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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 TO ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN YINGKOU YUZHU SCIENCE AND TECHNOLOGY DEVELOPMENT LIMITED*

Reference is made to the announcement (the “**Announcement**”) of Huajun International Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 July 2018 in relation to the acquisition of the entire equity interest in Yingkou Yuzhu Science And Technology Development Limited* (營口玉珠科技發展有限公司) by Huajun Power (China) Group Limited* (華君電力(中國)集團有限公司) (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, from Yingkou Jinlun Science And Technology Development Limited* (營口金綸科技發展有限公司) (the “**Vendor**”). Terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

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

Further information relating to the Target Land

The Target Land is located in Liaoning (Yingkou) Coastal Industrial Base Management Committee, Xinlian Street East No. 1, Yingkou City, Liaoning Province, the PRC, which is for industrial use. As advised by the Vendor, the Target Company has obtained all necessary licenses/permits for the development of the Target Land.

To the best knowledge of the Company, no valuation has been carried out for the Target Land as at the date of this announcement. The Company has engaged independent valuer to prepare the valuation report in respect of the Target Land and expects such report to be issued prior to the Completion.

The relevant construction work for the development on the Target Land has commenced in 2017. As at the date of this announcement, (a) the overall planning and design of the Target Land; (b) four buildings of supporting facilities (配套用房), such as employee dormitories, offices and canteens; (c) the bottom load-bearing structure (底部承重結構) for two buildings of the supporting facilities; and (d) three buildings of warehouses and the respective pile foundations have been completed.

Subject to the Completion, the Company intends to integrate the Target Land with the land adjacent to it in order to build an industrial production plant (“**Production Plant**”) for 2GW photovoltaic power generation product. Certain land parcels adjacent to the Target Land are currently owned by the Group. Subject to the Completion, the development of the Target Land is estimated to be completed by 2020.

After completion of the Acquisition, the Company does not have any plan to make any further financial commitment in relation to the development of the Target Land, except with the engagement of potential contractors for construction or development design necessary for the building of the Production Plant. Shall there be any of such commitment arise, the Company will finance it with internal resources of the Target Company or external borrowing made by the Target Company, if necessary and appropriate.

Further information relating to the Debt Restructuring

As disclosed in the Announcement, prior to the Completion, the liabilities of the Target Company shall be restructured (the “**Debt Restructuring**”) so that upon the completion of such debt restructuring (a) the liabilities under the existing bank loan in the principal sum of RMB150 million (the “**Bank Loan**”) and other payables in the sum of approximately RMB20.3 million shall be borne by the Purchaser (the “**Remaining Liabilities**”) to several creditors of the Target Company; and (b) all other liabilities of the Target Company not mentioned in (a) above in this paragraph shall be borne by the Vendor (the “**Vendor’s Liabilities**”). To the best knowledge of the Company, the Bank Loan consists of two parts: (i) the loan in the principal amount of RMB106 million for the term of 60 months from September 2017 to September 2022 at an interest rate of 8.075% per annum; and (b) the amount payable under the import bill of credit in respect of spinning and winding machines in Euro for the equivalent amount of approximately RMB44 million. The Remaining Liabilities shall be borne by the Purchaser, an indirect wholly-owned subsidiary of the Company, through the Target Company, which will be a wholly-owned subsidiary of the Company upon

Completion. Based on the information available to the Purchaser, the other payables in the sum of approximately RMB20.3 million to be borne by the Company, through the Target Company, upon the Completion are generally related to the construction cost and disbursement.

As disclosed in the Announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are the Independent Third Parties of the Company.

To the best knowledge of the Company, save as the two creditors of the Target Company, all other creditors of the Target Company are Independent Third Parties of the Company. As the said two creditors are associates of Mr. Meng Guang Bao, the chairman, executive Director and the substantial shareholder of the Company, they are the connected persons of the Company.

Therefore, upon the Completion, such other payables by the Target Company to the said two creditors will become the financial assistance given by the connected persons of the Company. As (i) the underlying transactions relating to such other payables are conducted on normal commercial terms or better; and (ii) none of those other payables are, or intend to be, secured by any asset of the Group, such financial assistance received by the Group from a connected person is fully exempt pursuant to Chapter 14A.90 of the Listing Rules.

Further information relating to determination basis of the Consideration

As disclosed in the Announcement, the Consideration is determined after arm's length negotiation between the Vendor and the Purchaser with reference to (a) the total asset value of the Target Company in the sum of RMB199.37 million; and (b) the said bank loan and the other payables of the Target Company, in aggregate in the sum of approximately RMB170.3 million, to be borne by the Purchaser pursuant to the Equity Transfer Agreement.

To the best knowledge of the Company, the total asset value of the Target Company are mainly consist of value-added tax recoverable of approximately RMB1.9 million, plant and equipment of approximately RMB42.6 million, construction in progress of approximately RMB132.4 million, and the Target Land's land use rights of approximately RMB22.5 million.

Since the total asset value of RMB199.37 million acquired by the Group through the Acquisition is in excess of the Remaining Liabilities of RMB170.3 million of the Target Company to be borne by the Group and with a nominal Consideration of RMB1.00, there is a considerable discount of asset value of RMB29.07 million. Additionally, the Directors consider that it would be beneficial to, cost effective and more efficient for, the Group to

acquire the Target Land by acquiring the entire equity interest in the Target Company, which has already obtained all necessary licenses/permits for the development of the Target Land, instead of establishing a new company by itself or acquiring the Target Land directly in view of the required time and manpower consumed. In view of the above, the Directors are of the opinion that the Consideration is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Further information relating to reasons for and benefits of the Acquisition

One of the principal activities of the Group is manufacturing and sales of photovoltaic products (“**Photovoltaic Segment**”), which is relating to energy generation by photovoltaic effect.

Therefore, the Target Company’s principal business in import and export trading of energy related products should be within the scope of the Group’s existing business segment in manufacturing and sales of photovoltaic products. Through the Acquisition, the Group can utilize the Target Land to build the Production Plant thereon for manufacturing photovoltaic products in order to optimize the production cycle.

The above additional information does not affect other information contained in the Announcement and the content of the Announcement remains unchanged.

Completion is subject to the fulfillment of the Conditions set out in the Equity Transfer Agreement and therefore 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
Tam Ka Lung
Company Secretary

Hong Kong, 16 August 2018

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 purposes only*