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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 5 September 2017, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Fourth Contract with the Vendor in relation to the purchase of the Fourth Equipment at the contract price of RMB16,860,000 (inclusive of 17% VAT).

LISTING RULES IMPLICATIONS

Reference is made to the announcements of the Company dated 24 January 2017 and 17 May 2017, respectively, regarding the discloseable transactions of the Company in relation to the First Contract, the Second Contract and the Third Contract, respectively. Given that the First Contract, the Second Contract and the Third Contract were entered into with the Vendor within a 12-month period, the transactions contemplated under the First Contract, the Second Contract, the Third Contract and the Fourth Contract 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 Fourth Contract constitutes a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE FOURTH CONTRACT

The principal terms of the Fourth Contract are summarised as follows:

Date : 5 September 2017

Parties : The Purchaser; and
The Vendor

Assets to be acquired

Pursuant to the Fourth Contract, the Purchaser agreed to purchase, and the Vendor agreed to supply the Fourth Equipment at the contract price of RMB16,860,000 (inclusive of 17% VAT). The Vendor shall be responsible for manufacture, installation and commissioning of the Fourth Equipment, and provision of technical services.

Contract price and payment terms

The contract price payable by the Purchaser to the Vendor under the Fourth Contract shall be RMB16,860,000 (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 Fourth 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 RMB843,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within ten days after the Fourth Contract is signed and sealed by the Purchaser and the Vendor;
- (b) within one month after the effective date of the Fourth Contract, 10% of the contract price amounting to RMB1,686,000 (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 reviewed by both parties;
- (c) 15% of the contract price amounting to RMB2,529,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within two and a half months after the effective date of the Fourth Contract;
- (d) 10% of the contract price amounting to RMB1,686,000 (inclusive of 17% VAT) shall be payable by the Purchaser to the Vendor within five months after the effective date of the Fourth Contract;
- (e) 10% of the contract price amounting to RMB1,686,000 (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 Fourth Contract with on-site confirmation by the Purchaser at the manufacturing site, is ready for delivery;
- (f) 15% of the contract price amounting to RMB2,529,000 (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 Fourth Contract, is delivered to the Purchaser's designated location;
- (g) 15% of the contract price amounting to RMB2,529,000 (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 Fourth Contract with on-site confirmation by the Purchaser at the manufacturing site, is ready for delivery;

- (h) 10% of the contract price amounting to RMB1,686,000 (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 RMB1,686,000 (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 Fourth 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 independent third parties of the Company and its connected persons (as defined under the Listing Rules).

REASONS AND BENEFITS FOR ENTERING INTO THE FOURTH CONTRACT

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 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. The Group provides processing, cutting, slitting, warehousing and delivery services on customised cold-rolled steel products and zinc coated steel products.

Pickling is a metal surface treatment used in the production of cold-rolled steel products in which oxide, rust and other impurities are removed from the surface of hot-rolled coils by dissolution in acid. Whilst the First Equipment coupling the pickling and cold-rolling processes operates a continuous production process, the Fourth Equipment is push-pull pickling line operating a non-continuous production process in which each hot-rolled coil is threaded through the pickling tank individually and pushed or pulled through the process section. The Fourth Equipment, having an annual capacity of 600,000 tonnes per annum, provides some flexibility in production planning and small lots production according to the specifications of the customers, thus allowing the Group to cater the needs of a wider variety of customers which makes the Group's business more competitive.

The Directors anticipate that the Fourth Equipment will commence operation within nine months after the effective date of the Fourth Contract.

The terms of the Fourth Contract have been agreed upon after arm's length negotiations between the Purchaser and the Vendor. The Directors consider that the terms of the Fourth Contract 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 announcements of the Company dated 24 January 2017 and 17 May 2017, respectively, regarding the discloseable transactions of the Company in relation to the First Contract, the Second Contract and the Third Contract, respectively. Given that the First Contract, the Second

Contract and the Third Contract were entered into with the Vendor within a 12-month period, the transactions contemplated under the First Contract, the Second Contract, the Third Contract and the Fourth Contract 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 Fourth Contract constitutes a discloseable transaction 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
“First 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 First Equipment
“First Equipment”	the coupled pickling line and tandem cold rolling mill as referred to in the First Contract
“Fourth Contract”	the equipment supply contract dated 5 September 2017 and entered into between the Purchaser and the Vendor in relation to the purchase and installation of the Fourth Equipment
“Fourth Equipment”	the push-pull pickling lines having an annual capacity of 600,000 tonnes as referred to in the Fourth Contract
“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”	12 months warranty period starting from the date of completion of the trial stage of thermal loads of the Fourth Equipment

“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
“Second Contract”	the equipment supply contract dated 17 May 2017 and entered into between the Purchaser and the Vendor in relation to the purchase and installation of the Second Equipment
“Second Equipment”	the continuous hot dip galvanizing line as referred to in the Second Contract
“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
“Third Contract”	the equipment supply contract dated 17 May 2017 and entered into between the Purchaser and the Vendor in relation to the purchase and installation of the Third Equipment
“Third Equipment”	the single stand 6-high reversing cold mill as referred to in the Third Contract
“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

Hong Kong, 5 September 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.