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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)

MEMORANDUM OF UNDERSTANDING RELATING TO POSSIBLE ACQUISITION AND CONNECTED TRANSACTION

This announcement is made pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

THE POSSIBLE ACQUISITION AND CONNECTED TRANSACTION

The Board announces that on 28 December 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding MOU with the Vendor in relation to the possible acquisition of the Land and Plant by the Purchaser for a consideration to be agreed between the Purchaser and the Vendor.

The target of the Possible Acquisition is the Land and Plant, a parcel of land with a site area of approximately 24,881 sq.m. located at Reng Zi Wei, the Villagers' Committee of Nan An, Muzhou Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC and the plant building to be built on such land parcel as required by the Purchaser pursuant to the MOU and the Formal Agreement.

The Vendor is a limited liability company established under the laws of PRC on 9 October 2007 and beneficially wholly-owned by Mr. Xu. Mr. Xu is substantial shareholder, an executive Director and the Chairman of the Company. Therefore, the Vendor is regarded as a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The payment of the Deposit to the Vendor constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios is less than 5%, the payment of the Deposit is subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As the Possible Acquisition may or may not proceed, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the SFO.

THE MOU

The Board announces that on 28 December 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding MOU with the Vendor in relation to the possible acquisition of the Land and Plant by the Purchaser for a consideration to be agreed between the Purchaser and the Vendor.

Deposit

A refundable and interest-free deposit in the sum of RMB6 million (the "Deposit") is payable by the Purchaser, using the Group's internal resources, to the Vendor within one month from the date of the MOU, solely for the purpose of the initial development of the Land and Plant that renders the Land and Plant transferrable under PRC laws.

In the event that the legally binding Formal Agreement is entered into by the Vendor and the Purchaser, the Deposit shall be applied towards satisfying part of the consideration for the acquisition of the Land and Plant. In the event that the legally binding Formal Agreement is not entered into by the Vendor and the Purchaser, the Deposit shall be refunded to the Purchaser within ten business days from the date of lapse or otherwise termination of the MOU.

Condition precedents

Completion of the Possible Acquisition shall be subject to the following conditions, amongst other things, being fulfilled:

- (a) the results of the due diligence inspection in relation to the Land and Plant being to the reasonable satisfaction of the Purchaser;
- (b) the value of the Land and Plant being assessed by a competent independent valuer, which is to be agreed between the Purchaser and the Vendor; and
- (c) the Company having obtained all necessary approvals in connection with the Possible Acquisition, including the approval of the Shareholders and/or the Stock Exchange as may be required under the Listing Rules, and approval from relevant regulatory authorities.

Exclusivity period

Within six months from the date of the MOU, the Vendor or their respective associates shall not enter into any negotiation, arrangement or agreement similar or relating to the Possible Acquisition with any other party.

Termination

The MOU shall be lapsed and ceased to have any effect if the Formal Agreement is not entered into within six months from the date of the MOU or such other dates as agreed by the parties.

Information of the target of the Possible Acquisition

The target of the Possible Acquisition is the Land and Plant, a parcel of land with a site area of approximately 24,881 sq.m. located at Reng Zi Wei, the Villagers' Committee of Nan An, Muzhou Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC and the plant building to be built on such land parcel as required by the Purchaser pursuant to the MOU and the Formal Agreement.

Reasons for the Possible Acquisition

The Group is a leading cold-rolled carbon steel processor in Guangdong Province, PRC. The Group provides processing, cutting, slitting, warehousing and delivery services on customised cold-rolled carbon steel and the Group is principally engaged in providing cold-rolled carbon steel strips, sheets and welded steel tubes customized 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 envisages ongoing growth in demand for its products and an ongoing need to increase its production capacity. The Land and Plant, being adjacent to the Purchaser's existing production facilities, presents an ideal location for the Group to pursue its further development in the future.

The Directors consider the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interests of the Company and the Shareholders as a whole.

Listing Rules implications

The Vendor is a limited liability company established under the laws of PRC on 9 October 2007 and beneficially wholly-owned by Mr Xu. Mr. Xu is substantial shareholder, an executive Director and the Chairman of the Company. Therefore, the Vendor is regarded as a connected person of the Company pursuant to Chapter 14A of the Listing Rules. The payment of the Deposit to the Vendor constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios is less than 5%, the payment of the Deposit is subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

If the legally binding Formal Agreement is entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction and/or connected transaction of the Company pursuant to the Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or Shareholders' approval requirements under the Listing Rules.

General

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As the Possible Acquisition may or may not proceed, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context require otherwise:

“associates”	having the meaning as ascribed thereto under the Listing Rules
“business day”	a day (other than a Saturday, a Sunday and a public holiday) on which licensed banks are generally open for business in the PRC throughout their normal business hours
“Board”	the board of Directors of the Company
“Company”	Huajin International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	having the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company (including the independent non-executive directors)
“Formal Agreement”	the formal sale and purchase agreement which is expected to be entered into by the Purchaser and the Vendor in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land and Plant”	a parcel of land with a site area of approximately 24,881 sq.m. located at Reng Zi Wei, the Villagers’ Committee of Nan An, Muzhou Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC and the plant building to be built on such land parcel as required by the Purchaser pursuant to the MOU and the Formal Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 28 December 2016 entered into among the Vendor and the Purchaser setting out the preliminary understanding in relation to the Possible Acquisition
“Mr. Xu”	Mr. Xu Songqong, a substantial shareholder, an executive Director and the Chairman of the Company
“Possible Acquisition”	the possible acquisition of the Land and Plant by the Purchaser from the Vendor as contemplated under the MOU
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	江門市華睦五金有限公司 (transliterated as Jiangmen Huamu Metals Company Limited), a limited liability company established under the laws of PRC on 27 November 2006 and an indirect wholly-owned subsidiary of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	江門市新會區展程制衣有限公司 (transliterated as Jiangmen Xinhui District Zhan Cheng Garment Limited), a limited liability company established under the laws of PRC on 9 October 2007, the entire equity interest of which is beneficially held by Mr. Xu
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 28 December 2016

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