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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 LITIGATION

This announcement is made by Huajun Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of the directors (the “**Directors**”) of the Company would like to inform the shareholders (the “**Shareholders**”) of the Company and the potential investors that it has recently come to the attention of the Company that Jiangsu Nantong Erjian Group Company Ltd.* (江蘇南通二建集團有限公司) (“**Jiangsu Nantong**”) has initiated several legal proceedings as plaintiff against various subsidiaries of the Company in the People’s Republic of China (the “**PRC**”) (collectively “**Legal Disputes**”) in respect of certain construction contracts disputes.

As at the date of this announcement, no judgement has been entered against the Group in respect of the Legal Disputes. The basic information of the Legal Disputes, which consist of 5 claims, is as follows:

Claim A

Jiangsu Nantong filed a claim (“**Claim A**”) with Shanghai No.1 Intermediate People’s Court* (上海市第一中級人民法院) (the “**Shanghai Court**”) against (i) Shanghai Baohua Wanlong Real Estates Co., Ltd.* (上海保華萬隆置業有限公司) (“**Baohua Wanlong**”), a wholly-owned subsidiary of the Company, as the first defendant, (ii) Baohua Real Estate (Dalian) Co., Ltd.* (保華地產(大連)有限公司) (“**Baohua Dalian**”), a wholly-owned subsidiary of the Company, as the second defendant, (iii) Huajun Holdings Group Co., Ltd.* (華君控股集團有限公司) (“**HHGC**”), an associate, as defined under the Listing Rules, of Mr. Meng Guang Bao, the executive Director of the Company (“**Mr. Meng**”) as the third defendant; and (iv) Mr. Meng as the fourth defendant, in which it was alleged that Baohua Wanlong has defaulted in payment of construction cost for an amount of approximately RMB211 million and interest. Jiangsu Nantong further requested the Shanghai Court to rule against Baohua Dalian, HHGC and Mr. Meng to bear the said payment obligation in joint liability basis. An order was granted by the Shanghai Court to freeze and preserve certain land parcels owned by Baohua Wanlong.

The hearing for the Claim A is scheduled to be heard in mid-August 2018. As at the date of this announcement, with the intention to settle some of the claims of the Legal Disputes, the Group has repaid in aggregate of approximately RMB209.2 million.

Claim B

Jiangsu Nantong filed a claim (“**Claim B**”) with Liaoning High People’s Court (遼寧省高級人民法院) against (the “**Liaoning High Court**”) (i) Yingkou Xiangfeng Real Estates Co., Ltd.* (營口翔峰置業有限公司) (“**Yingkou Xiangfeng**”), a wholly-owned subsidiary of the Company, as the first defendant, and (ii) 保華置業管理(中國)有限公司 (Baohua Real Estates Management (China) Co., Ltd.*) (“**Baohua China**”), a wholly-owned subsidiary of the Company, as the second defendant, in which it was alleged that Yingkou Xiangfeng has defaulted in payment of construction cost for an amount of approximately RMB106 million and interest. Jiangsu Nantong further requested the Liaoning High Court to rule against Baohua China to bear the said payment obligation in joint liability basis with the first defendant.

The Claim B is still at the stage of exchange of evidence and no hearing date has been fixed yet.

Claim C

In July 2017, Jiangsu Nantong filed a claim (“**Claim C**”) with Liaoning Province Dalian City Intermediate People’s Court* (遼寧省大連市中級人民法院) (the “**Liaoning Intermediate Court**”) against (i) Dalian Haitong Real Estate Development Co., Ltd.* (大連海通房地產開發有限公司) (“**Dalian Haitong**”), a wholly-owned subsidiary of the Company and Huajun Dalian Limited* (華君置業(大連)有限公司) (“**Huajun Dalian**”), a wholly-owned subsidiary of the Company, in which it was alleged that Dalian Haitong has defaulted in payment of construction cost for an amount of approximately RMB41.3 million and interest. Jiangsu Nantong further requested the said court to rule against Huajun Dalian to bear the said payment obligation in joint liability basis with Dalian Haitong. A judgment had been made by the Liaoning Intermediate Court in December 2017 in favour of Dalian Haitong and Baohua Dalian and Jiangsu Nantong shall bear the court cost for the Claim C.

Jiangsu Nantong filed an appeal with Liaoning High Court against the said judgement. As at the date of this announcement, Dalian Haitong and Baohua Dalian have only received the appeal form from Jiangsu Nantong but to the best knowledge of the Company, the said appeal case has not yet been accepted by the court and accordingly, no hearing date has been fixed yet.

Claim D

Jiangsu Nantong filed a claim (“**Claim D**”) with Liaoning High Court, against Dalian Haitong and Huajun Dalian, in which it was alleged that Dalian Haitong has defaulted in payment of construction cost for an amount of approximately RMB184 million and interest. Jiangsu Nantong further requested the said court to rule against Huajun Dalian to bear the said payment obligation in joint liability basis with Dalian Haitong. An order was granted by Liaoning High Court to freeze and preserve certain assets owned by Dalian Haitong.

The hearing for Claim D is scheduled to be heard in late July 2018.

Claim E

Jiangsu Nantong filed a claim (“**Claim E**”) with Shanghai Minhang District People’s Court* (上海市閔行區人民法院), against Baohua Wanlong, Dalian Taiyuan Real Estates Development Co., Ltd.* (大連泰元房地產開發有限公司), Huajun Dalian, Dalian Haitong, Yingkou Xiangfeng, Baohua China and Baohua Dalian, all of which wholly-owned subsidiaries of the Company, and four independent third parties as defendants, in which Jiangsu Nantong purportedly claimed against all the defendants for an amount of approximately RMB10 million (equivalent to approximately HK\$11.8 million) being the penalty for breach of contract and RMB9.1 million being an advance made by Jiangsu Nantong with interest and penalty.

As at the date of this announcement, no hearing date for Claim E is fixed yet.

ACTIONS BEING TAKEN BY, AND POTENTIAL IMPACT OF THE LEGAL DISPUTES ON, THE GROUP

The Company considers that the Legal Disputes are general commercial disputes in nature and has sought opinion on the Legal Disputes from its legal counsel in the PRC, who, based on the information available as of the date of this announcement, is of the opinion that certain amounts claimed by Jiangsu Nantong may be disputable. The Company will, in accordance with the relevant laws, actively respond to the Legal Disputes and defend its position in order to protect its interests and its Shareholders’ interests. The situation of whether the Legal Disputes will have an impact on the financial or business position of the Group as a whole will become clearer after the relevant hearings. The Company will closely monitor the development of the Legal Disputes and make further announcement if and when there is any significant development in respect of the matters.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

* *For identification purposes only*

By Order of the Board
Huajun Holdings Limited
CHAN Wing Hang
Company Secretary

Hong Kong, 28 June 2018

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao, Ms. Zhang Ye, Mr. Guo Song and Mr. He Shufen 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.