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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

CONNECTED TRANSACTION – DISPOSAL OF 20% EQUITY INTERESTS IN LIAONING BEI FANG FINANCIAL ASSETS EXCHANGE CO., LTD.*

THE DISPOSAL

The Board is pleased to announce that on 7 July 2017 (after trading hours), the Vendor (a non-wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, the Sale Interests (representing 20% equity interests in the Target Company) at the Consideration.

LISTING RULES IMPLICATIONS

Mr. Meng is the chairman, an executive Director and substantial shareholder of the Company. As at the date of this announcement, the Purchaser is ultimately owned as to 97.5% by Mr. Meng and 2.5% by Madam Bao. As the Purchaser is an associate of Mr. Meng and a connected person of the Company under the Listing Rules, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

* For identification purposes only

As all the applicable percentage ratios are less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

As all of the applicable percentage ratios calculated in accordance with the Listing Rules are less than 5%, the Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment of the conditions precedent under the Agreement. The Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

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THE AGREEMENT

Principal terms of the Agreement are set forth below:

Date: 7 July 2017

Parties: (i) the Vendor as seller; and
(ii) the Purchaser as purchaser.

Assets to be disposed

Pursuant to the Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Interests (representing 20% equity interests in the Target Company). The Target Company is principally engaged in the transactions of earning products, bonds products, entrustment credit right products and logistics finance products. The trading products include earning products, earnings of small loan products, earnings of trust scheme products, earnings of assets, management products, notes receivable and the entrustment credit rights.

Consideration

The Consideration is RMB26,700,000 (equivalent to approximately HK\$29,370,000) which shall be payable to the Vendor within 10 Business Days after the transfer of the Sale Interests to the Purchaser.

The Consideration was determined with reference to the (1) sum of RMB18,000,000 contributed by the Vendor to the registered capital of the Target Company; and (2) the net assets value attributable to the Sale Interests in the amount of RMB38,416,286 in accordance with the audited financial statements of the Target Company for the year ended 31 December 2016.

The Directors consider that the Consideration is fair and reasonable and on normal commercial terms.

Conditions precedent

Completion shall be conditional upon the fulfilment of the following conditions precedent before the Long Stop Day:

- (a) the passing by the Independent Shareholders at a special general meeting of necessary resolution(s) to approve the Agreement and the transactions contemplated thereunder (if required by the Listing Rules);
- (b) the Vendor being the legal and beneficial owner of the Sale Interests and that the Sale Interests are free from any encumbrances or third-party rights;
- (c) before and at Completion, no action having been done by the existing management of the Target Company which may cause material adverse impact to the business, assets, property, financial conditions, operations, and prospects of the Target Company;
- (d) all necessary consent, approval, authorisation, exemption, permit, or proof required to be obtained on the part of the Vendor in respect of the Agreement and the transactions contemplated thereunder having been obtained; and
- (e) the representations, undertakings and warranties made by the Vendor remaining true and accurate and not misleading in all material respects, and there being no breach of such representations, undertakings and warranties by the Vendor.

Completion

Completion shall take place on the Completion Date, being a day falling within 20 days after the date on which all the conditions precedent set out under the Agreement have been fulfilled.

Each of the Vendor and Purchaser shall bear its own taxes and expenses arising from the Disposal.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in the transactions of earning products, bonds products, entrustment credit right products and logistics finance products. The trading products include earning products, earnings of small loan products, earnings of trust scheme products, earnings of assets, management products, notes receivable and the entrustment credit rights.

INFORMATION OF THE PURCHASER

As at the date of this announcement, the Purchaser is a company established in the PRC with limited liability and is ultimately owned as to 97.5% by Mr. Meng and 2.5% by Madam Bao. The principal activity of the Purchaser is investment holding.

FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

It is expected that the Group will recognise a gain in its consolidated income statement of approximately RMB1,000,000 arising from the Disposal, which is calculated by deducting the costs of the Sale Interests and all relevant taxes and expenses expected to be incurred by the Vendor on the Disposal from the Consideration. The actual amount of gain arising from the Disposal to be recognised by the Group will be subject to final audit by the Company's auditors.

The Directors expect that the net proceeds of approximately RMB26,600,000 from the Disposal after deducting the taxes and expenses directly attributable thereto will be used for financing other future potential investment opportunities and/or general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the disposal of the Sale Interests, which is a non-core business of the Group, will enhance the Group's focus on other core business segments with faster return.

The Directors are of the view that the Disposal will improve the liquidity and overall financial position of the Group.

Accordingly, the Board (excluding Mr. Meng but including the independent non-executive Directors) is of the view that the Disposal is fair and reasonable and on normal commercial terms and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Meng is the chairman, an executive Director and substantial shareholder of the Company. As at the date of this announcement, the Purchaser was ultimately owned as to 97.5% by Mr. Meng and 2.5% by Madam Bao. As the Purchaser is an associate of Mr. Meng and a connected person of the Company under the Listing Rules, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios are less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

As all of the applicable percentage ratios calculated in accordance with the Listing Rules are less than 5%, the Disposal does not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment (or, as the case may be, waiver) of the conditions precedent under the Agreement. The Disposal may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Agreement”	the equity transfer agreement dated 7 July 2017 and entered into between the Vendor and the Purchaser;
“Board”	the board of Directors;
“Business Day”	a day (other than Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks are generally open in Hong Kong for general banking business throughout their normal business hours;
“Company”	Huajun Holdings Limited (stock code: 377), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Completion”	completion of the Agreement;
“Consideration”	the consideration of the Disposal to be paid by the Purchaser in the sum of RMB26,700,000;
“Director(s)”	director(s) of the Company;
“Disposal”	the disposal of the Sale Interests by the Vendor pursuant to the terms and conditions of the Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Shareholders”	the Shareholders other than Mr. Meng, Madam Bao and those who are otherwise interested or involved in the Agreement and the transactions contemplated thereunder;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Day”	31 August 2017 or such other date as the Vendor and the Purchaser may agree in writing;
“Madam Bao”	Madam Bao Le (鮑樂), the spouse of Mr. Meng, who indirectly owns 2.5% equity interests in the Purchaser;
“Mr. Meng”	Mr. Meng Guang Bao (孟廣寶), the chairman, an executive Director and a substantial shareholder of the Company, who owns indirectly 97.5% equity interests in the Purchaser;
“PRC”	The People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Purchaser”	營口華君金控投資有限公司 (Yingkou Huajun Jinkong Investment Company Limited*), a company established in the PRC with limited liability and is ultimately owned as to 97.5% by Mr. Meng and 2.5% by Madam Bao;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Interests”	20% equity interests in the Target Company;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Target Company”	遼寧北方金融資產交易中心有限公司 (Liaoning Bei Fang Financial Assets Exchange Co., Ltd.*), a company established in the PRC with limited liability;
“Vendor”	深圳市華君融資租賃有限公司 (Shenzhen Huajun Financial Leasing Ltd.*), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company; and
“%”	per cent.

By Order of the Board
Wu Jiwei
Chief Executive Officer and Director

Hong Kong, 7 July 2017

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.1. 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.

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.