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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)**

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF ASSETS INVOLVING ISSUE OF CONVERTIBLE BOND UNDER SPECIFIC MANDATE**

#### **THE ACQUISITION A**

The Board is pleased to announce that on 30 June 2020 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement A with the Vendor A for the acquisition of Assets A at the Consideration A of RMB87,000,000 (equivalent to approximately HK\$94,830,000).

#### **THE ACQUISITION B**

The Board is also pleased to announce that on 30 June 2020 (after trading hours), the Purchaser, entered into the Agreement B with the Vendor B for the acquisition of Assets B at the Consideration B of RMB271,725,000 (equivalent to approximately HK\$296,180,250).

The Considerations shall be satisfied either by cash and/or by issue of Convertible Bond at the absolute discretion of the Purchaser which carries the right to convert into Conversion Shares at HK\$38.00 per Conversion Share (subject to adjustment). Assuming the entire principal amount of the Convertible Bond has been issued and the Conversion Rights are exercised in full at the Conversion Price, 10,289,743 new Shares, being the Conversion Shares, may be allotted and issued to the respective Vendors and/or to their respective nominee subject to the Conversion Restriction, in aggregate representing approximately 16.72% of the existing issued share capital of the Company as of the date of this announcement and approximately 14.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the respective Completion Dates, save as the issue of the Conversion Shares). The Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

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

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisitions exceed 25% but fall below 100%, the Acquisitions constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the reporting, announcement and shareholders' approval requirements.

As at the date of this announcement, the Vendors are indirectly wholly owned by Mr. Meng, an executive Director of the Company and chairman of the Board, and his spouse. Accordingly, the Vendors are associates of Mr. Meng, a connected person of the Company, and the transaction contemplated under the Agreements constitute connected transaction of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios for the Acquisitions 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 Vendors, Mr. Meng, his spouse and their respective associates are required to abstain from voting on the resolutions in respect of the Acquisitions and the grant of the Specific Mandate at the SGM. Mr. Meng has also abstained from voting on the resolutions passed by the Board to approve the Agreements and the transactions contemplated thereunder. To the best of the Directors' information, belief and knowledge, save for the Vendors, Mr. Meng, his spouse and their respective associates, no other Shareholders have any material interest in the Acquisitions.

## **GENERAL**

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate for the issue of the Convertible Bond. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements 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 Agreements, the transactions contemplated thereunder and the grant of the Specific Mandate.

A circular containing, amongst other things, (i) further information of the Acquisitions; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Agreements and the grant of the Specific Mandate; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions, the Agreements and the grant of the Specific Mandate; and (iv) notice of the SGM, is expected to be despatched to the Shareholders on or before 31 August 2020, 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 Agreements 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 A**

The Board is pleased to announce that on 30 June 2020 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement A with the Vendor A for the acquisition of the Assets A at the Consideration A of RMB87,000,000 (equivalent to approximately HK\$94,830,000).

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

**Date:** 30 June 2020 (after trading hours)

**Parties:** Vendor A: Jurong Simaite Intelligent Science and Technology Co., Ltd.\* (句容思麥特智能科技有限公司)

Purchaser: Huajun Power Technology (Jiangsu) Co., Ltd.\* (華君電力科技(江蘇)有限公司)

### **Assets A**

Pursuant to the Agreement A, the Vendor A has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Assets A at the Consideration A of RMB87,000,000 (equivalent to approximately HK\$94,830,000) subject to downward adjustment as stated below. The Assets A comprises of the Target Properties A and various equipment relating to the production and manufacturing of photovoltaic related products, such as scribing machine (劃線機), automatic string welding machine (自動串焊機), battery string automatic laying tandem machine (電池串自動鋪設串聯機) and etc.

As advised by the Vendor A, the Target Properties A is situated at Guozhuang Town Airport Industrial Concentration Zone, Jurong City, Jiangsu Province, the PRC for industrial use with the total land area of approximately 65,700 sq.m. and the total building area of approximately 41,800 sq.m.. As advised by the Vendor A, currently the Target Properties A is a manufacturing plant which is available for production of photovoltaic related products.

### **Consideration A**

Immediately after the signing of the Agreement A, the Purchaser and the Vendor A shall jointly appoint a valuer to prepare a valuation report (the “**Valuation Report A**”) in respect of the total value of the Assets A. The consideration for the Assets A shall be RMB87,000,000 (equivalent to approximately HK\$94,830,000) or the said valued amount of the Assets A, whichever is lower. Pursuant to the Agreement A, the Vendor A and the Purchaser have agreed the exchange rate to be at the rate of RMB1 = HK\$1.09.

As advised by holding company of the Vendor A, the original acquisition cost incurred by it for the acquisition of the entire equity interest of Vendor A was approximately RMB217,000,000 (equivalent to approximately HK\$236,530,000).

Pursuant to the Agreement A, within five Business Days after the Completion Date A, the Purchaser shall pay the Consideration A to the Vendor A by issue of the Convertible Bond A, at the Issue Price, to the Vendor A and/or its nominee or by cash, at the sole discretion by the Purchaser. The Purchaser may also pay the Consideration A partly by cash and partly by issue of the Convertible Bond A.

The Consideration A was determined by the Vendor A and the Purchaser on arm's length negotiations with reference to the net book value of the Assets A of the Vendor A and then further adjusted pursuant to the valued amount of the Assets A in accordance with the valuation report to be prepared by the valuer jointly appointed by the Vendor A and the Purchaser. As such, the Board (other than (i) Mr. Meng, who had abstained from voting at the relevant resolution of the Board meeting and will abstain from voting on the relevant resolutions at the SGM; and (ii) the independent non-executive Directors who will form an opinion after taken into consideration of the recommendation from the Independent Financial Advisor) considers that the Consideration A is fair and reasonable and on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

### **Conditions precedent**

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

- (a) the Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in, the Conversion Shares;
- (b) the Independent Shareholders having passed the resolutions to approve the Agreement A, the transactions contemplated thereunder and the allotment and issue of the Conversion Shares under the Specific Mandate;
- (c) the Company having issued the relevant circular in relation to the Agreement A and the transactions contemplated thereunder in accordance with the Listing Rules;
- (d) the Valuation Report A having been completed (to the satisfaction of the Purchaser); and
- (e) the Purchaser having received the documents (to its satisfaction) proving that the Assets A (including the interest of the Target Properties A) have been duly transferred to the Purchaser or its nominee free from any encumbrances and third parties' rights.

If any of the above conditions has not been fulfilled by the Conditions Fulfillment Date, the Agreement A shall lapse. None of the parties shall claim against the other party save as the antecedent breach made by the parties of the Agreement A.

### **Completion A**

The Completion A shall take place within five business days from the date that all of the above conditions having been fulfilled.

## THE ACQUISITION B

The Board is also pleased to announce that on 30 June 2020 (after trading hours), the Purchaser also entered into the Agreement B with the Vendor B for the acquisition of Assets B subject to the Tenancy, as defined below, at the Consideration B of RMB271,725,000 (equivalent to approximately HK\$296,180,250).

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

**Date:** 30 June 2020 (after trading hours)

**Parties:** Vendor B: Huajun Power (Jurong) Co., Ltd.\* (華君電力(句容)有限公司)

Purchaser: Huajun Power Technology (Jiangsu) Co., Ltd.\* (華君電力科技(江蘇)有限公司)

### Assets B

Pursuant to the Agreement B, the Vendor B has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Assets B at the Consideration B of RMB271,725,000 (equivalent to approximately HK\$296,180,250) subject to downward adjustment as stated below. The Assets B comprises of the Target Properties B and various equipment relating to the production and manufacturing of photovoltaic related products, such as Automatic washing machine (全自動清洗機), automatic degumming machine (全自動脫膠機), diamond wire cutting machine (金剛線截斷機) and etc.

As advised by the Vendor B, the Target Properties B erected on the land parcel situated at Guozhuang Town, Jurong City, Jiangsu Province, the PRC for industrial use with the total land area of approximately 107,300 sq.m. and the total building area of approximately 43,000 sq.m.. Pursuant to the Agreement B, 49 mu\* (畝)(equivalent to approximately 32,600 sq.m.) of the said land parcel will not form part of the Assets B. As such, the total land area of the Target Properties B is approximately 74,000 sq.m..

As advised by the Vendor B, currently the Target Property B is a manufacturing plant, which was currently leased out to independent third party (the “**Tenancy**”) for a period of 5 years commencing from 17 December 2018 to 16 December 2023 at the annual rent of RMB45,000,000 (equivalent to approximately HK\$49,050,000).

## **Consideration B**

Immediately after the signing of the Agreement B, the Purchaser and the Vendor B shall jointly appoint a valuer to prepare a valuation report (the “**Valuation Report B**”) in respect of the total value of the Assets B. The consideration for the Assets B shall be RMB271,725,000 (equivalent to approximately HK\$296,180,250) or the said valued amount of the Assets B, whichever is lower. Pursuant to the Agreement B, the Vendor and the Purchaser have agreed the exchange rate to be at the rate of RMB1 = HK\$1.09.

As advised by the holding company of Vendor B, the original acquisition cost incurred by it for the acquisition of the entire equity interest of Vendor B was approximately RMB423,000,000 (equivalent to approximately HK\$461,070,000).

Pursuant to the Agreement B, within five Business Days after the Completion Date B, the Purchaser shall pay the Consideration B to the Vendor by issue of the Convertible Bond B, at the Issue Price, to the Vendor B and/or its nominee or by cash, at the sole discretion of the Purchaser. The Purchaser may pay the Consideration B partly by cash and partly by issue of the Convertible Bond B.

The Consideration B was determined by the Vendor B and the Purchaser on arm’s length negotiations with reference to net book value of the Assets B of the Vendor B and then further adjusted pursuant to the valued amount of the Target Properties B in accordance with the valuation report to be prepared by the valuer jointly appointed by the Vendor B and the Purchaser. As such, the Board (other than (i) Mr. Meng, who had abstained from voting at the relevant resolution of the Board meeting and will abstain from voting on the relevant resolutions at the SGM; and (ii) the independent non-executive Directors who will form an opinion after taken into consideration of the recommendation from the Independent Financial Advisor) considers that the Consideration B is fair and reasonable and on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

## **Conditions precedent**

The conditions precedent for the Completion B are substantially the same as the conditions precedent set out in the paragraph headed “THE ACQUISITION A – Conditions precedent”.

## **Completion B**

The Completion B shall take place within five business days from the date that all of the relevant conditions for the Completion B having been fulfilled.

## THE CONVERTIBLE BOND

Principal terms of the Convertible Bond are arrived at after arm's length negotiations between the Purchaser and the Vendors and are summarised as follows:

|                   |   |
|-------------------|---|
| Issuer:           | the Company   |
| Principal Amount: | Convertible Bond A: Not more than HK\$94,830,000<br>Convertible Bond B: Not more than HK\$296,180,250 |
| Conversion Price: | HK\$38.00 per new Share, subject to adjustment  |
| Maturity Date:    | the date falling on the fifth anniversary from the Issue Date   |
| Interest:         | interest-free   |
| Redemption:       | At maturity   |

all outstanding principal amount of the Convertible Bond which have not been redeemed or converted in accordance with the conditions set out in the Bond Instrument by the Maturity Date will be automatically redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of such Convertible Bond, unless the Bondholders request for full conversion of their Convertible Bond

|                    |   |
|--------------------|---|
| Conversion Rights: | each Bondholder shall have the right, exercisable during the Conversion Period, to convert the whole or any part (in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bond held by such Bondholder into such number of Shares as will be determined by dividing the principal amount of the Convertible Bond to be converted by the Conversion Price and no fraction of a Share shall be issued on conversion |
|--------------------|---|

Conversion Restrictions:

Conversion shall be subject to the following further conditions:

- (a) any exercise of Conversion Rights shall not trigger any mandatory offer under Rule 26 of the Takeovers Code, and in any event, any exercise of Conversion Rights shall not render the Company no longer maintain the minimum public float of the Shares required under the Listing Rules upon the Conversion;
- (b) any exercise of Conversion Rights shall be subject to all applicable laws, rules and regulations, including but not limited to the Listing Rules and the Takeovers Code; and
- (c) any conversion shall be in denominations and integral amounts of HK\$1,000,000.

The above restrictions are collectively referred to as the “**Conversion Restrictions**”.

Transferability:

- (a) the Convertible Bond (nor any part thereof) can be transferred without the prior written consent of the Company, save and except to a connected person of the Company
- (b) any transfer of any Convertible Bond shall be in respect of the whole or any part (in an amount not less than HK\$1,000,000 or such other amount to be agreed by the Company) of the outstanding principal amount of that Convertible Bond

Ranking: the obligations of the Company arising under the Convertible Bond constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law. Conversion Shares, when issued, shall rank pari passu in all respects with all other existing Shares in issue at the date of conversion

Adjustment Events: the Conversion Price shall be subject to adjustment upon occurrence of the following: (a) consolidation and subdivision; and (b) capitalisation of profits or reserves

The Convertible Bond carries the right to convert into the Conversion Shares at the Conversion Price of HK\$38.00 per Conversion Share (subject to adjustment). Assuming the entire principal amount of the Convertible Bond has been issued and the Conversion Rights are exercised in full at the Conversion Price, 10,289,743 Shares, being the Conversion Shares may be allotted and issued to the respective Vendors and/or to their respective nominee subject to the Conversion Restriction, in aggregate representing approximately 16.72% of the existing issued share capital of the Company as of the date of this announcement and approximately 14.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the their respective Completion Dates, save as the issue of the Conversion Shares). The details of the shareholdings are set out in the paragraph headed “EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” below.

## **Conversion Price**

The Conversion Price of HK\$38.00 per Conversion Share, representing:

- (a) a premium of approximately 245.45% over the closing price of HK\$11.00 per Share as quoted on the Stock Exchange on date of the Agreement;
- (b) a premium of approximately 246.72% over the closing price of HK\$10.96 per Share as quoted on the Stock Exchange on Last Trading Date;
- (c) a premium of approximately 242.03% over the average closing price of HK\$11.11 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Agreement; and
- (d) a premium of approximately 237.18% over the average closing price of HK\$11.27 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Date.

## **Basis of the Conversion Price**

The Conversion Price was determined after arm's length negotiation between the Purchaser and the Vendors, with reference to the prevailing market price of the Share as shown above. The Directors (other than (i) Mr. Meng, who had abstained from voting at the relevant resolution of the Board meeting and will abstain from voting on the relevant resolutions at the SGM; and (ii) the independent non-executive Directors who will form an opinion after taken into consideration of the recommendation from the Independent Financial Advisor) consider that the Conversion Price, the Consideration and the terms and conditions of the Agreement are fair and reasonable, based on the current market conditions, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

## **Application of Listing**

The Conversion Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM.

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

No listing of the Convertible Bond will be sought from the Stock Exchange or any other stock exchange.

## **INFORMATION OF THE VENDORS**

As informed by the Vendor A, the Vendor A is a company established in the PRC with limited liability in May 2016, which is principally engaged in, among other things, development, production, processing and sales of industrial automation control equipment, smart card equipment, industrial robots and photovoltaic solar cells and components.

As informed by the Vendor B, the Vendor B is a company established in the PRC with limited liability in December 2016, which is principally engaged in, among other things, development, production, processing and sales of development, production and processing of silicon raw materials (矽原料), monocrystalline silicon wafers (單晶矽片), polycrystalline silicon wafers (多晶矽片) and etc.

As at the date of this announcement, the Vendors are indirectly wholly owned by Mr. Meng, an executive Director of the Company and chairman of the Board, and his spouse, therefore the Vendors are associates of Mr. Meng and a connected person of the Company under the Listing Rules.

## **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 production and sale of photovoltaics products monocrystalline silicon, solar stent and related products.

## **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 solar photovoltaic products.

## **REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

The Group's solar photovoltaic operations are principally engaged in business including manufacturing and sales of monocrystalline silicon, polycrystalline silicon, silicon wafers, solar cells, and solar modules.

The Acquisitions will provide the opportunity to the Company to generate rental income from leasing of Assets B with annual rental income of RMB45,000,000 and further expand its business in manufacturing and sales of photovoltaic products with the view to generate more revenue to the Group.

The Group always looks for suitable investment opportunities to strengthen its existing segment in property development and investments and business establishment in the PRC. As the Consideration may be fully or partly satisfied by the issue of the Conversion Shares under the Convertible Bond, the Company may not face any immediate cash outflow for the Consideration, and hence can utilise its existing fund on the general working capital of the Group or other investment opportunities, if appropriate.

Accordingly, the Board (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) is of the view that the Conversion Price, the Consideration, terms of the Agreements including the terms for issue of the Convertible Bond and the Conversion Shares, are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 61,543,075 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 following the Completion and assuming full conversion of the Convertible Bond into Conversion Shares and all existing convertible bonds issued by the Company remain outstanding; and (iii) immediately following the Completion and assuming full conversion of 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 |                | (ii) Immediately following the Completion and assuming full conversion of the Convertible Bond into Conversion Shares and all existing convertible bonds issued by the Company remain outstanding |                | (iii) Immediately following the Completion and assuming full conversion of 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 %  |
| <b>Substantial Shareholder</b>                |   |                |   |                |  |                |
| China Huajun Group Limited (Note 1)           | 44,450,619                              | 72.23%         | 44,450,619  | 61.88%         | 44,450,619   | 56.81%         |
| Mr. Meng (Note 2)                             | 814,440                                 | 1.32%          | 814,440   | 1.13%          | 814,440  | 1.04%          |
| <b>Sub-total</b>                              | <b>45,265,059</b>                       | <b>73.55%</b>  | <b>45,265,059</b>   | <b>57.85%</b>  | <b>45,265,059</b>  | <b>57.85%</b>  |
| Vendor A                                      | –                                       | –              | 2,495,526   | 3.19%          | 2,495,526  | 3.19%          |
| Vendor B                                      | –                                       | –              | 7,794,217   | 10.46%         | 7,794,217  | 9.96%          |
| Holder of existing convertible bonds (Note 3) | –                                       | –              | –   | –              | 6,411,764  | 8.19%          |
| Other public shareholders                     | 16,278,016                              | 26.45%         | 16,278,016  | 22.67%         | 16,278,016   | 20.81%         |
| <b>Total</b>                                  | <b>61,543,075</b>                       | <b>100.00%</b> | <b>71,832,818</b>   | <b>100.00%</b> | <b>78,244,582</b>  | <b>100.00%</b> |

### Notes:

- China Huajun Group Limited is also interested in certain convertible bonds for which, if exercised in full, a total of 58,031,578 conversion shares shall be issued. Among the interest in 58,031,578 shares, interest in 26,315,789 shares involve the convertible bond which has been approved by shareholders but not yet been issued. The issue of these convertible bond is subject to the completion of the subscription agreement. For the details of the convertible bond which has not yet been issued, please refer to the circular of the Company dated 29 April 2020.
- Apart from 814,440 Shares held by Mr. Meng directly, Mr. Meng is also personally holding 387,351 share options. Mr. Meng is deemed to be interested in the shares held by China Huajun Group Limited.

3. 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.

The above shareholdings of the Company set out in the above table are for illustration purpose only. As one of the Conversion Restrictions is that any exercise of Conversion Rights shall not trigger any mandatory offer under Rule 26 of the Takeovers Code, and in any event, any exercise of Conversion Rights shall not render the Company no longer maintain the minimum public float (i.e. 25%) of the Shares required under the Listing Rules upon the Conversion, the collective shareholding in the Company held by Mr. Meng, China Huajun Group Limited and their respective associates shall never reach more than 75%.

### **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:

| <b>Date of announcement</b> | <b>Event</b>  | <b>Net Proceeds (approximately)</b> | <b>Intended use of proceed</b>  | <b>Actual use of proceeds</b>                                       |
|-----------------------------|---|-------------------------------------|---|---|
| 22 January 2020             | Issue of convertible bonds under specific mandate   | Approximately HK\$999,500,000       | (i) HK\$537,600,000 for repayment of borrowings<br><br>(ii) HK\$168,000,000 for capital expenditure for high-end printing and packaging production base<br><br>(iii) HK\$293,900,000 for general working capital<br><br>(For details, please refer to the circular published by the Company on 29 April 2020) | Not applicable as the subscription has not completed                |
| 5 June 2020                 | Issue of convertible bonds under specific mandate for settlement of consideration for the acquisition of certain equity interest and debt | Approximately HK\$107,692,000       | For full satisfaction of consideration for the acquisition of certain equity interest and debt  | Not applicable as subscription has not yet approved by shareholders |

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisitions exceed 25% but fall below 100%, the Acquisitions constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the announcement and shareholders' approval requirements.

As at the date of this announcement, the Vendors are indirectly wholly owned by Mr. Meng, an executive Director of the Company and chairman of the Board, and his spouse. Accordingly, the Vendors are associates of Mr. Meng, a connected person of the Company, and the transaction contemplated under the Agreements constitute connected transaction of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios for the Acquisitions exceeds 5%, the Acquisitions 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 Vendors, Mr. Meng, his spouse and their respective associates are required to abstain from voting on the resolutions in respect of the Acquisitions and the grant of the Specific Mandate at the SGM. Mr. Meng has also abstained from voting on the resolutions passed by the Board to approve the Agreements and the transactions contemplated thereunder. To the best of the Directors' information, belief and knowledge, save for the Vendor, Mr. Meng, his spouse and their respective associates, no other Shareholders have any material interest in the Acquisitions.

## **GENERAL**

An Independent Board Committee will be established to make recommendation to the Independent Shareholders regarding the Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate for the issue of the Convertible Bond. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreements 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 Agreements, the transactions contemplated thereunder and the grant of the Specific Mandate.

A circular containing, amongst other things, (i) further information of the Acquisitions; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Agreements and the grant of the Specific Mandate; (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisitions, the Agreements and the grant of the Specific Mandate; and (iv) notice of the SGM, is expected to be despatched to the Shareholders on or before 31 August 2020, 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 Agreements 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 A” | the acquisition of the Assets A contemplated under the Agreement A   |
| “Acquisition B” | the acquisition of the Assets B contemplated under the Agreement B   |
| “Acquisitions”  | collectively, the Acquisition A and the Acquisition B  |
| “Agreement A”   | the transfer agreement dated 30 June 2020 entered into between the Purchaser and the Vendor A in respect of the Acquisition A                            |
| “Agreement B”   | the transfer agreement dated 30 June 2020 entered into between the Purchaser and the Vendor B in respect of the Acquisition B                            |
| “Agreements”    | collectively, the Agreement A and the Agreement B  |
| “Assets A”      | the Target Properties A and various equipment relating to the production and manufacturing of photovoltaic related products as listed in the Agreement A |
| “Assets B”      | the Target Properties B and various equipment relating to the production and manufacturing of photovoltaic related products as listed in the Agreement B |
| “associate(s)”  | has the meaning ascribed to it under the Listing Rules   |
| “Board”         | the board of Directors   |

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| “Bondholder(s)”      | the holder(s) of the Convertible Bond  |
| “Bond Instrument”    | the respective instrument constituting the Convertible Bond to be executed by the Company to the Vendor upon Completion  |
| “Business Day(s)”    | 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 the 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 A”       | the completion of the Acquisition A pursuant to the terms and conditions of the Agreement A  |
| “Completion B”       | the completion of the Acquisition B pursuant to the terms and conditions of the Agreement B  |
| “Completion”         | collectively, the Completion A and the Completion B  |
| “Completion Date A”  | a day within 5 business days from the date that all of the relevant conditions for the Completion A (as the case may be)   |
| “Completion Date B”  | a day within 5 business days from the date that all of the relevant conditions for the Completion B (as the case may be)   |
| “Completion Date(s)” | collectively, the Completion Date A, the Completion Date B   |
| “Conditions”         | the conditions precedent of the respective Agreements as set out in the section headed “Conditions Precedent” in this announcement   |

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| “Conditions Fulfillment Date” | 30 June 2021 or such later date as the parties to the Agreement A or Agreement B (as the case may be) may agree in writing   |
| “connected person(s)”         | has the meaning ascribed thereto under the Listing Rules   |
| “Consideration A”             | the consideration of RMB87,000,000 (equivalent to approximately HK\$94,830,000) for the Assets A   |
| “Consideration B”             | the consideration of RMB271,725,000 (equivalent to approximately HK\$296,180,250) for the Assets B   |
| “Considerations”              | collectively, the Consideration A and the Consideration B  |
| “Convertible Bond A”          | convertible bond in the aggregate amount of HK\$94,830,000 to be issued by the Company to satisfy the Consideration A, pursuant to the Bond Instrument   |
| “Convertible Bond B”          | convertible bond in the aggregate amount of HK\$296,180,250 to be issued by the Company to satisfy the Consideration B, pursuant to the Bond Instrument  |
| “Convertible Bond”            | collectively, the Convertible Bond A and the Convertible Bond B  |
| “Conversion Period”           | the period commencing from the date of issue of the Convertible Bond and ending on the date which falls on the Business Day immediately before Maturity Date, both dates inclusive                                   |
| “Conversion Price”            | the conversion price of HK\$38.0 per Conversion Share  |
| “Conversion Rights”           | the conversion rights attaching to the Convertible Bond to convert the principal amount or a part thereof into Conversion Shares   |
| “Conversion Shares”           | 10,289,743 new Shares which may fall to be allotted and issued by the Company in aggregate to the Vendors at the Conversion Price, credited as fully paid, upon full exercise of the Conversion Rights by the Vendor |

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| “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 Board Committee”   | the independent board committee of the Company, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Agreements and the Specific Mandate  |
| “Independent Financial Adviser” | the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the Specific Mandate   |
| “Independent Shareholders”      | Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolutions approving the Agreement, the transactions contemplated thereunder and the issue of the Convertible Bond and Conversion Shares under the Specific Mandate |
| “Issue Price”                   | the issue price of the Convertible Bond, which shall be 100% of the principal amount of the Convertible Bond   |
| “Last Trading Date”             | 29 June 2020, being the last trading day immediately before the entering into the Agreements   |
| “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  |
| “Maturity Date”                 | the date falling on the fifth anniversary from the date of issue of the respective Convertible Bond  |

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| “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   |
| “Purchaser”           | Huajun Power Technology (Jiangsu) Co., Ltd.* (華君電力科技(江蘇)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   |
| “SFC”                 | the Securities and Futures Commission  |
| “SGM”                 | the special general meeting of the Company to be convened to consider and, if thought fit, approve the Agreements and the grant of the Specific Mandate  |
| “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  |
| “Takeovers Code”      | the Code on Takeovers and Mergers published by the SFC from time to time   |
| “Target Properties A” | the properties erected on land parcel situate at Guozhuang Town Airport Industrial Concentration Zone, Jurong City, Jiangsu Province, the PRC of industrial use with the total land area of approximately 65,700 sq.m. and the total building area of approximately 41,800 sq.m. |

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| “Target Properties B” | the properties erected on land parcel situate at Guozhuang Town, Jurong City, Jiangsu Province, the PRC of industrial use with the total land area of approximately 74,000 sq.m. and the total building area of approximately 43,000 sq.m. |
| “Vendor A”            | Jurong Simaite Intelligent Science and Technology Co., Ltd.* (句容思麥特智能科技有限公司), a company established in the PRC with limited liability  |
| “Vendor B”            | Huajun Power (Jurong) Co., Ltd.* (華君電力(句容)有限公司), a company established in the PRC with limited liability   |
| “Vendors”             | collectively, the Vendor A and the Vendor B  |
| “%”                   | per cent.  |

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

Hong Kong, 30 June 2020

*For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.09. 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, Ms. Huang Xiumei and Ms. Bao Limin 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*