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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)

SUPPLEMENTAL ANNOUNCEMENT REGARDING DISCLOSEABLE TRANSACTION IN RELATION OF SETTING UP OF HIGH-END PRINTING AND PACKAGING PRODUCTION BASE IN LIUHE ECONOMIC DEVELOPMENT ZONE, NANJING CITY, JIANGSU PROVINCE, THE PRC

Reference is made to the announcements of Huajun International Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 May 2019 (the “**First Announcement**”) and 6 June 2019 (the “**Second Announcement**”) in relation of setting up of high-end printing and packaging production base in Liuhe Economic Development Zone, Nanjing City, Jiangsu Province, the PRC. The First Announcement and the Second Announcement are collectively referred as the “**Announcements**”. Capitalized terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

The Company would like to supplement the information contained in the Announcements as follows:

Further information relating to the Revised Assets Consideration

The Assets Consideration of RMB87,000,000 was originally consist of:

- (i) Returned Sum of RMB26,790,000; and
- (ii) the estimated fair value of the Target Assets of RMB60,210,000 (“**Estimated Fair Value of the Target Assets**”).

The amount of the Estimated Fair Value of the Target Assets was determined after having taken into account of the preliminary valuation of the Target Assets of RMB60,000,000 prepared by an independent valuer based on a depreciated replacement cost approach.

As disclosed in the Announcements, the amount of the Returned Sum will no longer be returned to the Company by Liuhe Development Committee who has made subsequent arrangement with Nanjing Yunhai to return the Returned Sum to Nanjing Yunhai directly (the “**Arrangement**”). The reasons for the Arrangement are that the Vendors do not want to incur additional tax expense which will otherwise be incurred for the provision of valid VAT invoices to the Project Company based on the original Assets Consideration of RMB87,000,000 and the Project Company would be able to reduce the overall tax expense if the Returned Sum is return directly to Nanjing Yunhai.

To substantiate the payment of the Assets Consideration, the Vendors have undertaken to provide valid VAT invoices to the Project Company when the Assets Consideration is to be paid by the Project Company. As certain auxiliary facilities of the Target Assets are not useful for the Project Company, such facilities are removed from the list of Target Assets and the Vendors therefore offered a discount to the Project Company of RMB200,000 deduction from the Assets Consideration.

There is no change to the estimated fair value of the Target Assets at the time of determining the Assets Consideration and the Revised Assets Consideration.

In light of the above, the Company has negotiated with the Vendors to reduce the Assets Consideration by the following equation:

RMB87,000,000 less

(i) Returned Sum of RMB26,790,000; and

(ii) RMB200,000 for auxiliary facilities not to be included in the Target Assets

= RMB60,010,000

Although the amount of the Returned Sum will no longer be returned to the Company by the Liuhe Development Committee, the Company in turn does not require to pay such sum to the Vendors as well. Furthermore, the Company will not require to bear any tax which might be payable for the receipt of the Returned Sum. As such, having considered the above, the Board is of the view that the Revised Assets Consideration is fair and reasonable and the Arrangement and the Revised Assets Consideration are in the interest of the Group and the Shareholders as a whole.

The above additional information does not affect other information contained in the Announcements and the terms of the Assets Transfer Agreement and the Supplemental Agreement remain the same.

Completion is subject to the fulfillment of the conditions set out in the Assets Transfer Agreement, and therefore the Assets Transfer Agreement may or may not proceed. There is no guarantee and/or assurance that New Island and/or the Project Company will eventually win the bid for the Target Land under the Listing-for-Sale and therefore the Investment Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 3 July 2019

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao, Ms. Zhang Ye, Mr. Guo Song 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.