**	126
Reversal (impairment losses) of trade receivables under ECL model	**1,201**	(2,163)
Gain on disposal of property, plant and equipment	**–**	48
Others	**384**	187
	66,589	8,772

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 (2023: RMB3,300,000) has been recognised in the profit or loss for the year ended 31 December 2024.

(iii) Incentives received from the PRC local authorities by the Group as encouragement of its business development amounting to RMB140,000 (2023: RMB195,000) are recognised in the profit or loss for the year ended 31 December 2024 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.

6. FINANCE INCOME AND COSTS

	2024	2023
	RMB'000	*RMB'000*
Finance costs		
— Interest expense on borrowings, net of amounts capitalised in the cost of qualifying assets of RMB27,144,000 (2023: RMB10,890,000)	**(100,846)**	(80,423)
— Interest expense on lease liabilities	**(460)**	(181)
	(101,306)	(80,604)
Finance income:		
— Interest income from bank deposits	**4,783**	3,832
Finance costs, net	**(96,523)**	(76,772)

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% (2023: 6.12%).

7. INCOME TAX (CREDIT) EXPENSES

	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
— Current year	**382**	686
Current tax charge	**382**	686
Deferred tax	**(25,415)**	14,995
	(25,033)	15,681

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

	2024	2023
	RMB'000	*RMB'000*
(Loss) profit before taxation	**(116,253)**	101,161
Tax at the EIT rate of 25% (2023: 25%)	**(29,063)**	25,290
Tax effect of expenses not deductible for tax purpose	**489**	465
Tax effect of tax losses not recognised	**3,078**	3,702
Utilisation of tax losses previously not recognised	**(140)**	(446)
Withholding tax on earnings of subsidiaries	**(1,373)**	1,373
Income tax at concessionary rate	**4,620**	(11,587)
Effect of super deduction of research and development cost	**(2,940)**	(3,703)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**296**	587
Income tax (credit) expense for the year	**(25,033)**	15,681

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 2019 to 2021. During 2022, 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 2022 to 2024.

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.

8. (LOSS) PROFIT FOR THE YEAR

	2024	2023
	RMB'000	*RMB'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Directors' remuneration		
— fees	**475**	513
— other emoluments, salaries, allowances and other benefits	**1,256**	1,238
— equity-settled share-based payments	**144**	516
— retirement benefit scheme contributions	**113**	101
	1,988	2,368
Staff salaries, allowances and other benefits	**122,980**	106,388
Equity-settled share-based payments, excluding those of directors	**349**	1,253
Retirement benefit scheme contributions, excluding those of directors	**17,925**	12,998
Total employee benefit expenses	**143,242**	123,007
Auditor's remuneration		
— auditor of the Company	**2,628**	2,439
— non-audit services	**816**	464
— other auditors	**606**	632
Depreciation of property, plant and equipment	**95,040**	76,851
Less: amount capitalised as cost of inventories manufactured	**(92,540)**	(72,330)
	2,500	4,521
Depreciation of right-of-use assets	**7,119**	5,655
Less: amount capitalised as cost of construction in progress	**(1,292)**	(1,554)
	5,827	4,101
Cost of inventories recognised as an expense	**5,860,144**	6,295,708
Write-down (reversal of write-down) of inventories	**4,854**	(2,361)
Gain on disposal of property, plant and equipment	**–**	(48)

9. 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 were previously a 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.

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 *(note)*	(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 and recognised as other receivables upon the disposal of Zhongtuo.

10. DIVIDENDS

No dividends were recognised as distribution for both years.

No final dividend for the year ended 31 December 2024 was recommended by the directors.

11. (LOSS) EARNINGS PER SHARE

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

	2024	2023
	RMB'000	*RMB'000*
(Loss) earnings:		
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(91,026)**	85,656

	2024	2023
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**600,000,000**	600,000,000
Effect of dilutive potential ordinary shares brought by share options *(Note)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**600,000,000**	600,000,000

Note: The computation of diluted (loss) earnings per share for the years ended 31 December 2024 and 2023 does not assume the exercise of the Company's options because the adjusted exercise price of unvested options and exercise price of vested options are both higher than the average market price for shares during the years ended 31 December 2024 and 2023.

12. TRADE, BILLS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**46,761**	82,279
Less: Allowance for credit losses	**(2,184)**	(3,385)
	44,577	78,894
Bills receivables	**112,592**	234,474
Prepayments to suppliers	**541,000**	811,352
Value-added tax recoverable	**127,988**	81,225
Other prepayments, deposits and other receivables	**137,511**	105,363
	963,668	1,311,308

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB49,038,000.

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 (2023: 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 2024 and 31 December 2023.

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:

	2024	2023
	RMB'000	*RMB'000*
Trade receivables:		
Within 30 days	**31,583**	70,339
31–60 days	**6,040**	4,022
61–90 days	**–**	189
91–120 days	**447**	17
121–180 days	**4,747**	2,033
181–365 days	**920**	1,784
Over 1 year	**840**	510
	44,577	78,894
Bills receivables:		
Within 30 days	**28,666**	24,446
31–60 days	**19,356**	45,891
61–90 days	**11,077**	61,337
91–120 days	**18,329**	55,546
121–180 days	**35,164**	47,254
	112,592	234,474

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. All of the trade receivables that are neither past due nor impaired have no history of default.

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB37,125,000 (2023: RMB57,868,000) which are past due as at the reporting date. Out of the past due balances, RMB1,088,000 (2023: RMB2,293,000) 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.

Included in the Group's bills receivables are amounts of RMB111,990,000 (2023: RMB233,499,000), 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 16) and trade payables (note 13). 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 2024 and 2023, the Group does not hold any collateral as security over these balances.

	2024	2023
	RMB'000	*RMB'000*
Carrying amount of transferred asset	**111,990**	233,499
Carrying amount of associated bank borrowings	**(103,163)**	(229,932)
Carrying amount of associated trade payables	**(8,827)**	(3,567)
	–	–

During the year ended 31 December 2024 and 2023, 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 (2023: RMB175,400,000) were transferred to certain banks with full recourse similar to the arrangements as set out above. These bills receivables were eliminated in full on consolidation. The Group had recognised the cash received on the transfer of the bills receivables as bank borrowings from factoring of bill receivables with full recourse.

13. TRADE, BILLS AND OTHER PAYABLES AND ACCRUED EXPENSES

	2024	2023
	RMB'000	*RMB'000*
Trade payables *(note a)*	**113,481**	109,671
Bills payables *(note b)*	**80,000**	84,000
Accrued staff costs	**24,060**	21,159
Construction payables	**144,248**	117,115
Transportation fees payable	**7,572**	9,301
Other tax payables	**22,384**	15,947
Other payables and accrued expenses	**31,669**	29,095
	423,414	386,288

Notes:

(a) Included in the amounts was RMB8,827,000 (2023: RMB3,567,000) related to the trade payables in which the Group has endorsed bills to the relevant suppliers. The details are set out in note 12.

(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.

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

	2024	2023
	RMB'000	*RMB'000*
Trade payables:		
Within 30 days	**38,045**	48,305
31–60 days	**20,235**	24,158
61–90 days	**15,286**	11,615
91–120 days	**6,472**	5,078
121–180 days	**11,701**	5,030
181–365 days	**8,741**	6,864
Over 1 year	**4,174**	5,054
	104,654	106,104

The maturity dates of the trade payables in which the Group has endorsed bills to the relevant suppliers as described in note 13(a) at the end of each reporting period are presented as follows:

	2024	2023
	RMB'000	*RMB'000*
Trade payables:		
Within 30 days	**2,585**	746
31–60 days	**280**	261
61–90 days	**1,554**	2,155
91–120 days	**2,457**	405
121–180 days	**1,951**	–
	8,827	3,567

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

	2024	2023
	RMB'000	*RMB'000*
Bills payables:		
Within 30 days	**35,000**	12,000
31–60 days	**5,000**	70,000
61–90 days	**–**	2,000
121–180 days	**40,000**	–
	80,000	84,000

The average credit period granted by suppliers on purchase of goods is no longer than 30 (2023: 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.

14. CONTRACT LIABILITIES

	2024	2023
	RMB'000	*RMB'000*
Sales of cold-rolled steel products and galvanized steel products and analysed for reporting purpose as current liabilities	**340,912**	586,844

As at 1 January 2023, contract liabilities amounted to RMB454,141,000.

Contract liabilities represent the deposit amount received from certain customers at the requests of the Group when they place confirmed orders. The entire balance of contract liabilities as at 1 January 2024 and 2023 have been recognised as revenue during the respective reporting periods.

15. AMOUNTS DUE TO RELATED PARTIES

	2024	2023
	RMB'000	*RMB'000*
Mr. Xu	**3,014**	2,654
Mr. Chen Chunnin	**163**	160
	3,177	2,814

Note: The amounts are non-trade in nature, interest free, unsecured and repayable within twelve months from 31 December 2024 and 2023, respectively.

16. BORROWINGS

	2024	2023
	RMB'000	*RMB'000*
Fixed-rate borrowings:		
Secured bank borrowings	**1,529,215**	1,219,202
Unsecured bank borrowings	**181,058**	216,208
Bank borrowings from factoring of bills receivables with full recourse *(Note 12)*	**225,463**	405,332
Secured borrowings from entities established in the PRC independent with the Group	**271,986**	168,432
Unsecured borrowings from entities established in the PRC independent with the Group	**–**	11,738
	2,207,722	2,020,912
Variable-rate borrowings:		
Secured bank borrowings	**293,121**	166,990
Unsecured bank borrowings	**9,600**	90,000
Total borrowings	**2,510,443**	2,277,902
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	**1,257,356**	1,145,169
— more than one year, but not more than two years	**508,209**	180,537
— more than two years, but not more than five years	**252,406**	565,026
— more than five years	**220,486**	207,000
	2,238,457	2,097,732
Less: amount due within one year shown under current liabilities	**(1,257,356)**	(1,145,169)
Amount shown under non-current liabilities	**981,101**	952,563
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	**216,466**	121,213
— more than one year, but not more than two years	**52,050**	47,219
— more than two years, but not more than five years	**3,470**	11,738
	271,986	180,170
Less: amount due within one year shown under current liabilities	**(216,466)**	(121,213)
Amount shown under non-current liabilities	**55,520**	58,957

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

	2024	2023
Fixed-rate borrowings	**2.90%–9.46%**	3.10%–16.90%
Variable-rate borrowings	**3.68%–4.50%**	3.75%–4.50%

The secured portion of the Group's borrowings are secured by certain assets of the Group as detailed in note 18. Certain of the Group's borrowings are also guaranteed personally by certain directors of the Company.

17. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment and incurred construction costs of RMB599,557,000 (2023: RMB389,183,000).

As at 31 December 2024, the construction in progress in the property, plant and equipment includes an amount of RMB630,132,000 (2023: RMB249,397,000) related to port and port facilities as detailed in announcement 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 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.

18. CAPITAL COMMITMENTS

	2024	2023
	RMB'000	*RMB'000*
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	**112,074**	257,440

19. 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:

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**9,259**	6,826
Property, plant and equipment	**1,451,558**	1,351,981
Right-of-use assets	**237,239**	176,999
Restricted bank deposits	**179,431**	247,715
	1,877,487	1,783,521

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 16.

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 2024, the Group had invested approximately RMB714.8 million in constructing the Huajin Terminal. After the Spring Festival in 2025, berths No. 1, 2, and 3 at the Huajin Terminal obtained the Port Operation Licence* (港口經營許可證) and commenced operation. Huajin Terminal is having three berths with the capacity to accommodate vessels with sizes of 30,000 deadweight tonnage.

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

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

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

The domestic economy continued to face significant uncertainties in the year of 2024, the Group was experiencing negative conditions including mainly decreased revenue and incurring loss for the year. During the year of 2024, the Group generated revenue of approximately RMB5,896.7 million, representing a decrease of RMB693.2 million or 10.5%, as compared to that of approximately RMB6,589.9 million during the year of 2023. Loss attributable to owners of the Company during the year of 2024 was approximately RMB91.0 million when compared with profit attributable to owners of the Company of approximately RMB85.7 million for the year of 2023.

The Board considered that the net loss of the Group for the year of 2024 was mainly due to, among others, the decrease in the revenue and sales volume in the second half of the year which was partly attributed to the impact of resource allocation toward the construction of Huajin Terminal.

The sales volume of cold-rolled steel products and galvanized steel products in aggregate was approximately 1,283,074 tonnes during the year of 2024, representing a decrease of approximately 187,313 tonnes or 12.7%, as compared to that of approximately 1,470,387 tonnes during the year of 2023.

During the year of 2024, the Group acquired property, plant and equipment and incurred construction costs of approximately RMB604.4 million.

The net current liabilities position of approximately RMB754.5 million (31 December 2023: RMB266.7 million) as at 31 December 2024 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 2024, was approximately RMB112.1 million (31 December 2023: RMB257.4 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 of 2024.

In order to more fairly reflect the Group's underlying net asset value, the Board considers it appropriate also to present to shareholders, as set out below for the purpose of reference, supplementary information on the Group's statement of net assets on a proforma basis that the Board considers that the fair value of Jiangmen Huajin Metal Trading Market Co., Ltd* (江門市華津金屬交易市場有限公司), an indirect wholly subsidiary of the Company operated and managed the Huajin Terminal, is approximately RMB1,075 million, with reference to a preliminary valuation performed by an independent profession valuer who has qualification and experience in the valuation of similar assets, as at 3 March 2025, resulting in a preliminary valuation surplus of approximately RMB360.2 million. The Board also considers that the fair value of certain right-of-use assets, mainly the leasehold lands situated at Huajin Metal Industrial Park and the production plant at Muzhou Town* (睦洲鎮), is approximately RMB675.1 million, with reference to a valuation performed by an independent profession valuer, resulting in a valuation surplus of approximately RMB465.5 million.

Statement of proforma net assets

	31 December 2024
	RMB'000
Total assets (audited)	**3,716,652**
Preliminary valuation surplus on Huajin Terminal	**360,178**
Valuation surplus on right-of-use assets	**465,534**
Proforma total assets	**4,542,364**
Net assets (audited)	**423,762**
Preliminary valuation surplus on Huajin Terminal	**360,178**
Valuation surplus on right-of-use assets	**465,534**
Proforma net assets	**1,249,474**
	RMB
Net assets value per ordinary share	**0.71**
Proforma net assets value per ordinary share	**2.08**

As at 31 December 2024, the Group's total borrowings amounted to approximately RMB2,510.4 million. As at 31 December 2024, the gearing ratio of the Group, calculated based on total borrowings divided by total assets, was approximately 67.5%. Based on the proforma total assets of RMB4,542.3 million, as adjusted for the revaluation surplus relating to the Huajin Terminal and certain right-of-use assets as aforesaid as at 31 December 2024, the gearing ratio would be 55.3% as at 31 December 2024.

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 RMB5,896.7 million during the year of 2024, by approximately RMB693.2 million or 10.5%, as compared with that of approximately RMB6,589.9 million during the year of 2023.

The sales volume of cold-rolled steel products decreased to approximately 782,516 tones during the year of 2024, by approximately 104,433 tonnes or 11.77%, as compared with that of 886,949 tonnes during the year of 2023. The sales volume of galvanized steel products decreased to approximately 500,557 tonnes during the year of 2024, by approximately 83,881 tonnes or 14.35%, as compared with that of approximately 584,438 tonnes during the year of 2023. Thus, the sales volume of cold-rolled steel products and galvanized steel products in aggregate was approximately 1,283,074 tonnes during the year of 2024, representing a decrease of approximately 187,313 tonnes or 12.7%, as compared to that of 1,470,387 tonnes during the year of 2023.

The decrease in revenue was mainly attributable to the decrease in the revenue and sales volume in the second half of the year 2024 which was partly attributed to the impact of resource allocation toward the construction of Huajin Terminal. The average selling price of our cold-rolled steel products decreased to RMB3,921 per tonne during the year of 2024 as compared with that of RMB4,174 per tonne during the year of 2023. The average selling price of our galvanized steel products decreased to RMB4,121 per tonne during the year of 2024 as compared with that of RMB4,282 per tonne during the year of 2023. In summary, the average selling price of our cold-rolled steel products and galvanized steel products decreased to RMB3,999 per tonne during the year of 2024 as compared with that of RMB4,217 per tonne during the year of 2023.

During the year of 2024, the domestic sales in the PRC market, including Hong Kong, contributed over 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, the provision of processing service to the customers who engage us to process hot-rolled steel coils provided by them. Such other revenue accounted for around 12.8% (2023: 5.9%) of the revenue during the year of 2024.

During the year of 2024, others included the port and port-related services income amounting to approximately RMB9.5 million.

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

	Year ended 31 December			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Sales of cold-rolled steel products	**3,068,169**	**52.0**	3,701,822	56.2
— steel strips and sheets	**2,932,691**	**49.7**	3,573,976	54.2
— welded steel tubes	**135,478**	**2.3**	127,846	2.0
Sales of galvanized steel products	**2,062,604**	**35.0**	2,498,571	37.9
Sales of hot-rolled steel products and others	**756,350**	**12.8**	389,508	5.9
Others	**9,546**	**0.2**	–	0.0
	5,896,669	**100.0**	6,589,901	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	
	2024	2023
Sales volume of cold-rolled steel products	**782,516 tonnes**	886,949 tonnes
— steel strips and sheets	**750,641 tonnes**	858,648 tonnes
— welded steel tubes	**31,876 tonnes**	28,301 tonnes
Sales volume of galvanized steel products	**500,557 tonnes**	584,438 tonnes
	1,283,074 tonnes	1,470,387 tonnes
Average selling price (per tonne)		
— cold-rolled steel products	**RMB3,921**	RMB4,174
— galvanized steel products	**RMB4,121**	RMB4,282
— cold-rolled steel products and galvanized steel products	**RMB3,999**	RMB4,217

Cost of sales

The cost of sales decreased to approximately RMB5,865.0 million during the year of 2024, by approximately RMB428.3 million or 6.8%, as compared with that of approximately RMB6,293.3 million during the year of 2023.

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

	Year ended 31 December			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Direct materials	**5,373,963**	**91.6**	5,801,540	92.2
Utilities	**193,014**	**3.3**	238,636	3.8
Direct labour	**107,419**	**1.8**	89,999	1.4
Depreciation expense	**87,642**	**1.5**	66,416	1.1
Consumables	**87,107**	**1.5**	82,395	1.3
Others	**15,854**	**0.3**	14,361	0.2
	5,864,999	**100.0**	6,293,347	100.0

Direct materials represented the cost of raw materials, primarily hot-rolled steel coils. The direct materials accounted for over 91.6% (2023: 92.2%) of the cost of sales during the year of 2024. 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 2024. The write-down of inventories in an amount of approximately RMB4.9 million, after determining the net realisable value of inventories, as at 31 December 2024 was provided during the year of 2024.

Utilities related primarily to electricity, water, and natural gas consumed throughout the production process. Utilities expenses decreased to approximately RMB193.0 million during the year of 2024, by approximately RMB45.6 million or 19.1%, as compared with that of approximately RMB238.6 million the year of 2023. Such decrease was mainly due to the decrease in sales volume and production activities during the year of 2024.

The direct labour increased to approximately RMB107.4 million during the year of 2024, by approximately RMB17.4 million or 16.2%, as compared with that of approximately RMB90.0 million during the year of 2023. The increase in direct labour was mainly attributable to employment of additional workers for our Gujing production plant during the year of 2024.

Depreciation expense experienced an increase to approximately RMB87.6 million during the year of 2024, by approximately RMB21.2 million or 24.2%, as compared with that of approximately RMB66.4 million during the year of 2023. Such increase was mainly due to the increase in depreciation for property, plant and equipment during the year of 2024.

Consumables consisted of machinery spare parts and supplies consumed in the production process. Consumables increased to approximately RMB87.1 million during the year of 2024, by approximately RMB4.7 million or 5.7%, as compared with that of approximately RMB82.4 million during the year of 2023.

Other costs primarily comprised other taxes and surcharges expenses.

Gross profit

The Group recorded a gross profit of approximately RMB31.7 million during the year of 2024 while there was gross profit of approximately RMB296.6 million during the year of 2023.

The gross profit margin was approximately 0.5% during the year of 2024 when compared with that of 4.5% during the year of 2023.

Other income, other gains and losses

Other income, other gains and losses increased to approximately RMB66.6 million during the year of 2024, by approximately RMB57.8 million or 656.8%, as compared with that of approximately RMB8.8 million during the year of 2023. Such increase was mainly due to the increase in value-added tax credit, gain on deemed disposal of a subsidiary, and penalty income relating to the sales of scrap steel in the amount of approximately RMB47.2 million, RMB7.8 million and RMB3.6 million, respectively, during the year of 2024.

Selling expenses

The selling expenses decreased to approximately RMB42.2 million during the year of 2024, by approximately RMB26.8 million or 38.8%, as compared with that of approximately RMB69.0 million during the year of 2023. The decreased in selling expenses was mainly attributable to the decreased in delivery costs during the year of 2024.

Administrative expenses

The administrative expenses increased to approximately RMB73.5 million during the year of 2024, by approximately RMB14.9 million or 25.4%, as compared with that of approximately RMB58.6 million during the year of 2023. The increase in administrative expenses was mainly attributable to the increase in salary, staff's compensation, consumables and depreciation for right-of-use assets in the amount of approximately RMB9.1 million, RMB1.5 million, RMB1.3 million and RMB1.6 million respectively, during the first half of 2024.

Investment (loss) gain

There was investment loss on commodity futures contracts amounting to approximately RMB2.3 million was incurred by the Group during the year of 2024 as compared to the investment gain of that amounting to approximately RMB0.2 million during the year of 2023.

Finance costs

Finance costs increased to approximately RMB101.3 million during the year of 2024, by approximately RMB20.7 million or 25.7%, as compared with that of approximately RMB80.6 million during the year of 2023. Such increase was mainly attributable to the increased level of borrowings during the year of 2024.

Income tax credit (expenses)

Income tax credit amounted to approximately RMB25.0 million during the year of 2024 while there was income tax expenses amounted to approximately RMB15.7 million during the year of 2023.

(Loss) profit for the year

The loss attributable to owners of the Company was approximately RMB91.0 million during the year of 2024 when compared with the profit attributable to owners of the Company of approximately RMB85.5 million during the year of 2023.

Net loss margin was approximately 1.5% during the year of 2024 when compared with net profit margin of 1.3% during the year of 2023.

Liquidity and financial resources

As at 31 December 2024, the Group's bank balances and cash decreased to approximately RMB35.2 million, by approximately RMB63.1 million or 64.1%, from approximately RMB98.4 million as at 31 December 2023. The Group's restricted bank deposits decreased to approximately RMB169.4 million as at 31 December 2024, by approximately RMB78.3 million or 31.6%, from approximately RMB247.7 million as at 31 December 2023.

As at 31 December 2024, the Group had the net current liabilities and the net assets of approximately RMB754.5 million (31 December 2023: RMB266.7 million) and approximately RMB423.8 million (31 December 2023: RMB514.7 million), respectively. As at 31 December 2024, the current ratio calculated based on current assets divided by current liabilities of the Group was 66.4% as compared with that of 88.1% as at 31 December 2023.

At 31 December 2024, the Group's total borrowings amounted to approximately RMB2,510.4 million (31 December 2023: RMB2,277,9 million) and total assets amounted to approximately RMB3,716.7 million (31 December 2023: RMB3,787.7 million). The gearing ratio of the Group, calculated based on total borrowings divided by total assets, was approximately 67.5% (31 December 2023: 60.1%) as at 31 December 2024.

As at 31 December 2024, the Group had total banking facilities relating to bank borrowings (excluding those related to factoring of bills receivables) and bills payable amounted to approximately RMB2,931.4 million, of which approximately RMB1,604.8 million had been utilised, and the unutilised banking facilities amounted to approximately RMB1,326.7 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 2024, certain of the Group's borrowings, which were secured by certain assets of the Group, were also secured by personal guarantees from Mr. Xu Songqing and Mr. Luo Canwen respectively.

Foreign currency exposure

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

Financial instruments

During the year of 2024, 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 of 2024, other than the deemed disposal of 95% equity interests in Jiangmen Zhongtuo Precision Metal Products Co. Ltd* (江門市中拓精密五金製品有限公司, the previously indirect wholly-owned subsidiary of the Company) in August 2024, the Group had no other material acquisition or disposal of subsidiaries, associates and joint ventures.

Pledge of assets

Details of the pledge of assets of the Group as at 31 December 2024 are set out in note 19 to the consolidated financial statements.

Contingent liabilities

During the year of 2024, the Company provided guarantees to banks as securities for financing facilities granted to certain subsidiaries of the Company in the PRC. The Group did not provide any guarantee to any third parties and did not have contingent liabilities as at 31 December 2024 (31 December 2023: nil).

Employees

As at 31 December 2024, the Group had a total of 1,492 (31 December 2023: 1,183) 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 of 2024 amounted to approximately RMB143.2 million (2023: RMB123.0 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 (2023: RMB1.8 million) included in the above staff costs during the year of 2024.

SUBSEQUENT EVENT

In February 2025, the Group obtained the licence for port operations of berths no. 1, 2, and 3 at Huajin terminal and Huajin terminal has successfully completed trial operations. As a multi-purpose terminal, the terminal business will help broaden the income source of the Group.

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 2024.

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.

Further information on the Company's corporate governance practices during the year of 2024 will be set out in the Corporate Governance Report to be contained in the Company's 2024 annual report which will be sent to the shareholders in due course.

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 2024.

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.

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 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the interests in share options of the Company at no time during the year ended 31 December 2024 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 2024 and up to the date of this announcement.

NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

On 23 March 2016, each of the controlling shareholders, namely Mr. Xu, Mr. Luo, Haiyi Limited ("Haiyi"), Intrend Ventures Limited ("Intrend Ventures") and Zhong Cheng International Limited ("Zhong Cheng") entered into the deed of non-competition (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 2021, 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 of the Company dated 5 April 2016.

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 2024, 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 2024; 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 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As required by the Listing Rules, the Company is required to report on environmental, social and governance ("ESG") information of the Group on an annual basis and regarding the same period covered in this announcement. The Company will publish the ESG report on the websites of the Company and the Stock Exchange in due course.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Company's audit committee has reviewed the accounting principles and practices adopted by the Group with the management of the Company and the Company's external auditor, and has examined the annual results of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 31 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Company (www.huajin-hk.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company containing all information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

By Order of the Board
Huajin International Holdings Limited
Xu Songqing
Chairman

Hong Kong, 31 March 2025

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

* *For identification purposes 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.*