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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)

VOLUNTARY ANNOUNCEMENT COOPERATION FRAMEWORK AGREEMENT

This announcement is made by Huajun International Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis for the purpose of keeping the shareholders and potential investors of the Company informed of the latest business development of the Group.

COOPERATION FRAMEWORK AGREEMENT

The Board is pleased to announce that on 18 November 2018, Huajun Power Technology (Jiangsu) Co., Ltd.* (華君電力科技(江蘇)有限公司) (the “**Subsidiary**”), a company established in the the People’s Republic of China (“**PRC**”) with limited liability, an indirect wholly-owned subsidiary of the Company, entered into the Cooperation Framework Agreement with Jurong GCL Integrated Technology Co., Ltd.* (句容協鑫集成科技股份有限公司) (“**Jurong GCL**”) in respect of the cooperation by the parties on certain aspects, among other things, for the operation and management of the component production line of Jurong GCL’s component production line.

As at the date of this announcement, the Subsidiary, 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.

Jurong GCL is a company established in the PRC with limited liability, as advised by Jurong GCL, as at the date of this announcement, is wholly owned by GCL System Integrated Technology Co., Ltd.* (協鑫集成科技股份有限公司), a company established in the PRC with limited liability, is a joint stock limited company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002506). As informed by Jurong GCL, Jurong GCL is a company established in the PRC with limited liability in July 2017, which is principally engaged in, among other things, development, production and sales of solar energy equipment and components.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Jurong GCL and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Cooperation Framework Agreement, the parties have agreed, among other things, the following:

1. Scope of cooperation

The parties will cooperate on the supply of component products, the handling of quality issues and among other things in respect of the following aspects of the Subsidiary's component production line:

- (1) operation and management;
- (2) technology and quality;
- (3) operation and maintenance of machinery;
- (4) improvement on workmanship;
- (5) training of the staff of the Subsidiary in its course of business; and
- (6) testing of raw materials and quality.

2. Form of cooperation

The form of cooperation between the parties involve production manufacturing and management of manufacturing and the obligations of the parties, mainly include the following:

- (1) the Subsidiary shall be responsible or provide:
 - i. all conditions favourable for staff or personnel nominated by Jurong GCL to enter into the factory areas of the Subsidiary for manufacturing and production; and conditions for Jurong GCL to take full control of all machinery and facilities in relation to the production and manufacturing of the components;
 - ii. all raw materials as required in the manufacturing of the components, which include but is not limited to electric cell plates, outer frames and other things – all raw materials necessary for manufacturing of the components;
 - iii. all costs incurred for manufacturing of the components;
 - iv. collaboration with Jurong GCL to confirm orders which shall be executed as required for the cooperation, and supply corresponding energy, raw materials and other things for the aforesaid;
 - v. to pay entrustment and management fees to Jurong GCL and all labour costs and other costs incurred by Jurong GCL due to the aforesaid;
 - vi. as required by Jurong GCL, to execute employment agreement(s) with the frontline non-managerial manufacturing personnel, and to pay wages and other fees as required under the laws;
 - vii. to offer best prices and terms to Jurong GCL and its associated companies in respect of orders provided by Jurong GCL and its associated companies (i.e. client(s) who is/are not third parties) to the Subsidiary.

- (2) Jurong GCL shall implement the cooperation, and be specifically responsible for:
- i. taking full control of all machinery, facilities and other things inside the Subsidiary's factory(ies) for production and manufacturing of the components, in accordance with the definitive agreement, to be entered, and the specific arrangements reached by the parties;
 - ii. seconding or recruiting managerial staff in respect of manufacturing of the components, and collaborating with the Subsidiary to fix the wages of the managerial staff;
 - iii. assisting recruitment of frontline non-managerial staff in respect of manufacturing of the components, and recommending the staff to the Subsidiary for the Subsidiary to execute employment agreements with;
 - iv. utilise advanced workmanship to manufacture components pursuant to orders and raw materials provided by the Subsidiary;
 - v. reasonably refining production workmanship to achieve the quality rate of 99.5% or above of the Subsidiary's products based on the current yielding situation and end-products quality rate of the Subsidiary; collaborating with the Subsidiary to achieve utilization rate of manufacturing of 80% or above so that the production costs and management costs reach the standard of the first-class companies in the same industry;
 - vi. cooperating with the Subsidiary on the production capacity to obtain orders from the market;
 - vii. putting forward reasonable and executable recommendations for safekeeping, protection and maintenance of all manufacturing machinery and facilities; and cooperate with the Subsidiary in its maintenance of manufacturing machinery and facilities (all such costs shall be borne by the Subsidiary);
 - viii. adopting various methods systematically for training staff of the Subsidiary to improve their level of management skills in respect of manufacturing;
 - ix. manufacturing strictly in accordance with requirements of orders in the course of production.

(3) Specific arrangements for cooperation

Fees, scales, time and duration of cooperation, operation details and specific details of obligations of each party in respect of the cooperation shall be implemented in accordance with separate definitive specific cooperation agreement to be entered by the parties.

The parties confirm that the entrustment and management fees for production line entrustment shall be at five (5) percent of the net profit. The bonus for the senior management of Jurong GCL seconded to the Subsidiary for the said entrustment and management under the Cooperation Framework Agreement shall be calculated at ten (10) percent of the net profit. The final amount of management fee, bonus, payment cycle, payment mode and payment details shall be based on separate definitive specific cooperation agreement to be signed by the parties.

3. Period of cooperation

The Cooperation Framework Agreement shall be in force for a period of thirty six (36) months commencing from the date of signing. The parties to the Cooperation Framework Agreement shall as soon as possible negotiate and confirm the details of cooperation. A separate definitive agreement will then be entered into by the parties.

Should the Subsidiary enter into a separate definitive agreement with Jurong GCL which constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

REASONS AND BENEFITS OF ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

The entering into the Cooperation Framework Agreement between the Subsidiary and Jurong GCL will bring in tremendous mutual benefits to the parties, leveraging respective advantage in the operation and management of the component production line of Jurong GCL's component production line.

Jurong GCL is one of the market leaders in the industry. Through the utilization of the management, technological support and personnel of Jurong GCL, the Subsidiary will in turn improve its skill in management and technology. Under the premise of not directly increasing the Subsidiary's capital and time investment in managing and training of staff, the Subsidiary can immediately reap from the experience of Jurong GCL. At the same time, through the coordinated management of production, supply and marketing, the Subsidiary will further enhance the scale advantage, reduce production costs, improve the overall operational efficiency of the Subsidiary and the quality of the products. This in turn, to the best knowledge of the Company, will effectively enhance the Subsidiary's market competitiveness, and comparatively quicker to open up the domestic and international markets.

Accordingly, the Directors believe that the terms of the Cooperation Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The entering into of the Cooperation Framework Agreement by the Company does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules or a connected transaction of the Company under Chapter 14A of the Listing Rules. The announcement of the entering into of the Cooperation Framework Agreement is made by the Company on a voluntary basis for the purpose of keeping the Shareholders and potential investors of the Company informed of the latest business development of the Group.

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

Hong Kong, 19 November 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.

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.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

* *For identification purposes only*