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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

**INSIDE INFORMATION
LETTER OF INTENT IN RELATION TO THE
POTENTIAL ACQUISITION**

LETTER OF INTENT IN RELATION TO THE POTENTIAL ACQUISITION

The Board is pleased to announce that on 2 March 2017 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the non-legally binding Letter of Intent in respect of the Potential Acquisition. Pursuant to the Letter of Intent, a Refundable Deposit of RMB500 million shall be payable by the Purchaser within 10 days upon signing of the Letter of Intent.

GENERAL

Should the Company enter into the Formal Agreement or decide to terminate the Letter of Intent or if there are any material developments with respect to the Potential Acquisition, the Company will make further announcement(s) and dispatch the relevant circular to its shareholders (if so required) in accordance with the Listing Rules as and when appropriate.

* *For identification purposes only*

The Company wishes to emphasize that the Potential Acquisition is subject to, among other things, winning of the Tender, execution of the Formal Agreement and fulfilment of terms and conditions of which are yet to agree in the Formal Agreement. Shareholders and potential investors of the Company should note that the Potential Acquisition may or may not materialise and the final structure and terms of the Potential Acquisition, which will be subject to further negotiations between the parties, are yet to be finalised. The Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that on 2 March 2017 (after trading hours), the Purchaser entered into the Letter of Intent in respect of the Potential Acquisition.

THE LETTER OF INTENT

The Potential Acquisition is subject to the results of the Tender, further negotiation between the parties and the entering into of the Formal Agreement.

Assets to be acquired

Subject to the Formal Agreement being entered into, the shareholders of the Target Company shall sell and the Company (or its wholly owned subsidiaries), as the purchaser, shall acquire 81% of the entire equity interest of the Target Company. The Target Company is a company established in the PRC with limited liability which is principally engaged in real estate associated business. As at the date of this announcement, the Target Company and its subsidiaries held:

- (a) 50% equity interest of Wuxi Huiling Real Estate Co., Ltd.* (無錫惠靈置業有限公司), holding a piece of land in Mashan of Wuxi, Jiangsu, with gross area of 163,232.1 square metres which can be used for residential and commercial development;

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- (b) 40% equity interest of Wuxi Huize Real Estate Co., Ltd.* (無錫惠澤置業有限公司), holding a construction-in-progress project with saleable area of approximately 110,000 square metres in Cangpin of Wuxi, Jiangsu; and
- (c) the entire equity interest of Wuxi Huiyuan Real Estate Co., Ltd.* (無錫市惠遠置業有限公司).

Consideration

The Consideration, which will not be less than RMB1,000 million, will be based on the assets valuation of the Target Company.

Refundable Deposit

Within 10 days after signing the Letter of Intent, the Purchaser has to pay RMB500 million as Refundable Deposit. The Refundable Deposit shall only be used to finance the development of a piece of land which is held by Wuxi Huiling Real Estate Co., Ltd.* (無錫惠靈置業有限公司) in Mashan of Wuxi, Jiangsu, and such amount will not be set off against the Consideration. The Refundable Deposit will be returned to the Purchaser without interest (a) if the Purchaser does not win the Tender; or (b) if the Purchaser wins the Tender, after the full payment of the Consideration. The Target Company will pledge its 40% equity interest in Wuxi Huiling Real Estate Co., Ltd.* (無錫惠靈置業有限公司) as guarantee to the Refundable Deposit.

Conditions precedent

The signing of the Formal Agreement will be conditional upon the winning of the Tender by the Purchaser.

Legal effect

The Letter of Intent is not legally binding.

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INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in real estate associated business. Its main assets/investments are set forth under the paragraph “The Letter of Intent – Assets to be acquired” above.

INFORMATION OF THE VENDORS

The vendors are companies established in the PRC, which will altogether sell 81% of the entire equity interest of the Target Company to the Purchaser.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, each of the vendors and their ultimate beneficial owners is an Independent Third Party.

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The Company wishes to emphasis that the Potential Acquisition is subject to, among other things, winning of the Tender, execution of the Formal Agreement and fulfilment of terms and conditions of which are yet to agree in the Formal Agreement. Shareholders and potential investors of the Company should note that the Potential Acquisition may or may not materialise and the final structure and terms of the Potential Acquisition, which will be subject to further negotiations between the parties, have yet to be finalised. The Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors;
“Company”	Huajun Holdings Limited (stock code: 377), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange;
“Consideration”	the consideration of the Potential Acquisition to be paid by the Purchaser, which will not be less than RMB1,000 million and will be based on the assets valuation of the Target Company;
“Director(s)”	director(s) of the Company;
“Formal Agreement”	the formal sale and purchase agreement which will be entered into in relation to the Potential Acquisition;
“Independent Third Party(ies)”	third party independent of and not connected with the company and any of its connected persons (as defined in the Listing Rules) or their respective associates (as defined in the Listing Rules);
“Letter of Intent”	the letter of intent dated 2 March 2017 and entered into by the Purchaser in relation to the Potential Acquisition;
“Potential Acquisition”	the potential acquisition of 81% of the entire equity interest of the Target Company by the Purchaser;
“PRC”	The People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;

“Purchaser”	B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), an indirect wholly-owned subsidiary of the Company, which was established in the PRC with limited liability and is principally engaged in real estate associated business;
“Refundable Deposit”	the refundable deposit of RMB500 million payable by the Purchaser in accordance with the Letter of Intent;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong):
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Wuxi Real Estate Development Group Co., Ltd.* (無錫市房地產開發集團有限公司), a company established in the PRC with limited liability;
“Tender”	the tender regarding the acquisition of 81% of the entire equity interest of the Target Company; and
“%”	per cent.

By Order of the Board

Wu Jiwei

Chief Executive Officer and Director

Hong Kong, 2 March 2017

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.

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