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 2021

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 2021, together with the comparative figures for the year ended 31 December 2020, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For year ended 31 December 2021

	NOTES	**2021** **RMB'000**	2020 *RMB'000*
Revenue	*4*	**5,293,037**	2,847,751
Cost of sales		**(5,084,287)**	(2,697,434)
Gross profit		**208,750**	150,317
Other income, other gains and losses	*5*	**12,550**	2,089
Selling expenses		**(41,732)**	(35,735)
Administrative expenses		**(50,274)**	(41,118)
Share of loss of an associate		**–**	(78)
Profit before investment gain (loss), net finance costs and taxation		**129,294**	75,475
Investment gain (loss)		**3,261**	(2,155)
Finance income	*6*	**848**	1,690
Finance costs	*6*	**(56,363)**	(34,759)
Finance costs, net	*6*	**(55,515)**	(33,069)
Profit before taxation		**77,040**	40,251
Income tax expense	*7*	**(15,001)**	(3,833)
Profit for the year	*8*	**62,039**	36,418
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVTOCI"), net of income tax		**18**	–
Other comprehensive income for the year, net of income tax		**18**	–
Total comprehensive income for the year		**62,057**	36,418
Earnings per share	*10*		
— Basic *(RMB cents)*		**10.34**	6.07
— Diluted *(RMB cents)*		**10.34**	6.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,001,892**	964,478
Right-of-use assets		**149,514**	168,419
Deposits paid for acquisition of property, plant and equipment		**61,670**	78,523
Equity investments designated at FVTOCI		**2,275**	–
Deferred tax assets		**3,881**	5,407
		1,219,232	1,216,827
CURRENT ASSETS			
Inventories		**156,903**	224,117
Trade, bills and other receivables	*11*	**870,814**	500,898
Financial assets at fair value through profit or loss		**20**	–
Tax recoverable		**1,431**	4,490
Restricted bank deposits		**133,659**	50,871
Bank balances and cash		**22,547**	46,236
		1,185,374	826,612
CURRENT LIABILITIES			
Trade, bills and other payables and accrued expenses	*12*	**330,680**	351,533
Contract liabilities	*13*	**215,650**	135,036
Tax payables		**370**	5,103
Amounts due to directors	*14*	**21,200**	–
Borrowings — due within one year	*15*	**845,960**	645,071
Lease liabilities		**1,124**	480
		1,414,984	1,137,223
NET CURRENT LIABILITIES		**(229,610)**	(310,611)
TOTAL ASSETS LESS CURRENT LIABILITIES		**989,622**	906,216
NON-CURRENT LIABILITIES			
Borrowings — due more than one year	*15*	**383,670**	314,809
Lease liabilities		**2,708**	2,844
Deferred income		**14,850**	18,150
Deferred tax liabilities		**1,411**	–
		402,639	335,803
NET ASSETS		**586,983**	570,413
CAPITAL AND RESERVES			
Share capital		**4,999**	4,999
Reserves		**581,984**	565,414
TOTAL EQUITY		**586,983**	570,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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 of Hong Kong Limited ("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 RMB229,610,000 as at 31 December 2021 and had capital commitments contracted for but not provided in the consolidated financial statements of RMB69,061,000 on the same date, of which RMB51,760,000 is due for payment in the next twelve months from 31 December 2021. The Group had incurred a net cash outflow of RMB23,728,000 and net operating cash outflow of RMB36,463,000 for the year ended 31 December 2021.

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 2021, the Group had total banking facilities relating to bank borrowings (excluding those related to factoring of bills receivables) and bills payables amounted to approximately RMB1,327,300,000, of which approximately RMB972,598,000 had been utilised, and the unutilised financing facilities amounted to RMB354,702,000. 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 also agreed to provide necessary financial support to enable the Group to meet its financial obligations as they fall due for a period of fifteen months from the date of approval of these consolidated financial statements.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid 19-Related Rent Concession
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" which determining the net realisable value of inventories.

The application of the amendments to HKFRSs 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.

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 2021 and 2020, 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 People’s Republic of China (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 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 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.

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

	2021	2020
	RMB’000	*RMB’000*
Sales of cold-rolled steel products		
— steel strips and sheets	**3,686,602**	2,056,133
— welded steel tubes	**228,272**	174,674
Sales of galvanized steel products	**928,363**	364,838
Sales of hot-rolled steel products and others	**449,800**	252,106
	5,293,037	2,847,751

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:

	2021	2020
	RMB'000	*RMB'000*
PRC (including Hong Kong)	**5,277,610**	2,841,430
Southeast Asia	**15,427**	6,321
	5,293,037	2,847,751

No revenue from any customer of the Group contributed to over 10% of the total revenue of the Group for the years ended 31 December 2021 and 2020.

5. OTHER INCOME, OTHER GAINS AND LOSSES

	2021	2020
	RMB'000	*RMB'000*
Gain on deemed disposal of subsidiaries *(note 16)*	**6,688**	–
Government grants *(Notes i and ii)*	**3,537**	4,193
Gain (loss) on disposal of property, plant and equipment	**1,752**	(594)
Net foreign exchange gain (loss)	**75**	(23)
Gain on disposal of an associate *(note 17)*	**–**	1,448
Write-off of property, plant and equipment	**–**	(2,323)
Impairment losses of property, plant and equipment	**–**	(765)
Impairment losses of trade receivables under expected credit losses model	**(283)**	(388)
Others	**781**	541
	12,550	2,089

Notes:

(i) Incentives received from the PRC local authorities by the Group as encouragement of its business development amounting to RMB237,000 (2020: RMB893,000) are recognised in the profit or loss for the year ended 31 December 2021 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 previous years, of which RMB3,300,000 (2020: RMB3,300,000) has been recognised in the profit or loss for the year ended 31 December 2021.

6. FINANCE INCOME AND COSTS

	2021	2020
	RMB'000	*RMB'000*
Finance costs:		
— Interest expense on borrowings, net of amounts capitalised in the cost of qualifying assets of RMB8,245,000 (2020: RMB11,037,000)	**(56,199)**	(34,553)
— Interest expense on lease liabilities	**(164)**	(206)
	(56,363)	(34,759)
Finance income:		
— Interest income from bank deposits	**848**	1,690
Finance costs, net	**(55,515)**	(33,069)

Borrowing costs capitalised during the year ended 31 December 2021 arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.06% (2020: 7.11%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	2021	2020
	RMB'000	*RMB'000*
Current tax charge:		
— PRC Enterprise Income Tax ("EIT")	**10,948**	5,612
— PRC withholding income tax	**2,650**	–
	13,598	5,612
Overprovision in prior years:		
— PRC EIT	**(760)**	(1,735)
Deferred tax charge (credit)	**2,163**	(44)
Income tax expense for the year	**15,001**	3,833

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 enjoying the preferential enterprise income tax rate of 15% 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 AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2021	2020
	RMB'000	*RMB'000*
Profit and total comprehensive income for the year has been arrived at after charging (crediting):		
Directors' remuneration		
— fees	**523**	670
— other emoluments, salaries, allowances and other benefits	**1,398**	1,287
— equity-settled share-based payments	**1,845**	–
— retirement benefit scheme contributions	**99**	74
	3,865	2,031
Staff salaries, allowances and other benefits	**96,021**	78,558
Equity-settled share-based payments, excluding those of directors	**1,617**	–
Retirement benefit scheme contributions, excluding those of directors *(Note)*	**9,217**	2,152
Total employee benefit expenses	**110,720**	82,741
Auditor's remuneration		
— audit services	**2,321**	2,245
— non-audit services	**558**	863
Depreciation of property, plant and equipment	**81,138**	67,624
Less: amount capitalised as cost of inventories manufactured	**(77,045)**	(64,126)
	4,093	3,498
Depreciation of right-of-use assets	**3,636**	3,845
Cost of inventories recognised as an expense	**5,084,287**	2,695,437

Note: For the year ended 31 December 2020, payment of certain retirement benefit scheme contributions for employees due to COVID-19 has been waived.

9. DIVIDENDS

Dividends recognised as distribution during the year:

	2021	2020
	RMB'000	*RMB'000*
Special interim dividend of HK9.8 cents per share	**49,022**	–

On 21 January 2021, the Board of Directors resolved to declare a special interim dividend of HK9.8 cents per ordinary share, in an aggregate amount of HK$58,800,000 (equivalent to RMB49,022,000) (2020: nil). No final dividend has been proposed for the year ended 31 December 2021 since the end of the reporting period (2020: nil).

10. EARNINGS PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**62,039**	36,418

	2021	2020
Weighted average number of ordinary shares for the purpose of basic earnings per share	**600,000,000**	600,000,000
Effect of dilutive potential ordinary shares brought by share options *(Note)*	**–**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**600,000,000**	N/A

Note:

The computation of diluted earnings per share for the current year does not assume the exercise of the Company's options because the adjusted exercise price of those options was higher than the average market price for shares during the period between the grant date of those options and year-end date.

No diluted earnings per share for the year ended 31 December 2020 were presented as there were no potential ordinary shares in issue for the period.

11. TRADE, BILLS AND OTHER RECEIVABLES

	2021 *RMB'000*	2020 *RMB'000*
Trade receivables from contracts with customers	**130,368**	126,953
Less: Allowance for credit losses	**(671)**	(388)
	129,697	126,565
Bills receivables	**141,920**	160,276
Prepayments to suppliers	**566,322**	172,263
Value-added tax recoverable	**12,987**	31,293
Other prepayments, deposits and other receivables	**19,888**	10,501
	870,814	500,898

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 (2020: 90 days).

The following is an ageing 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:

	2021 *RMB'000*	2020 *RMB'000*
Trade receivables:		
Within 30 days	**111,508**	120,690
31 – 60 days	**9,016**	5,114
61 – 90 days	**2,023**	135
91 – 120 days	**4,363**	21
121 – 180 days	**2,471**	501
181 – 365 days	**211**	43
Over 1 year	**105**	61
	129,697	126,565
Bills receivables:		
Within 30 days	**20,825**	45,457
31 – 60 days	**23,523**	21,138
61 – 90 days	**29,624**	15,831
91 – 120 days	**17,332**	37,773
121 – 180 days	**45,724**	40,077
181 – 365 days	**4,892**	–
	141,920	160,276

12. TRADE, BILLS AND OTHER PAYABLES AND ACCRUED EXPENSES

	2021	2020
	RMB'000	*RMB'000*
Trade payables *(Note a)*	**141,520**	182,340
Bills payables *(Note b)*	**80,740**	60,003
Accrued staff costs	**11,569**	9,972
Construction payables	**58,842**	60,366
Transportation fees payable	**3,111**	7,138
Unclaimed dividends	**575**	–
Other tax payables	**12,843**	6,606
Other payables and accrued expenses	**21,480**	25,108
	330,680	351,533

Notes:

(a) Included in the amounts was RMB60,926,000 (2020: RMB92,415,000) related to the trade payables in which the Group has endorsed bills to the relevant suppliers.

(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.

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 12a, based on the invoice dates at the end of each reporting period is presented as follows:

	2021	2020
	RMB'000	*RMB'000*
Trade payables:		
Within 30 days	**18,387**	29,433
31 – 60 days	**21,631**	21,342
61 – 90 days	**5,347**	7,485
91 – 120 days	**13,920**	5,786
121 – 180 days	**4,297**	19,383
181 – 365 days	**13,890**	3,732
Over 1 year	**3,122**	2,764
	80,594	89,925

The maturity dates of the trade payables in which the Group has endorsed bills to the relevant suppliers as described in note 12a at the end of each reporting period are presented as follows:

	2021	2020
	RMB'000	*RMB'000*
Trade payables:		
Within 30 days	**14,926**	40,510
31 – 60 days	**9,734**	9,539
61 – 90 days	**11,819**	15,113
91 – 120 days	**16,832**	9,873
121 – 180 days	**7,615**	17,380
	60,926	92,415

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

	2021	2020
	RMB'000	*RMB'000*
Bills payables:		
Within 30 days	**20,000**	14,103
31 – 60 days	**20,000**	–
61 – 90 days	**–**	10,500
121 – 180 days	**40,740**	35,400
	80,740	60,003

The average credit period granted by suppliers on purchase of goods is no longer than 30 (2020: 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.

13. CONTRACT LIABILITIES

	2021	2020
	RMB'000	*RMB'000*
Sales of processed steel products and galvanized steel products and analysed for reporting purpose as current liabilities	**215,650**	135,036

As at 1 January 2020, contract liabilities amounted to RMB96,838,000.

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 2021 and 2020 have been recognised as revenue during the respective reporting periods.

14. AMOUNTS DUE TO DIRECTORS

	2021	2020
	RMB'000	*RMB'000*
Mr. Xu	**21,100**	–
Mr. Chen Chunniu	**100**	–
	21,200	–

Note: The amounts are non-trade in nature, interest free and unsecured and repayable within twelve months from 31 December 2021.

15. BORROWINGS

	2021	2020
	RMB'000	*RMB'000*
Fixed-rate borrowings:		
Secured bank borrowings	**856,500**	660,549
Bank borrowings from factoring of bills receivables with full recourse	**102,670**	66,043
Unsecured bank borrowings	**50,000**	29,050
Secured borrowings from entities established in the PRC independent with the Group	**141,930**	63,528
Unsecured borrowings from entities established in the PRC independent with the Group	**78,530**	82,660
	1,229,630	901,830
Variable-rate borrowings:		
Secured bank borrowings	**–**	58,050
	1,229,630	959,880

	2021	2020
	RMB'000	*RMB'000*
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	**683,930**	608,953
— more than one year, but not more than two years	**156,210**	6,523
— more than two years, but not more than five years	**129,950**	93,320
— more than five years	**39,080**	104,896
	1,009,170	813,692
Less: amount due within one year shown under current liabilities	**(683,930)**	(608,953)
Amount shown under non-current liabilities	**325,240**	204,739
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	**162,030**	36,118
— more than one year, but not more than two years	**50,921**	110,070
— more than two years, but not more than five years	**7,509**	–
	220,460	146,188
Less: amount due within one year shown under current liabilities	**(162,030)**	(36,118)
Amount shown under non-current liabilities	**58,430**	110,070

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

	2021	2020
Fixed-rate borrowings	**3.04% to 10.55%**	1.00% to 9.6%
Variable-rate borrowings	**N/A**	4.35% to 7.11%

The secured portion of the Group's borrowings are secured by certain assets of the Group as detailed in note 19. Certain of the Group's borrowings are also guaranteed personally by certain directors of the Company.

16. DISPOSAL OF SUBSIDIARIES

During the current year, the Group entered into capital injection agreements with three distinct group of investors, independent third parties, pursuant to which these investors acquired 95% of the enlarged equity interest of Jiangmen Huihan Precision Metal Products Company Limited ("Huihan"), Jiangmen Huihao Precision Metal Products Company Limited ("Huihao") and Jiangmen Huiyang Precision Metal Products Company Limited ("Huiyang"), all of which were previously indirect wholly-owned subsidiaries of the Company. On 19 August 2021, Huihan, Huihao and Huiyang have completed the updates on their 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 each of Huihan, Huihao and Huiyang have been diluted to 5%, the Group ceased to control and had no significant influence over Huihan, Huihao and Huiyang. Retained equity interests in Huihan, Huihao and Huiyang at the date on which the control being lost are recognised as equity investments designated at FVTOCI.

The net liabilities of the subsidiaries were as follows:

	Huihan	**Huihao**	**Huiyang**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysis of assets and liabilities over which control was lost during the year:				
Property, plant and equipment	4,872	19,091	5,521	29,484
Right-of-use assets	4,196	8,846	2,728	15,770
Deferred tax assets	–	772	–	772
Trade receivables	192	259	–	451
Bank balances and cash	53	35	40	128
Other payables	(3,447)	(21,866)	(9,116)	(34,429)
Other borrowings	(6,609)	(10,000)	–	(16,609)
Net liabilities disposed of	(743)	(2,863)	(827)	(4,433)

	Huihan	Huihao	Huiyang	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gain on deemed disposal:				
Fair value of retained interests	637	1,003	615	2,255
Add: net liabilities disposed of	743	2,863	827	4,433
Gain on deemed disposal	1,380	3,866	1,442	6,688

	Huihan	Huihao	Huiyang	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash outflow arising from deemed disposal of subsidiaries:				
Cash and cash equivalents disposed of	53	35	40	128

17. DISPOSAL OF AN ASSOCIATE

During the year ended 31 December 2020, the Group entered into a sale and purchase agreement with an independent third party pursuant to which the Group disposed of entire 20% equity interest of an associate, Jiangmen Jinyuan Metals Company Limited ("Jiangmen Jinyuan"), which was inactive as of the date of the disposal. The disposal was completed on 7 September 2020, on which date the Group's significant influence over Jiangmen Jinyuan, which ceased to be an associate of the Group.

18. CAPITAL COMMITMENTS

	2021	2020
	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	**69,061**	108,379

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:

	2021	2020
	RMB'000	*RMB'000*
Property, plant and equipment	**883,953**	747,871
Right-of-use assets	**145,905**	162,624
Restricted bank deposits	**133,659**	50,871
	1,163,517	961,366

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

In addition to the above, certain equity interests in two PRC subsidiaries of the Group as at 31 December 2021 is also pledged to a bank for banking facilities granted to the relevant subsidiaries.

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 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.

During the year ended 31 December 2021, the Group recorded revenue of approximately RMB5,293.0 million (2020: RMB2,847.8 million) and a profit attributable to shareholders of approximately RMB62.0 million (2020: RMB36.4 million), representing an increase of 85.9% and 70.3%, respectively, from the corresponding period in 2020.

The increase in production and sales orders of the Group promoted by the improved production efficiency of the Group in the new production plant located at Gujing Town and the increase in the average selling price of the Group's products had resulted in the increase in the Group's revenue and gross profit in the year of 2021.

The sales volume of processed steel products and galvanized steel products in aggregate was approximately 867,445 tonnes for the year ended 31 December 2021, representing an increase of approximately 248,658 tonnes or 40.2%, as compared to approximately 618,787 tonnes for the year ended 31 December 2020. The annual processing capacity of the cold-rolling process and zinc coating process was approximately 1,250,000 tonnes and 250,000 tonnes respectively during the year ended 31 December 2021.

In August 2021, the Group entered into the capital injection agreements with three distinct group of investors, independent third parties of the Company, pursuant to which these investors acquired 95% of the enlarged equity interest of Huihan, Huihao and Huiyang at the consideration of RMB9.5 million respectively in cash. The Group's equity interests in each of Huihan, Huihao and Huiyang decreased to 5% respectively and these three previously wholly-owned subsidiaries ceased to be the subsidiaries of Group and the financial results of them will not be consolidated into the consolidated financial results of the Company. There was a gain of approximately RMB6.7 million on deemed disposal of 95% equity interest in the three previously wholly-owned subsidiaries of the Group in the second half of 2021.

In order to enhance its business growth in the long run, the Group invested substantially in property, plant and equipment to strengthen the scale and processing capacity of the existing production base and facilities. During the year ended 31 December 2021, the Group acquired property, plant and equipment and incurred construction costs of approximately RMB151.3 million (2020: RMB300.2 million).

The net current liabilities position of approximately RMB229.6 million (2020: RMB310.6 million) as at 31 December 2021 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 2021, was approximately RMB69.1 million (2020: RMB108.4 million), which will be financed by the Group's internal resources and borrowings. The Group envisages ongoing growth in demand for its products and an ongoing need to increase its production capacity. It is believed that these investments will contribute to the Group's business growth and net profit margin improvement in the years ahead.

Having considered the business, financial and cash flow position of the Company and the Group, on 21 January 2021, the Board had resolved to declare a special interim dividend of HK$0.098 per ordinary share of the Company, in an aggregate amount of HK$58,800,000 (equivalent to approximately RMB49,022,000). The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

FINANCIAL REVIEW

Revenue

The Group primarily generates revenue from the sales of processed steel products and galvanized steel products. The revenue increased to approximately RMB5,293.0 million for the year ended 31 December 2021, by approximately RMB2,445.2 million or 85.9%, as compared with that of approximately RMB2,847.8 million for the year ended 31 December 2020.

The sales volume of processed steel products increased to approximately 709,776 tonnes for the year ended 31 December 2021, by approximately 172,864 tonne or 32.2%, as compared with that of 536,912 tonnes for the year ended 31 December 2020. The sales volume of galvanized steel products increased to approximately 157,669 tonnes for the year ended 31 December 2021, by approximately 75,794 tonnes or 92.6%, as compared with that of approximately 81,875 tonnes for the year ended 31 December 2020. Thus, the sales volume of processed steel products and galvanized steel products in aggregate was approximately 867,445 tonnes for the year ended 31 December 2021, representing an increase of approximately 248,658 tonnes or 40.2%, as compared to 618,787 tonnes for the year ended 31 December 2020.

The increase in production and sales orders of the Group promoted by the improved production efficiency of the Group in the new production plant located at Gujing Town and the increase in the average selling price of the Group's products had resulted in the increase in the Group's revenue and gross profit in the year of 2021. The average selling price of the processed steel products increased to approximately RMB5,516 per tonne for the year ended 31 December 2021 as compared with that of approximately RMB4,155 per tonne for the year ended 31 December 2020. The average selling price of the galvanized steel products increased to approximately RMB5,888 per tonne for the year ended 31 December 2021 as compared with that of approximately RMB4,456 per tonne for the year ended 31 December 2020. In summary, the average selling price of the processed steel products and galvanized steel products increased to approximately RMB5,583 per tonne for the year ended 31 December 2021 as compared with that of approximately RMB4,195 per tonne for the year ended 31 December 2020.

The domestic sales in the PRC market, including Hong Kong, contributed over 99% of the revenue while the remaining portion was attributable to sales to the customers located in Southeast Asia.

Other revenue was primarily attributable to the sales of scrap steel residual in the manufacturing process to recycling agents and 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 about 8.5% (2020: 8.9%) of the revenue for the year ended 31 December 2021.

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

	Year ended 31 December			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Sales of processed steel products	**3,914,874**	**74.0**	2,230,807	78.3
— processed steel strips and sheets	**3,686,602**	**69.7**	2,056,133	72.2
— welded steel tubes	**228,272**	**4.3**	174,674	6.1
Sales of galvanized steel products	**928,363**	**17.5**	364,838	12.8
Others	**449,800**	**8.5**	252,106	8.9
	5,293,037	**100.0**	2,847,751	100.0

Cost of sales

The cost of sales increased to approximately RMB5,084.3 million for the year ended 31 December 2021, by approximately RMB2,386.9 million or 88.5%, as compared with that of approximately RMB2,697.4 million for the year ended 31 December 2020.

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

	Year ended 31 December			
	2021		2020	
	RMB'000	*%*	*RMB'000*	*%*
Direct materials	**4,707,326**	**92.6**	2,420,866	89.7
Utilities	**141,469**	**2.8**	114,568	4.2
Depreciation expense	**71,937**	**1.4**	59,695	2.2
Direct labour	**78,826**	**1.6**	45,473	1.7
Consumables	**73,578**	**1.4**	50,333	1.9
Others	**11,151**	**0.2**	6,499	0.3
	5,084,287	**100.0**	2,697,434	100.0

Direct materials represented the cost of raw materials, primarily hot-rolled steel coils. The direct materials accounted for over 92% (2020: 89%) of the cost of sales for the year ended 31 December 2021. The increase in direct materials was mainly attributable to the increase in the average cost of direct material consumed and the sales volume of processed steel products and galvanized steel products.

Utilities related primarily to electricity, water, and natural gas consumed throughout the production process. Utilities expenses increased to approximately RMB141.5 million for the year ended 31 December 2021, by approximately RMB26.9 million or 23.5%, as compared with that of approximately RMB114.6 million for the year ended 31 December 2020. Such increase was mainly due to the increase in sales volume and production activities during the reporting period under review.

Depreciation expense experienced an increase to approximately RMB71.9 million for the year ended 31 December 2021, by approximately RMB12.2 million or 20.4%, as compared with that of approximately RMB59.7 million for the year ended 31 December 2020. Such increase was mainly due to the increase in depreciation for property, plant and equipment during the reporting period under review.

The direct labour increased to approximately RMB78.8 million for the year ended 31 December 2021, by approximately RMB33.3 million or 73.2%, as compared with that of approximately RMB45.5 million for the year ended 31 December 2020. During the year of 2020, payment of certain retirement benefit scheme contribution for employees due to COVID-19 had been waived by the PRC government and such waiver was not available in the year of 2021. The increase in direct labour cost was in line with the increase in our production scale during the year of 2021.

Consumables consisted of machinery spare parts and supplies consumed in the production process. Consumables increased to approximately RMB73.6 million for the year ended 31 December 2021, by approximately RMB23.3 million or 46.3%, as compared with that of approximately RMB50.3 million for the year ended 31 December 2020. Such increase was mainly attributable to the increased production activity for processed steel products and galvanized steel products during the reporting period under review.

Other costs primarily comprised other taxes and surcharges expenses.

Gross profit

Due to the increase in production and sales orders of the Group promoted by the improved production efficiency of the Group in the new production plant located at Gujing Town and the increase in the average selling price of the Group's products and the increase in other sales, the Group recorded a gross profit of approximately RMB208.8 million for the year ended 31 December 2021, representing an increase of approximately RMB58.5 million or 38.9%, as compared with that of approximately RMB150.3 million for the year ended 31 December 2020. Nevertheless, the increase in cost of sales and the decrease in the average processing fee (being the difference between the selling price and the cost of the raw materials, namely hot-rolled steel coils) charged for the Group's processed steel products and galvanized steel products resulted in the drop of gross profit margin to 3.9%, representing a decrease of approximately 1.4 percentage points as compared with that of 5.3% in the corresponding period in 2020.

The following table sets out the sales volume, average selling price of the products, average cost of direct materials used, and the difference between the average selling price and the average cost of direct materials used for the periods indicated:

	Year ended 31 December	
	2021	2020
Sales volume of processed steel products	**709,776 tonnes**	536,912 tonnes
— processed steel strips and sheets	**670,504 tonnes**	498,002 tonnes
— welded steel tubes	**39,272 tonnes**	38,910 tonnes
Sales volume of galvanized steel products	**157,669 tonnes**	81,875 tonnes
	867,445 tonnes	618,787 tonnes
Average selling price (per tonne)		
— processed steel products	**RMB5,516**	RMB4,155
— galvanized steel products	**RMB5,888**	RMB4,456
— processed steel products and galvanized steel products	**RMB5,583**	RMB4,195
Average cost of direct materials used (per tonne)	**RMB5,047**	RMB3,642
Difference (per tonne) between average selling price and average cost of direct materials used		
— processed steel products	**RMB469**	RMB513
— galvanized steel products	**RMB841**	RMB814
— processed steel products and galvanized steel products	**RMB536**	RMB553

Other income, other gains and losses

Other income, other gains and losses increased to approximately RMB12.6 million for the year ended 31 December 2021, by approximately RMB10.5 million or 500.0%, as compared with that of approximately RMB2.1 million for the year ended 31 December 2020. There was a gain of approximately RMB6.7 million on deemed disposal of 95% equity interest in the three previously wholly-owned subsidiaries of the Group in the second half of 2021.

Selling expenses

The selling expenses increased to approximately RMB41.7 million for the year ended 31 December 2021, by approximately RMB6.0 million or 16.8%, as compared with that of approximately RMB35.7 million for the year ended 31 December 2020. The increase in selling expenses during the reporting period under review was mainly attributable to the increase in salary, delivery costs and other selling related expenses.

Administrative expenses

The administrative expenses increased to approximately RMB50.3 million for the year ended 31 December 2021, by approximately RMB9.2 million or 22.4%, as compared with that of approximately RMB41.1 million for the year ended 31 December 2020.

Investment gain (loss)

There was investment gain on commodity futures contracts amounting to approximately RMB3.3 million was recognized by the Group during the year of 2021 as compared to the investment loss of that amounting to approximately RMB2.2 million in the year of 2020.

Finance costs

Finance costs increased to approximately RMB56.4 million for the year ended 31 December 2021, by approximately RMB21.6 million or 62.1%, as compared with that of approximately RMB34.8 million for the year ended 31 December 2020. Such increase was primarily resulted from the increased level of borrowings and increase in interest rates during the reporting period under review.

Income tax expenses

Income tax expenses increased to approximately RMB15.0 million for the year ended 31 December 2021, by approximately RMB11.2 million or 294.7%, as compared with that of approximately RMB3.8 million for the year ended 31 December 2020. Such increase was mainly attributable to the increase in PRC Enterprise Income Tax and PRC withholding income tax during the reporting period under review.

Profit for the year

The profit attributable to shareholders of the Company increased to approximately RMB62.0 million for the year ended 31 December 2021, by approximately RMB25.6 million or 70.3%, as compared with that of approximately RMB36.4 million for the year ended 31 December 2020.

Net profit margin decreased to approximately 1.2% for the year ended 31 December 2021 by approximately 0.1 percentage points from approximately 1.3% for the year ended 31 December 2020.

Liquidity and financial resources

As at 31 December 2021, the Group's bank balances and cash decreased to approximately RMB22.5 million, by approximately RMB23.7 million or 51.3%, from approximately RMB46.2 million as at 31 December 2020. The Group's restricted bank deposits increased to approximately RMB133.7 million as at 31 December 2021, by approximately RMB82.8 million or 162.7%, from approximately RMB50.9 million as at 31 December 2020.

As at 31 December 2021, the Group had the net current liabilities and the net assets of approximately RMB229.6 million (2020: RMB310.6 million) and approximately RMB587.0 million (2020: RMB570.4 million), respectively. As at 31 December 2021, the current ratio calculated based on current assets divided by current liabilities of the Group was 83.8% as compared with that of 72.7% as at 31 December 2020.

At 31 December 2021, the Group's total borrowings amounted to approximately RMB1,229.6 million (2020: RMB959.9 million) and total equity amounted to approximately RMB587.0 million (2020: RMB570.4 million). The gearing ratio of the Group, calculated based on total borrowings divided by total equity, was approximately 2.09 times (31 December 2020: 1.68 times) as at 31 December 2021.

As at 31 December 2021, the Group had total banking facilities relating to bank borrowings (excluding those related to factoring of bills receivables) and bills payables amounted to approximately RMB1,327.3 million, of which approximately RMB972.6 million had been utilised, and the unutilised financing facilities amounted to approximately RMB354.7 million. The Group believes it has and will have sufficient unutilised financing facilities to meet its business operation, capital expenditures and expansion.

As at 31 December 2021, certain of the Group's borrowings, which were secured by certain assets of the Group, were also secured by personal guarantees from Mr. Xu Songqing, Mr. Luo Canwen and Mr. Chen Chunniu respectively. Mr. Xu also agreed to provide necessary financial support to enable the Group to meet its financial obligations as they fall due for a period of fifteen months from the date of approval of these consolidated financial statements.

Foreign currency exposure

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

Financial instruments

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

Material acquisitions and disposal

During the reporting period under review, other than the deemed disposal of 95% equity interests in each of Huihan, Huihao and Huiyang (the three previously wholly-owned subsidiaries of the Group) respectively in August 2021, the Group had no other material acquisition or disposal of subsidiaries, associates and joint ventures.

Contingent liabilities

During the reporting period under review, the Company provided guarantees to banks as securities for financing facilities granted to certain subsidiaries of the Company in the PRC. The Group did not provide any guarantee to any third parties and did not have contingent liabilities as at 31 December 2021 (2020: nil).

Employees

As at 31 December 2021, the Group had a total of 1,155 (31 December 2020: 989) full-time employees in mainland China, Hong Kong and Singapore. The Group's total staff costs (including Directors' remuneration) in the year of 2021 amounted to approximately RMB110.7 million (2020: RMB82.7 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 were granted on 2 June 2021 resulting in the share-based payment expenses of approximately RMB3.5 million included in the above staff costs for the year of 2021 whilst no such expenses were recorded in the year of 2020.

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 shareholder and stakeholders, and enhance shareholder value.

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules as its code of corporate governance. The Company has complied with the applicable code provisions in the CG Code throughout the year ended 31 December 2021, except as noted hereunder.

Code provision A.4.1

In respect of the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. All the independent non-executive Directors of the Company are not appointed for a specific term. However, all Directors are subject to retirement by rotation and re-election by the shareholders at the general meeting in accordance with the Articles of Association. As such, 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 under review will be set out in the Corporate Governance Report to be contained in the Company's 2021 annual report which will be sent to the shareholders in due course.

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 2021.

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 10 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 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2021 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.

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 ("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.

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.

Upon the execution of the termination deed on 16 December 2021 (the "Termination Deed"), 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.

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 2021, each of the Controlling Shareholders has complied with the non-competition undertakings (the "Undertakings") given under the Deed of Non-competition.

Mr. Luo and Zhong Cheng has also provided written confirmation to the Company that, for the period from 1 January 2021 to 15 December 2021 (being the date immediately preceding the date of the Termination Deed), they have complied with 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 2021; 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 2021.

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 2021.

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 2021 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 Group's audited consolidated financial statements for the year. 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 HKICPA and consequently no assurance 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 2021 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 2022

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. Goh Choo Hwee, Mr. Ou Qiyuan and Mr. Tam Yuk Sang Sammy as independent non-executive Directors.