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PUJIANG INTERNATIONAL GROUP LIMITED

浦江國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2060)

DISCLOSEABLE TRANSACTION PROPOSED PRIVATIZATION OF OSSEN INNOVATION

THE PROPOSED PRIVATIZATION

On 17 December 2020, Ossen Innovation, a subsidiary of the Company which has its ADS listed on NASDAQ (stock code: OSN), entered into a Merger Agreement with New Ossen Group (a wholly-owned subsidiary of the Company) and Merger Sub (a subsidiary of New Ossen Group), pursuant to which Ossen Innovation will be taken private by way of merger.

Immediately prior to entering into the Merger Agreement, the Company, through Acme Innovation (a wholly-owned subsidiary of the Company) held approximately 65.9% of the issued share capital of Ossen Innovation, with the remaining issued share capital held by public shareholders by way of ADS. Upon Completion, Ossen Innovation shall be privatized and become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

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

Shareholders and potential investors should note that the Proposed Privatization is subject to various conditions precedent and therefore the Proposed Privatization may or may not complete. As such, shareholders of the Company and potential investors are urged to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcement of the Company dated 16 September 2020 in relation to the Privatization Proposal.

On 17 December 2020, New Ossen Group and Merger Sub, entered into the Merger Agreement with Ossen Innovation, pursuant to which Ossen Innovation shall be taken private by way of a merger.

The Merger is proposed to proceed by way of a merger transaction between Merger Sub and Ossen Innovation in accordance with the Merger Agreement, pursuant to which, among other things, the Merger Sub will, subject to the Conditions, be merged with and into Ossen Innovation with Ossen Innovation surviving the Merger and becoming an indirect wholly-owned subsidiary of the Company as a result of the Merger. As at the date of this announcement, the Company, through Acme Innovation holds approximately 65.9% of the issued share capital of Ossen Innovation. Upon Completion, the Company will indirectly hold 100% of Ossen Innovation.

THE MERGER AGREEMENT

The principal terms of the Merger Agreement is set out as follows:

Date

17 December 2020

Parties to the Merger Agreement

- (1) New Ossen Group;
- (2) Merger Sub; and
- (3) Ossen Innovation.

Completion

Completion shall take place no later than the tenth business day immediately following the day on which the Conditions are satisfied or waived.

Effective Time

Subject to the provisions of the Merger Agreement, Merger Sub and Ossen Innovation shall execute articles of merger and plan of merger (together, the “**Plan of Merger**”) and other documents required pursuant to the Merger Agreement. The Merger shall become effective at the time when the Plan of Merger has been registered by the Registrar of Corporate Affairs of the BVI or at such other time as the parties may agree (the “**Effective Time**”).

Merger Consideration and the basis of consideration

The Merger Consideration to be paid by New Ossen Group will be approximately US\$11,460,000 and is expected to be paid out of the equity contribution by the Company to New Ossen Group, which will be funded by the Group’s internal resources and bank financing. The Merger Consideration was agreed upon arm’s length negotiation between parties after taking into account, including but not limited, the following factors:

- (i) the most recent financial performance of Ossen Innovation, which recorded a net profit of approximately US\$12.2 million and US\$5.9 million for the year 2019 and first half of 2020, respectively;
- (ii) the recommended price range of US\$4.02 to US\$6.53 per ADS proposed by the independent financial advisor engaged by Ossen Innovation to advise its special committee of the Ossen Board on the terms of the Merger, of which the Per ADS Merger Consideration of US\$5.10 is around the mid-point of the recommended price range;
- (iii) the historical trading prices of the ADS, the Per ADS Merger Consideration represents a premium to the historical trading price ranges of the ADS such as a premium to the twelve months volume-weighted average trading price per ADS of US\$3.87 prior to the announcement of the Privatization Proposal on 16 September 2020; and
- (iv) the expected benefit of obtaining full control of Ossen Innovation upon Completion as set out in the section headed “Reasons For and Benefits of the Proposed Privatization”.

Conversion of shares of Ossen Innovation

Upon Completion:

- (a) each Ossen Share, issued and outstanding immediately prior to the Effective Time (other than the Excluded Shares, the Dissenting Shares and Ossen Shares represented by ADSs), shall be cancelled and cease to exist in exchange for the right to receive US\$1.70 in cash per Ossen Share;
- (b) each ADS issued and outstanding immediately prior to the Effective Time (other than ADSs representing the Excluded Shares), together with each Ossen Share represented by such ADSs, shall be cancelled and cease to exist in exchange for the right to receive US\$5.10 in cash per ADS;
- (c) each of the Excluded Shares and ADSs representing the Excluded Shares, in each case issued and outstanding immediately prior to the Effective Time, shall be cancelled and cease to exist without payment of any consideration or distribution therefor; and
- (d) each of the Dissenting Shares issued and outstanding immediately prior to the Effective Time shall be cancelled and cease to exist and thereafter represent only the right to receive the applicable payments in accordance with the terms of the Merger Agreement.

Conditions

Completion is subject to satisfaction or waiver of the certain Conditions at or prior to the Closing Date, including but not limited to the following:

- (a) the approval of the Merger, Merger Agreement, the Plan of Merger and the transactions contemplated thereunder by affirmative vote of holders of Ossen Shares representing at least a majority of the Ossen Shares present and voting in person or by proxy at a shareholders' meeting of Ossen Innovation;
- (b) no governmental authority shall have enacted, issued, promulgated, enforced or entered any law or award, write, injunction, determination, rule, regulation, judgement decree or executive order or otherwise that would make the Merger illegal or prohibit the transactions under the Merger Agreement;
- (c) the representations and warranties by Ossen Innovation under the Merger Agreement remaining true and correct;

- (d) performance or compliance in all material respects with the agreements and covenants under the Merger Agreement by Ossen Innovation;
- (e) the holders of no more than ten (10) percent of the Ossen Shares shall have validly served a notice of dissent;
- (f) there having been no change or events that would reasonably be expected to have a material adverse effect of the Company; and
- (g) the representations and warranties by New Ossen Group and Merger Sub under the Merger Agreement remaining true and correct.

INFORMATION OF THE GROUP, NEW OSSEN GROUP AND MERGER SUB

The Group is principally engaged in the sales and manufacture of materials for construction projects, including cables and wires, with a focus in the development of high-end metallic materials. It is the largest provider of bridge cables for the construction of super-long-span bridges in China and one of the leading prestressed materials manufacturers in China. It has two major business segments, namely the Cable Business and the Prestressed Materials Business.

Each of New Ossen Group and Merger Sub is an investment holding company incorporated under the laws of the BVI with limited liability. As at the date of this announcement, the Company is the sole shareholder of New Ossen Group, which in turn holds the entire issued share capital of Merger Sub.

INFORMATION ABOUT OSSEN INNOVATION

Ossen Innovation is an investment holding company incorporated under the laws of the BVI and its ADSs are currently listed on NASDAQ. Ossen Innovation is a subsidiary of the Group mainly engages in the Prestressed Materials Business. As at the date of this announcement, the Company, through Acme Innovation, holds approximately 65.9% of the issued share capital of Ossen Innovation while the remaining share capital are held by public shareholders by way of ADS.

Set out below is the summary of audited financial results of Ossen Innovation prepared under the generally accepted accounting principles in the United States:

	For the financial year ended 31 December 2019	For the financial year ended 31 December 2018
	<i>US\$</i>	<i>US\$</i>
Net income before tax	13,760,676	13,514,370
Net income after tax	12,226,882	11,384,983

Based on the unaudited financial results of Ossen Innovation for the six months ended 30 June 2020, the net asset value was approximately US\$134,564,455.

REASONS FOR AND BENEFITS OF THE PROPOSED PRIVATISATION

Ossen Innovation engages in the Prestressed Materials Business and is one of the Company's major operating subsidiaries having a long term strategic value to the Group. The Proposed Privatization will enable the Group to acquire entire equity interest in Ossen Innovation thereby allowing it to account for the entire profit generated from its Prestressed Materials Business, with a view to increase the overall profit of the Group attributable to the shareholders of the Company and generate better return to the shareholders of the Company.

At the Group's operations level, the full control of Ossen Innovation also enhance synergies between the two business operations of the Group, being the Prestressed Materials Business and the Cable Business. The Group will be more flexible and efficient in formulating and implementing business strategies across its two major business segments upon Completion. It is expected the more efficient and cost-effective structure will offer the Board a greater flexibility to manage the Group's operations.

After the Company's listing on the Stock Exchange, the Board considered it beneficial to streamline the corporate structure by maintaining the Company as the only listed platform within the Group. The Group will reduce administrative, compliance, legal and other listing-related costs and expenses for maintaining the listing status of Ossen Innovation.

Having considered the above and in view of the benefits of the Proposed Privatization, the Board is of the view that the terms of the Merger Agreement, which have been reached after arm's length negotiation between the parties, are fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

“Acme Innovation”	Acme Innovation Limited, a company incorporated under the laws of the BVI with limited liability, a wholly-owned subsidiary of the Company
“ADS(s)”	American depositary shares of Ossen Innovation which are listed on NASDAQ, each ADSs represents three (3) ordinary shares of the Company
“Board”	the board of Directors of the Company
“BVI”	British Virgin Islands
“Cable Business”	the business operations focusing on the manufacture of bridge cables
“Company”	Pujiang International Group Limited (stock code: 2060), a company incorporated in Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Merger Agreement
“Conditions”	conditions precedent to Completion under the Merger Agreement, as set out in the sub-section headed “Conditions” under the section headed “The Merger Agreement” in this announcement
“Director(s)”	the director(s) of the Company

“Dissenting Shares”	Ossen shares held by its shareholders who exercise their rights of dissent under applicable laws of the BVI
“Excluded Shares”	Ossen Shares held by the Company, Acme Innovation, New Ossen Group, Ossen Innovation or any of their subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merger”	the merger of Merger Sub with and into Ossen Innovation with Ossen Innovation being the surviving entity and a wholly-owned subsidiary of New Ossen Group
“Merger Agreement”	the agreement and plan of merger dated 17 December 2020 entered into among New Ossen Group, Merger Sub and Ossen Innovation in relation to the Merger
“Merger Consideration”	approximately US\$11,460,000, being the consideration for acquiring the issued, outstanding Ossen Shares (other than the Excluded Shares, the Dissenting Shares) at US\$5.10 in cash per ADS and US\$1.70 in cash per Ossen Share pursuant to the Merger Agreement
“Merger Sub”	New Ossen Innovation Limited, a company incorporated under the laws of the BVI with limited liability, a wholly-owned subsidiary of New Ossen Group
“NASDAQ”	The NASDAQ Stock Market in the United States
“New Ossen Group”	New Ossen Group Limited, a company incorporated under the laws of the BVI with limited liability, a wholly-owned subsidiary of the Company
“Ossen Board”	The board of directors of Ossen Innovation

“Ossen Innovation”	Ossen Innovation Co., Ltd., a company incorporated under the laws of the BVI on 21 January 2010 with limited liability and listed on NASDAQ in the United States, a subsidiary of the Company
“Ossen Shares”	the ordinary share(s) of US\$0.01 each in the issued share capital of Ossen Innovation
“Per ADS Merger Consideration”	US\$5.10 in cash per ADS
“Prestressed Materials Business”	the business operations focusing on the manufacture of prestressed materials held by Ossen Innovation
“Privatization Proposal”	the proposal for the privatization of Ossen Innovation by the Company
“Proposed Privatization”	the proposed privatization of the shares of Ossen Innovation by way of the Merger
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“United States”	The United States of America
“US\$”	United States Dollars
“%”	per cent.

By Order of the Board
Pujiang International Group Limited
Dr. Tang Liang
Chairman

Hong Kong, 17 December 2020

As at the date of this announcement, the executive Directors are Dr. Tang Liang, Mr. Zhou Xufeng, Ms. Zhang Weiwen and Mr. Ni Xiaofeng; and the independent non-executive Directors are Ms. Pan Yingli, Mr. Chen Dewei and Mr. Zhang Bihong.