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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 100% EQUITY INTERESTS IN
YINGKOU KUNLUN REAL ESTATE COMPANY LIMITED**

THE ACQUISITION

On 21 March 2016 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Vendors have conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase, the Target Equity Interests (representing 100% of the equity interests of the Target Company), and the Loan at a total consideration of RMB250,000,000 (equivalent to approximately HK\$295,000,000) in cash.

As at the date of this announcement, the equity interests of the Target Company was owned as to 70% by Ms. Wang and 30% by Mr. Zhang. Immediately upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution in dealing in the Shares.

THE SALE AND PURCHASE AGREEMENT

Pursuant to the Sale and Purchase Agreement, the Vendors have conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to purchase, the Target Equity Interests (representing 100% of the equity interests of the Target Company), and the Loan at a total consideration of RMB250,000,000 (equivalent to approximately HK\$295,000,000) in cash.

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

Date : 21 March 2016

Vendors : (1) Ms. Wang; and
(2) Mr. Zhang

Purchaser : B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendors is an Independent Third Party.

Assets to be acquired

- (a) the Target Equity Interests, being 70% of the equity interests of the Target Company from Ms. Wang and 30% of the equity interests of the Target Company from Mr. Zhang; and
- (b) the Loan.

Consideration

The Consideration is RMB250,000,000 (equivalent to approximately HK\$295,000,000), RMB10,000,000 (equivalent to approximately HK\$11,800,000) of which being the consideration for the Target Equity Interests and RMB240,000,000 (equivalent to approximately HK\$283,200,000) being the consideration for the Loan, and shall be payable by the Purchaser to the Vendors (or its nominee(s)) by cash in the following manner:

- (a) RMB20,000,000 (equivalent to approximately HK\$23,600,000) shall be payable within 10 days of completing the Company Registration;
- (b) RMB150,000,000 (equivalent to approximately HK\$177,000,000) shall be payable within 20 days of completing the Land Registration and Settlements; and
- (c) RMB80,000,000 (equivalent to approximately HK\$94,400,000) shall be payable within 6 months of completing the Company Registration.

Pursuant to the Sale and Purchase Agreement, the Vendors shall conduct and complete the following:

- (a) within 10 days after the signing of the Sale and Purchase Agreement (the “**Company Registration**”):
 - (i) registration in respect of the changes of ownership of the Target Equity Interests to the Purchaser or its nominee, director(s), supervisor(s) and legal representative(s) of the Target Company;
 - (ii) change of corporate records of the Target Company (such as statutory certificates, business licence and tax registration permit); and
 - (iii) the delivery of certain documents including corporate records, company chop(s), financial statements, Land and Construction Documents and other documents in relation to the control and operation powers of the Target Company;

- (b) within 2 months after the signing of the Sale and Purchase Agreement (the “**Land Registration and Settlements**”):
- (i) registration in respect of the changes in the land registration records, planning procedures and pre-sale permit of the Land and other relevant documents;
 - (ii) the obtaining of confirmation and invoices in respect of the settlement of any construction-related expenses incurred by the Target Company prior to the Acquisition;
 - (iii) the settlement and obtaining of invoices in respect of any outstanding debt, payables and receivables by the Target Company incurred prior to the Acquisition;
 - (iv) the issuing of invoices and settlement of any tax in respect of any property sales conducted prior the Acquisition; and
 - (v) the issuing of invoices in respect of ancillary facilities of the Land in the value of RMB250,000,000 (equivalent to approximately HK\$295,000,000).

If the Vendors shall fail to complete the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement, the Purchaser may, among other things, exercise its right to terminate the Sale and Purchase Agreement and any amount previously received from the Purchaser shall be returned to the Purchaser.

The Consideration was determined after arm’s length negotiations between the Vendors and the Company after taking into account, among other things, (i) the paid-in capital of the Target Company of RMB10,000,000 (equivalent to approximately HK\$11,800,000); (ii) the preliminary valuation of the Land of approximately RMB300 million (equivalent to approximately HK\$354 million) as valued in January 2016; and (iii) the unaudited net asset value of the Target Company.

The Directors consider that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Debt Restructuring

Pursuant to the Sale and Purchase Agreement, prior to the transfer of the Target Equity Interests, save and except for the Loan, the Vendors shall restructure and settle all liabilities of the Target Company.

Conditions precedent

Completion is conditional upon the fulfillment of the following conditions, among other things, that:

- (a) the Vendors are the legal and beneficial owners of the Target Equity Interests, and the Target Equity Interests are not subject to any encumbrances and third parties' rights;
- (b) the management of the Target Company shall not have done any act which may have negative impact on the businesses, assets, properties, financial conditions, operations and future prospects of the Target Company on or prior to Completion; and all warranties shall be accurate and true in all respects as at the Completion Date;
- (c) the Vendors having obtained all necessary third party consents, approvals, authorisations, waivers, permission and certifications in relation to the transactions contemplated under the Sale and Purchase Agreement and other relevant matters; and
- (d) the representations, warranties and undertakings given by the Vendors (the "**Warranties**") having remained true, accurate and not misleading in all material respects and there having been no breach of any of the Warranties in any respect by the Vendors.

Completion

Pursuant to the Sale and Purchase Agreement, the Vendors shall conduct and complete registration in respect of the changes of ownership of the Target Equity Interests to the Purchaser or its nominee, director(s), supervisor(s) and legal representative(s) of the Target Company within 10 days after the signing of the Sale and Purchase Agreement.

Immediately upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Company. In addition, all outstanding amount of the Loan will be due by the Target Company to the Purchaser.

INFORMATION ON THE VENDORS AND THE TARGET COMPANY

As advised by the Vendors, the Vendors, Ms. Wang and Mr. Zhang, are businessmen and citizens in the PRC.

The Target Company is a limited liability company established in the PRC and is owned as to 70% by Ms. Wang and 30% by Mr. Zhang. As advised by the Vendors, the Target Company is principally engaged in property development and the construction of public facilities in the PRC.

As at the date of this announcement, the Target Company owned a parcel of land with a total area of 93,334 square metres located at 23 Xin Dong Jie Bei, Lao Bian Qu, Yingkou City, the PRC, together with a residential development project erected thereon with a construction area of 57,687 square metres. As informed by an independent valuer, the preliminary valuation of the Land was approximately RMB300 million (equivalent to approximately HK\$354 million) as valued in January 2016.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Based on the information provided by the Vendors, the following table sets forth the unaudited financial information of the Target Company prepared in accordance with the Generally Acceptable Accounting Principles adopted in the PRC for the years ended 31 December 2014 and 2015:

	For the year ended 31 December 2014 <i>RMB'000</i> <i>unaudited</i>	For the year ended 31 December 2015 <i>RMB'000</i> <i>unaudited</i>
Profit/(loss) before taxation	(1,419)	5,789
Profit/(loss) after taxation	(1,773)	5,311

The Target Company recorded unaudited net assets of approximately RMB12,403,000 as at 31 December 2015.

INFORMATION ABOUT THE PURCHASER

The Purchaser is an indirect wholly-owned subsidiary of the Company. The principal business activity of the Company is investment holding. 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.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company believes the acquisition of the Target Company will complement the Group's property investment business, diversify the Group's business portfolio and also provide a new source of income to the Group.

The Board is optimistic about the Acquisition and is of the view that the Acquisition will bring significant strategic benefits and create additional value for Shareholders.

In consideration of the above, the Board considers that the terms of the Sale and Purchase Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution in dealing in the Shares.

DEFINITIONS

“Acquisition”	the acquisition of the Target Equity Interests and the assignment of the Loan pursuant to the Sale and Purchase Agreement
“Board”	the board of the Directors
“Company”	Huajun Holdings Limited (Stock Code: 377), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	the date on which the Completion shall take place

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules from time to time
“Consideration”	RMB250,000,000 (equivalent to approximately HK\$295,000,000) being the aggregate consideration for the Acquisition
“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
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons
“Land”	a parcel of land with a total area of 93,334 square metres located at 23 Xin Dong Jie Bei, Lao Bian Qu, Yingkou City, the PRC, together with a residential development project erected thereon with a construction area of 57,687 square metres
“Land and Construction Documents”	documents in relation to the Land and construction thereon, including state-owned land use right certificate* (國有土地使用權證), construction land planning permission* (建設用地規劃許可證), construction permit* (建設工程施工許可證) and building permit* (工程規劃許可證)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan of RMB240,000,000 (equivalent to approximately HK\$283,200,000) owed by the Target Company to the Vendors upon completion of the debt restructuring
“Mr. Zhang”	張旭飛, one of the Vendors holding 30% of the equity interests of the Target Company as at the date of this announcement

“Ms. Wang”	王兆玲, one of the Vendors holding 70% of the equity interests of the Target Company as at the date of this announcement
“PRC”	the People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC for the purpose of this announcement
“Purchaser”	B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 21 March 2016 entered into between the Vendors and the Purchaser in relation to the Acquisition
“Target Equity Interests”	the 100% equity interests of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Yingkou Kunlun Real Estate Company Limited* (營口昆侖房地產有限公司), a limited liability company established in the PRC
“Vendors”	Ms. Wang and Mr. Zhang, who are businessmen and citizens in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	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, 22 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 purposes only*