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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 CONTRACTS**

The Board is pleased to announce that on 17 May 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equipment Supply Contract A and the Equipment Supply Contract B with the Vendor in relation to the purchase of the Equipment A and the Equipment B at the contract price of RMB71,000,000 (inclusive of 17% VAT) and RMB27,780,000 (inclusive of 17% VAT), respectively.

LISTING RULES IMPLICATIONS

Reference is made to the announcement of the Company dated 24 January 2017 in relation to the purchase of the Equipment under the Equipment Supply Contract, pursuant to which the Group has agreed to purchase the Equipment from the Vendor. Given that the Equipment Supply Contract A and the Equipment Supply Contract B are also entered into with the Vendor within a 12-month period, the transactions contemplated under the Equipment Supply Contract, the Equipment Supply Contract A and the Equipment Supply Contract B shall be aggregated for the purpose of calculating the applicable percentage ratios set out in Rule 14.07 of the Listing Rules. Accordingly, as one or more of the applicable percentage ratios, when aggregated, exceed 5% but are less than 25%, the entering into of the Equipment Supply Contract A and the Equipment Supply Contract B constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 17 May 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Equipment Supply Contract A and the Equipment Supply Contract B with the Vendor in relation to the purchase of the Equipment A and the Equipment B at the contract price of RMB71,000,000 (inclusive of 17% VAT) and RMB27,780,000 (inclusive of 17% VAT), respectively.

EQUIPMENT SUPPLY CONTRACT A

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

Date : 17 May 2017

Parties : The Purchaser; and
The Vendor

Assets to be acquired

Pursuant to the Equipment Supply Contract A, the Purchaser agreed to purchase, and the Vendor agreed to supply the Equipment A at the contract price of RMB71,000,000 (inclusive of 17% VAT). The Vendor shall be responsible for manufacture, installation and commissioning of the Equipment A, 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 A shall be RMB71,000,000 (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 A to the Purchaser's designated location. The contract price shall be settled in the following manner:

- (a) 5% of the contract price amounting to RMB3,550,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days after the Equipment Supply Contract A is signed and sealed by the Purchaser and the Vendor;
- (b) 15% of the contract price amounting to RMB10,650,000 (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 A;
- (c) within two and a half months after the effective date of the Equipment Supply Contract A, 10% of the contract price amounting to RMB7,100,000 (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 RMB7,100,000 (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 A;
- (e) 10% of the contract price amounting to RMB7,100,000 (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 A with on-site confirmation by the Purchaser at the manufacturing site, is ready for delivery;
- (f) 15% of the contract price amounting to RMB10,650,000 (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 A, delivered to the Purchaser's designated location;
- (g) 15% of the contract price amounting to RMB10,650,000 (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 A with on-site confirmation by the Purchaser at the manufacturing site, is ready for delivery;

- (h) 10% of the contract price amounting to RMB7,100,000 (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 RMB7,100,000 (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 A will be financed by internal resources of the Group and/or borrowings.

EQUIPMENT SUPPLY CONTRACT B

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

Date : 17 May 2017

Parties : The Purchaser; and
The Vendor

Assets to be acquired

Pursuant to the Equipment Supply Contract B, the Purchaser agreed to purchase, and the Vendor agreed to supply the Equipment B at the contract price of RMB27,780,000 (inclusive of 17% VAT). The Vendor shall be responsible for manufacture, installation and commissioning of the Equipment B, 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 B shall be RMB27,780,000 (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 B to the Purchaser's designated location. The contract price shall be settled in the following manner:

- (a) 5% of the contract price amounting to RMB1,389,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days after the Equipment Supply Contract B is signed and sealed by the Purchaser and the Vendor;
- (b) 15% of the contract price amounting to RMB4,167,000 (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 B;
- (c) within two and a half months after the effective date of the Equipment Supply Contract B, 10% of the contract price amounting to RMB2,778,000 (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 RMB2,778,000 (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 B;

- (e) 10% of the contract price amounting to RMB2,778,000 (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 B with on-site confirmation by the Purchaser at the manufacturing site, is ready for delivery;
- (f) 15% of the contract price amounting to RMB4,167,000 (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 B, delivered to the Purchaser's designated location;
- (g) 15% of the contract price amounting to RMB4,167,000 (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 B with on-site confirmation by the Purchaser at the manufacturing site, is ready for delivery;
- (h) 10% of the contract price amounting to RMB2,778,000 (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 RMB2,778,000 (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 B 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 independent third parties of the Group and its connected persons.

REASONS AND BENEFITS FOR ENTERING INTO THE EQUIPMENT SUPPLY CONTRACT A AND EQUIPMENT SUPPLY CONTRACT B

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 processing of hot-rolled carbon steel coils into cold-rolled carbon steel strips, sheets and welded steel tubes and zinc coated 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.

To expand the production of zinc coated steel products by the Group to increase its competitiveness, the installation and application of the Equipment A can produce galvanized sheet with maximum widths of 850 mm and thickness between 0.3 mm and 2.5 mm. The quality of galvanized sheet will meet the demand for high-end products in our downstream industries. The annual processing capacity for zinc coating processes from the Group's existing production facilities amounted to approximately 250,000 tonnes. The annual capacity from the Equipment A will amount to approximately 350,000 tonnes. Upon successful installation and application of the Equipment A,

the total annual processing capacity for zinc coating processes of the Group will increase to approximately 600,000 tonnes. The single stand reversing cold mill is designed for the processing of a wide variety of steel products for maximum strip widths of 1,320 mm and thickness between 0.2 mm and 2.0 mm. Due to the intensified competition in the industry, the Directors believe that the investment in Equipment B will be able to increase the efficiency and flexibility in our production process in order to strengthen our competitive position.

The Directors anticipate that the Equipment A and the Equipment B will commence operation within eleven months after the effective date of the Equipment Supply Contract A and the Equipment Supply Contract B.

The terms of the Equipment Supply Contract A and the Equipment Supply Contract B 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 A and the Equipment Supply Contract B are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

Listing Rules implications

Reference is made to the announcement of the Company dated 24 January 2017 in relation to the purchase of the Equipment under the Equipment Supply Contract, pursuant to which the Group has agreed to purchase the Equipment from the Vendor. Given that the Equipment Supply Contract A and the Equipment Supply Contract B are also entered into with the Vendor within a 12-month period, the transactions contemplated under the Equipment Supply Contract, the Equipment Supply Contract A and the Equipment Supply Contract B shall be aggregated for the purpose of calculating the applicable percentage ratios set out in Rule 14.07 of the Listing Rules. Accordingly, as one or more of the applicable percentage ratios, when aggregated, exceed 5% but are less than 25%, the entering into of the Equipment Supply Contract A and the Equipment Supply Contract B constitute discloseable transactions of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of 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
“Equipment”	the coupled pickling line and tandem cold rolling mill as referred to in the Equipment Supply Contract
“Equipment A”	the continuous hot dip galvanizing line as referred to in the Equipment Supply Contract A
“Equipment B”	the single stand 6-high reversing cold mill as referred to in the Equipment Supply Contract B

“Equipment Supply Contract”	the equipment supply contract dated 24 January 2017 and entered into between the Group and the Vendor in relation to the purchase and installation of the Equipment
“Equipment Supply Contract A”	the equipment supply contract to be dated 17 May 2017 and entered into between the Purchaser and the Vendor in relation to the purchase and installation of the Equipment A
“Equipment Supply Contract B”	the equipment supply contract to be dated 17 May 2017 and entered into between the Purchaser and the Vendor in relation to the purchase and installation of the Equipment B
“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”	each of twelve months warranty period starting from the date of completion of the trial stage of thermal loads of the Equipment A and Equipment B
“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 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, 17 May 2017

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, and Mr. Goh Choo Hwee, Mr. Tam Yuk Sang Sammy and Mr. Wu Chi Keung as independent non-executive Directors.