

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HUAJUN INTERNATIONAL GROUP LIMITED

華君國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE LAND USE RIGHTS OF THE TARGET LAND IN YINGKOU

THE ACQUISITION

The Board is pleased to announce that on 3 August 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor for the acquisition of the land use rights of the Target Land at the Consideration of RMB84,907,960.00.

IMPLICATIONS UNDER LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but fall below 25%, the Acquisition 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 of the Company are advised to exercise caution when dealing in the Shares.

THE ACQUISITION

The Board is pleased to announce that on 3 August 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor for the acquisition of the land use rights of the Target Land at the Consideration of RMB84,907,960.00.

ACQUISITION AGREEMENT

Principal terms of the Acquisition Agreement are set out as follows:

Date : 3 August 2018

Parties : Vendor: Yingkou Coastal Development Construction Group Co., Ltd.* (營口沿海開發建設集團有限公司), which is principally engaged in, among other things, land arrangement in the Coastal Industrial Base, Yingkou City, Liaoning Province; and

Purchaser: Huajun Energy Co., Ltd.* (華君能源有限公司), the indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are the Independent Third Parties.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the land use rights of the Target Land at the Consideration.

As advised by the Vendor, the Target Land is situate at the land lot No.D2-51, Yingkou City, Liaoning Province with total site area of 1,061,349 square meters. The Target Land is granted for industrial use with a term of 50 years from the date of the obtaining of relevant certificate of state-owned land use (國有土地使用證) by the Vendor.

Consideration

The Consideration shall be RMB84,907,960.00, which is payable on the signing date of the Acquisition Agreement.

After payment of the Consideration, the Company shall, with the documentary proof for the payment of the Consideration and other supporting documents, apply for the certificate of real property ownership (不動產權證書) with the Real Estate Registration Centre of Yingkou City* (營口市不動產登記中心) by presenting the Acquisition Agreement.

The Consideration was determined by the Vendor and the Purchaser on arm's length negotiations with reference to: (i) the starting price of RMB288 per square meter for other state-owned land parcels situate in Yingkou City, Liaoning Province, the PRC that are offering for open bidding, as posted on website of Yingkou City Public Resources Transaction (營口市公共資源交易網); and (ii) the preferential price offered by the Vendor government in respect of the Target Land at only RMB88 per square meter for attracting business to make investment in Liaoning (Yingkou) Coastal Industrial Base*. The rate of the Target Land, which is a state-owned land parcel, offered by the Vendor represents at substantial discount of almost 70% to the same that is generally offered by open bidding in Yingkou City. As such, the Board considers that the Consideration is fair and reasonable and on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

The Consideration would be funded by its internal resources and/or external borrowing.

Delivery conditions of the Target Land

The Vendor agrees to deliver the Target Land to the Purchaser before 31 August 2018 at the following conditions:

- (a) the site leveling is delivered on an "as is" basis; and
- (b) the surrounding infrastructure, namely the roads, water supply, drainage, power supply, heating runs smoothly and the land parcel is leveled for development.

Investment on the Target Land

Pursuant to the Acquisition Agreement, the Purchaser agrees to invest no less than RMB4,000 million on the projects relating to the Target Land, which includes no less than RMB3,000 million on the fixed assets. The Group may introduce strategic partner(s) to carry out the development project on the Target Land jointly.

Should the Purchaser reduce the investment scale on the Target Land which results any part of the land parcel become idle, the Purchaser shall apply with the Vendor for return the respective idle portion of the Target Land to the Vendor on or before at least 90 days prior to the completion of the construction project on the Target Land by the Purchaser, provided that such portion of idle land parcel can be divided and capable for development. Upon the application for return of land is approved by Liaoning (Yingkou) Coastal Industrial Base Management Committee* (遼寧(營口)沿海產業基地管委會), the Vendor and the Purchaser will enter into a formal agreement to transfer the said portion of idle land parcel from the Purchaser to the Vendor at the price in proportion to its site area with reference to the Consideration.

Pursuant to the Acquisition Agreement, subject to the grant of the certificate of state-owned land use, the Purchaser shall commence and complete the construction on the Target Land in August 2018 and August 2020 (or such other date agreed between the parties), respectively. If the Purchaser fails to commence the construction work before August 2019, the Purchaser will have to pay a sum equivalent to 20% of the Consideration to Liaoning (Yingkou) Coastal Industrial Base Land Administration Management Department* (遼寧(營口)沿海產業基地土地行政主管部門) as land idle fee. If the Purchaser fails to commence the construction work before August 2020, the Vendor shall have the right to rescind the Acquisition Agreement and retrieve the land use rights of the Target Land without any consideration.

INFORMATION OF THE VENDOR

As informed by the Vendor, the Vendor is a company established in the PRC with limited liability, which is principally engaged in, among other things, land arrangement in the Coastal Industrial Base, Yingkou City, Liaoning Province, and is indirectly owned by China Development Bank (國家開發銀行), a financial institution in the PRC directly led by the State Council, and the State-owned Assets Supervision and Administration Bureau of Liaoning (Yingkou) Coastal Industrial Base* (遼寧(營口)沿海產業基地國有資產監管局).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are the Independent Third Parties.

INFORMATION OF THE PURCHASER

As at the date of this announcement, the Purchaser, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in, among other things, manufacturing of new energy vehicles.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding 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) provision of financial services; (iv) property development and investments; and (v) manufacturing and sales of photovoltaic products.

By acquiring the land use rights of the Target Land, the Group intends to develop the Target Land as a production plant for manufacturing electric vehicles and new energy logistic vehicles, which will synergize with the existing business segment in trading and logistic by securing the supply of the new energy vehicles for logistic service. The Company may introduce strategic business partner(s), which would have experience and expertise in new energy vehicles business, to carry out the development project on the Target Land jointly with the Purchaser. As at the date of this announcement, no formal agreement has been entered into with any parties in respect of such strategic partnership. If any of such formal agreement has been executed, the Company will duly comply with the disclosure requirements under the Listing Rules.

Furthermore, the Ministry of Finance issued the Notice on the enjoyment of preferential policies for vehicles and vessels on energy-saving new energy vehicles and vessels (關於節能新能源車船享受車船稅優惠政策的通知) in July 2018 for favourable policy on the commercial new-energy vehicles, among other things, the owners' tax duties on such type of vehicles may be waived. The Company therefore considers that the cost of owning the new energy logistic vehicles, and thus the overall operating cost for logistic business, may be lower in a long run.

The Acquisition is in line with the existing business of the Company and corresponds to the Company's requirements to develop production capacity for electric vehicles and new energy logistic vehicles, thus it is in the interests of the Company and its shareholders.

On the basis of the above reasons and benefits, the directors of the Company believe that the terms of the Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 5% but fall below 25%, the Acquisition 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 of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the land use rights of the Target Land contemplated under the Acquisition Agreement
“Acquisition Agreement”	the transfer agreement dated 3 August 2018 entered into by the Vendor and the Purchaser in respect of the land use rights of the Target Land
“Board”	the board of Directors
“Company”	Huajun International Group Limited (華君國際集團有限公司) (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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the land use rights of the Target Land under the Acquisition Agreement
“Director(s)”	director(s) of the Company
“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

“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”	Huajun Energy Co., Ltd.* (華君能源有限公司), 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
“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 Land”	the land parcel situate at the land lot No.D2-51, Yingkou City, Liaoning Province, the PRC with total site area of approximately 1,061,349 square meters, as advised by the Vendor
“Vendor”	Yingkou Coastal Development Construction Group Co., Ltd.* (營口沿海開發建設集團有限公司), a company established in the PRC with limited liability
“%”	per cent.

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

Hong Kong, 3 August 2018

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