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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  
IN RELATION TO ACQUISITION OF 100% INTERESTS  
IN YINGKOU YI HUA GREEN PACKAGING PRINTING COMPANY LIMITED**

**THE TRANSACTION**

The Board is pleased to announce that on 17 May 2018 (after trading hours), the Vendor entered into the Equity Transfer Agreement with the Purchaser, an indirect wholly-owned subsidiary of the Company, pursuant to which the Vendor has 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.

Immediately following the Transaction, the Target Company will become an indirect wholly-owned subsidiary of the Company, accordingly, the Target Company's financial results, assets, liabilities and cash flows will be consolidated into the Company's consolidated financial statements.

## **IMPLICATIONS UNDER LISTING RULES**

As at the date of this announcement, the Vendor is ultimately owned as to 97% by Mr. Meng and 3% by Ms. Bao, therefore, the Vendor is an associate of Mr. Meng and a connected person under the Listing Rules, accordingly, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all applicable percentage ratios calculated in accordance with the Listing Rules fall below 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

As all applicable percentage ratios calculated in accordance with the Listing Rules fall below 5%, the Transaction does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that completion of the Transaction is subject to the fulfilment of the Conditions Precedent. The Transaction may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE TRANSACTION**

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## **THE EQUITY TRANSFER AGREEMENT**

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

### **Date**

17 May 2018

## **Parties**

Vendor : the Vendor

Purchaser : the Purchaser

The Vendor is ultimately owned as to 97% by Mr. Meng and 3% by Ms. Bao, therefore, the Vendor is an associate of Mr. Meng and a connected person of the Company under the Listing Rules.

## **Sale Consideration**

The Sale Consideration, which is RMB30,000,000, shall be paid by the Purchaser to the Vendor within ten (10) working days following completion of the registration of the transfer of equity interests and change in property ownership, respectively.

The Sale Consideration is determined after negotiation between the Vendor and the Purchaser with reference to (i) the unaudited net asset value of approximately RMB7,335,000 as at 30 April 2018 attributable to the Sale Interests plus the short-term bank borrowing of the Target Company in the principal amount of RMB20,000,000 and the relevant interest to be settled by the Vendor before completion of the Transaction, with a premium of approximately 9.75%; and (ii) the fair value of the Property of approximately RMB50,160,000 based on the preliminary valuation report of the Property.

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

## **Conditions Precedent**

Completion shall be conditional upon the fulfilment of the following Conditions Precedent on or before the Long Stop Date:

- (a) the passing by the independent shareholders at a special general meeting of necessary resolution(s) to approve the Equity Transfer 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 Equity Transfer Agreement and the transactions contemplated thereunder having been obtained;
- (e) the representations, undertakings and warranties made by the Vendor in the Equity Transfer Agreement 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; and
- (f) the short-term bank borrowing of the Target Company in the principal amount of RMB20,000,000 and the relevant interest having been settled by the Vendor and the debt thereof will be waived by the Vendor subsequently.

### **Completion**

The Vendor shall complete the registration of the transfer of equity interests and change in property ownership, respectively, within twenty (20) days following the date on which all the Conditions Precedent have been fulfilled and completion of the Transaction shall take place within ten (10) days following the completion of such 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) provision of securities and brokerage services; and (viii) manufacturing and sales of photovoltaic product.

### **INFORMATION OF THE VENDOR**

As at the date of this announcement, the principal activity of the Vendor is investment holding.

### **INFORMATION OF THE PURCHASER**

As at the date of this announcement, the principal activity of the Purchaser is printing and packaging.

## INFORMATION OF THE TARGET COMPANY

Immediately before completion of the Transaction, the Target Company would be owned as to 100% by the Vendor. The Target Company held a Property in Yingkou, Liaoning Province in the PRC. The principal activity of the Target Company is printing business. The registered capital of the Target Company is RMB10,000,000 and the original acquisition cost of the Sale Interests by the Vendor was RMB58,000,000. Upon completion of the Transaction, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

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

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2017</b>
	(unaudited)	(unaudited)
	(RMB)	(RMB)
Net loss for the period before taxation	244,087	Nil
Net loss for the period after taxation	244,087	Nil

The unaudited net asset value and unaudited total asset value of the Target Company as at 30 April 2018 were approximately RMB7,335,000 and approximately RMB46,920,000, respectively.

## FINANCIAL IMPACT OF THE TRANSACTION ON THE GROUP

Immediately following the Transaction, the Target Company will become an indirect wholly-owned subsidiary of the Company, accordingly, the Target Company's financial results, assets, liabilities and cash flows will be consolidated into the Company's consolidated financial statements.

The actual financial impact arising from the Transaction to be recognised by the Group will be subject to final audit by the Company's auditors.

## **REASONS AND BENEFITS OF THE TRANSACTION**

The Board considers that the Transaction will facilitate the Group's development in printing business. In view of the location of the Property held by the Target Company, the Directors (including the independent non-executive Directors) consider that the Transaction offers a good opportunity for the Group to develop its printing business in Liaoning Province of the PRC, with a view to bringing more investment return to the Shareholders.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Transaction is fair and reasonable and on normal commercial terms and in the ordinary and usual course of business of the Group 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 at the date of this announcement, the Vendor is ultimately owned as to 97% by Mr. Meng and 3% by Ms. Bao, therefore, the Vendor is an associate of Mr. Meng and a connected person of the Company under the Listing Rules, accordingly, the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Mr. Meng has a material interest in the transaction and has abstained from voting on the board resolution in approving the Transaction.

As all applicable percentage ratios calculated in accordance with the Listing Rules fall below 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

As all applicable percentage ratios calculated in accordance with the Listing Rules fall below 5%, the Transaction does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should note that completion of the Transaction is subject to the fulfilment of the Conditions Precedent. The Transaction may or may not proceed. 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:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“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;
“Conditions Precedent”	the conditions precedent under 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 17 May 2018 entered into by the Vendor and the Purchaser in respect of the Transaction;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 September 2018, or such later date as the Vendor and the Purchaser may agree;

“Mr. Meng”	Mr. Meng Guang Bao (孟廣寶), the chairman, an executive Director and a controlling Shareholder (as defined under the Listing Rules);
“Ms. Bao”	Ms. Bao Le (鮑樂), the spouse of Mr. Meng;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Property”	an industrial and commercial property, with gross area of 61,648.8 square metres which includes a factory with gross area of 28,669 square metres and office building with gross area of 4,727 square metres;
“Purchaser”	New Island Printing (Liaoning) Company Limited, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“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 Yi Hua Green Packaging Printing Company Limited* (營口益華綠色包裝印務有限公司), a company established in the PRC with limited liability, which is owned as to 100% by the Vendor immediately before completion of the Transaction;
“Transaction”	the acquisition of the Sale Interests contemplated under the Equity Transfer Agreement;

“Vendor”	Huajun Enterprise (Yingkou) Company Limited* (華君實業(營口)有限公司), a company established in the PRC with limited liability and ultimately owned as to 97% by Mr. Meng and 3% by Ms. Bao;
“working day(s)”	a day (other than Saturday, Sunday and public holiday) on which licensed banks are generally open in Hong Kong for general banking business throughout their normal business hours;
“%”	per cent.

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

Hong Kong, 17 May 2018

*As at the date of this announcement, the Board comprises Mr. Meng Guang Bao, 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*