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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 LAND USE RIGHTS IN LIUHE ECONOMIC DEVELOPMENT ZONE

ACQUISITION OF LAND USE RIGHTS

The Board is pleased to announce that on 21 December 2019, Huajun Power Nanjing, an indirect wholly owned subsidiary of the Company, successfully won a bidding for the land use rights to the Target Land in Liuhe Economic Development Zone through the Listing-for-Sale organized and held by the Nanjing Planning and Natural Resources Bureau Liuhe Branch at the Land Grant Price.

IMPLICATIONS UNDER LISTING RULES

As one or more of the applicable percentage ratios in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

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PRINCIPAL TERMS OF THE LAND USE RIGHTS IN RELATION TO THE TARGET LAND

A summary of the principal terms of the Acquisition is set out below:

Date: 21 December 2019

Parties: (1) Nanjing Planning and Natural Resources Bureau Liuhe Branch, a governmental body in the PRC responsible for, among other things, administering the use of natural resources including land and minerals; and
(2) Huajun Power Nanjing

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Nanjing Planning and Natural Resources Bureau Liuhe Branch and its ultimate beneficial owner are Independent Third Parties.

Surety paid in order to become a qualified bidder (“Surety”): A sum of RMB9,720,000 was deposited with Nanjing Planning and Natural Resources Bureau Liuhe Branch as surety for participating in the Listing-for-Sale for the Target Land.

Land Grant Price: RMB48,560,000

The Surety will be applied to satisfy part of the Land Grant Price for the Target Land.

Land for transfer: the Target Land, situated at South of Weisi Road* (緯四路) and West of Jingqi Road* (經七路) in Liuhe Economic Development Zone

Term of grant:	50 years from the date of delivery
Total site area of the Target Land:	Approximately 122,925.61 sq. m.
Use of the Target Land:	For industrial use

LAND GRANT PRICE

The Land Grant Price of RMB48,560,000 was the bid price made by Huajun Power Nanjing in the Listing-for-Sale. 50% of the Land Grant Price, being RMB24,280,000, will be settled by Huajun Power Nanjing on or before 6 January 2020, of which part of them will be settled by the Surety. The remaining 50% of the Land Grant Price, being RMB24,280,000, will be settled by Huajun Power Nanjing on or before 21 March 2020. Huajun Power Nanjing set the said bid price after taking into account of (i) the current property market conditions of Liuhe Economic Development Zone; (ii) that was the starting asking price of the Target Land offered by the Nanjing Planning and Natural Resources Bureau Liuhe Branch through the Listing-for-Sale; and (iii) preliminary valuation of the Target Land, being RMB49,000,000 prepared by independent professional valuer. The Land Grant Price will be satisfied by internal resources of the Company.

Having considered the above, the Directors consider that the Land Grant Price is fair and reasonable and on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

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.

REASONS AND BENEFITS OF THE ACQUISITION

Following the Acquisition, the Target Land will be used to set up production base for solar products in Liuhe Economic Development Zone. As disclosed by the Company in its Interim Report 2019, solar photovoltaic is one of the core business segments of the Group. This segment is principally engaged in sales and manufacturing of solar photovoltaic products. The Board considers that the Acquisition will strengthen its position in the solar photovoltaic segment and enhance the Group's solar photovoltaic business by expansion of the production capacities of the Group in the PRC, and support the Group's development plans and presence in the PRC.

Based on the above reasons and benefits, the Directors are of the view that the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER LISTING RULES

As one or more of the applicable percentage ratios in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements.

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
“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
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huajun Power Nanjing”	Huajun Power (Nanjing) Co., Limited* (華君電力(南京)有限公司), a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company

“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
“Land Grant Price”	RMB48,560,000, being the price for the acquisition of land use rights of the Target Land
“Listing-for-Sale”	the listing-for-sale bidding process (掛牌出讓) held by Nanjing Planning and Natural Resources Bureau Liuhe Branch* (南京市規劃和自然資源局六合分局)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liuhe Economic Development Zone”	Liuhe Economic Development Zone* (六合經濟開發區), Nanjing City, Jiangsu Province, the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“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 situated at South of Weisi Road* (緯四路) and West of Jingqi Road* (經七路) in Liuhe Economic Development Zone
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“sq. m.” square meter

“%” per cent.

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

Hong Kong, 23 December 2019

Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.

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.

* *For identification purposes only*