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CHINA HUAJUN GROUP LIMITED

中國華君集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POTENTIAL TRANSACTION

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

THE MOU

The Board is pleased to announce that on 21 October 2020 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding MOU with the Vendor in relation to the Potential Transaction.

The MOU is non-legally binding and is subject to, among others, the execution of the formal agreement. The terms of the formal agreement for the Potential Transaction have yet determined.

GENERAL MATTERS

The Potential Transaction, if materialize, may constitute a notifiable transaction and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules and further announcement will be made by the Company when appropriate in accordance with the Listing Rules. No binding agreement in relation to the Potential Transaction has been entered into between the Purchaser and the Vendor as at the date of this announcement.

As the Potential Transaction may or may not materialize, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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PRINCIPAL TERMS OF THE MOU

Date: 21 October 2020

Party: Purchaser: Huajun Hot Spring Resort Hotel Co., Ltd.* (華君溫泉度假酒店有限公司)

Vendor: Huajun Hotel (Jiangsu) Co., Ltd.* (華君酒店(江蘇)有限公司)

As advised by the Vendor, as of the date of this announcement, Mr. Meng Guang Bao (the controlling shareholder and director of the Company) (“**Mr. Meng**”) holds more than 30% of the equity interests of the Vendor indirectly and the Vendor is therefore an associate of a connected person of the Company under the Listing Rules.

Assets to be acquired

Pursuant to the MOU, the Purchaser intends to purchase and the Vendor intends to sell the entire equity interest in the Target Company.

As at the date of this announcement and as advised by the Vendor, the principal activities of the Target Company include hospitality management and related services.

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As the Potential Acquisition may or may not materialize, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Huajun Group Limited (中國華君集團有限公司) (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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 21 October 2020 entered into between the Purchaser and the Vendor
“Potential Transaction”	the Purchaser intends to purchase and the Vendor intends to sell the entire equity interest in the Target Company

“PRC”	the People’s Republic of China
“Purchaser”	Huajun Hot Spring Resort Hotel Co., Ltd.* (華君溫泉度假酒店有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	the holder(s) of ordinary share(s) of HK\$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Huajun Hotel (Xiamen) Co., Ltd.* (華君酒店(廈門)有限公司), a limited liability company established in the PRC, which is directly wholly-owned by the Vendor
“Vendor”	Huajun Hotel (Jiangsu) Co., Ltd.* (華君酒店(江蘇)有限公司), a limited liability company established in the PRC, which is ultimately wholly-owned by Mr. Meng
“%”	per cent.

By Order of the Board
China Huajun Group Limited
Tam Ka Lung
Company Secretary

Hong Kong, 21 October 2020

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao, Ms. Zhang Ye, Ms. Huang Xiumei and Ms. Bao Limin 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.

* *for identification purpose only*