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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 DISPOSAL OF THE SALE SHARES IN WUXI HUIYUAN**

#### **THE DISPOSAL**

The Board is pleased to announce that on 31 July 2020 (after trading hours), the Sale and Purchase Agreement was entered into between the Vendor and the Purchaser, pursuant to which the Vendor, indirect wholly-owned subsidiary of the Company, has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at consideration of RMB127,000,000.

#### **LISTING RULES IMPLICATIONS**

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

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## THE SALE AND PURCHASE AGREEMENT

### The Disposal

The Board is pleased to announce that on 31 July 2020 (after trading hours), the Sale and Purchase Agreement was entered into between the Vendor and the Purchaser, pursuant to which the Vendor, indirect wholly-owned subsidiary of the Company, has agreed to sell and the Purchaser has agreed to acquire the Sale Shares at consideration of RMB127,000,000.

Set out below are the principal terms of the Sale and Purchase Agreement:

Date: 31 July 2020

Parties: (i) Baohua Real Estate Management (Yingkou) Co., Ltd.\* (保華置業管理(營口)有限公司), as the Vendor.

As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of the Company.

(ii) Yingkou Ouya Industrial Co., Ltd.\* (營口歐雅實業有限公司), as the Purchaser.

As advised by the Purchaser, the interests of the Purchaser is held as to 99% by Ms. Bai Zhongying\* (白忠穎) and as to 1% by Mr. Fan Yu\* (范禹) respectively, each of them are PRC businessman and the ultimate beneficial owner of the Purchaser, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Party(ies).

### Assets to be disposed of by the Vendor

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares at the Consideration of RMB127,000,000. The liability of Wuxi Huiyuan prior to the Completion will be borne by the Vendor.

The Sale Shares representing the entire equity interest of Wuxi Huiyuan which is a limited liability company incorporated in the PRC. The principal asset of Wuxi Huiyuan is the properties erected on the land which is situated at the northwest of the intersection of Wu'ai Road and Ronghu Road, Liangxi District, Wuxi City, Jiangsu Province, the PRC ("Wuai Renjia").

## **Consideration and payment**

The Consideration for the Sale Shares is RMB127,000,000. Pursuant to the Sale and Purchase Agreement, the Purchaser will fully pay the Consideration to the Vendor within 3 months of the date of the execution of the Sale and Purchase Agreement.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the valuation of Wuai Renjia as at 31 December 2019 amounted to approximately RMB137,500,000 prepared by an independent valuer and the prevailing local market conditions.

Accordingly, the Board considers that the Consideration and the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interest of the Company and its Shareholders as a whole.

## **Completion**

The parties shall endeavour to procure the registration of the transfer of the Vendor's ownership in the Sale Shares to the Purchaser as soon as practicable after the Vendor has received the full payment of the Consideration under the Sale and Purchase Agreement.

## **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.

## INFORMATION OF THE VENDOR

The Vendor is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. The principal activity of the Vendor is property development.

## INFORMATION OF THE PURCHASER

As advised by the Purchaser, the Purchaser is a company established in the PRC with limited liability on 4 June 2020 and its principal business is, among other thing, real estate associated business.

## INFORMATION ON WUXI HUIYUAN

Wuxi Huiyuan is a company incorporated in the PRC with limited liability and is entirely owned by the Vendor as at the date of this announcement. Wuxi Huiyuan is principally engaged in the property development in Wuxi City, Jiangsu Province, the PRC.

## Financial Information of the Target Company

The financial information of Wuxi Huiyuan for the two financial years ended 31 December 2018 and 2019 and the six months ended 30 June 2020 is set out below:

	For the year ended 31 December 2018 (Unaudited) <i>RMB'000</i>	For the year ended 31 December 2019 (Unaudited) <i>RMB'000</i>	For the six months ended 30 June 2020 (Unaudited) <i>RMB'000</i>
Profit/(Loss) before taxation	(8,840)	5,590	(11,107)
Profit/(Loss) after taxation	(8,840)	5,590	(11,107)

The unaudited net asset value and total asset value of Wuxi Huiyuan as at 30 June 2020 were approximately RMB7 million and RMB150 million respectively.

## **POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS**

Immediately after the Completion, Wuxi Huiyuan will cease to be a subsidiary of the Company and the financial results of Wuxi Huiyuan will no longer be consolidated into the Group's financial statements.

It is expected that the Company will recognise a gain in its consolidated income statement of approximately RMB22 million arising from the Disposal, which is calculated by reference to the carrying value of the Company's investment in Wuxi Huiyuan and the Consideration. The actual amount of gain arising from the Disposal to be recognised by the Group will be subject to final audit by the Company's auditors.

The Company intends to apply the net proceeds from the Disposal to supplement the general working capital of the Company.

**Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of Wuxi Huiyuan on the date of the Completion and the review by the Company's auditors.**

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

The Board considers that the Disposal will enhance the Group's focus on other core business segments with faster return. The Directors are of the view that the Disposal will improve the liquidity and overall financial position of the Group.

Accordingly, the Board is of the view that the Disposal is fair and reasonable and on normal commercial terms and the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors;
“Company”	Huajun International Group Limited (Stock Code: 377), a company incorporated in Bermuda, the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement;
“connected persons(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	RMB127,000,000, being the total consideration payable by the Purchaser to the Vendor for the disposal of the Sale Shares;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser as contemplated under the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	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);

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, but for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Yingkou Ouya Industrial Co., Ltd.* (營口歐雅實業有限公司), a limited liability company established in the PRC on 4 June 2020, which is held as to 99% by Ms. Bai Zhongying* (白忠穎) and as to 1% by Mr. Fan Yu* (范禹), and, as at the date of this announcement, an Independent Third Party of the Company;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 July 2020 and entered into between the Vendor and the Purchaser in relation to the Disposal;
“Sale Shares”	representing the 100% equity interest and the paid-up capital of Wuxi Huiyuan;
“Share(s)”	the ordinary share(s) of HK\$1 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning as ascribed thereto under the Listing Rules;
“Vendor”	Baohua Real Estate Management (Yingkou) Co., Ltd.* (保華置業管理(營口)有限公司), as at the date of this announcement an indirect wholly-owned subsidiary of the Company;
“Wuxi Huiyuan”	Wuxi Huiyuan Real Estate Co., Ltd.* (無錫市惠遠置業有限公司), a limited liability company incorporated in the PRC, which is directly wholly-owned by the Vendor as at the date of this announcement;

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“%”	per cent.

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

Hong Kong, 31 July 2020

*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 purpose only*