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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  
IN RELATION TO THE ACQUISITION OF  
(I) THE ENTIRE EQUITY INTERESTS IN  
WUXI HUILING REAL ESTATE CO., LTD.\*;  
(II) THE ENTIRE EQUITY INTERESTS IN  
WUXI HUIYUAN REAL ESTATE CO., LTD.\*; AND  
(III) 55% EQUITY INTERESTS IN  
WUXI HUIZE REAL ESTATE CO., LTD.\***

### **ACQUISITION ARRANGEMENT**

As disclosed in the announcement dated 2 March 2017, the Company announced that it (through its indirect wholly-owned subsidiary) entered into a letter of intent for acquisition of 81% equity interests in Wuxi Real Estate, which in turn held certain equity interests in Wuxi Huiling, Wuxi Huiyuan, and Wuxi Huize. As a result of certain restructuring of the Target Companies, Wuxi Real Estate has become one of the Vendors in respect of the Acquisition.

## **THE ACQUISITION AGREEMENTS**

The Board is pleased to announce that on 6 March 2018 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company):–

- (a) entered into the Wuxi Huiling Agreement with the Vendors, pursuant to which the Purchaser has agreed to acquire, and the Vendors have agreed to sell, the entire equity interests in Wuxi Huiling for a total consideration of RMB1,311.29 million (comprising equity transfer price of RMB548.72 million and debt of RMB762.57 million);
- (b) entered into the Wuxi Huiyuan Agreement with Wuxi Real Estate, pursuant to which the Purchaser has agreed to acquire, and Wuxi Real Estate has agreed to sell, the entire equity interests in Wuxi Huiyuan for a consideration of RMB291.95 million (comprising equity transfer price of RMB90.69 million and debt of RMB201.26 million); and
- (c) entered into the Wuxi Huize Agreement with the Vendors, pursuant to which the Purchaser has agreed to acquire, and the Vendors have agreed to sell, 55% equity interests in Wuxi Huize for a consideration of RMB280.50 million (comprising equity transfer price of RMB1 and debt of RMB280.50 million).

The transactions contemplated under each of the Acquisition Agreements form part of a composite transaction, i.e. the Acquisition. Pursuant to the terms of the Acquisition Agreements, the Target Assets are to be transferred to the Purchaser concurrently.

Each of the Target Companies was established in the PRC with limited liability and is principally engaged in real estate associated business. The main assets held by the Target Companies are set forth under the paragraph “Assets held by the Target Companies” below.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in relation to the Acquisition as contemplated under the Acquisition Agreement is more than 25% but less than 100%, the Acquisition as contemplated under the Acquisition Agreements constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements.

As (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (ii) written shareholder's approval has been obtained from a Shareholder who holds more than 50% of the voting rights at the general meeting to approve the Acquisition, subject to Rule 14.86 of the Listing Rules, a written shareholder's approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 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 Acquisition Agreements. The Acquisition 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.**

## ACQUISITION ARRANGEMENTS

As disclosed in the announcement dated 2 March 2017, the Company announced that it (through its indirect wholly-owned subsidiary) entered into a letter of intent for acquisition of 81% equity interests in Wuxi Real Estate, which in turn held certain equity interests in Wuxi Huiling, Wuxi Huiyuan, and Wuxi Huize. As a result of certain restructuring of the Target Companies, Wuxi Real Estate has become one of the Vendors of the Target Assets in respect of the Acquisition.

## THE ACQUISITION AGREEMENTS

Principal terms of the Acquisition Agreements are set forth below:

	<b>Wuxi Huiling Agreement</b>	<b>Wuxi Huiyuan Agreement</b>	<b>Wuxi Huize Agreement</b>
Date:	6 March 2018	6 March 2018	6 March 2018
Parties:	(i) Wuxi Real Estate as vendor of 50% equity interests;  (ii) Wuxi City Investment as vendor of 50% equity interests; and  (iii) Purchaser as purchaser.	(i) Wuxi Real Estate as vendor of 100% equity interests; and  (ii) Purchaser as purchaser.	(i) Wuxi Real Estate as vendor of 40% equity interests;  (ii) Wuxi City Investment as vendor of 15% equity interests; and  (iii) Purchaser as purchaser.
Asset to be acquired:	Entire equity interests in Wuxi Huiling	Entire equity interests in Wuxi Huiyuan	55% equity interests in Wuxi Huize

The transactions under each of the Acquisition Agreements form part of a composite transaction, i.e. the Acquisition. Pursuant to the terms of the Acquisition Agreements, the Target Assets are to be transferred to the Purchaser concurrently.

### Assets held by the Target Companies

Pursuant to the Acquisition Agreements, the Purchaser has agreed to acquire, and the Vendors have agreed to sell, the Target Assets. Each of the Target Companies was established in the PRC with limited liability and is principally engaged in real estate associated business. As at the date of this announcement:–

- (a) Wuxi Huiling held a piece of land in Mashan of Wuxi, Jiangsu, with gross area of 163,232 square metres which can be used for residential and commercial development;
- (b) Wuxi Huize held a residential project with remaining saleable area of approximately 110,000 square metres in Jiangyang of Wuxi, Jiangsu; and
- (c) Wuxi Huiyuan held a commercial and residential investment project with remaining saleable area of approximately 20,000 square metres in Wuxi, Jiangsu.

## Aggregate Consideration

The Aggregate Consideration for the Acquisition shall be RMB1,883.74 million, which shall be paid by the Purchaser in the following manner:

- (i) the deposit under each of the Acquisition Agreements in the aggregate sum of RMB564 million, which was paid by the Purchaser to a bank account designated by Wuxi Equity Exchange, will form part of the consideration of the relevant Acquisition Agreements; and
- (ii) the balance of the consideration under each of the Acquisition Agreements shall be paid within 5 Business Days of the effective date of the relevant Acquisition Agreements to a bank account designated by Wuxi Equity Exchange, which shall transfer the same to the bank account of the relevant Vendors.

The deposit paid under each of the Acquisition Agreements is non-refundable if the Acquisition Agreement is rescinded as a result of the Purchaser's failure to pay the remaining consideration within 60 days after the date of payment specified in paragraph (ii) immediately above.

## Basis of the Aggregate Consideration

The Aggregate Consideration was determined through an auction held by Wuxi Equity Exchange in which the Target Companies were offered for sale by way of tender at a base bidding price of RMB1,883.74 million, which was based on a valuation made by Wuxi Baoguang Asset Valuation Company Limited\* (無錫寶光資產評估有限公司) commissioned by the Vendors. Details of the valuation are set out in the following table:

	Wuxi Huiling (RMB'000)	Wuxi Huiyuan (RMB'000)	Wuxi Huize (RMB'000)
Date of valuation	30 June 2017		
Valuer	Wuxi Baoguang Asset Valuation Company Limited* (無錫寶光資產評估有限公司)		
Total assets	1,848,237	418,462	1,117,418
Total liabilities	1,299,521	327,778	1,254,054
Net assets	548,716	90,684	(136,636)

The Directors consider that the consideration under each of the Acquisition Agreements is fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **Completion**

The Parties shall endeavour to procure the (1) registration of the transfer of equity interests and (2) transfer of owners' rights in the equity interests in relevant Target Companies within 15 Business Days after (a) full payment of the consideration under the relevant Acquisition Agreement and (b) receipt of the (i) equity transaction confirmation\* (產權交易憑証) from Wuxi Equity Exchange and (ii) approval of the Acquisition by the Purchaser from the Wuxi State-owned Assets Supervision and Administration Commission\* (無錫市國有資產監督管理委員會).

Upon Completion, the Target Companies will become subsidiaries of the Company and the financial results of the Target Companies will be consolidated into the financial statements of the Group.

## **INFORMATION OF THE VENDOR**

Wuxi City Investment and Wuxi Real Estate are companies incorporated in the PRC with limited liability and are principally engaged in real estate associated business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors, their respective ultimate beneficial owners and their respective associates are not connected persons of the Company and the Vendors are Independent Third Parties.

## **INFORMATION OF THE TARGET COMPANIES**

Each of the Target Companies is a company established in the PRC with limited liability and is principally engaged in real estate associated business. The main assets held by each of the Target Companies are set forth under the paragraph "Assets held by the Target Companies" above.

## FINANCIAL INFORMATION OF THE TARGET COMPANIES

Set out below is the financial information of the Target Companies prepared in accordance with generally accepted accounting principles adopted in the PRC:

### Wuxi Huiling:

	For the year ended	
	31 December	
	2016	2017
	(audited)	(unaudited)
	(RMB'000)	(RMB'000)
Net profit/(loss) for the period before taxation	(649)	1,749
Net profit/(loss) for the period after taxation	(649)	1,749

### Wuxi Huiyuan:

	For the year ended	
	31 December	
	2016	2017
	(audited)	(unaudited)
	(RMB'000)	(RMB'000)
Net profit/(loss) for the period before taxation	(21,249)	(55,340)
Net profit/(loss) for the period after taxation	(21,249)	(55,340)

### Wuxi Huize:

	For the year ended	
	31 December	
	2016	2017
	(audited)	(unaudited)
	(RMB'000)	(RMB'000)
Net profit/(loss) for the period before taxation	(11,826)	(262,551)
Net profit/(loss) for the period after taxation	(11,826)	(262,551)

The aggregate unaudited net liabilities and aggregate unaudited total asset value of the Target Assets as at 31 December 2017 were approximately RMB222.3 million and approximately RMB2,256.1 million, respectively.

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

The principal businesses of the Group are: (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) manufacturing and sales of industrial equipment; and (viii) manufacturing and sales of photovoltaic products.

The Acquisition will enable the Enlarged Group to hold a majority of the equity interests in the Target Companies. In view of the location of the land and properties held by the Target Companies, the Board considers that the Acquisition offers a good opportunity for the Group to develop high-quality properties and replenish land banks in strategically important regions in the Yangtze River Delta area, the PRC with a view to bringing more investment return for the Shareholders.

Accordingly, the Board is of the view that the Acquisition is fair and reasonable and on normal commercial terms and entering into the Acquisition Agreements is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in relation to the Acquisition as contemplated under the Acquisition Agreements are more than 25% but less than 100%, the Acquisition as contemplated under the Acquisition Agreements constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements.

As (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (ii) written shareholder's approval has been obtained from a Shareholder who holds more than 50% of the voting rights in general meeting to approve the Acquisition, subject to Rule 14.86 of the Listing Rules, a written shareholder's approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 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 Acquisition Agreements. The Acquisition 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:

“Acquisition”	the acquisition of the Target Assets;
“Acquisition Agreements”	(i) Wuxi Huiling Agreement; (ii) Wuxi Huiyuan Agreement; and (iii) Wuxi Huize Agreement;
“Aggregate Consideration”	RMB1,883.74 million, being the aggregate consideration under the Acquisition Agreements;
“Board”	the board of Directors;
“Business Days”	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 the Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Completion”	completion of each of the Acquisition Agreements;
“Director(s)”	director(s) of the Company;
“Enlarged Group”	the Group and the Target Companies;

“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	third party independent of and not connected with the Company and any of its connected persons (as defined in the Listing Rules) or their respective associates (as defined in the Listing Rules);
“Jiangsu”	Jiangsu Province of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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, which was established in the PRC with limited liability and is principally engaged in real estate associated business;
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$1.00 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 Assets”	(i) the entire equity interests in Wuxi Huiling; (ii) the entire equity interests in Wuxi Huiyuan; and (iii) 55% equity interests in Wuxi Huize;

“Target Companies”	(i) Wuxi Huiling; (ii) Wuxi Huiyuan; and (iii) Wuxi Huize;
“Vendors”	Wuxi City Investment and Wuxi Real Estate;
“Wuxi City Investment”	Wuxi City Investment and Development Co., Ltd* (無錫市城市投資發展有限公司), a company established in the PRC with limited liability and is principally engaged in real estate associated business;
“Wuxi Equity Exchange”	Wuxi Equity Exchange Co., Ltd.* (無錫產權交易所有限公司), an Independent Third Party;
“Wuxi Huiling”	Wuxi Huiling Real Estate Co., Ltd.* (無錫惠靈置業有限公司), a company established in the PRC with limited liability on 27 December 2011 and is principally engaged in real estate associated business;
“Wuxi Huiling Agreement”	the equity transfer agreement dated 6 March 2018 and entered into between Wuxi Real Estate and Wuxi City Investment and Development Co., Ltd* (無錫市城市投資發展有限公司) as vendors and the Purchaser;
“Wuxi Huiyuan”	Wuxi Huiyuan Real Estate Co., Ltd.* (無錫市惠遠置業有限公司), a company established in the PRC with limited liability on 24 May 2007 and is principally engaged in real estate associated business;
“Wuxi Huiyuan Agreement”	the equity transfer agreement dated 6 March 2018 and entered into between Wuxi Real Estate and the Purchaser;
“Wuxi Huize”	Wuxi Huize Real Estate Co., Ltd.* (無錫惠澤置業有限公司), a company established in the PRC with limited liability on 22 September 2009 and is principally engaged in real estate associated business;

“Wuxi Huize Agreement” the equity transfer agreement dated 6 March 2018 and entered into between the Vendors and the Purchaser;

“Wuxi Real Estate” Wuxi Real Estate Development Group Co., Ltd.\* (無錫市房地產開發集團有限公司), a company established in the PRC with limited liability and is principally engaged in real estate associated business; and

“%” per cent.

By order of the Board  
**Huajun Holdings Limited**  
**CHAN Wing Hang**  
*Company Secretary*

Hong Kong, 6 March 2018

*As at the date of this announcement, the Board comprises Mr. Meng Guang Bao, Mr. Wu Jiwei, Ms. Zhang Ye, Mr. Guo Song and Mr. He Shufen 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.*

\* *For identification purposes only*