

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.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



HUAJUN INTERNATIONAL GROUP LIMITED

華君國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN DALIAN HYDRAULIC MACHINERY CO., LIMITED* INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE ACQUISITION

The Board is pleased to announce that on 6 December 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interest at the Consideration of RMB36 million (equivalent to approximately HK\$40.68 million).

The part of the Consideration payable to the Vendor B shall be satisfied by the issue of the Consideration Shares to the Vendor B.

The Consideration Shares represent approximately 1.44% of the existing issued share capital of the Company as of the date of this announcement and approximately 1.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date, save as the issue of the Consideration Shares).

Upon Completion, the Target Group will become the indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

IMPLICATIONS UNDER LISTING RULES

As one or more 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.

As at the date of this announcement, the Vendor A is ultimately wholly owned by Mr. Meng and his spouse, therefore, the Vendor A is an associate of Mr. Meng and a connected person of the Company under the Listing Rules. Accordingly, the acquisition of Target Equity Interest owned by the Vendor A constitute connected transactions of the Company subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the SGM. As the relevant percentage ratios for the Acquisition exceeds 5%, the Acquisition constitutes non-exempt connected transaction for the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Vendor, Mr. Meng and their respective associates are required to abstain from voting on the resolutions in respect of the Acquisition and issue of the Consideration Shares at the SGM. Mr. Meng has also abstained from voting on the resolutions passed by the Board to approve the Agreement and the transactions contemplated thereunder. To the best of the Directors' information, belief and knowledge, save for the Vendor, Mr. Meng and their respective associates, no other Shareholders have any material interest in the Acquisition and the grant of the Specific Mandate.

GENERAL

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares. Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the Agreement, the transactions contemplated thereunder and the issuance of the Consideration Shares under the Specific Mandate.

A circular containing, amongst other things, (i) further information of the Acquisition; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Agreement and issue of the Consideration Shares; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Agreement and the issue of the Consideration Shares; (iv) the valuation report of the Target Land; and (v) details of the Specific Mandate together with notice of the SGM, is expected to be despatched to the Shareholders on or before 31 January 2019, as the Company requires more time to prepare the relevant information to be included in the circular.

Completion is subject to the fulfillment and/or waiver (as the case may be) of the Conditions set out in the Agreement and therefore may or may not proceed. 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 6 December 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interest at the Consideration of RMB36 million (equivalent to approximately HK\$40.68 million).

AGREEMENT

Principal terms of the Agreement are set out as follows:

Date: 6 December 2018

Parties: Vendor A: Liaoning Huajun Equipment Manufacturing Co., Limited * (遼寧華君裝備製造有限公司), a company established in the PRC with limited liability which is principally engaged in, among other things, research and sales of metal products

As at the date of this announcement, the Vendor A is ultimately wholly owned by Mr. Meng and his spouse, therefore, the Vendor A is an associate of Mr. Meng and a connected person of the Company under the Listing Rules. Accordingly, the acquisition of 77.47% of Target Equity Interest owned by the Vendor A constitute connected transactions of the Company subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the SGM

Vendor B: Mr. Cong Liming (叢黎明)

As advised by the Vendor B, the Vendor B is businessman and citizen in the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor B is Independent Third Party

Purchaser: Huajun Industrial Park Management (China) Limited* (華君產業園管理(中國)有限公司), a company established in the PRC with limited by liability, and the indirect wholly-owned subsidiary of the Company

ASSET TO BE ACQUIRED

Pursuant to the Agreement, the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Target Equity Interest, representing the entire equity interest of the Target Company at the Consideration.

As at the date of this announcement, Target Company directly holds the entire equity interest in the PRC Subsidiary A, PRC Subsidiary B and the Dissolved Companies.

Pursuant to the Agreement, the Purchaser will not acquire the Dissolved Companies which all are currently undergoing deregistration process and the Vendors undertake to bear all relevant expenses and fully compensate the Purchaser for the losses or third party claims arising therefrom.

For details, please refer to the diagram under the section headed “INFORMATION ON THE TARGET GROUP” of this announcement below.

Upon Completion, the Target Group will become the indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

As advised by the Vendors, the Target Company currently owns the Target Land, which is situate at No. 5, Yinghui Road, Ganjingzi District, Dalian, the PRC, with a total site area of approximately 66,684.2 square meters. As advised by the Vendors, the Target Land is for industrial or non-residential use. As advised by the Vendors, currently there is a manufacturing plant situated at the Target Land which was used for production of photovoltaic related products. The Target Land is currently subject to mortgage created in favour of bank to secure borrowings of the Target Company.

Consideration

The Consideration, for the Target Equity Interest shall be in aggregate of RMB36 million (equivalent to approximately HK\$39.6 million). Pursuant to the Agreement, the Purchaser shall pay the Consideration to the Vendors in the following proportion on 10 Business Days after the Completion Date:

	Amount of the Consideration	To be settled by
Vendor A	RMB27,889,200 (equivalent to approximately HK\$31,514,796)	cash
Vendor B	RMB8,110,800 (equivalent to HK\$9,165,204)	issue of the Consideration Shares to the Vendor B

Pursuant to the Agreement the Vendor B and the Purchaser have agreed the exchange rate to be at the rate of RMB1 = HK\$1.13. Accordingly 873,875 new Shares will be allotted and issued by the Company to the Vendor B at the Issue Price for settling of the Consideration B, subject to the Completion.

The Vendor B waived receipt of any balance of the Consideration B arising from the issue of the Consideration Shares.

The Consideration was determined by the Purchaser and the Vendors after arm's length negotiations with reference to the unaudited consolidated net asset value of the Target Group as at 31 October 2018.

Consideration Shares

The Consideration Shares represent approximately 1.44% of the existing issued share capital of the Company as of the date of this announcement and approximately 1.42% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date, save as the issue of the Consideration Shares).

The Consideration Shares will be allotted and issued at the Issue Price, which represents:

- (a) a discount of approximately 2.71% over the closing price of HK\$10.78 per Share as quoted on the Stock Exchange on Last Trading Date; and
- (b) The Issue price equals to the average closing price of HK\$10.488 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date.

The Issue Price was determined after arm's length negotiation between the Purchaser and the Vendor B, with reference to the prevailing market price of the Shares and the average closing price of the Shares as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Agreement. The Directors (excluding the independent non-executive Directors who will give their opinion after considering the advice from Independent Financial Adviser) consider that the Issue Price and the Consideration are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

Specific Mandate

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought at the SGM.

Application of Listing

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions Precedent

Completion is subject to the fulfillment of the following Conditions on or before the Conditions Fulfillment Date:

- (1) the Company has obtained the Independent Shareholders' approval in relation to the Agreement and the transactions contemplated thereunder or has obtained relevant exemptions from the Stock Exchange;
- (2) the Vendors are the legal and beneficial owner of the Target Equity Interest free from any encumbrance or third party's rights and save and except the Target Land is subject to the existing mortgage in favour of bank the Target Company is the legal and beneficial owner of all its assets free from any encumbrance or third party's rights;
- (3) the completion of the Target Equity Interest has been complied with the relevant PRC laws simultaneously to the satisfaction of the Purchaser;
- (4) the management of Target Company has not done any act which may result material adverse change on the business, assets, properties, financial condition, operation and prospect of Target Company before and at the Completion Date; and the representations, warranties and undertakings given by the Vendors are true and accurate on the Completion Date;

- (5) the Vendors have obtained all necessary approvals and authorisations from third parties in respect of the Acquisition and relevant matters;
- (6) the representations, warranties and undertakings given by the Vendors have remained true, accurate and not misleading in all material respects and no breach of any of such warranties in any respect has been made by the Vendors;
- (7) the Target Company having provided the documents (to its satisfaction) required by the Purchaser proving that its assets (including the interest of the Target Land) have been duly registered under the name of the Target Company free from any encumbrances and third parties' rights;
- (8) the Vendors having obtained and provided to the Purchaser all invoices in compliance with the tax authority in the PRC in respect of the assets owned by the Target Company; and if any of the invoices has not yet issued on the date of the Agreement, the Vendors are responsible for obtaining the relevant invoices (subject to the Purchaser's approval on issuance of such invoices by the Vendors) and the relevant tax amount shall be fully borne by the Vendors;
- (9) the Target Company is the registered own of the Target Land free from any encumbrances and third parties' rights; and
- (10) the Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in, the Consideration Shares.

If any of the Conditions has not been fulfilled by the Conditions Fulfillment Date, the Agreement shall lapse. The Vendors shall forthwith refund all amount paid by the Purchaser with interest. None of the parties shall claim against the other party, upon the said amount has been fully refunded to the Purchaser, save as the antecedent breach made by the parties of the Agreement.

Completion

Within 5 days from the date of the Agreement, the Vendors shall, among other things, (a) change the registration of ownership of the Target Equity Interest from the Vendors to the Purchaser; and (b) the legal representative, director, supervisor, business license, organization code certificate, account opening permit, credit institution code certificate, land registration information as directed by the Purchaser.

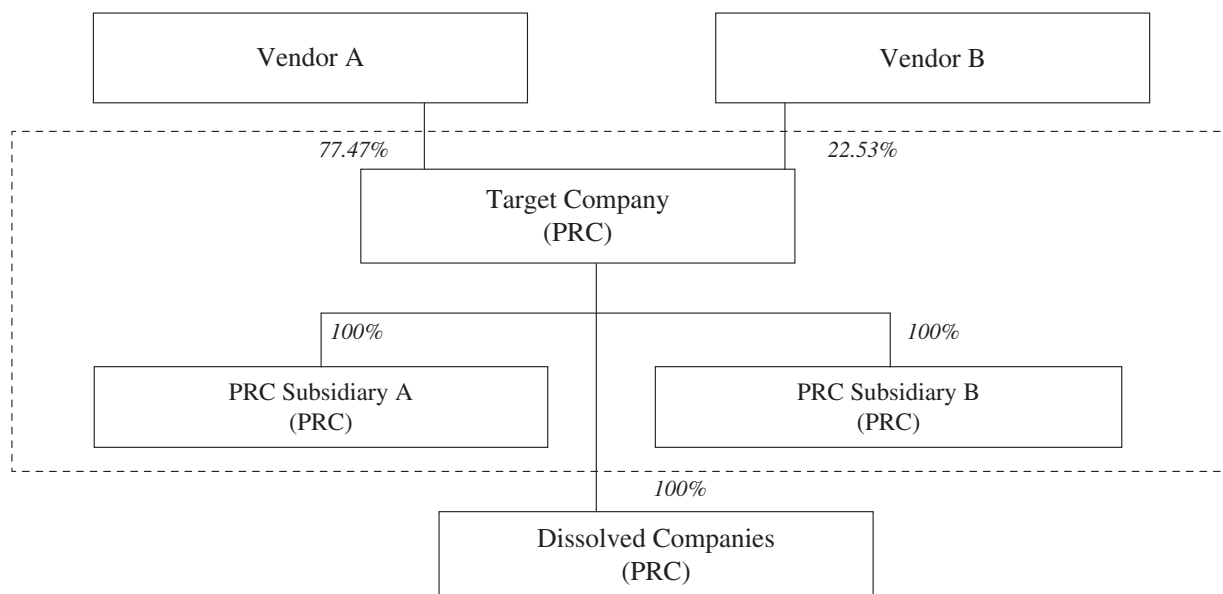
The Completion shall take place upon within 5 Business Days after all Conditions having been fulfilled or such other date agreed by the parties in writing.

INFORMATION OF THE PURCHASER

As at the date of this announcement, the Purchaser is a company established in the PRC and an indirect wholly-owned subsidiary of the Company, which is principally engaged in, among other things, investment holding.

INFORMATION ON THE TARGET GROUP

The shareholding structure of the Target Group as of the date of this announcement is shown as in the simplified chart below:



Note:

☐ Target Group

As advised by the Vendors:

- (i) the Target Company is a company established in the PRC with limited liability in January 1947 and its principal business is manufacture and maintenance of hydraulic machinery and electrical engineering construction. The Target Company directly holds all issued share capital of the PRC Subsidiary A and the PRC Subsidiary B;

- (ii) the PRC Subsidiary A is a company established in the PRC with limited liability in July 2016 and its principal business is manufacture and sale of solar photovoltaic products; and
- (iii) the PRC Subsidiary B is a company established in the PRC with limited liability in October 2017 and its principal business is manufacture and sale of solar photovoltaic power supply supporting aluminum frame and support.

Upon Completion, the Target Group will become the indirectly wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial results of the Group.

Financial Information of The Target Group

Set out below are the unaudited combined financial information of the Target Group for (i) each of the two financial years ended 31 December 2016 and 31 December 2017 and (ii) the ten months ended 31 October 2018, as extracted from its unaudited combined management accounts of the Target Group provided by the Vendors (for illustration purposes only):

	For the year ended 31 December 2016 (RMB'000) (unaudited)	For the year ended 31 December 2017 (RMB'000) (unaudited)	For the ten months ended 31 October 2018 (RMB'000) (unaudited)
Net loss for the year/period before taxation	12,891	7,538	12,868
Net loss for the year/period after taxation	12,891	7,538	12,868

Based on the unaudited combined management accounts of the Target Group provided by the Vendors, the unaudited net asset value and total asset value of the Target Group as at 31 October 2018 were approximately RMB36.0 million and approximately RMB390.5 million, respectively.

As advised by the Vendor A, the original acquisition cost incurred by it for the acquisition of 77.47% of Target Equity Interest was approximately RMB148.8 million.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 60,669,200 Shares in issue. Assuming there are no other changes to the issued share capital of the Company, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the allotment and issue of the Consideration Shares; and (iii) immediately following the Completion and assuming all existing convertible bonds issued by the Company having been converted into new shares of the Company:

	(i) As at the date of this announcement		Immediately upon the allotment and issue of the Consideration Shares assuming there is no change in the issued share capital of the Company and all existing convertible bonds issued by the Company remain outstanding		(ii) Immediately following the Completion and assuming all existing convertible bonds issued by the Company having been converted into new shares of the Company	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholder						
China Huajun Group Limited	44,202,780	72.86%	44,202,780	71.86%	44,202,780	64.23%
Mr Meng (Note 1)	768,439	1.27%	768,439	1.25%	768,439	1.12%
Vendor B	–	–	873,875	1.42%	–	–
Sub-total	44,971,219	74.13%	45,845,094	74.49%	45,845,094	66.6%
Holder of existing convertible bonds (Note 2)	–	–	–	–	7,294,116	10.6%
Other public shareholders	15,697,981	25.87%	15,697,981	25.51%	15,697,981	22.80%
	60,699,200	100.00%	61,543,075	100.00%	68,818,229	100.00%

Notes:

1. Apart from 768,439 Shares held by Mr. Meng directly, Mr. Meng also personally holding 387,351 share options. For further details of the said share options granted, please refer to the announcements of the Company dated 7 February 2017 and 5 December 2017.
2. As at the date of this announcement, the conversion rights attaching to the existing convertible bonds issued by the Company had yet been exercised and the existing convertible bonds have not yet been converted in new Shares.

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.

As disclosed by the Company in its Interim Report 2018, manufacturing and sales of industrial equipment is one type of businesses, which the Company engages in, and is not included in the reportable segments, but is included under the “others segment”. To maximise interest for the Company and its Shareholders a whole, the Company has been looking for opportunities in expanding all its business including the manufacturing and sales of industrial equipment business.

As advised by the Vendors, manufacture of hydraulic machinery, which is a type of industrial equipment, is one of the principal businesses of the Target Company. The Company is also advised by the Vendors that after the issuance of the Central Military Commission (“CMC”)’s Opinions on Further Reforming National Defence and Military Forces* (中央軍委關於深化國防和軍隊改革的意見) by the CMC of the PRC in January 2016, there is increasing demand for manufacture of industrial equipment related to national defence in the PRC market; and that the Target Company has currently been engaged by the state-owned Number 703 Research Institute of the China Shipbuilding Industry Corporation* (中船重工集團第七〇三研究所) for a project of sound-proof joint axial machine* (隔音聯軸器項目).

In view of the above, the Company believes that the Acquisition will provide the opportunity to the Company to further expand its business in manufacturing and sales of industrial equipment with the view to generate more revenue to the Group.

As the Consideration B will be fully satisfied by the issue of the Consideration Shares, the Company will not face any immediate cash outflow for the Consideration B, and hence can utilise its existing fund on the general working capital of the Group or other investment opportunities, if appropriate. Furthermore, the Company will broaden its Shareholder base.

The Directors, excluding (i) Mr. Meng, who had abstained from voting on the relevant resolutions at the board meeting and will be abstained from voting on the relevant resolutions at the SGM; and (ii) the independent non-executive Directors whose view will be provided after taking into account the opinion and advice from the Independent Financial Adviser, consider that the Issue Price, the Consideration, terms of the Agreement including the term for issue of the Consideration Shares, are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

During the past 12 months immediately preceding the date of this announcement, the Company has conducted the following equity fund raising activities:

Date of announcement	Event	Net Proceeds (approximately)	Intended use of proceed	Actual use of proceeds
7 December 2017	Issue of convertible bonds under general mandate	Approximately HK\$29.7 million	general working capital for payment of the Company's monthly administrative expenses after completion of issue the respective convertible bonds	All the net proceeds had been used for payment of the Company's administrative expenses from January to April 2018
13 December 2017	Issue of convertible bonds under general mandate	approximately HK\$217,700,000	settlement of progress payment for the Group's property development project in respect of the Bao Hua Financial Centre* (保華金融中心), a property wholly-owned by the Group and situated in Dalian City, the PRC	Approximately HK\$43.0 million, HK\$10.0 million and HK\$164.7 million of the net proceeds had been used for (i) repayment of borrowings of the Group; (ii) working capital of a licensed corporation of the Group; and (iii) other operating expenses of the Group, of which approximately HK\$73.8 million had been used for the manufacturing and sales of photovoltaic products business of the Group and approximately HK\$90.9 million had been used for the property development and investments business of the Group, respectively

Date of announcement	Event	Net Proceeds (approximately)	Intended use of proceed	Actual use of proceeds
26 October 2018	Issue of convertible bonds under specific mandate	Approximately HK\$999,400,000	<ul style="list-style-type: none"> <li data-bbox="932 268 1166 378">(i) HK\$502,140,000 for repayment of borrowings <li data-bbox="932 421 1166 651">(ii) HK\$198,240,000 for payment payable or to be payable for construction costs of existing property projects of the Group <li data-bbox="932 693 1166 1485">(iii) HK\$299,020,000 for partial considerations for the acquisition of the entire equity interests in and debts owed by Jurong Simaite Intelligent Science and Technology Co., Ltd.* (句容思麥特智慧科技有限公司) and Jiangsu Xietong Solar Technology Co., Ltd. (江蘇協通光伏科技有限公司) (For details, please refer to the announcement published by the Company on 5 December 2018) 	Not yet utilized as the issue of convertible bonds under specific mandate is subject to approval of Independent Shareholders

IMPLICATIONS UNDER THE LISTING RULES

As one or more 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.

As at the date of this announcement, the Vendor A is ultimately wholly owned by Mr. Meng and his spouse, therefore, the Vendor A is an associate of Mr. Meng and a connected person of the Company under the Listing Rules. Accordingly, the acquisition of 77.47% of Target Equity Interest owned by the Vendor A constitute connected transactions of the Company subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the SGM. As the relevant percentage ratios for the Acquisition exceeds 5%, the Acquisition constitutes non-exempt connected transaction for the Company and are subject to reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Vendor, Mr. Meng and their respective associates are required to abstain from voting on the resolutions in respect of the Acquisition and issue of the Consideration Shares at the SGM. Mr. Meng has also abstained from voting on the resolutions passed by the Board to approve the Agreement and the transactions contemplated thereunder. To the best of the Directors' information, belief and knowledge, save for the Vendor, Mr. Meng and their respective associates, no other Shareholders have any material interest in the Acquisition and the grant of the Specific Mandate.

GENERAL

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares. Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder.

The SGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the Agreement, the transactions contemplated thereunder and the issuance of the Consideration Shares under the Specific Mandate.

A circular containing, amongst other things, (i) further information of the Acquisition; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Agreement and issue of the Consideration Shares; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Agreement and the issue of the Consideration Shares; (iv) the valuation report of the Target Land; and (v) details of the Specific Mandate together with notice of the SGM, is expected to be despatched to the Shareholders on or before 31 January 2019, as the Company requires more time to prepare the relevant information to be included in the circular.

Completion is subject to the fulfillment of the Conditions set out in the Agreement and therefore may or may not proceed. 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 Target Equity Interest contemplated under the Agreement
“Agreement”	the Agreement dated 6 December 2018 entered into by the Vendors and the Purchaser in respect of the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday or Sunday) and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong and PRC are generally open for business
“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

“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Completion Date”	the date on which Completion take place in accordance with the Agreement, which is within five Business Days after the date of fulfilment (or waiver, as the case may be) of the last of the Conditions (or such other date as the Purchaser and the Vendor shall agree in writing)
“Condition(s)”	the conditions precedent of the Agreement as set out in the section headed “Conditions Precedent” in this announcement
“Conditions Fulfillment Date”	31 March 2019 or such later date as agreed between the parties
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB36 million (equivalent to approximately HK\$40.68 million), the consideration for the Target Equity Interest under the Agreement
“Consideration A”	RMB27,889,200 (equivalent to approximately HK\$31,514,796), being the consideration payable by the Purchaser for the 77.47% of Target Equity Interest owned by the Vendor A under the Agreement
“Consideration B”	RMB8,110,800 (equivalent to approximately HK\$9,165,204), being the consideration payable by the Purchaser for the 22.53% of Target Equity Interest owned by the Vendor B under the Agreement
“Consideration Shares”	873,875 new Shares to be allotted and issued by the Company to the Vendor B at the Issue Price for settling the Consideration A pursuant to the Agreement
“Director(s)”	director(s) of the Company

“Dissolved Companies”	certain companies, which are currently wholly-owned subsidiaries of the Target Company, will be and/or undergone deregistration process
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions approving the Agreement and the transactions contemplated thereunder
“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
“Issue Price”	HK\$10.488, being the issue price per Consideration Share
“Last Trading Date”	5 December 2018, being the last trading day immediately before the entering into the Agreement
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Meng”	Mr. Meng Guang Bao (孟廣寶), the chairman, an executive Director and a substantial shareholder (as defined under the Listing Rules) of the Company

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Subsidiary A”	Dalian Hydraulic Machinery (Yingkou) Co., Limited* (大連液力機械(營口)有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Target Company
“PRC Subsidiary B”	Dalian Island Hydraulic Technology Co., Limited* (大連海島液力科技有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Target Company
“Purchaser”	Huajun Industrial Park Management (China) Limited* (華君產業園管理(中國)有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder and other ancillary matters as may be required under the Listing Rules
“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)
“Specific Mandate”	the specific mandate for the allotment and issuance of the Consideration Shares to be granted to the Directors by the Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Dalian Hydraulic Machinery Co., Limited* (大連液力機械有限公司), a company established in the PRC with limited liability, which, as advised by the Vendors, is owned by the Vendors as at the date of this announcement
“Target Group”	collectively, the Target Company, PRC Subsidiary A and PRC Subsidiary B
“Target Equity Interest”	the entire equity interest in the Target Company
“Target Land”	the land parcel situated at No. 5, Yinghui Road, Ganjingzi District, Dalian, the PRC, with a total site area of approximately 66,684.2 square meters
“Vendors”	collectively the Vendor A and Vendor B
“Vendor A”	Liaoning Huajun Equipment Manufacturing Co., Limited * (遼寧華君裝備製造有限公司), a company established in the PRC with limited liability
“Vendor B”	Mr. Cong Liming (叢黎明), a businessman and citizen in the PRC
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

By order of the Board
Huajun International Group Limited
Tam Ka Lung
Company Secretary

Hong Kong, 6 December 2018

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.13. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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*