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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Placing Agent



結好證券有限公司
GET NICE SECURITIES LIMITED

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 18 January 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 2,180,000,000 new Shares to not less than six independent Placees at the Placing Price of HK\$0.75 per Placing Share.

The Placing is conditional upon, among others, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares and the grant of Specific Mandate by the Shareholders at the SGM. An application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Placing Shares.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the Placing Price, the terms of the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing, the Placing Shares represent approximately 55.72% of the Company's existing issued share capital and approximately 35.78% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares are to be issued under the Specific Mandate to be sought at the SGM. The net proceeds of the Placing, after deduction of the placing commission and other related expenses of approximately HK\$33.2 million, will be approximately HK\$1,601.8 million. The Directors intend to apply the net proceeds for settlement of part of consideration of the MOU Acquisition and part of consideration of the Subscription, repayment of borrowings and general working capital of the Group.

GENERAL

The Placing will be subject to Shareholders' approval. The SGM will be convened and held for the purposes of considering of, if thought fit, among other things, approving the Placing and the Specific Mandate to issue the Placing Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement and therefore, none of the Shareholders is required to be abstained from voting at the SGM in respect of the resolution(s) relating to the Placing and the Specific Mandate.

A circular, containing further details of, among other things, the Placing and a notice to convene the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

As completion of the Placing is subject to the satisfaction of a number of conditions, the Placing may or may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 18 January 2016, the Placing Agreement was entered into between the Company and the Placing Agent. Summarized below are the principal terms of the Placing Agreement.

THE PLACING AGREEMENT

Date

18 January 2016 (after trading hours)

Parties

The Company and the Placing Agent

Placing Agent

Get Nice Securities Limited, the Placing Agent, has conditionally agreed to place up to 2,180,000,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 2% on the gross proceeds of the Placing upon completion of the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

To the best of the Directors' knowledge and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares to not less than six independent Placees, being professional, institutional or other investors, who and whose ultimate beneficial owners are third parties independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company and its connected persons. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 2,180,000,000 Placing Shares represent approximately 55.72% of the Company's existing issued share capital and approximately 35.78% of the Company's issued share capital as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$21,800,000.

Placing Price

The Placing Price of HK\$0.75 per Placing Share represents:

- (i) a discount of approximately 14.77% to the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on 18 January 2016, being the date of the Placing Agreement; and
- (ii) a discount of approximately 19.35% to the average closing price of HK\$0.93 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Placing Price, which was agreed after arm's length negotiation between the Company and the Placing Agent, was determined with reference to the prevailing market price of the Shares. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares;
- (ii) the passing of all necessary resolution(s) by the Shareholders who are not required to abstain from voting on the relevant resolution(s) under the Listing Rules and other applicable codes and regulations to approve the grant of the Specific Mandate to the Board at the SGM for the purpose of the Placing; and
- (iii) the transactions contemplated by the Placing Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority) in Hong Kong or other jurisdiction which is applicable to the Company or the Placing Agent.

If the conditions are not fulfilled on or prior to the Long Stop Date, the Placing Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place at any time after the fulfilment of the conditions set out above and in any event no later than the Long Stop Date.

Specific Mandate to issue the Placing Shares

The Placing Shares will be issued under the Specific Mandate granted to the Directors by resolution of the Shareholders to be passed at the SGM.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination of the Placing

The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing to the Company at any time prior to the Completion Date upon the occurrence of any of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (A) there develops, occurs or comes into force:
 - (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which may result in a material change in, political, economic, fiscal, financial, regulatory or stock market conditions; or

- (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iii) any material change in conditions of local, national or international securities markets occurs; or
 - (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
 - (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
 - (vi) any litigation or claim being instigated against the Company or any member of the Group; or
- (B) any material breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (C) there is any adverse change in the financial position of the Company which is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company provided that such notice is received prior to the Long Stop Date.

Upon the giving of the above mentioned notice by the Placing Agent to the Company, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement; and outstanding liabilities under the terms of the Placing Agreement.

As completion of the Placing is subject to the satisfaction of the conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the businesses of (1) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) trading and logistics; (3) finance lease; (4) provision of finance; (5) property development and investments; (6) securities investments; (7) medical management; and (8) industrial equipment.

Assuming all the Placing Shares are successfully placed, the gross proceeds of the Placing will amount to HK\$1,635 million. The net proceeds from the Placing, after the deduction of the Placing commission and other related expenses, are estimated to be approximately HK\$1,601.8 million, representing a net issue price of approximately HK\$0.73 per Placing Share. The Directors intend to apply the net proceeds for settlement of part of consideration of the MOU Acquisition and part of consideration of the Subscription, repayment of borrowings and general working capital of the Group.

The Directors are of the view that the Placing represents a good opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company.

The Board considers that the terms of the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company has conducted the following fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds
10 February 2015	Subscription of 533,058,000 new Shares under general mandate of the Company	HK\$373 million	To finance the Finance Lease Arrangement as disclosed in the announcements of the Company dated 4 February 2015 and 9 February 2015.	All used as intended for settlement of the consideration for the finance lease by 3 March 2015.
13 February 2015, 16 February 2015 and 31 March 2015	Issue of convertible bonds of an aggregate principal amount of HK\$500 million	HK\$499.7 million	(i) Approximately HK\$124.5 million to repay part of the existing indebtedness of the Group, provide capital support to the Company to accomplish its strategic development objectives, help the Company to optimize financial structure, strengthen solvency and operation capability, underpin the continued business growth and consolidate the market position of the Company.	Used as intended with approximately HK\$46.1 million used in securities investments, approximately HK\$75.0 million used in settlement of part of the consideration for acquisition of Heqing County Sengong Forestry Development Co., Ltd.* (鶴慶縣森工林業有限公司), Ninglang Boyu Forestry Development Co., Ltd.* (寧蒗博宇林業開發有限公司) and Yangbi Yunsen Forestry Development Co., Ltd.* (漾濞雲森林業開發有限公司) and approximately HK\$3.4 million used in expanding the Group's trading business in the PRC in July 2015.
			(ii) Approximately HK\$74.7 million for finance investment or development of businesses of the Company to acquire Dalian Lugang Logistics Company Limited* (大連陸港物流基地有限公司).	All used as intended for settlement of the acquisition consideration by 18 August 2015.

Date of announcement	Event	Approximate net	
		proceeds	Intended use of net proceeds
		(iii) Approximately HK\$236.6 million for acquisition of Zhejiang Linhai Machinery Company Limited* (浙江臨海機械有限公司).	All used as intended for settlement of the acquisition consideration by 3 August 2015.
		(iv) Approximately HK\$63.9 million for general working capital purposes.	Used as intended with approximately HK\$61.5 million used for working capital of the Group's trading business and approximately HK\$2.4 million used for payment of interest on bank borrowings in June and July 2015.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structures of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Placing (assuming there is no change in the share capital of the Company between the date of this announcement and completion of the Placing) are set out below for illustration purpose:

	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	Approximately %	No. of Shares	Approximately %
Substantial Shareholder				
Huajun International Limited (“HIL”) (note 1)	2,250,082,214	57.51	2,250,082,214	36.93
Mr. Meng Guang Bao	34,044,000	0.87	34,044,000	0.56
	2,284,126,214	58.38	2,284,126,214	37.49
Mr. Wu Jiwei (note 2)	133,264,500	3.41	133,264,500	2.19
Public Shareholders				
Placees	-	-	2,180,000,000	35.78
Other shareholders	1,495,243,000	38.21	1,495,243,000	24.54
Total	3,912,633,714	100.00	6,092,633,714	100.00

Notes:

1. 2,250,082,214 Shares are held in the name of HIL. The entire issued share capital of HIL is beneficially owned by Huajun Holdings Group Limited which in turn is wholly owned by Huajun (International) Development Limited. The entire issued share capital of Huajun (International) Development Limited is beneficially owned by Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司). Mr. Meng Guang Bao and Madam Bao Le, being a spouse of Mr. Meng, held 97.5% and 2.5% respectively in Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司).
2. 133,264,500 Shares are beneficially owned by Forest Tree Limited, which in turn was wholly-owned by Mr. Wu Jiwei, an executive Director.

GENERAL

The Placing will be subject to Shareholders' approval. The SGM will be convened and held for the purposes of considering of, if thought fit, among other things, approving the Placing and the Specific Mandate to issue the Placing Shares. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the transactions contemplated under the Placing Agreement and therefore, none of the Shareholders is required to be abstained from voting at the SGM in respect of the resolution(s) relating to the Placing and the Specific Mandate.

A circular, containing further details of, among other things, the Placing and a notice to convene the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company”	Huajun Holdings Limited (Stock Code: 377), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange

“Completion Date”	means a day on which completion of the Placing will take place
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling on or before the 30th day after obtaining the approval from China Securities Regulatory Commission for the Subscription
“MOU Acquisition”	the proposed acquisition under the memorandum of understanding disclosed by the Company on 10 December 2015
“Placee(s)”	any professional, institutional or other investor procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of up to 2,180,000,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the SFO

“Placing Agreement”	the placing agreement dated 18 January 2016 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.75 per Placing Share
“Placing Shares”	up to 2,180,000,000 new Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened to approve, among other things, the Placing and the Specific Mandate to issue the Placing Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) at par value of HK\$0.01 each in the share capital of the Company
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the issuance and allotment of up to a maximum number of 2,180,000,000 new Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the possible subscription of “A Shares” in Hareon Sola Technology Co., Ltd. as disclosed on 18 January 2016 by the Company
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Meng Guang Bao
Chairman and Executive Director

Hong Kong, 18 January 2016

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) as executive Directors; and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as independent non-executive Directors.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

** For identification purposes only*