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HUAJIN INTERNATIONAL HOLDINGS LIMITED
華津國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2738)

ANNOUNCEMENT
UPDATE ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of the Company dated 31 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the "2019 Preliminary Results Announcement"). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the 2019 Preliminary Results Announcement.

As stated in the 2019 Preliminary Results Announcement, the annual results for the year ended 31 December 2019 contained therein was not then yet agreed by the Company's auditor as required under Rule 13.49(2) of the Listing Rules.

The Board of the Company is pleased to announce that the auditing process for the annual results of the Group for the year ended 31 December 2019 has been completed on 11 May 2020 and that the audited consolidated financial results of the Group for the year ended 31 December 2019, together with the comparative figures for the corresponding period in 2018 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019 *RMB'000* (Audited)	2018 *RMB'000* (Audited)
Revenue	*4*	**2,162,605**	2,909,265
Cost of sales		**(2,048,064)**	(2,764,586)
Gross profit		**114,541**	144,679
Other income, other gains and losses	*5*	**13,978**	6,227
Selling expenses		**(27,407)**	(31,788)
Administrative expenses		**(38,096)**	(38,651)
Share of loss of an associate		**(40)**	–
Profit before investment income and gain, net finance costs and taxation		**62,976**	80,467
Investment gain (loss)		**2,059**	(27,297)
Finance income	*6*	**3,295**	1,420
Finance costs	*6*	**(42,654)**	(45,327)
Finance costs, net	*6*	**(39,359)**	(43,907)
Profit before taxation		**25,676**	9,263
Income tax expense	*7*	**(7,296)**	(2,968)
Profit for the year	*8*	**18,380**	6,295
Other comprehensive expense for the year which may be subsequently reclassified to profit or loss			
— exchange differences arising on translation of foreign operations		**–**	(2,751)
Total comprehensive income for the year		**18,380**	3,544
Profit (loss) for the year attributable to:			
Owners of the Company		**18,380**	6,412
Non-controlling interests		**–**	(117)
		18,380	6,295
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**18,380**	3,661
Non-controlling interests		**–**	(117)
		18,380	3,544
Earnings per share for profit attributable to owners of the Company,			
— Basic (RMB cents)	*10*	**3.06**	1.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 *RMB'000* (Audited)	2018 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**741,458**	618,733
Right-of-use assets		**173,803**	–
Prepaid lease payments		**–**	189,533
Interests in an associate		**6,130**	–
Deposits paid for acquisition of property, plant and equipment		**109,100**	47,596
Deferred tax assets		**5,363**	6,188
		1,035,854	862,050
CURRENT ASSETS			
Prepaid lease payments		**–**	4,375
Inventories		**81,460**	234,565
Trade, bills and other receivables	*11*	**316,915**	459,027
Tax recoverable		**915**	5,179
Restricted bank deposits		**72,484**	123,944
Bank balances and cash		**38,695**	72,465
		510,469	899,555
CURRENT LIABILITIES			
Trade, bills and other payables and accrued expenses	*12*	**89,390**	202,026
Contract liabilities	*13*	**96,838**	66,589
Tax payables		**2,596**	–
Amounts due to related parties	*14*	**6,217**	34,047
Borrowings — due within one year	*15*	**418,290**	831,091
Lease liabilities		**1,313**	–
		614,644	1,133,753
NET CURRENT LIABILITIES		**(104,175)**	(234,198)
TOTAL ASSETS LESS CURRENT LIABILITIES		**931,679**	627,852
NON-CURRENT LIABILITIES			
Borrowings — due more than one year	*15*	**372,550**	17,147
Lease liabilities		**3,684**	–
Deferred income		**21,450**	24,750
		397,684	41,897
NET ASSETS		**533,995**	585,955
CAPITAL AND RESERVES			
Share capital		**4,999**	4,999
Reserves		**528,996**	580,956
TOTAL EQUITY		**533,995**	585,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

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 two individuals, namely Mr. Xu Songqing ("Mr. Xu") and Mr. Luo Canwen ("Mr. Luo") who have been acting in concert.

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/or sales of processed 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 Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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 RMB104,175,000 as at 31 December 2019 and had capital commitments contracted for but not provided in the consolidated financial statements of RMB189,451,000 on the same date, of which RMB112,315,000 is due for payment in the next twelve months from 31 December 2019. The Group had also incurred a net cash outflow of RMB33,493,000 for the year ended 31 December 2019.

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, the working capital estimated to be generated from operating activities and taking into account the various matters subsequent to the end of the reporting period as set out in page 29 of the 2019 Preliminary Results Announcement. As at 31 December 2019, the Group had total financing facilities relating to borrowings amounted to approximately RMB701,020,000, of which approximately RMB575,337,000 had been utilised, and the unutilised financing facilities amounted to RMB125,683,000. In addition, based on the best estimation of the directors of the Company, all of the currently utilised financing facilities would be renewed upon expiry.

Mr. Xu and Mr. Luo also agreed to provide necessary financial support to enable the Group to meet its financial obligations as they fall due for a period of twelve months from the date of approval of these consolidated financial statements.

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 HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatory effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year.

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Payment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 — 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance and for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.84% per annum.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	6,185
Lease liabilities discounted at relevant incremental borrowing rates	4,131
Less: Practical expedient — leases with lease term ending within 12 months from the date of initial application	(347)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	3,784
Lease liabilities analysed as	
Current	350
Non-current	3,434
	3,784

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	3,784
Reclassified from prepaid lease payments *(Note i)*	193,908
Adjustments on rental deposits at 1 January 2019 *(Note ii)*	66
	197,758
By class:	
Leasehold lands	196,824
Warehouse	934
	197,758

Notes:

(i) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB4,375,000 and RMB189,533,000 respectively were reclassified to right-of-use assets.

(ii) Before the application of HKFRS 16, the Group considered refundable rental deposits paid (included in trade, bills and other receivables as at 31 December 2018) as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, the discounting effect of RMB66,000 was adjusted to refundable rental deposits paid and right-of-use assets.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current Assets			
Prepaid lease payments	189,533	(189,533)	–
Right-of-use assets	–	197,758	197,758
Current Assets			
Prepaid lease payments	4,375	(4,375)	–
Trade, bills and other receivables	459,027	(66)	458,961
Current Liabilities			
Lease liabilities	–	350	350
Non-current Liabilities			
Lease liabilities	–	3,434	3,434

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of a Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

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

Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatory effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual periods beginning on or after 1 January 2020. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

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, 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 2019 and 2018, 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 processed 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 processed steel products and galvanized steel products is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific locations (delivery) 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 11. 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.

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

	2019 ***RMB'000*** **(Audited)**	2018 *RMB'000* (Audited)
Sales of cold-rolled steel products		
— steel strips and sheets	**1,538,278**	2,068,096
— welded steel tubes	**187,503**	185,623
Sales of galvanized steel products	**326,872**	436,769
Sales of hot-rolled steel products and others	**109,952**	218,777
	2,162,605	2,909,265

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 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:

	2019 ***RMB'000*** **(Audited)**	2018 *RMB'000* (Audited)
PRC	**2,151,849**	2,902,258
Southeast Asia	**10,756**	7,007
	2,162,605	2,909,265

No revenue from any customer of the Group contributed to over 10% of the total revenue of the Group for the year ended 31 December 2019 (2018: nil).

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Government grants *(Notes i and ii)*	**5,586**	7,261
Gain on disposal of a subsidiary *(Note 16)*	**7,845**	–
Gain (loss) on disposal of property, plant and equipment	**754**	(14)
Net foreign exchange loss	**(1,231)**	(2,897)
Others	**1,024**	1,877
	13,978	6,227

Notes:

(i) Incentives received from the PRC local authorities by the Group as encouragement of its business development amounting to RMB2,286,000 (2018: RMB3,961,000) are recognised in the profit or loss for the year ended 31 December 2019 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.

(ii) Grants amounting to RMB33,000,000 were recorded as a deferred income in prior year, of which RMB3,300,000 (2018: RMB3,300,000) has been recognised in the profit or loss for the year ended 31 December 2019.

6. FINANCE INCOME AND COSTS

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Finance costs:		
— Interest expense on borrowings, net of amounts capitalised in the cost of qualifying assets of RMB10,437,000 (2018: RMB7,405,000)	**(42,426)**	(44,583)
— Interest expense on advances from Mr. Xu	**–**	(744)
— Interest expense on lease liabilities	**(228)**	–
	(42,654)	(45,327)
Finance income:		
— Interest income from bank deposits	**3,295**	1,420
Finance costs, net	**(39,359)**	(43,907)

Bank borrowing costs capitalised during the year ended 31 December 2019 arose on the borrowing pool and are calculated by applying a comprehensive capitalisation rate of 6.0% (2018: 5.4%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Current tax charge:		
— PRC Enterprise Income Tax ("EIT")	**4,437**	2,508
— PRC withholding income tax	**4,253**	2,660
— Hong Kong Profits Tax	**–**	23
	8,690	5,191
(Over) underprovision in prior years:		
— PRC EIT	**(2,219)**	10
Deferred tax charge (credit)	**825**	(2,233)
Income tax expense for the year	**7,296**	2,968

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

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Profit before taxation	**25,676**	9,263
Tax at the EIT rate of 25% (2018: 25%)	**6,419**	2,316
Tax effect of expenses not deductible for tax purpose	**1,451**	1,740
Tax effect of tax losses not recognised	**222**	313
Withholding tax on earnings of subsidiaries	**4,253**	2,660
Income tax at concessionary rate	**(3,560)**	(2,431)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**730**	835
Increase in opening deferred tax asset resulting from increase in applicable tax rate	**–**	(2,475)
(Over) underprovision in prior years	**(2,219)**	10
Income tax expense for the year	**7,296**	2,968

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. 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 2016 to 2018.

During the current year, 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 2019 to 2021.

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. PROFIT FOR THE YEAR

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration		
— fee	**660**	602
— salaries, allowances and other benefits	**1,091**	717
— retirement benefit scheme contributions	**74**	27
	1,825	1,346
Other staff salaries, allowances and other benefits	**65,537**	75,196
Retirement benefit scheme contributions, excluding those of directors	**7,846**	9,047
Total employee benefits expenses	**75,208**	85,589
Auditor's remuneration		
— audit services	**1,743**	1,631
— non-audit services	**777**	656
Depreciation of property, plant and equipment	**57,192**	49,648
Less: amount capitalised as cost of inventories manufactured	**(54,631)**	(46,375)
	2,561	3,273
Depreciation of right-of-use assets	**3,916**	–
Release of prepaid lease payments	**–**	3,029
Cost of inventories recognised as an expense	**1,822,151**	2,463,768
Net realised (gain) loss on the derivative financial instruments (included in investment gain (loss))	**(2,059)**	27,297

9. DIVIDENDS

Dividends recognised as distribution during the year:

	2019 *RMB'000* (Audited)	2018 *RMB'000* (Audited)
2019 interim dividend of HK3.0 cents (2018: nil) per share	**16,232**	–
2019 special interim dividend of HK10.0 cents (2018: nil) per share	**54,108**	–
2018 final dividend of nil (2018: 2017 final dividend of HK2.0 cents) per share	**–**	10,086
	70,340	10,086

No final dividend for the year ended 31 December 2019 has been proposed since the end of the reporting period (2018: nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2019 (Audited)	2018 (Audited)
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share *(in RMB'000)*	**18,380**	6,412
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(in thousands)*	**600,000**	600,000

No diluted earnings per share is presented for the years ended 31 December 2019 and 2018 as the Group had no potential ordinary shares in issue during the year.

11. TRADE, BILLS AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade receivables from contracts with customers	**102,912**	189,756
Bills receivables	**54,865**	75,494
Prepayments to suppliers	**134,926**	150,889
Value-added tax recoverable	**15,051**	21,586
Other prepayments, deposits and other receivables	**9,161**	21,302
	316,915	459,027

No allowance for credit losses was provided for both years ended 31 December 2019 and 2018 and the balance of provision for credit losses as at the end of each reporting periods was negligible.

Rental deposits paid (included in other prepayments, deposits and other receivables) were adjusted upon the initial application of HKFRS 16. Details of the adjustments are set out in note 3.

As at 1 January 2018, trade receivables from contracts with customers amounted to RMB268,727,000.

For long-term customers with good credit quality and payment history, the Group allows credit periods of no longer than 90 days (2018: 120 days). For other customers, the Group requires full payment upon delivery of goods.

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

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade receivables:		
Within 30 days	**98,256**	169,292
31 – 60 days	**3,050**	19,832
61 – 90 days	**358**	16
91 – 120 days	**488**	1
121 – 180 days	**416**	2
181 – 365 days	**315**	613
Over 1 year	**29**	–
	102,912	189,756
Bills receivables:		
Within 30 days	**1,267**	9,611
31 – 60 days	**352**	3,368
61 – 90 days	**279**	3,589
91 – 120 days	**827**	3,854
121 – 180 days	**38,803**	46,765
181 – 365 days	**13,337**	8,307
	54,865	75,494

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 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,248,000 (2018: RMB615,000) which are past due as at the reporting date. Out of the past due balances, RMB344,000 (2018: nil) 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 RMB53,498,000 (2018:RMB64,502,000), as at 31 December 2019, being the discounted bills receivables transferred to certain banks with full recourse. If the issuing banks of bills receivables default payment on maturity, the banks 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 has recognised the cash received on the transfer as bank borrowings from factoring of trade receivables with full recourse (note 15). 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 2019 and 2018, the Group does not hold any collateral as security.

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Carrying amount of transferred asset	**53,498**	64,502
Carrying amount of associated liability	**(53,498)**	(64,502)
	–	–

During the current year, certain transactions between subsidiaries of the Company arising from steel processing services were settled by bank bills. As at 31 December 2019, bills receivables held by two subsidiaries of the Company issued by other members of the Group of RMB72,346,000 (2018: 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 has recognised the cash received on the transfer of the bills receivables as bank borrowings from factoring of trade receivables with full recourse (note 15).

12. TRADE, BILLS AND OTHER PAYABLES AND ACCRUED EXPENSES

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade payables	**28,785**	23,798
Bills payables	**–**	112,401
Accrued staff costs	**6,599**	6,276
Construction payables	**26,147**	29,917
Transportation fees payable	**1,237**	2,650
Other tax payables	**720**	1,524
Consideration payable for acquisition of additional interest in a subsidiary	**10,138**	10,138
Other payables and accrued expenses	**15,764**	15,322
	89,390	202,026

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

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Trade payables:		
Within 30 days	**15,010**	10,950
31 – 60 days	**4,386**	4,363
61 – 90 days	**2,627**	1,881
91 – 120 days	**455**	1,035
121 – 180 days	**946**	1,623
181 – 365 days	**2,296**	1,617
Over 1 year	**3,065**	2,329
	28,785	23,798
Bills payables:		
31 – 60 days	**–**	28,113
121 – 180 days	**–**	84,288
	–	112,401

The average credit period granted by suppliers on purchase of goods is no longer than 30 (2018: 30) days from certain of its suppliers. For other suppliers, the Group is required to prepay in advance (see note 11) and make full payment upon receipt of the goods purchased.

13. CONTRACT LIABILITIES

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Sales of processed steel products and galvanized steel products and analysed for reporting purpose as current liabilities	**96,838**	66,589

As at 1 January 2018, contract liabilities amounted to RMB57,792,000.

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 2019 and 2018 have been recognised as revenue during the respective reporting periods.

14. AMOUNTS DUE TO RELATED PARTIES

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Mr. Xu *(Note i)*	**2,047**	33,137
江門市津源金屬製品有限公司 (Jiangmen Jinyuan Metals Company Limited) ("Jiangmen Jinyuan") *(Note ii)*	**4,165**	–
Hua Jin Holdings Pte Ltd *(Note iii)*	**5**	–
江門市華志金屬製品有限公司 (Jiangmen Huazhi Metal Product Company Limited) *(Note iv)*	**–**	910
	6,217	34,047

Notes:

(i) The amount due to Mr. Xu is non-trade in nature, interest free and unsecured. As at 31 December 2019, the amount is repayable within twelve months from the end of the reporting period. As at 31 December 2018, the amount was repayable on demand and the full amount has been settled by the Group during the year.

(ii) The amount due to the associate is non-trade in nature, interest free, unsecured and repayment on demand.

(iii) This is an entity controlled by Mr. Xu. The amount is trade in nature, interest free, unsecured and repayment on demand.

(iv) This is an entity owned as to 60% by Mr. Xu Jianhong and 40% by Mr. Chen Chunniu. The entire balance as at 31 December 2018 is trade in nature, interest free, unsecured and repayment on demand. The full amount has been settled by the Group during the year.

15. BORROWINGS

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Fixed-rate borrowings:		
Secured bank borrowings	**352,100**	325,101
Bank borrowings from factoring of bills receivables with full recourse *(note 11)*	**125,844**	64,502
Unsecured bank borrowings	**29,437**	–
Secured borrowings from financial institutions independent with the Group	**–**	25,388
Unsecured borrowings from entities established in the PRC independent with the Group	**50,459**	–
	557,840	414,991
Variable-rate borrowings:		
Secured bank borrowings	**233,000**	433,247
	790,840	848,238
The carrying amounts of the above borrowings are repayable based on the scheduled repayment dates set out in the loan agreements as		
— within one year	**418,290**	831,091
— more than one year, but not more than two years	**190,900**	6,430
— more than two years, but not more than five years	**95,600**	10,717
— more than five years	**86,050**	–
	790,840	848,238
Less: amount due within one year shown under current liabilities	**(418,290)**	(831,091)
Amount shown under non-current liabilities	**372,550**	17,147

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

	2019	2018
Fixed-rate borrowings	**1.00% to 11.00%**	5.22% to 8.00%
Variable-rate borrowings	**4.35% to 7.11%**	4.35% to 8.05%

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.

16. DISPOSAL OF A SUBSIDIARY

On 24 October 2019, the Group completed the disposal of 80% equity interest in Jiangmen Jinyuan, a then inactive wholly-owned subsidiary of the Group, for a total cash consideration of RMB30,000,000 to an independent third party. Upon completion of the disposal, the Group has lost control of Jiangmen Jinyuan, which ceased to be a subsidiary of the Group. The Group's remaining 20% equity interest of Jiangmen Jinyuan is accounted for as interest in an associate as the directors of the Company consider the Group has significant influence over the investee.

	RMB'000 (Audited)
Analysis of assets and liabilities of Jiangmen Jinyuan over which control was lost:	
Property, plant and equipment	1,229
Right-of-use assets	20,861
Other receivables	4,267
Amount due from the Group	1,689
Bank balances and cash	555
Other payables	(276)
Net assets disposed of	28,325
Gain on disposal:	
Cash consideration received	30,000
Interest in an associate, measured at fair value of the retained interest in Jiangmen Jinyuan	6,170
Less: net assets disposed of	(28,325)
Gain on disposal *(note 5)*	7,845
Net cash inflow arising on disposal:	
Cash consideration received	30,000
Less: bank balances and cash disposed of	(555)
	29,445

The cash flows arose from Jiangmen Jinyuan during the years ended 31 December 2018 and 2019 prior to the disposal was insignificant.

17. CAPITAL COMMITMENTS

	2019 ***RMB'000*** **(Audited)**	2018 *RMB'000* (Audited)
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of acquisition of property, plant and equipment	**189,451**	204,350

18. 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:

	2019	2018
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Property, plant and equipment	**496,021**	309,917
Right-of-use assets (2018: prepaid lease payments)	**168,972**	143,936
Trade receivables	**–**	5,066
Restricted bank deposits	**72,484**	123,944
	737,477	582,863

Furthermore, bills receivables issued by third parties endorsed with recourse for settlement of payables for purchasing of steel raw materials is disclosed in note 15.

Please refer to pages 20 to 30 of the 2019 Preliminary Results Announcement for the section "MANAGEMENT DISCUSSION AND ANALYSIS", which includes the information in relation to "BUSINESS REVIEW", "FINANCIAL REVIEW", etc.

UPDATE OF ANNUAL RESULTS

The difference between the 2019 Preliminary Results Announcement and this further announcement are mainly certain minor amendments and reclassification adjustments of certain items in the notes to the consolidated financial statements. The figures were updated accordingly.

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 2019 as set out in this further announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board of the Directors on 11 May 2020. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this further announcement.

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 2019.

PUBLICATION OF ANNUAL REPORT

As the auditing process for the 2019 Annual Results has been completed, the Company expects to publish its annual report for the year ended 31 December 2019 on or before 15 May 2020.

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

Hong Kong, 11 May 2020

As at the date of this announcement, the Board is comprised of Mr. Xu Songqing (Chairman), Mr. Luo Canwen (Chief Executive Officer), Mr. Chen Chunniu and Mr. Xu Songman as executive Directors, Mr. Xu Jianhong as non-executive Director, and Mr. Goh Choo Hwee, Mr. Tam Yuk Sang Sammy and Mr. Wu Chi Keung as independent non-executive Directors.