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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
DISCLOSEABLE TRANSACTION**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 5 October 2018 in relation to discloseable transaction of the Company. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

The Board announces that between 14 December 2017 and 20 August 2018, the Group and the Contractor entered into Previous Transactions and principal terms of these Previous Transactions and other information are set out in the Announcement.

LISTING RULES IMPLICATIONS

Each of Construction Contract B, Construction Contract C, Construction Contract D and Construction Contract E by itself did not constitute a notifiable transaction of the Company under Rule 14.07 of the Listing Rules.

However, pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules, when the relevant amounts under Construction Contract B, Construction Contract C, Construction Contract D and Construction Contract E are aggregated, one of the applicable percentage ratios exceeds 5% but is less than 25%. Therefore, the entering into of Construction Contract B, on an aggregated basis, constituted a discloseable transaction of the Company which is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

Again, the Company should have complied with the relevant notification and announcement requirements under Rule 14.22 and Rule 14.23 of the Listing Rules in respect of the entering into of Construction Contract B, as and when such obligations arose. Regrettably, the Company acknowledges that the notification and announcement in respect of the entering into of Construction Contract B as required under Chapter 14 of the Listing Rules had been delayed due to its unintentional oversight. The failure to make timely disclosure under Rule 14.34 of the Listing Rules was due to miscalculation by the management of the Company on the application of Rule 14.22 and Rule 14.23 of the Listing Rules as one of the applicable percentage ratios was wrongly calculated by the reason that the aggregated value of contract prices (net of VAT) for Previous Transactions in

Renminbi instead of its Hong Kong dollars equivalent was wrongly used in the calculation of consideration ratio and the result was then less than 5%. Accordingly, the Company did not previously consider that the entering into of Construction Contract B, on aggregated basis, would constitute a discloseable transaction of the Company under Rule 14.22 and Rule 14.23 of the Listing Rules. Therefore, the management of the Company had overlooked the compliance requirements under the Listing Rules, thus resulting from failure to report to the Board and identify the entering into of Construction Contract B as discloseable transaction of the Company under Rule 14.22 and Rule 14.23 of the Listing Rules.

REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with the Listing Rules but the Company would like to stress that the non-compliance was inadvertent and unintentional by the management of the Company. To prevent similar non-compliance from occurring in the future, the Company would implement the following remedial actions with immediate effect:

1. The Company will arrange more training on regulatory compliance matters relating to notifiable transactions to the Directors, senior management and the responsible staff on a regular basis to reinforce their understanding of and importance of compliance with the Listing Rules;
2. The Company will provide an internal guideline relating to notifiable and connected transactions under the Listing Rules for all the Directors as well as its management team in order to strengthen and reinforce their existing knowledge relating to notifiable and connected transactions, as well as their ability to identify potential issues at early stage;
3. The Company will also circulate a reporting guideline such that each member of the Group shall report those transactions which may constitute potential notifiable or connected transactions to the office of the Company in Hong Kong for approval prior to the entering into of those transactions; and
4. The Company shall, as and when appropriate and necessary, consult legal advisers and/or other professional adviser before entering into possible notifiable transaction.

Going forward, the Company will continue to comply with the compliance requirements under the Listing Rules and make such disclosure in a timely manner to ensure compliance with the Listing Rules.

BASIS OF THE CONTRACT PRICE OF CONSTRUCTION CONTRACT A AND PREVIOUS TRANSACTIONS

Each of the contract price under Construction Contract A and Previous Transactions is calculated in accordance with the estimated quantities and unit prices listed in the priced bill of quantities for its relevant construction works and is subject to adjustment in the settlement report being audited by both parties due to fluctuations in materials prices, changes in the construction works, and delay of the construction period during the construction, etc. According to the valuation process as stated in the Announcement, both parties agree that the settlement amount of each Construction Contract A and Previous Transactions will be calculated at a 10% discount based on each settlement report being audited by both parties. There is no maximum cap for construction prices as stated in each Construction Contract A and Previous Transactions. As at the date of this announcement, the

Directors do not expect there will be a significant adjustment to each of the contract price of Construction Contract A and Previous Transactions.

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

Hong Kong, 27 October 2018

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