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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
IN RELATION TO DISPOSAL OF 100% INTERESTS
IN YINGKOU KUNLUN REAL ESTATE COMPANY LIMITED
BY THE COMPANY**

THE TRANSACTION

The Board is pleased to announce that on 29 March 2018 (after trading hours), Vendor I and Vendor II, each of which is an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to purchase, the Sale Interests for the Sale Consideration upon the terms and conditions set out in the Equity Transfer Agreement.

Completion shall take place after the completion of change of business registration.

Immediately before Completion, the Target Company is owned as to 40% by Vendor I and 60% by Vendor II. Upon Completion, the Company will cease to own any interests in the Target Company and the Target Company will cease to be a subsidiary of the Company.

IMPLICATIONS UNDER LISTING RULES

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but fall below 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting and announcement requirements.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE TRANSACTION

The Board is pleased to announce that on 29 March 2018 (after trading hours), Vendor I and Vendor II, each of which is an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to purchase, the Sale Interests for the Sale Consideration upon the terms and conditions set out in the Equity Transfer Agreement.

Completion shall take place on or after the completion of change of business registration.

THE EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are set out as follows :

Date

29 March 2018

Parties

Vendors : (i) Vendor I; and

(ii) Vendor II.

Purchaser : (i) Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Sale Consideration

The Sale Consideration is RMB240,000,000 which shall be set off against the same amount payable by the Group to the Purchaser, being the construction payment for the Jinrong Town Phase Two Project on Completion. The respective committed portions in which the Vendors and Purchaser have agreed to sell and purchase for the Sale Interests are set out as follows:

Name of the Vendors	% of Sale Interests to be sold (%)	Amount to be set off (RMB)
B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司)	40	96,000,000
Yingkou Xiang Feng Properties Limited* (營口翔峰置業有限公司)	60	144,000,000
Total :	<u>100</u>	<u>240,000,000</u>

Name of the Purchaser	% of Sale Interests to be purchased (%)	Amount to be set off (RMB)
Yingkou City Wan Hong Construction Company Limited* (營口市萬泓建築工程有限公司)	<u>100</u>	<u>240,000,000</u>

The Sale Consideration is determined after arm's length negotiation between the Company and the Purchaser with reference to the net asset value attributable to the Sale Interests and the fair value of the properties held by the Target Company.

The Board considers that the Sale Consideration is fair and reasonable and on normal commercial terms.

Completion

Completion shall take place after the completion of change of business registration.

INFORMATION OF THE COMPANY

The principal activities 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.

INFORMATION OF VENDOR I AND VENDOR II

As at the date of this announcement, the principal activity of each of Vendor I and Vendor II is property development.

INFORMATION OF THE PURCHASER

As at the date of this announcement, the principal activities of the Purchaser are building construction and renovation.

INFORMATION OF THE TARGET COMPANY

Immediately before Completion, the Target Company was owned as to 40% by Vendor I and 60% by Vendor II. The Target Company owns 100% equity interests in Yingkou Kunlun Properties Management Co., Ltd. (營口昆侖物業管理有限公司), which is a company established in the PRC. The principal activities of the Target Company are property development and sale of commodity properties, construction materials and steel materials. The registered capital of the Target Company is RMB25,000,000. The original acquisition costs of the Sale Interests to the Company is RMB250,000,000. Upon Completion, the Company will not own any interests in the Target Company and the Target Company will cease to be a subsidiary of the Company.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the financial information of the Target Company:

	For the year ended	
	31 December	
	2016	2017
	(unaudited)	(unaudited)
	(RMB'000)	(RMB'000)
Net loss for the period before taxation	16,942	12,778
Net loss for the period after taxation	17,539	12,778

The unaudited net asset value and total asset value of the Target Company as at 31 March 2017 were approximately RMB117.1 million and approximately RMB179.1 million, respectively.

FINANCIAL IMPACT OF THE TRANSACTION ON THE GROUP

Immediately following Completion, the Company will cease to own any interests in the Target Company and the Target Company will cease to be a subsidiary of the Company, accordingly, the Target Company's financial results, assets, liabilities and cash flows will no longer be consolidated into the Company's consolidated financial statements.

It is expected that the Group will recognise a gain in its consolidated income statement of approximately RMB122.9 million arising from the Transaction, which is calculated by reference to the carrying value of the Sale Interests in the Company's unaudited consolidated financial information and the Sale Consideration. The actual amount of gain arising from the Transaction to be recognised by the Group will be subject to final audit by the Company's auditors.

Given that the Sale Consideration will be paid by means of setting off certain debts owed by the Group to the Purchaser, there will be no net proceeds arising from the Transaction.

REASONS AND BENEFITS OF THE TRANSACTION

The Board considers that the Transaction will enhance the Group's focus on other core business segments with faster return. The Directors are of the view that the Transaction will improve the liquidity and overall financial position of the Group.

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

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but fall below 25%, the Transaction constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting and announcement requirements.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Huajun Holdings Limited (華君控股有限公司*) (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 Equity Transfer Agreement;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Equity Transfer Agreement”	the equity transfer agreement dated 29 March 2018 entered into by the Vendors and the Purchaser;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Parties”	persons or companies which are independent of and not connected with any of the directors, chief executive and substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries and their respective associates (as defined under the Listing Rules), and the term “Independent Third Party” shall be construed accordingly;
“Jinrong Town Phase Two Project”	Jinrong Town Phase Two Project (金融小鎮二期項目), a project for development of properties by the Vendors on a piece of land located at Xiongyue, Yingkou, Liaoning Province of the PRC (遼寧省營口市熊岳鎮);

“Liaoning Bao Hua”	Liaoning Bao Hua Properties Development Co., Ltd.* (遼寧保華房地產開發有限公司), a company established in the PRC which is owned as to 40% by Vendor I and 60% by Vendor II;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Purchaser”	Yingkou City Wan Hong Construction Company Limited* (營口市萬泓建築工程有限公司), a company established in the PRC with limited liability and an Independent Third Party;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Consideration”	the consideration for the Sale Interests under the Equity Transfer Agreement;
“Sale Interests”	100% equity interests in the Target Company;
“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 Company”	Yingkou Kunlun Real Estate Company Limited * (營口昆侖房地產有限公司), a company established in the PRC with limited liability, which is owned as to 40% by Vendor I and 60% by Vendor II immediately before Completion;
“Transaction”	the sale and purchase of the Sale Interests contemplated under the Equity Transfer Agreement;

“Vendor I”	B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Vendor II”	Yingkou Xiang Feng Properties Limited* (營口翔峰置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Vendors”	Vendor I and Vendor II; and
“%”	per cent.

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

Hong Kong, 29 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*