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## **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 30% EQUITY INTERESTS IN AND DEBT DUE BY WUXI HUIZE REAL ESTATE CO., LTD.\* (無錫惠澤置業有限公司)**

#### **THE ACQUISITION AGREEMENT**

The Board is pleased to announce that on 23 May 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into an Acquisition Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, 30% equity interests in the Target Company for the consideration of RMB154,191,453.05, comprising of RMB1 being the consideration for the Target Equity Interest and RMB154,191,452.05 being the consideration for the debt).

#### **IMPLICATIONS UNDER LISTING RULES**

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Acquisition exceed 5% but fall below 25%, the entering of the Acquisition Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

**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 (if any) under the Acquisition Agreement. 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.**

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Principal terms of the Acquisition Agreement are set forth below:

Date: 23 May 2019

Parties:

- (1) Vendor : Wuxi City Jinde Assets Management Limited\* (無錫市金德資產管理有限公司), a company incorporated in the PRC with limited liability, and its indirect major shareholder is the Wuxi Municipal People's Government.;
- (2) Purchaser : Baohua Properties (China) Limited\*(保華地產(中國)有限公司), a company incorporated in the PRC with limited liability, and an 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 owners are Independent Third Parties.

Asset to be acquired: Target Equity Interests and the Debt

## **Assets held by the Target Company**

As at 23 May 2019, the Group indirectly owns 70% equity interests in aggregate in the Target Company, which currently owns a residential project names Laoshan Bay Collection\* (藏品敵山灣) with site area of approximately 109,019 square metres in Jiangyin of Wuxi, Jiangsu Province. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **Consideration**

The Consideration for the Acquisition shall be RMB154,191,453.05, which shall be paid by the Purchaser in the following manner:

- (i) RMB46,000,000, being the deposit under the Acquisition Agreement, already paid by the Purchaser to the Vendor on 9 May 2019 and will be applied to satisfy part of the Consideration; and
- (ii) RMB108,191,453.05, being the balance of the Consideration, shall be paid within 3 months of the effective date of the Acquisition Agreement to a bank account designated by the Vendor.

In the event that the Purchaser fails to pay the balance of the Consideration as scheduled, the Purchaser will be required to pay the Vendor a penalty of 0.015% of the Consideration on a daily basis since the date of the overdue. If the overdue date exceeds 30 days, the Vendor has the right to terminate the Acquisition Agreement and the deposit paid under the Acquisition Agreement is not refundable.

## **Basis of the Consideration**

The Consideration was the bid price made by the Purchaser through an auction held by Wuxi Equity Exchange Co., Limited\* (無錫產權交易所有限公司) in which the Target Company was offered for sale by way of tender at the base price of RMB154,191,453.05. The Consideration was determined after taking into account of (i) the valuation of the Target Company's assets and liabilities as at 31 May 2018 made by Wuxi Baoguang Asset Valuation Company Limited\* (無錫寶光資產評估有限公司) commissioned by the Vendor; and (ii) the prospect and potential of future appreciation on the properties held by the Target Company.

The Directors consider that the Consideration under the Acquisition Agreement 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 Vendor' rights in the equity interests in the Target Company within 30 Business Days after (a) full payment of the consideration under the Acquisition Agreement and (b) receipt of the equity transaction confirmation\* (產權交易憑証) from Wuxi Equity Exchange Co., Limited.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **INFORMATION OF THE VENDOR**

The Vendor is a company incorporated in the PRC with limited liability and is principally engaged in, among other things, entrusted asset management, use of its own assets for external investment and other related businesses.

## **INFORMATION OF THE TARGET COMPANY**

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

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the unaudited financial information of the Target Company for (i) each of the two financial years ended 31 December 2017 and 31 December 2018 and (ii) the three months ended 31 March 2019, as extracted from its unaudited management accounts of the Target Company (for illustration purposes only):

	<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2018</b>	<b>For the three months ended 31 March 2019</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(unaudited)	(unaudited)	(unaudited)
Net profit (loss) for the year/period before taxation	(262,551)	2,954	(3,241)
Net profit (loss) for the year/period after taxation	(262,551)	2,954	(3,241)

Based on the unaudited management accounts of the Target Company, the unaudited net liability value and total asset value of the Target Company as at 31 March 2019 were approximately RMB217.1 million and approximately RMB1,387.6 million, respectively.

## REASONS AND BENEFITS FOR ENTERING INTO THE ACQUISITION AGREEMENT

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. The Group always looks for suitable investment opportunities to strengthen its existing segment in property development and investments and business establishment in the PRC.

The acquisition will enable the Group to hold the entire equity interest in the Target Company. In view of the location of the land and property held by the Target Company, the Board believes that the Acquisition provides the Group with a highly flexibility for decision-making in the Target Company with a view to generate more return on investment to shareholders.

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

## **THE FINANCIAL IMPACT OF ACQUISITION OF FURTHER 30% EQUITY INTEREST OF THE TARGET COMPANY**

As at the date of this announcement, the Target Company is indirectly 70% owned by Company. Upon completion of the Acquisition, the Target Company will become a indirectly held wholly-owned subsidiary of the Company. As such, the results of operations and financial position of the Target Company will continue to be recorded in the Company's consolidated financial statements. The difference between the consideration for equity interest and the net assets value attributable to 30% equity interest of the Target Company will be accounted for as an equity transaction. The Acquisition will not result in the recognition of any gain or loss in profit or loss.

## **IMPLICATIONS UNDER LISTING RULES**

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Acquisition exceed 5% but fall below 25%, the entering of the Acquisition Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

**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 (if any) under the Acquisition Agreement. 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”	acquisition of the Target Equity Interest and the Debt;
“Acquisition Agreement”	the agreement dated 23 May 2019 entered into by the Purchaser and the Vendor in respect of the Acquisition;
“Consideration”	RMB154,191,453.05, being the total consideration under the Acquisition Agreement;

“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.) on which licensed banks in Hong Kong and PRC’s 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;
“Debt”	debt in an amount of RMB154,191,452.05 owed by the Target Company to the Vendor;
“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 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);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;

“Purchaser”	Baohua Properties (China) Limited*(保華地產(中國)有限公司), a company incorporated in the PRC with limited liability, 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 Company”	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 which is a 70% indirectly owned subsidiary of the Company;
“Target Equity Interest”	30% equity interest in the Target Company;
“Vendor”	Wuxi City Jinde Assets Management Limited* (無錫市金德資產管理有限公司), a company established in the PRC with limited liability;
“%”	per cent.

By order of the Board  
**Huajun International Group Limited**  
**Meng Guang Bao**  
*Chairman and Executive Director*

Hong Kong, 23 May 2019

*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 purpose only