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## **HUAJUN HOLDINGS LIMITED**

**華君控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 377)**

### **MAJOR TRANSACTION – DISPOSAL OF DALIAN BAO XING DA**

#### **THE DISPOSAL**

On 15 March 2016 (after trading hours), the Sale and Purchase Agreement was entered into between the Vendor and the Purchaser, pursuant to which the Vendor has agreed to dispose of and the Purchaser has agreed to acquire the Target Equity Interests for a consideration of RMB80.0 million (equivalent to approximately HK\$94.4 million).

#### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios is greater than 25% but less than 75% for the purpose of Rule 14.07 of the Listing Rules, the Disposal constitutes a major transaction for the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Written Shareholder's approval has been obtained from Huajun International, being a Shareholder which holds more than 50% of the voting rights as at the date of this announcement, in lieu of holding a special general meeting to approve the Disposal in accordance with Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Disposal will be despatched to the Shareholders on or before 8 April 2016.

## **THE SALE AND PURCHASE AGREEMENT**

Set out below are the principal terms of the Sale and Purchase Agreement:

Date: 15 March 2016

Parties: (i) B&H Properties Management (China) Limited\* (保華置業管理(中國)有限公司), as the Vendor

(ii) Dalian Jia He Xiang Trading Co., Ltd.\* (大連嘉和祥貿易有限公司), as the Purchaser

As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of the Company.

The Purchaser is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are not connected with the Company and the connected person(s).

### **Assets to be disposed of by the Vendor**

60% of the equity interests in Dalian Bao Xing Da, being the entire equity interests in Dalian Bao Xing Da held by the Vendor as at the date of this announcement.

### **Consideration and payment**

The Consideration is RMB80.0 million (equivalent to approximately HK\$94.4 million) and pursuant to the Sale and Purchase Agreement, the Purchaser will fully pay the Consideration in five working days after the completion of registration in respect of the change of ownership of the Target Equity Interests to the Purchaser with the relevant Administration of Industry and Commerce Bureau\* (工商行政管理局).

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, the net liabilities, the prevailing market price and the valuation of the Dalian Bao Xing Da Group.

## **Conditions Precedent**

Completion of the Disposal is conditional upon the fulfillment of the following conditions:

- (a) complete the registration in respect of the change of ownership of the Target Equity Interests to the Purchaser with the relevant Administration of Industry and Commerce Bureau\* (工商行政管理局); and
- (b) full payment of the Consideration.

## **Completion**

Completion is expected to take place by the end of March 2016.

## **INFORMATION ON THE DALIAN BAO XING DA GROUP**

As at the date of this announcement, Dalian Bao Xing Da, an investment holding company, holds 100% of the equity interests in Dalian Lugang Logistics.

Dalian Lugang Logistics is a limited company established in the PRC on 7 July 2003 with a registered share capital of RMB440 million (equivalent to approximately HK\$519.2 million) which has been fully paid by its shareholders. Dalian Lugang Logistics is principally engaged in land consolidation, parking services and lease of land. Dalian Lugang Logistics carries out the land consolidation by (i) acquiring the land parcels in Dalian City, Liaoning Province, the PRC from the land users on behalf of the PRC government and (ii) liaising with the land users for their relocation arrangement. Dalian Lugang Logistics is also responsible for the basic facilities construction for the acquired land parcels. Upon the completion of the land consolidation and obtaining the relevant government approvals, the consolidated land will be held for tendering by Dalian Lugang Logistics to potential investors. As at the date of this announcement, the area of the land property of Dalian Lugang Logistics covers approximately 1,575,300 m<sup>2</sup>. On the assumption that Dalian Lugang Logistics has obtained the relevant government approvals in relation to the land property, the value of the land property is estimated to be approximately RMB1,900 million (equivalent to approximately HK\$2,242 million) using market approach as at 31 December 2015.

Dalian Bao Xing Da was established in the PRC on 2 April 2015. Therefore, the financial information on Dalian Bao Xing Da for the financial year ended 31 December 2014 is not available. The financial information on the Dalian Bao Xing Da Group for the financial year ended 31 December 2014 presented below represents the financial information on Dalian Lugang Logistics only.

The financial information of the Dalian Bao Xing Da Group for the two financial years ended 31 December 2015 prepared under Hong Kong Financial Reporting Standards is set out below:

	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before taxation and extraordinary items	(452,578)	(197,201)
Net profit/(loss) after taxation and extraordinary items	(452,578)	(197,201)

The Dalian Bao Xing Da Group recorded net liabilities of approximately RMB487 million as at 31 December 2015.

#### **POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL**

Immediately after the Completion, Dalian Bao Xing Da will cease to be a subsidiary of the Company and the financial results of the Dalian Bao Xing Da Group will be deconsolidated from the Group's financial statements. The net proceeds (after deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$94.0 million will be used for general working capital of the Group.

Based on, inter alia, the Consideration and the related expenses for the Disposal, the Group currently expects to record a gain arising from the Disposal of approximately HK\$435 million upon the Completion subject to review by the auditors of the Company.

**Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of the Dalian Bao Xing Da Group on the date of the Completion and the review by the Company's auditors.**

#### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in the business of (a) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (b) provision of finance; (c) securities investments; (d) property development and investments; (e) financial leasing; (f) trading and logistics; (g) medical management; and (h) manufacturing of industrial equipment.

The Directors are of the view the Disposal would benefit the Group by indirectly realising its investment in the Dalian Bao Xing Da Group and also improve the liquidity and overall financial position of the Group.

The Directors believe that the terms of the Disposal are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios is greater than 25% but less than 75% for the purpose of Rule 14.07 of the Listing Rules, the Disposal constitutes a major transaction for the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Written Shareholder's approval has been obtained from Huajun International, being a Shareholder which holds more than 50% of the voting rights as at the date of this announcement, in lieu of holding a special general meeting to approve the Disposal in accordance with Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Disposal will be despatched to the Shareholders on or before 8 April 2016.

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Company”	Huajun Holdings Limited (stock code:377), a company incorporated in Bermuda, the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	the completion of the Sale and Purchase Agreement;
“connected persons(s)”	has the meaning ascribed to it under the Listing Rules;

“Consideration”	RMB80.0 million (equivalent to approximately HK\$94.4 million), being the total consideration payable by the Purchaser for the acquisition of the Target Equity Interests;
“Dalian Bao Xing Da”	Dalian Bao Xing Da Industrial Co., Ltd* (大連保興達實業有限公司), a limited liability company established in the PRC on 2 April 2015;
“Dalian Bao Xing Da Group”	Dalian Bao Xing Da and Dalian Lugang Logistics;
“Dalian Lugang Logistics”	Dalian Lugang Logistics Co., Ltd.* (大連陸港物流基地有限公司), a limited liability company established in the PRC on 7 July 2003;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of Target Equity Interests by the Vendor to the Purchaser as contemplated under the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huajun International”	Huajun International Limited (華君國際有限公司), a company incorporated in the British Virgin Islands holding 2,250,082,214 Shares, i.e. approximately 57.12% of the issued share capital of the Company, at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“m <sup>2</sup> ”	square metres;
“PRC”	the People’s Republic of China, but for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“Purchaser”	Dalian Jia He Xiang Trading Co., Ltd.* (大連嘉和祥貿易有限公司), a limited liability company established in the PRC on 31 March 2014;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 15 March 2016 and entered into between the Vendor and the Purchaser in relation to the Disposal;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning as ascribed thereto under the Listing Rules;
“Target Equity Interests”	the 60% of the equity interests in Dalian Bao Xing Da;
“Vendor”	B&H Properties Management (China) Limited (保華置業管理(中國)有限公司), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“%”	per cent.

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

*For the purpose of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1.00 = HK\$1.18. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.*

By order of the Board  
**Meng Guang Bao**  
*Chairman and Executive Director*

Hong Kong, 15 March 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.*

\* *For identification purpose only*