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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)

MAJOR TRANSACTION AND DISCLOSEABLE TRANSACTIONS IN RELATION TO TERMINAL CONSTRUCTION CONTRACTS

TERMINAL CONSTRUCTION CONTRACTS

As disclosed in the Company's announcement dated 24 January 2024, the Group's existing production plant located in Gujing Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC has been developed into Huajin Metal Industrial Park. Huajin Terminal with three pier berths will be built near to the coast of Huajin Metal Industrial Park. The berths will be operated and managed by the Group for the Group's own use and external operations. The first phase of the Huajin Terminal, berth no. 3, has completed in January 2024. The Group has entered into various contracts in relation to the Terminal Construction with contractors and suppliers since 2022.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Terminal Construction Contracts constitutes a notifiable transaction (as defined under the Listing Rules) for the Company. The individual contracts comprising each of the Yongtu Contracts and Tuyi Contracts should be aggregated pursuant to Rule 14.23(1) of the Listing Rules as all such individual contracts were entered into with the same counterparty. Pursuant to Rule 14.23A of the Listing Rules, the Terminal Construction Contracts were not aggregated as they were entered into with different counterparties for different works in respect of the Terminal Construction in the Group's terminal business, which is an ordinary and usual course of business of the Group.

Hangda Contract

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Hangda Contract exceed 25% but all such percentage ratios are less than 100%, the transactions contemplated under the Hangda Contract constitute a major transaction for the Company and are therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Haiyi is the beneficial owner of 65.25% issued share capital of the Company. The entire issued share capital of Haiyi is legally and beneficially owned by Intrend Ventures Limited, which is in turn legally and beneficially wholly-owned by Mr. Xu Songqing, an executive Director and a controlling Shareholder of the Company. As no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Hangda Contract, and Haiyi has ratified and approved the Hangda Contract in writing on 24 April 2024, an extraordinary general meeting of the Company for the approval of the Hangda Contract could be dispensed with pursuant to Rule 14.44 of the Listing Rules. Accordingly, the Company will not separately hold an extraordinary general meeting to ratify the Hangda Contract and rectify the non-compliance as set out below.

Wuxin Contract, Yongtu Contracts, Tuyi Contracts, Yongyang Contract and Pangda Contract

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Wuxin Contract, Yongtu Contracts, Tuyi Contracts, Yongyang Contract and Pangda Contract exceed 5% but less than 25%, the transactions contemplated under each of the Wuxin Contract, Yongtu Contracts, Tuyi Contracts, Yongyang Contract and Pangda Contract constitute a discloseable transaction for the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Company did not timely publish the announcement(s) after the terms of the Terminal Construction Contracts had been finalised in accordance with the requirements under Rule 14.34 of the Listing Rules. The Company has implemented and adopted a set of remedial measures to prevent recurrence of similar incidents of non-compliance.

BACKGROUND

As disclosed in the Company's announcement dated 24 January 2024, the Group's existing production plant located in Gujing Town has been developed into Huajin Metal Industrial Park. Huajin Terminal with three pier berths will be built near to the coast of Huajin Metal Industrial Park. The berths will be operated and managed by the Group for the Group's own use and external operations. The first phase of the Huajin Terminal, berth no. 3, has completed in January 2024.

The Group has entered into various contracts in relation to the Terminal Construction with contractors and suppliers since 2022. Among the aforesaid contracts, the Terminal Construction Contracts were subject to the notifiable transaction requirements as they exceeded the thresholds specified in Chapter 14 of the Listing Rules.

TERMINAL CONSTRUCTION CONTRACTS

1. Hangda Contract

The principal terms of the Hangda Contract are set out below:

Date:	2 March 2023
Parties:	Huajin Metal Trading as the principal Hangda Construction as the contractor
Subject matter:	The general contract for the construction of Huajin Terminal by the contractor in accordance with the construction drawings and technical specifications as set forth in the relevant tender documents.
Site of construction:	The water area behind the Group's existing production plant located in the first operational zone (第一作業區) of Gujing Town.
Contract sum:	RMB370,000,000, subject to adjustment in accordance with relevant provisions in the contract.

Payment terms and basis of determining the contract sum:

- (a) The principal shall pay 20% of the contract sum as prepayment within 28 days of entering into the contract or before the expected commencement date of the construction works. After the cumulative progress payment reaches 40% of the contract sum, deductions will be made from each monthly certificate according to a fixed percentage. The prepayment will be fully deducted when the cumulative progress payment reaches 90%.
- (b) Monthly progress payment, which equals to 95% of the value of work completed during that month after deducting (i) the prepayment in paragraph (a) above, (ii) the quality guarantee deposit in paragraph (d) below and (iii) any other expenses as set out in the contract, shall be made to the contractor by the principal within 28 days after the principal has reviewed the payment application; and the remaining 5% of the value of work completed during that month shall be made to the contractor by the principal after approval of the settlement audit of the construction works based on the audit opinion.
- (c) After the completion and passing of inspection of the relevant construction works, the principal shall settle the balance payment of the final settlement with the contractor within 14 days from the date of issuance of the settlement certificate.
- (d) The project supervisor shall withhold 3% of the first progress payment as quality guarantee deposit, up to a total amount of 3% of the contract sum. After the expiration of the defect liability period, and upon receipt of the project supervisor's certification that the contractor has completed all necessary defect repairs, the principal shall return the remaining quality guarantee deposit to the contractor within 28 days.

The contract sum was determined based on the bidding price submitted by the contractor, taking into account their technical qualifications, experience, and competency, as well as the expected scope and complexity of the construction works. The costs of materials and labour, as well as prevailing market prices for similar construction projects, were also considered in estimating the contract sum.

Price adjustment:

The contract sum may be adjusted upon the occurrence of certain circumstances as stipulated in the contract, including fluctuation in the costs of labour, materials and equipment, based on the formula set out in the contract.

As at the date of this announcement, there has been no substantial upward adjustment.

Contract period:

365 calendar days

Expected commencement date:

5 March 2023

Expected completion date:

5 March 2024

Extension of the construction period:

The construction progress was hindered by recurrent adverse weather conditions, particularly heavy rainstorms, in the region since the second half of 2023. The principal and the contractor subsequently agreed to extend the expected completion date to 30 September 2024 or such other date as the parties to the Hangda Contract may otherwise agree in writing.

Progress of the construction works:

As at the date of this announcement, the construction works are around 96% completed and the Group has paid approximately RMB355,200,000 for the Hangda Contract.

2. Wuxin Contract

The principal terms of the Wuxin Contract are set out below:

Date:	8 March 2023
Parties:	Huajin Metal Trading as the purchaser Wuxin Heavy Industry as the supplier
Subject matter:	Supply of six gantry cranes for use in Huajin Terminal in accordance with the technical drawings and specifications.
Contract sum:	RMB65,250,000 (inclusive of VAT)
Payment terms and basis of determining the contract sum:	(a) RMB3,262,500, representing 5% of the contract sum, shall be paid by the purchaser to the supplier within 10 business days from the effective date of the contract; (b) RMB13,050,000, representing 20% of the contract sum, shall be paid by the purchaser to the supplier within 10 business days following 30 calendar days from the effective date of the contract; (c) RMB16,312,500, representing 25% of the contract sum, shall be paid by the purchaser to the supplier within 10 business days after the purchaser has reviewed copies of the contracts in relation to the purchase orders of major parts of the gantry cranes; (d) RMB19,575,000 in aggregate, representing 30% of the contract sum, shall be paid by the purchaser to the supplier prior to the delivery of the first batch of 2 gantry cranes and second batch of 4 gantry cranes, provided that the gantry cranes meet the conditions for delivery;

- (e) RMB9,787,500 in aggregate, representing 15% of the contract sum, shall be paid by the purchaser to the supplier within 10 business days after the supervision and inspection reports and special equipment certificates in respect of the gantry cranes have been issued by competent authorities and acceptance certificates of the gantry cranes have been issued by the parties; and
- (f) RMB3,262,500, representing 5% of the contract sum being quality guarantee deposit retained by the purchaser, shall be paid by the purchaser to the supplier within 10 business days after two years of the quality guarantee period, provided that there is no quality issue or any quality issue has been solved.

The contract sum was determined based on arm's length negotiations between the parties, taking into account the market price of similar gantry cranes.

Delivery schedule:

The first batch of 2 gantry cranes shall be delivered for use within 165 calendar days of the date of the Wuxin Contract.

The second batch of 4 gantry cranes shall be delivered for use within 240 calendar days of the date of the Wuxin Contract.

Extension of the contract:

Due to the delayed progress of the on-site civil construction, the foundation construction of the gantry cranes for this project was postponed as the installation conditions were not met. The purchaser and the supplier subsequently agreed that the last batch of the equipment under the Wuxin Contract is extended to be installed and commissioned before 10 August 2024.

Progress of the delivery:

As at the date of this announcement, the works are around 70% completed and the Group has paid approximately RMB45,500,000 for the Wuxin Contract.

3. Yongtu Contracts

The Yongtu Contracts comprise two individual contracts of similar terms and conditions (other than the date of contract, contract sum, the scope of works and the expected date of completion thereunder) entered into with Yongtu Construction for the purpose of the Terminal Construction. The total contract sum of the Yongtu Contracts amounted to RMB72,571,282.

The contract sum was determined based on the bidding price submitted by the contractor, taking into account their technical qualifications, experience, and competency, as well as the expected scope and complexity of the construction works. The costs of materials and labour, as well as prevailing market prices for similar construction projects, were also considered in estimating the contract sum.

The following sets forth the principal terms of each of the individual contracts:

Yongtu Contract I

Date:	22 October 2023
Parties:	Huajin Metal Product as the principal Yongtu Construction as the contractor
Subject matter:	Workshop floor project at Nongchangwei, Zhoulang Village, Gujing Town (古井鎮洲朗村農場圍) (the “Site”).
Contract sum:	RMB19,095,287 (inclusive of VAT)
Payment terms:	By progress payment and the total amount paid by the principal as at completion of the construction works shall not exceed 90% of the contract sum. The remaining amount shall be paid by the principal to the contractor after the construction works have passed the acceptance inspection and all valid invoices have been received from the contractor.
Expected completion date:	Within 90 days from the date of notification of commencement of work by the principal

Extension of the construction period: Due to multiple concurrent projects taking place at the Site, there was a situation of overlapping operations, and it was necessary to ensure that all on-site works proceed in an orderly and safe manner. The principal and the contractor subsequently agreed to extend the expected completion date to 30 June 2024 or such other date as the parties to the Yongtu Contract I may otherwise agree in writing.

Progress of the construction works: As at the date of this announcement, the construction works are around 78% completed and the Group has paid approximately RMB14,800,000 for the Yongtu Contract I.

Yongtu Contract II

Date: 15 December 2023

Parties: Huajin Metal Product as the principal
Yongtu Construction as the contractor

Subject matter: Construction of container yards nos. 1 and 2 at the Site.

Contract sum: RMB53,475,995 (inclusive of VAT)

Payment terms: By progress payment and the total amount paid by the principal as at completion of the construction works shall not exceed 90% of the contract sum. The remaining amount shall be paid by the principal to the contractor after the construction works have passed the acceptance inspection and all valid invoices have been received from the contractor.

Expected completion date: Within 180 days from the date of notification of commencement of work by the principal

Progress of the construction works: As at the date of this announcement, the construction works are around 45% completed and the Group has paid approximately RMB14,800,000 for the Yongtu Contract II.

4. Tuyi Contracts

The Tuyi Contracts comprise two individual contracts of similar terms and conditions (other than the date of contract, contract sum, the scope of works and the expected date of completion thereunder) entered into with Tuyi Construction for the purpose of the Terminal Construction. The total contract sum of the Tuyi Contracts amounted to RMB61,734,917.

The contract sum was determined based on the bidding price submitted by the contractor, taking into account their technical qualifications, experience, and competency, as well as the expected scope and complexity of the construction works. The costs of materials and labour, as well as prevailing market prices for similar construction projects, were also considered in estimating the contract sum.

The following sets forth the principal terms of each of the individual contracts:

Tuyi Contract I

Date:	25 December 2023
Parties:	Huajin Metal Product as the principal Tuyi Construction as the contractor
Subject matter:	Road work at the Site.
Contract sum:	RMB42,958,376 (inclusive of VAT)
Payment terms:	By progress payment and the total amount paid by the principal as at completion of the construction works shall not exceed 90% of the contract sum. The remaining amount shall be paid by the principal to the contractor after the construction works have passed the acceptance inspection and all valid invoices have been received from the contractor.
Expected completion date:	Within 180 days from the date of notification of commencement of work by the principal.
Progress of the construction works:	As at the date of this announcement, the construction works are around 58% completed and the Group has paid approximately RMB25,200,000 for the Tuyi Contract I.

Tuyi Contract II

Date:	29 December 2023
Parties:	Huajin Metal Product as the principal Tuyi Construction as the contractor
Subject matter:	Sewage treatment and drainage work at the Site.
Contract sum:	RMB18,776,541 (inclusive of VAT)
Payment terms:	By progress payment and the total amount paid by the principal as at completion of the construction work shall not exceed 90% of the contract sum. The remaining amount shall be paid by the principal to the contractor after the construction works have passed the acceptance inspection and all valid invoices have been received from the contractor.
Expected completion date:	Within 180 days from the date of notification of commencement of work by the principal.
Progress of the construction works:	As at the date of this announcement, the construction works are around 37% completed and the Group has paid approximately RMB7,000,000 for the Tuyi Contract II.

5. Yongyang Contract

The principal terms of the Yongyang Contract are set out below:

Date:	5 August 2023
Parties:	Huajin Metal Trading as the principal Yongyang Construction as the contractor
Subject matter:	The contractor shall arrange for transportation and disposal of spoil material from the Site to designated location.
Contract sum:	RMB38,400,000 (RMB32 per cubic metre for a total volume of 1,200,000 cubic metres of spoil material)

- Payment terms:
- (i) The principal shall pay 40% of the contract sum as prepayment upon entering into the contract.
 - (ii) Monthly progress payment, which does not exceed 80% of the value of work completed during that month.
 - (iii) The remaining amount shall be made to the contractor by the principal within 20 business days after completion of the settlement audit of the relevant works.
- Expected period of works: Subject to the notification of the principal. The progress of transportation of the spoil material shall depend on the progress of the principal's work at the Site.
- Progress of the works: As at the date of this announcement, the works are around 78% completed and the Group has paid approximately RMB27,300,000 for the Yongyang Contract.

6. Pangda Contract

The principal terms of the Pangda Contract are set out below:

Date: 30 June 2023

Parties: Huajin Metal Product as the principal

Pangda Yuexi Construction as the contractor

Subject matter: Construction of workshops with total floor areas of approximately 31,849 square metres at the Site, including works in relation to civil engineering, installation of steel structure, fire protection engineering and lightning protection in accordance with the construction drawings and technical specifications.

Contract sum: RMB33,767,958, subject to adjustment in accordance with relevant provisions in the contract.

- Payment terms:
- (a) Monthly progress payment, which equals to the value of work completed during that month, shall be made to the contractor by the principal, and shall be paid up to 97% upon completion of the works.
 - (b) A quality guarantee deposit which equals to 3% of the contract sum shall be withheld. The principal shall withhold a proportionate amount from the monthly progress payment or settlement payment, until the total withheld amount reaches 3% of the contract sum. Any remaining quality guarantee deposit shall be paid to the contractor within 14 days of the expiration of the defect liability period.
 - (c) The principal shall pay any remaining amount to the contractor within 14 days from the date of issuance of the settlement certificate by the cost engineer.

The contract sum was determined based on the bidding price submitted by the contractor, taking into account their technical qualifications, experience, and competency, as well as the expected scope and complexity of the construction works. The costs of materials and labour, as well as prevailing market prices for similar construction projects, were also considered in estimating the contract sum.

- Contract period: 365 calendar days
- Expected commencement date: 30 June 2023
- Expected completion date: 29 June 2024
- Progress of the construction works: As at the date of this announcement, the construction works are around 43% completed and the Group has paid approximately RMB14,400,000 for the Pangda Contract.

All the contract sums under the Terminal Construction Contracts have been or will be funded by the internal financial resources of the Group and bank borrowings.

The delays encountered in the Hangda Contract, Wuxin Contract, and Yongtu Contract I were primarily attributed to adverse weather conditions in the region. These conditions, which significantly restricted on-site construction and posed risks to worker safety, were beyond the control of the relevant contractors and suppliers. As a result, no penalties were imposed on them as the delays were not caused by any fault on their part or any issues with the construction quality. Having considered the reasons for the delays and assessed that the delays did not have a significant financial impact on the Company, the Directors are of the view that it is fair and reasonable to refrain from imposing penalties on or claiming compensation from the relevant contractors and suppliers. Barring any further disruptions caused by adverse weather conditions, the Company expects that all relevant construction works under the Hangda Contract, Wuxin Contract and Yongtu Contract I will be completed within the extended timeframes.

INFORMATION OF THE CONTRACTORS AND SUPPLIERS

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries:

- (a) Hangda Construction, a limited liability company established under the laws of the PRC, is a comprehensive construction enterprise principally engaged in port and waterway engineering, construction engineering, municipal public works, water conservancy and hydropower engineering and highway engineering construction, etc. It is owned as to 36.2% by Li Jianshe (李建設), 26.2% by Zhang Zhonglai (張仲來), 15% by Jiang Kefeng (江克峰), 11% by Huang Guixiang (黃貴祥), 6.4% by Zhang Rongying (張榮英) and 5.2% by Liang Zhongsheng (梁中生).
- (b) Wuxin Heavy Industry, a limited liability company established under the laws of the PRC, specialises in the design and manufacturing of high-end intelligent lifting equipment and steel structure for ports and terminals. It is owned as to (i) approximately 83.8% by Hunan Wuxin Investment Co., Ltd.* (湖南五新投資有限公司) (“**Hunan Wuxin**”) and (ii) approximately 16.2% by two limited partnerships established in the PRC, one limited company incorporated in the PRC and 9 individuals (including Yu Xiaoya (于小雅)), each holding no more than 5% equity interest. The ultimate beneficial owners of Hunan Wuxin are Wang Xincheng (王薪程) and Yu Xiaoya (于小雅). The ultimate beneficial owners of Wuxin Heavy Industry are (i) Wang Xincheng (王薪程), holding approximately 28.2% equity interest, (ii) Yu Xiaoya (于小雅), holding approximately 20.6% equity interest, (iii) Zhang Weiyong (張

維友), holding approximately 5.9% equity interest, (iv) Wang Weibing (王維兵), holding approximately 5.3% equity interest and (v) 14 other entities and individuals, each holding no more than 5% equity interest.

- (c) Yongtu Construction, a limited liability company established under the laws of the PRC, is principally engaged in the provision of various main contracting services including the construction and building of various types of foundations, housings and architectural structures, the installation of various types of electrical projects, roads, water resources and utility works. It is owned as to 100% by Lin Mingshan (林明山).
- (d) Tuyi Construction, a limited liability company established under the laws of the PRC, is principally engaged in construction works and related businesses. It is owned as to 99% by Lin Haipeng (林海鵬) and 1% by Chen Jieying (陳潔瑩).
- (e) Yongyang Construction, a limited liability company established under the laws of the PRC, is principally engaged in construction works and related businesses. It is owned as to 90% by Liang Chenghui (梁澄輝) and 10% by Liang Yurong (梁鈺榕).
- (f) Pangda Yuexi Construction, a limited liability company established under the laws of the PRC, is principally engaged in construction projects, building decoration and finishing engineering, municipal public works, architectural curtain wall engineering, steel structure engineering, and foundation and basic engineering. It is owned as to 28% by Pang Xiaomin (龐曉明), 10% by Li Shaocheng (李紹成), 10% by Lu Zhiming (陸志明), and 52% by thirteen other individuals, each holding no more than 5% equity interest.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Hangda Construction, Wuxin Heavy Industry, Yongtu Construction, Tuyi Construction, Yongyang Construction, Pangda Yuexi Construction and their ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION OF THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands. 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 products and galvanized 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 customized cold-rolled steel products and galvanized steel products. Since 2024, the Group has commenced its terminal business following the completion of the construction works for the berth no. 3 of Huajin Terminal.

Huajin Metal Trading, a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, is principally engaged in port cargo loading and unloading, and warehousing services.

Huajin Metal Product, a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, is principally engaged in the production and sales of steel products and residuals.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE TERMINAL CONSTRUCTION CONTRACTS

The Group's existing production plant located in Gujing Town has been developed into Huajin Metal Industrial Park. Huajin Metal Industrial Park is located near the coastal area of Yinzhou Lake* (銀洲湖), which is situated at the confluence of the Xi River (西江) and Tan River* (潭江) in the southwestern region of the Pearl River Delta in China. In accordance with the local government plan and with the government's support, Huajin Terminal will be constructed near Huajin Metal Industrial Park. The terminal will consist of three pier berths, which will be utilized for both the Group's own use and external operations. The terminal will have berths with a maximum docking capacity of 30,000 deadweight tons, establishing it as the largest general-purpose terminal on the affiliated waterway. The total coastline of the terminal is approximately 650 metres.

The Group has recently completed the construction works for the berth no. 3 of Huajin Terminal, and obtained the licence for port operations (港口經營許可證) issued by Jiangmen Xinhui District Transportation Bureau* (江門市新會區交通運輸局) for a validity period of 3 years after the completion of the construction. The first cargo ship has entered the port in January 2024.

Based on the latest progress, barring any further disruptions caused by adverse weather conditions, the Company expects that the construction of the main structure of berth no. 1 and no. 2 of Huajin Terminal will be completed by late June 2024, and all relevant construction works under the Hangda Contract, Wuxin Contract and Yongtu Contract I will complete within the extended timeframes. The Group will apply for the port operations licenses of berth no. 1 and no. 2 of Huajin Terminal upon completion of the construction works, and it is anticipated that such licenses will be granted in the third quarter of 2024. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, pursuant to the relevant laws and regulations of the PRC, the port operations license is valid for three years, subject to renewal upon expiration. As of the date of this announcement, the Directors do not anticipate any obstacles in obtaining the port operations licenses in respect of berth no. 1 and no. 2 of Huajin Terminal or renewing

the Group's port operations licenses in the future. The validity period of the port operations licenses in respect of these berths only commence after completion of the construction works.

The establishment of Huajin Terminal will allow for direct transportation of steel raw materials from major steel mills in northern China to the southwestern area of the Pearl River Delta via water routes. This will effectively reduce transfer time and costs. While the Group's primary business will continue to be the cold-rolled and galvanized steel processing service, which provides a stable source of income, the Board expects that with a diverse customer base, the terminal business will expand the Group's income sources by saving transportation costs and time, as well as enhancing distribution and warehousing capabilities.

The contractors and suppliers under the Terminal Construction Contracts have proven track record and possesses technical capabilities and expertise in handling similar construction projects and providing similar products and services in the PRC.

The Directors confirm that each of the Terminal Construction Contracts is awarded to the relevant contractors or suppliers through tendering, including public tendering and tender by invitation, conducted by the Group. Hence, the Directors (including the independent non-executive Directors) are of the view that all terms of each of the Terminal Construction Contracts (including the amount of consideration thereunder) are negotiated on an arm's length basis upon normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Terminal Construction Contracts constitutes a notifiable transaction (as defined under the Listing Rules) for the Company. The individual contracts comprising each of the Yongtu Contracts and Tuyi Contracts should be aggregated pursuant to Rule 14.23(1) of the Listing Rules as all such individual contracts were entered into with the same counterparty. Pursuant to Rule 14.23A of the Listing Rules, the Terminal Construction Contracts were not aggregated as they were entered into with different counterparties for different works in respect of the Terminal Construction in the Group's terminal business, which is an ordinary and usual course of business of the Group.

Hangda Contract

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Hangda Contract exceed 25% but all such percentage ratios are less than 100%, the transactions contemplated under the Hangda Contract constitute a

major transaction for the Company and are therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Haiyi is the beneficial owner of 65.25% issued share capital of the Company. The entire issued share capital of Haiyi is legally and beneficially owned by Intrend Ventures Limited, which is in turn legally and beneficially wholly-owned by Mr. Xu Songqing, an executive Director and a controlling Shareholder of the Company. As no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the Hangda Contract, and Haiyi has ratified and approved the Hangda Contract in writing on 24 April 2024, an extraordinary general meeting of the Company for the approval of the Hangda Contract could be dispensed with pursuant to Rule 14.44 of the Listing Rules. Accordingly, the Company will not separately hold an extraordinary general meeting to ratify the Hangda Contract and rectify the non-compliance as set out below.

Wuxin Contract, Yongtu Contracts, Tuyi Contracts, Yongyang Contract and Pangda Contract

Since one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Wuxin Contract, Yongtu Contracts, Tuyi Contracts, Yongyang Contract and Pangda Contract exceed 5% but less than 25%, the transactions contemplated under each of the Wuxin Contract, Yongtu Contracts, Tuyi Contracts, Yongyang Contract and Pangda Contract constitute a discloseable transaction for the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Company did not timely publish the announcement(s) after the terms of the Terminal Construction Contracts had been finalised in accordance with the requirements under Rule 14.34 of the Listing Rules. As Huajin Terminal is constructed for use in the ordinary course of business of the Group, the management of the Company mistakenly believed that the Terminal Construction did not fall within the definition of transaction under Chapter 14 of the Listing Rules, and therefore inadvertently overlooked the disclosure requirements under Chapter 14 of the Listing Rules, which led to such non-compliance. The aforementioned non-compliance was identified subsequent to the publication of the Company's annual results for the year ended 31 December 2023.

REMEDIAL MEASURES AND ACTIONS

In order to enhance the corporate governance structure of the Company, a compliance committee, comprising an executive Director and three independent non-executive Directors including the chairman of the audit committee of the Company (the “**Compliance**

Committee”) has been established. The committee is entrusted with the authority and responsibilities to assist the Board in managing compliance requirements related to notifiable transactions, connected transactions and other ongoing obligations of the Company as stipulated by the Listing Rules.

As of the date of this announcement, the Group has implemented specific measures to strengthen its compliance function. These measures aim to ensure adherence to the requirements stipulated in the Listing Rules and other relevant regulations. The focus is on preventing the recurrence of similar incidents of non-compliance at all levels of the organization. The Group is dedicated to maintaining a robust compliance system and actively monitoring compliance at all levels within the organization.

The remedial measures include the following:

1. The Company has enhanced its governance policy to regulate those transactions falling under Chapters 13, 14 and 14A of the Listing Rules. These transactions shall be presented to the Compliance Committee in their proposal stage for initial assessment and reserved for the Board for final approval before any agreements and commitments would be made.
2. The Company has strengthened its internal communication and reporting procedures, establishing effective channels of communication between the senior management, subsidiaries, and departments within the Group. In collaboration with the Compliance Committee and the Board, focus has been placed on identifying and evaluating disclosure obligations under the Listing Rules before engaging in relevant transactions. To facilitate this, responsible staff members are now required to promptly notify the Compliance Committee of any potential notifiable transactions at the proposal stage. They are also responsible for circulating draft agreements to undergo review, ensuring timely compliance with all applicable requirements.
3. The Compliance Committee has been authorised to engage external legal advisors or seek professional advice whenever it is deemed necessary and appropriate. This ensures that the Compliance Committee has access to professional guidance and insights, empowering them to take appropriate actions in relation to any future proposed transactions.
4. All responsible staff members have been reminded to strictly adhere to the established approval and reporting flow for transactions that may have potential implications under the Listing Rules.

5. In order to refresh and update the knowledge of the Company’s key personnel regarding compliance with the Listing Rules, and strengthen their comprehension and awareness of other regulatory requirements, the Company will engage external legal advisers to provide a training session covering various topics under the Listing Rules, to the directors, senior management and company secretary of the Company and, where necessary, management team at the subsidiary level.

The Board is of the view that the implementation of the above follow-up actions and the remedial measures in place are adequate and effective to prevent the recurrence of similar incidents in the future. Moving forward, the Company will continue to enforce its internal control policies and procedures and update such policies and procedures as and when appropriate to ensure compliance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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 (stock code: 2738)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Gujing Town”	Gujing Town, Xinhui District, Jiangmen City, Guangdong Province, the PRC* (中國廣東省江門市新會區古井鎮)
“Haiyi”	Haiyi Limited (海逸有限公司), a company incorporated in the British Virgin Islands with limited liability
“Hangda Construction”	Guangdong Hangda Construction Group Co., Ltd.* (廣東航達建設集團有限公司), a limited liability company established under the laws of the PRC

“Hangda Contract”	the construction contract dated 2 March 2023 entered into between Hangda Construction and Huajin Metal Trading for part of the construction works comprising the Terminal Construction, in the aggregate amount of RMB370,000,000
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huajin Metal Product”	Jiangmen Huajin Metal Product Company Limited* (江門市華津金屬製品有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Huajin Metal Trading”	Jiangmen Huajin Metal Trading Market Company Limited* (江門市華津金屬交易市場有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Huajin Terminal”	the terminal with three pier berths being built near to the coast of Huajin Metal Industrial Park
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Pangda Contract”	the construction contract dated 30 June 2023 entered into between Pangda Yuexi Construction and Huajin Metal Product for part of the construction works comprising the Terminal Construction, in the amount of RMB33,767,958
“Pangda Yuexi Construction”	Guangdong Pangda Yuexi Construction Co., Ltd.* (廣東龐大粵西建設工程有限公司), a limited liability company established under the laws of the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, does not include Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terminal Construction”	the project in relation to the construction of Huajin Terminal with three pier berths near to the coast of Huajin Metal Industrial Park
“Terminal Construction Contracts”	collectively, the Hangda Contract, Wuxin Contract, Yongtu Contracts, Tuyi Contracts, Yongyang Contract and Pangda Contract
“Tuyi Construction”	Guangdong Tuyi Construction Group Co., Ltd.* (廣東圖一建設集團有限公司), a limited liability company established under the laws of the PRC
“Tuyi Contracts”	collectively, the two construction contracts respectively dated 25 December 2023 and 29 December 2023 entered into between Tuyi Construction and Huajin Metal Product for part of the construction works comprising the Terminal Construction, in the aggregate amount of RMB61,734,917
“VAT”	value-added tax in the PRC
“Wuxin Heavy Industry”	Hunan Railway Wuxin Heavy Industry Co., Ltd.* (湖南中鐵五新重工有限公司), a limited liability company established under the laws of the PRC
“Wuxin Contract”	the supply contract dated 8 March 2023 entered into between Wuxin Heavy Industry and Huajin Metal Trading for gantry cranes to be used in the Terminal Construction, in the amount of RMB65,250,000
“Yongtu Construction”	Guangdong Yongtu Construction Co., Ltd.* (廣東永圖建設有限公司), a limited liability company established under the laws of the PRC
“Yongtu Contracts”	collectively, the two construction contracts respectively dated 22 October 2023 and 15 December 2023 entered into between Yongtu Construction and Huajin Metal Product for part of the construction works comprising the Terminal Construction, in the aggregate amount of RMB72,571,282

“Yongyang Construction”	Guangdong Yongyang Construction Co., Ltd.* (廣東永洋建設有限公司), a limited liability company established under the laws of the PRC
“Yongyang Contract”	the construction contract dated 5 August 2023 entered into between Yongyang Construction and Huajin Metal Trading for part of the works comprising the Terminal Construction, in the amount of RMB38,400,000
“%”	per cent

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

Hong Kong, 20 May 2024

As at the date of this announcement, the Board is comprised of Mr. Xu Songqing (Chairman), Mr. Xu Jianhong (Vice Chairman), Mr. Luo Canwen (Chief Executive Officer) and Mr. Xu Songman as executive Directors and Mr. Goh Choo Hwee, Mr. Ou Qiyuan and Mr. Suen To Wai as independent non-executive Directors.

* *For identification purposes only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.*