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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

**(1) TERMINATION OF PLACING OF NEW SHARES UNDER
SPECIFIC MANDATE;
AND
(2) PLACING OF NEW SHARES UNDER GENERAL MANDATE**

Placing Agent



**TERMINATION OF THE PLACING OF NEW SHARES UNDER SPECIFIC
MANDATE**

Reference is made to the announcement of Huajun Holdings Limited (the “Company”) dated 18 January 2016 (the “Announcement”) in relation to the placing of 2,180,000,000 new Shares at HK\$0.75 per Share on a best effort basis by the Placing Agent pursuant to the placing agreement dated 18 January 2016 (“SM Placing Agreement”).

* For identification purpose only

As disclosed in the paragraph headed “Conditions of the Placing” in the Announcement, the completion of the SM Placing Agreement is subject to certain conditions as set out in the Announcement. As the conditions were not satisfied on or before the long stop date as stipulated in the SM Placing Agreement, accordingly, the SM Placing Agreement was terminated on 8 July 2016, and all the obligations of the Company and the Placing Agent under the SM Placing Agreement ceased and determined.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 8 July 2016 (after trading hours), the Company entered into the GM Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 397,900,000 new Shares to not less than six independent GM Placees at the GM Placing Price of HK\$0.78 per GM Placing Share.

The GM 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 GM Placing Shares.

The GM Placing Price was arrived at after arm’s length negotiations between the Company and the Placing Agent. The Directors consider that the GM Placing Price, the terms of the GM 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 GM Placing, the GM Placing Shares represent approximately 7.02% of the Company’s existing issued share capital and approximately 6.56% of the Company’s issued share capital as enlarged by the allotment and issue of the GM Placing Shares.

The GM Placing Price of HK\$0.78 represents (i) a discount of approximately 3.7% to the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 3.9% to the average closing price of approximately HK\$0.812 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The net proceeds of the GM Placing, after deduction of the placing commission and other related expenses of approximately HK\$8 million, will be approximately HK\$302 million. The Directors intend to apply the net proceeds as to (i) approximately HK\$50 million for increase in the registered capital and working capital of the Company's fund management subsidiaries in China and overseas; (ii) approximately HK\$20 million for a potential acquisition of a company which is a licensed corporation to carry on business in type 1, type 4 and type 9 regulated activities under the SFO; (iii) approximately HK\$120 million for increase in the registered capital and working capital of the Company's fuels and chemicals logistic company in Shanghai; (iv) approximately HK\$60M for a potential project of the Company's finance lease business; and (v) approximately HK\$52 million for the general working capital of the Company.

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

TERMINATION OF PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

The Company and the Placing Agent have entered into SM Placing Agreement on 18 January 2016. Pursuant to the terms of the SM Placing Agreement, the Placing Agent has agreed to procure places, on a best effort basis, to subscribe for up to 2,180,000,000 new Shares at a price of HK\$0.75 per Share under a special mandate.

As the conditions were not satisfied on or before the long stop date as stipulated in the SM Placing Agreement, accordingly, the SM Placing Agreement was terminated on 8 July 2016, and all the obligations of the Company and the Placing Agent under the SM Placing Agreement ceased and determined.

The Board is of the view that the termination of the SM Placing Agreement has no material adverse impact on the business operation and financial position of the Company.

THE GM PLACING AGREEMENT

The Board is pleased to announce that on 8 July 2016, the GM Placing Agreement was entered into between the Company and the Placing Agent. Summarized below are the principal terms of the GM Placing Agreement.

Date

8 July 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 397,900,000 GM Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 2.5% on the gross proceeds of the GM Placing upon completion of the GM 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.

GM Placees

The Placing Agent will place the GM Placing Shares to not less than six independent GM 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 GM Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after completion of the GM Placing.

Number of GM 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 GM Placing, the 397,900,000 GM Placing Shares represent approximately 7.02% of the Company's existing issued share

capital and approximately 6.56% of the Company's issued share capital as enlarged by the allotment and issue of the GM Placing Shares. The aggregate nominal value of the GM Placing Shares under the GM Placing will be HK\$3,979,000.

GM Placing Price

The GM Placing Price of HK\$0.78 per GM Placing Share represents:

- (i) a discount of approximately 3.7% to the closing price of HK\$0.81 per Share as quoted on the Stock Exchange on 8 July 2016, being the date of the GM Placing Agreement; and
- (ii) a discount of approximately 3.9% to the average closing price of HK\$0.812 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of this announcement.

The GM 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 GM 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 GM Placing Shares

The GM 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 GM Placing Shares.

General Mandate

The GM Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 782,526,742 new Shares. As at the date of this announcement, 384,615,384 new Shares would be issued and allotted resulting from issue of CCBI Conversion Shares and Conversion Shares. Hence, the possible new Shares to be issued under the General Mandate is 397,911,358. After the completion of the GM Placing and assuming issue of the CCBI Conversion Shares and Conversion Shares, 99.99% of the General Mandate would be utilized.

Conditions of the GM Placing

Completion of the GM Placing Agreement is conditional upon the fulfillment of all of the following:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the GM Placing Shares; and
- (ii) the transactions contemplated by the GM 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, Bermuda or other jurisdiction which is applicable to the Company or the Placing Agent.

If any of the foregoing conditions is not fulfilled on or before 29 July 2016 (or such later date as may be agreed by the Company and the Placing Agent), the GM Placing Agreement shall terminate and none of the parties to the GM Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breach of the GM Placing Agreement).

Completion of the GM Placing

Completion of the GM Placing will take place not later than the five Business Day after the GM Placing Agreement has become unconditional (or such later date as may be agreed between the Company and the Placing Agent).

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 GM Placing Shares.

Termination of the GM Placing

The Placing Agent may terminate the GM 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 GM Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the GM Placing on the terms and in the manner contemplated in the GM 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 GM 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 GM Placing Agreement or any event occurs or any matter arises on or after the date of the GM Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the GM 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 GM Placing Agreement; or
- (C) there is any adverse change in the financial position of the Company which is material in the context of the GM Placing;

Upon the giving of the above mentioned notice by the Placing Agent to the Company, all obligations of each of the parties under the GM 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 GM Placing Agreement except for any antecedent breach of any obligation under the GM Placing Agreement; and outstanding liabilities under the terms of the GM Placing Agreement.

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

REASONS FOR THE GM PLACING AND USE OF PROCEEDS

The Group is principally engaged in the businesses of (i) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (ii) trading and logistics; (iii) finance lease; (iv) provision of finance; (v) property development and investments; (vi) securities investments; (vii) medical management; and (viii) industrial equipment.

Assuming all the GM Placing Shares are successfully placed, the gross proceeds of the GM Placing will amount to HK\$310 million. The net proceeds from the GM Placing, after the deduction of the GM Placing commission and other related expenses, are estimated to be approximately HK\$302 million, representing a net issue price of approximately HK\$0.76 per GM Placing Share. The Directors intend to apply the net proceeds as to (i) approximately HK\$50 million for increase in the registered capital and working capital of the Company's fund management subsidiaries in China and overseas; (ii) approximately HK\$20 million for a potential acquisition of a company which is a licensed corporation to carry on business in type 1, type 4 and type 9 regulated activities under the SFO; (iii) approximately HK\$120 million for the increase in the registered capital and working capital of the Company's fuels

and chemicals logistic company in Shanghai; (iv) approximately HK\$60M for a potential project of the Company's finance lease business; and (v) approximately HK\$52 million for the general working capital of the Company.

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

The Board considers that the terms of the GM 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 initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
18 January 2016	Subscription of the Placing Shares under special mandate of the Company	Approximately HK\$1,601.8 million	To settle part of consideration of the MOU acquisition, part of consideration of the "A Shares" subscription, repayment of borrowings and general working capital of the Group	Terminated
20 January 2016	Issue of convertible bonds of an aggregate principal amount of HK\$1,330 million	Approximately HK\$1,329.5 million	HK\$1,200 million for repayment of indebtedness and HK\$129.5 million for general working capital	All used as intended

Date of initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
30 May 2016	Issue of convertible bonds of an aggregate principal amount of HK\$200 million	Approximately HK\$200 million	For repayment of loans, general investment and working capital of the Group	Used as intended with approximately HK\$101 million used as working capital and approximately HK\$13 million used as repayments of borrowings
5 July 2016	Issue of convertible bonds of an aggregate principal amount of HK\$100 million	Approximately HK\$100 million	For repayment of loans, general investment and working capital of the Group	Not yet utilized

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the GM Placing and (iii) immediately after completion of the GM Placing and the issue of Conversion Shares and CCBI Conversion Shares assuming all conversion rights attaching to the Convertible Bonds and CCBI Convertible Bonds have been exercised (assuming there is no change in the share capital of the Company between the date of this announcement and completion of the GM Placing) are set out below for illustration purpose:

	(i) as at the date of this announcement		(ii) immediately after the completion of the GM Placing		(iii) immediately after completion of the GM Placing and the issue of Conversion Shares and CCBI Conversion Shares assuming all conversion rights attaching to the Convertible Bonds and CCBI Convertible Bonds have been exercised	
	<i>No. of shares</i>	<i>Approximately %</i>	<i>No. of shares</i>	<i>Approximately %</i>	<i>No. of shares</i>	<i>Approximately %</i>
Substantial Shareholders						
HIL (<i>note 1</i>)	3,980,082,214	70.21	3,980,082,214	65.60	3,980,082,214	61.69
Mr. Meng	60,430,371	1.06	60,430,371	1.00	60,430,371	0.94
Sub Total	<u>4,040,512,585</u>	<u>71.27</u>	<u>4,040,512,585</u>	<u>66.60</u>	<u>4,040,512,585</u>	<u>62.63</u>
Mr. Wu Jiwei (<i>note 2</i>)	133,264,500	2.35	133,264,500	2.20	133,264,500	2.06
Conversion Shares (Conversion from Convertible Bonds)					128,205,128	1.99
CCBI Conversion Shares (Conversion from CCBI Convertible Bonds)					256,410,256	3.97
Public Shareholders						
GM Placees			397,900,000	6.56	397,900,000	6.17
Other Shareholders	<u>1,495,243,000</u>	<u>26.38</u>	<u>1,495,243,000</u>	<u>24.64</u>	<u>1,495,243,000</u>	<u>23.18</u>
Total	<u>5,669,020,085</u>	<u>100</u>	<u>6,066,920,085</u>	<u>100</u>	<u>6,451,535,469</u>	<u>100</u>

Notes:

1. 3,980,082,214 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 and Madam Bao Le, 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 is wholly-owned by Mr. Wu Jiwei, an executive Director.

GENERAL

The GM Placing is not subject to Shareholders' approval as the GM Placing Shares will be issued under the General Mandate.

Pursuant to the termination provision in the GM Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the GM Placing Agreement prior to the condition precedent in the GM Placing Agreement being fulfilled. As the GM Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 18 August 2015 at which (among others) a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“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
“CCBI”	CCB International Overseas Limited, being the subscriber to subscribe the CCBI Convertible Bonds

* For identification purposes only

“CCBI Conversion Shares”	256,410,256 new Shares to be converted from CCBI Convertible Bonds under General Mandate
“CCBI Convertible Bonds”	the convertible bonds issued by the Company to CCBI on 8 June 2016, for details of which has been disclosed in the Company’s announcements dated 30 May 2016, 31 May 2016 and 8 June 2016
“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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Shares”	128,205,128 new Shares to be converted from the Convertible Bonds under General Mandate
“Convertible Bonds”	convertible bonds of a principal amount of HK\$100 million issued by the Company, for details of which has been disclosed in the Company’s announcements dated 5 July 2016 and 8 July 2016
“Director(s)”	the director(s) of the Company
“GM Completion Date”	means a day on which completion of the GM Placing will take place
“GM Placee(s)”	any professional, institutional or other investor procured by the Placing Agent to subscribe for any of the GM Placing Shares pursuant to the GM Placing Agreement
“GM Placing”	placing of up to 397,900,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the GM Placing Agreement
“GM Placing Agreement”	a conditional placing agreement dated 8 July 2016 entered into between the Company and the Placing Agent in relation to the GM Placing
“GM Placing Price”	HK\$0.78 per GM Placing Share

“GM Placing Shares”	up to 397,900,000 new Shares to be placed under the GM Placing
“Group”	the Company and its subsidiaries
“HIL”	Huajun International Limited, a company incorporated in the British Virgin Islands, a substantial shareholder of the Company. The entire issued share capital of Huajun International Limited is ultimately beneficially owned by Mr. Meng Guang Bao and Madam Bao Le, a spouse of Mr. Meng Guang Bao, as to 97.5% and 2.5%, respectively
“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
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“SM Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent on 18 January 2016 in relation to placing up to 2,180,000,000 new Shares under a special mandate, for details of which has been disclosed in the Company’s announcement dated 18 January 2016

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 8 July 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.