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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal to effect the proposed Share Consolidation whereby every one hundred (100) existing issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$1.00 each. The Share Consolidation will become effective upon fulfillment of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” below.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded in board lots of 4,000 Existing Shares. The Board further proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 80 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

A circular containing, among other things, further details of the above proposals in relation to the Share Consolidation and the Change in Board Lot Size together with the notice of the SGM and related proxy form, will be despatched to the Shareholders on or before Tuesday, 2 January 2018.

* *For identification purposes only*

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal to effect the proposed Share Consolidation whereby every one hundred (100) existing issued and unissued Share of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$1.00 each.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon (i) the passing of the ordinary resolution to approve the Share Consolidation by the Shareholders at the SGM; and (ii) the Listing Committee granting approval to the listing of and permission to deal in the Consolidated Shares.

An application will be made by the Company to the Listing Committee for the listing of and the permission to deal in the Consolidated Shares.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, upon the Share Consolidation being effective, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Assuming all the conditions are fulfilled, the Share Consolidation will become effective on the Business Day following the passing of the ordinary resolution at the SGM, which is expected to be held on Friday, 19 January 2018.

Effect of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 40,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 6,066,920,085 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$400,000,000 divided into 400,000,000 Consolidated Shares of par value of HK\$1.00 each, of which 60,669,200 Consolidated Shares of par value of HK\$1.00 each will be in issue which are fully paid or credited as fully paid following the Share Consolidation becoming effective.

All Consolidated Shares will rank *pari passu* in all respects with each other. The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares that arise from the Share Consolidation will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Free exchange of share certificates and trading arrangement

Subject to the Share Consolidation becoming effective, which is expected to be on Monday, 22 January 2018, Shareholders may, during the period from Monday, 22 January 2018 to Thursday, 1 March 2018 (both days inclusive) between 9:00 a.m. and 4:00 p.m. on any Business Day, submit the Existing Share Certificates to the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, to exchange, at the expense of the Company, for the New Share Certificates of the Consolidated Shares. Thereafter, each Existing Share Certificate will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each New Share Certificate for cancellation,

whichever the number of certificates issued or cancelled is higher. Nevertheless, the Existing Share Certificates will continue to be good evidence of legal title and may be exchanged for the New Share Certificates for the Consolidated Shares at any time after Thursday, 1 March 2018 but are not accepted for trading, settlement and registration upon completion of the Share Consolidation.

PROPOSED CHANGE IN BOARD LOT SIZE

Currently, the Existing Shares are traded in board lots of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 80 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.430 per Share (equivalent to the theoretical closing price of HK\$43 per Consolidated Share) as at the date of this announcement, (i) the value of each board lot of Existing Shares is HK\$1,720; (ii) the value of each board lot of 4,000 Consolidated Shares would be HK\$172,000 assuming the Share Consolidation becoming effective; and (iii) the estimated market value per board lot of 80 Consolidated Shares would be HK\$3,440 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not, by itself, affect any of the rights of the Shareholders.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to top up or sell their holding of odd lots of the Consolidated Shares. Details of the odd lot trading arrangement will be stated in the circular to be despatched to the Shareholders which shall also contain, inter alia, details of the Share Consolidation and the Change in Board Lot Size.

Shareholders should note that matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

The Board noted that, when the price of the Shares is below US\$1.00 per share, it is not conducive to building an institutional investor base for the Company as many institutional investors are not permitted by their respective investment mandates, internal policies or guidelines to deal in securities with a market price below US\$1.00. In fact, some potential investors have expressed to the Board that they are prohibited from considering the Company as part of their investment portfolio since the market price of a Share is below US\$5.00.

The Share Consolidation will increase the par value of the Existing Shares and it is expected that the Share Consolidation would lead to a corresponding upward adjustment in the trading price of the Consolidated Shares on the Main Board. The Board considers that upon the Share Consolidation becoming effective, the Consolidated Shares will become an acceptable investment alternative for institutional investors and would in turn broaden the Company's shareholder base and support the Company's on-going and long term development and business expansion.

Subject to the Share Consolidation becoming effective, the Board also proposes to change the board lot size for trading from 4,000 Existing Shares to 80 Consolidated Shares. The Board considers that such change in the board lot size would maintain the trading amount for each board lot at a reasonable level for the public to invest in the Consolidated Shares.

In view of the above, the Board considers that the Share Consolidation and the Change in Board Lot Size are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ADJUSTMENTS IN RELATION TO THE OTHER SECURITIES OF THE COMPANY

Share Options

As at the date of this announcement, assuming there are no other adjustment events under the Share Option Scheme, the Company has outstanding Options which in aggregate entitle holders thereof to subscribe for 408,901,675 Existing Shares. As a result of the Share Consolidation, the exercise price of the Options and the number of Shares comprised therein will be adjusted in accordance with the respective terms and conditions of the Share Option Schemes and the Listing Rules. The Company will instruct its auditors or an independent financial adviser to confirm the adjustments. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Convertible Bonds

As at the date of this announcement, the Company has three outstanding classes of Convertible Bonds: (i) with a principal amount of HK\$200,000,000 which is convertible into 256,410,256 Existing Shares at the prevailing conversion price of HK\$0.78; (ii) with a principal amount of HK\$100,000,000 which is convertible into 128,205,128 Existing Shares at the prevailing conversion price of HK\$0.78; and (iii) with a principal amount of HK\$350,000,000 which is convertible into 411,764,705 Existing Shares at the prevailing conversion price of HK\$0.85. The Share Consolidation may lead to adjustment to the conversion price and the number of Existing Shares falling to be issued upon the exercise of the conversion right attaching to the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Save as disclosed above, the Company does not have any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

EQUITY FUND RAISING PLAN OF THE COMPANY

As at the date of this announcement, the Company has no current plans or proposals, has not entered into any written agreements, and does not have any negotiations in progress to conduct any equity fund raising activity. Nevertheless, the Company does not obviate the possibility of issuing convertible bonds in the future to finance its business development and expansion as and when necessary.

EXPECTED TIMETABLE

The expected timetable relating to the Share Consolidation and the Change in Board Lot Size and the associated trading arrangement are as follows:

Despatch of the circular in relation to the Share Consolidation and the Change in Board Lot Size together with the SGM notice and proxy form	On or before Tuesday, 2 January 2018
Latest time to lodge transfer documents	4:00 p.m. on Friday, 12 January 2018

Close of register of members Monday, 15 January 2018 to
Friday, 19 January 2018
(both dates inclusive)

Latest time for lodging proxy form for the SGM
(not less than 48 hours prior to time of the SGM) 11:00 a.m. on
Wednesday, 17 January 2018

Expected date and time of the SGM 11:00 a.m. on
Friday, 19 January 2018

Announcement of poll results of the SGM Friday, 19 January 2018

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation, which are included in this announcement.

Effective date of the Share Consolidation Monday, 22 January 2018

Free exchange of Existing Share Certificates
for New Share Certificates for
the Consolidated Shares commences Monday, 22 January 2018

Dealing in the Consolidated Shares commences 9:00 a.m. on
Monday, 22 January 2018

Original counter for trading in
the Existing Shares (in board lots of
4,000 Existing Shares in the form of
Existing Share Certificates in
pink) temporarily closes 9:00 a.m. on
Monday, 22 January 2018

Temporary counter for trading in
the Consolidated Shares in board lots of
40 Consolidated Shares (in the form of
Existing Share Certificates in
pink) opens 9:00 a.m. on
Monday, 22 January 2018

Original counter for trading in Consolidated Shares (in board lots of 80 Consolidated Shares in the form of New Share Certificates in light blue) re-opens 9:00 a.m. on Monday, 5 February 2018

Parallel trading in the Consolidated Shares (in form of Existing Share Certificates in pink and New Share Certificates in light blue) commences 9:00 a.m. on Monday, 5 February 2018

Designated broker starts to stand in the market to provide matching services for the odd lots of Consolidated Shares 9:00 a.m. on Monday, 5 February 2018

Temporary counter for trading in the Consolidated Shares in board lots of 40 Consolidated Shares (in the form of Existing Share Certificates in pink) closes 4:00 p.m. on Tuesday, 27 February 2018

Parallel trading in the Consolidated Shares (in form of Existing Share Certificates in pink and New Share Certificates in light blue) ends 4:00 p.m. on Tuesday, 27 February 2018

Designated broker ceases to stand in the market for providing the matching services for the odd lots of the Consolidated Shares 4:00 p.m. on Tuesday, 27 February 2018

Free exchange of Existing Share Certificates in pink for New Share Certificates in light blue for the Consolidated Shares ends 4:00 p.m. on Thursday, 1 March 2018

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

A circular containing, among other things, further details of the above proposals in relation to the grant of the Share Consolidation and the Change in Board Lot Size together with the notice of the SGM and related proxy form, will be despatched to the Shareholders on or before Tuesday, 2 January 2018.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	board of the Directors
“Business Day”	a day (other than a Saturday and Sunday) on which licensed banks are generally open for business more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Company’s securities for trading on the Stock Exchange from 4,000 Existing Shares to 80 Consolidated Shares
“Company”	Huajun Holdings Limited (Stock Code: 377), a company incorporated in Bermuda with limited liability whose Shares are listed and traded on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$1.00 each in the share capital of the Company upon completion of the Share Consolidation

“Convertible Bonds”	the convertible bonds issued by the Company, maturing on (i) 7 June 2018 in the outstanding principal amount of HK\$200,000,000; (ii) 7 May 2018 in the outstanding principal amount of HK\$100,000,000; and (iii) 25 October 2018 in the outstanding principal amount of HK\$350,000,000 as at the date of this announcement
“Director(s)”	directors of the Company
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation, whether issued or unissued
“Existing Share Certificates(s)”	the form of certificate(s) of the Existing Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	The Listing Committee of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“New Share Certificates(s)”	the form of certificate(s) of the Consolidated Shares
“Options”	the options granted under the Share Option Scheme to subscribe for Existing Shares in accordance with the terms thereof

“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation which is expected to be held at Conference Room, 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong on Friday, 19 January 2018 at 11 a.m. and any adjournment thereof
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every one hundred (100) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$1.00 each
“Share Option Scheme”	the existing share option scheme of the Company adopted on 25 October 2017 in place of the previous share option scheme which had been adopted on 28 September 2007 and refreshed on 3 November 2015
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board of
Huajun Holdings Limited
Meng Guang Bao
Chairman and Executive Director

Hong Kong, 5 December 2017

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.