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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 377)

**CONNECTED TRANSACTION
IN RELATION TO PURCHASE OF EQUIPMENT**

On 26 August 2015, the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Equipment at the Consideration in accordance with the terms and conditions of the Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huajun International Limited, which is wholly-owned by Mr. Meng, is the controlling Shareholder of the Company, holding approximately 57.51% of the issued share capital of the Company. In addition, Mr. Meng is also holding approximately 77.5% of equity interest in Dalian Hydraulic Machinery Co., Ltd. Pursuant to Chapter 14A of the Listing Rules, since the Dalian Hydraulic Machinery Co., Ltd. is a connected person of the Company, the transaction under the purchase of equipment constitute connected transactions of the Company.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transaction amounts under the purchase of equipment is above 0.1% but less than 5%, the purchase of equipment and the transactions thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but do not require the approval by the independent Shareholders of the Company.

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PURCHASE AGREEMENT

Date : 26 August 2015

Parties : (i) Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being the Purchaser

- (ii) Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司), being the Vendor

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

ASSETS TO BE ACQUIRED

Pursuant to the Agreement, the Purchaser agreed to purchase and the Vendor agreed to sell the Equipment at the Consideration in accordance with the terms and conditions of the Agreement.

The assets to be purchased pursuant to the Agreement comprise hydraulic machines and ancillary equipment, which the Company understands were used and owned by the Vendor prior to the Purchase, for use in the Group's ordinary course of business.

CONSIDERATION

The consideration for the sale and purchase of the Equipment is RMB33,412,572.70 (equivalent to approximately HK\$40,429,212.97), which shall be settled in cash by the Purchaser to the Vendor within 10 Business Days following the signing date of the Agreement.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser and on normal commercial terms, taking into account the net book value of the Equipment.

Having considered the above, the Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE DELIVERY OF EQUIPMENT

The Vendor shall deliver the entire Equipment to the Purchaser on or before 30 September 2015.

If the Vendor fails to deliver the Equipment to the Purchaser in accordance with the terms of the Agreement, the Vendor shall pay a daily compensation in the amount of 0.05% of the purchase value of the Equipment, and the Purchaser shall have the right to request the Vendor to continue to perform the Agreement. If the Vendor fails to deliver the Equipment within 30 days, the Purchaser shall have the right to terminate the Agreement and the Vendor shall refund the amount of Consideration it has already received to the Purchaser (if any).

BACKGROUND INFORMATION OF THE VENDOR

The Vendor is a limited liability company established in PRC and is principally engaged in production of hydraulic products, among other things, couplers.

Mr. Meng is the substantial beneficial owner of the Vendor. Furthermore, the Purchaser is an indirect wholly owned subsidiary of the Company. In this connection, the Vendor is connected person of the Company.

BACKGROUND INFORMATION OF THE COMPANY

The principal business activity of the Company is investment holding. The Group is principally engaged in (i) the sale and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (ii) provision of finance; (iii) securities investments; (iv) property investments; (v) financial leasing; (vi) trading; (vii) medical management.

REASONS FOR CONNECTED TRANSACTION

The Directors (including Independent Non-executive Directors) considered that the Purchase is beneficial for the Group as it is a suitable investment opportunity to strengthen and develop the Group's existing business portfolio, i.e. machinery business in the case of this Purchase. Having considered the above, the Directors believe that the Purchase will provide an opportunity for the Group to greater the return for the Shareholders.

In view of the above, the Directors consider that the terms of the Purchase are on normal commercial terms and are fair and reasonable and the Purchase is in the interests of the Company and the Shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huajun International Limited, which is wholly-owned by Mr. Meng, is the controlling Shareholder of the Company, holding approximately 57.51% of the issued share capital of the Company. In addition, Mr. Meng is also holding approximately 77.5% of equity interest in Dalian Hydraulic Machinery Co., Ltd. Pursuant to Chapter 14A of the Listing Rules, since the Dalian Hydraulic Machinery Co., Ltd. is a connected person of the Company, the transaction under the purchase of equipment constitute connected transactions of the Company.

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transaction amounts under the purchase of equipment is above 0.1% but less than 5%, the purchase of equipment and the transactions thereunder are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but do not require the approval by the independent Shareholders of the Company.

At the Board meeting approving the Purchase, Mr. Meng has abstained from voting on the relevant Board resolution for considering and approving the Agreement and the transactions contemplated thereunder.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Agreement”	the equipment transfer agreement entered into between the Vendor and the Purchaser on 26 August 2015 in respect of the Purchase
“Board”	the board of Directors

“Business Days”	a day (other than a Saturday or a Sunday at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in the PRC are open for general banking business throughout their normal business hours
“Company”	Huajun Holdings Limited (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
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Equipment, being RMB33,412,572.70 (equivalent to approximately HK\$40,429,212.97)
“Director(s)”	the director(s) of the Company
“Equipment”	the assets to be purchased pursuant to the Agreement, comprising hydraulic machines and ancillary equipment
“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
“Mr. Meng”	Mr. Meng Guang Bao (孟廣寶), the chairman, an executive Director and a substantial shareholder of the Company
“PRC”	the People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchase”	the purchase of the Equipment by the Purchaser in accordance with the terms and conditions of the Agreement
“Purchaser”	Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司), a limited liability company established in PRC
“%”	per cent
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

“RMB”

Remenbi, the lawful currency of the PRC

** For identification purposes only*

By Order of the Board

WU JIWEI

Chief Executive Officer and Executive Director

Hong Kong, 26 August 2015

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

For the purposes of illustration only, any amount denominated in RMB in this announcement was translated into HK\$ at the rate of RMB1 = HK\$1.21. 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 (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) as executive Directors; and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as independent non-executive Directors.