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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)

**DISCLOSEABLE TRANSACTION
EQUIPMENT SUPPLY CONTRACT**

The Board is pleased to announce that on 24 January 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equipment Supply Contract with the Vendor in relation to the purchase of the Equipment at the contract price of RMB83,980,000 (inclusive of 17% VAT).

As the applicable percentage ratios under the Listing Rules exceed 5% but are less than 25%, the entering into of the Equipment Supply Contract constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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EQUIPMENT SUPPLY CONTRACT

The principal terms of the Equipment Supply Contract are summarised as follows:

Date : 24 January 2017

Parties : The Purchaser; and
The Vendor

Assets to be acquired

Pursuant to the Equipment Supply Contract, the Purchaser agreed to purchase, and the Vendor agreed to supply the Equipment at the contract price of RMB83,980,000 (inclusive of 17% VAT). The Vendor shall be responsible for manufacture, installation and commissioning of the Equipment, and provision of technical services.

Contract price and payment terms

The contract price payable by the Purchaser to the Vendor under the Equipment Supply Contract shall be RMB83,980,000 (inclusive of 17% VAT). The contract price is inclusive of all the charges (including transportation costs, loading and unloading fee, packaging fee and insurance premium) to deliver the Equipment to the Purchaser's designated location. The contract price shall be settled in the following manner:

- (a) 5% of the contract price amounting to RMB4,199,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days after the Equipment Supply Contract is signed and sealed by the Purchaser and the Vendor;
- (b) 15% of the contract price amounting to RMB12,597,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within two months after the Effective Date of the Equipment Supply Contract;
- (c) within two and a half months after the Effective Date of the Equipment Supply Contract, 10% of the contract price amounting to RMB8,398,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days upon written confirmation on the completion of the Equipment design review by both parties;
- (d) 10% of the contract price amounting to RMB8,398,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within five months and ten days after the Effective Date of the Equipment Supply Contract;
- (e) 10% of the contract price amounting to RMB8,398,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days when the first batch of the equipment, as stipulated under the Equipment Supply Contract with on-site confirmation by the Purchaser at the manufacturing site, is ready for delivery;
- (f) 15% of the contract price amounting to RMB12,597,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days when the second batch of the equipment, as stipulated under the Equipment Supply Contract, delivered to the Purchaser's designated location;
- (g) 15% of the contract price amounting to RMB12,597,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days when the last batch of the equipment, as stipulated under the Equipment Supply Contract with on-site confirmation by the Purchaser at the manufacturing site, is ready for delivery;
- (h) 10% of the contract price amounting to RMB8,398,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days when the first qualified coil is produced with written confirmation by both parties; and
- (i) the remaining balance (i.e. 10% of the contract price) as retention monies amounting to RMB8,398,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days upon the expiration of the Warranty Period.

The payment under the Equipment Supply Contract will be financed by internal resources of the Group and/or borrowings.

INFORMATION ON THE VENDOR

The Vendor is one of the leading manufacturers producing metal smelting equipment, steel rolling equipment, pickling equipment, and other machinery in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

REASONS AND BENEFITS FOR ENTERING INTO THE EQUIPMENT SUPPLY CONTRACT

The Group is a leading cold-rolled carbon steel processor in Guangdong Province, the 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 installation and application of the Equipment, in addition to the increase in production capacity, could offer significant improvements with respect to mill productivity, yield and production cost savings as a result of the elimination of strip-threading and tailing-out operations. The required strip thickness, flatness and surface quality could be achieved in a more cost-effective way by coupling the pickling and cold-rolling processes. The corresponding maintenance, roll consumption and manpower requirements for the Equipment are also lower than the existing equipment.

The annual processing capacity for cold-rolling processes from the Group's existing production facilities amounted to approximately 750,000 tonnes. The annual processing capacity for cold-rolling processes from the Equipment will amount to approximately 600,000 tonnes. Upon successful installation and application of the Equipment, the total annual processing capacity for cold-rolling processes of the Group will increase to approximately 1,350,000 tonnes. The Equipment can also improve the product quality by reducing the variance in steel plate thickness from 2% of the existing equipment to 1%, thus allowing the Group to cater the needs of a wider variety of customers and make the Group's business more competitive.

The Directors anticipate that the Equipment will commence operation within eleven months after the Effective Date of the Equipment Supply Contract.

The terms of the Equipment Supply Contract have been agreed upon after arm's length negotiations between the Purchaser and the Vendor. The Directors consider that the terms of the Equipment Supply Contract are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

Listing Rules implications

As the applicable percentage ratios under the Listing Rules exceed 5% but are less than 25%, the entering into of the Equipment Supply Contract constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under 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
“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
“Director(s)”	the director(s) of the Company
“Effective Date”	After the Equipment Supply Contract is signed and sealed by the Purchaser and the Vendor, the Equipment Supply Contract shall become effective on the date of prepayment made by the Purchaser to the Vendor. The prepayment of RMB684,825 was made by the Purchaser to the Vendor on 16 January 2017 and as such, the Equipment Supply Contract becomes effective on that date
“Equipment”	the coupled pickling line and tandem cold rolling mill as referred to in the Equipment Supply Contract
“Equipment Supply Contract”	the equipment supply contract dated 24 January 2017 and entered into between the Purchaser and the Vendor in relation to the purchase and installation of the Equipment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Warranty Period”	twelve months warranty period starting from the date of completion of the trial stage of thermal loads of the Equipment
“Purchaser”	江門市華津金屬製品有限公司 (transliterated as Jiangmen Huajin Metals Company Limited), a limited liability company established under the laws of the PRC 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
“VAT”	value-added-tax in the PRC
“Vendor”	CERI Technology Co., Ltd., a limited liability company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 24 January 2017

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.