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HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 377)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POTENTIAL ACQUISITION

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 W MOU

The Board is pleased to announce that on 19 December 2014 (after trading hour of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding W MOU with the Vendor in relation to the Potential Acquisition W.

The W MOU is non-legally binding (save for those terms in relation to due diligence, exclusivity, confidentiality and termination) and is subject to, among others, the execution of the formal agreement. The terms of the formal agreement for the Potential Acquisition W have yet to be determined.

The Potential Acquisition W, if materialize, may constitute notifiable transaction for the Company under Chapter 14 of the Listing Rules and further announcement will be made by the Company in regard when appropriate in accordance with the Listing Rules. No binding agreement (save for those provisions in W MOU in relation to due diligence, exclusivity, confidentiality and termination) in relation to the Potential Acquisition W has been entered into as at the date of this announcement. As the Potential Acquisition W may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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.

** For identification purposes only*

THE W MOU

Date: 19 December 2014

Parties:

Vendor: Mr. Qin Shixu[#] (秦世旭) and Ms. Cheng Meijun[#] (程梅君);

Purchaser: Continuously Water Affairs (China) Limited[#] (源源水務(中國)有限公司), an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the W MOU, the Purchaser intends to acquire and the Vendor intends to sell the 100% equity interest of the Target Company.

Due diligence

Upon signing of the W MOU, the Purchaser shall have the right to commence a due diligence review and investigation of the assets, liabilities, financial condition, contracts, commitments and business of the Target Company and its subsidiaries.

Exclusivity

The W MOU shall remain in effect from the date of the W MOU to 31 March 2015 (or such later date as agreed by the Vendor and the Purchaser) (the "**Exclusivity Period**"), during which each of the Vendor has agreed and undertaken that he or she shall not directly or indirectly engage any discussion or negotiation with any third party in respect of any share, asset and interest of the Target Company and its subsidiaries.

Termination

The W MOU will be automatically terminated upon the occurrence of the earliest of any of the following events, (i) the expiry of the Exclusivity Period (or such later date as agreed by the Vendor and the Purchaser); or (ii) a formal agreement for the Potential Acquisition W has been entered into.

GENERAL

The Potential Acquisition W, if materialize, may constitute notifiable transaction for the Company under Chapter 14 of the Listing Rules and further announcement will be made by the Company in regard when appropriate in accordance with the Listing Rules. No binding agreement (save for those provisions of W MOU in relation to due diligence, exclusivity, confidentiality and termination) in relation to the Potential Acquisition W has been entered into as at the date of this announcement. As the Potential Acquisition W may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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:

“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
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“W MOU”	the memorandum of understanding dated 19 December 2014 entered into between the Purchaser and the Vendor
“Potential Acquisition W”	the potential acquisition in relation to the 100% equity interest of the Target Company pursuant to the W MOU
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Shareholders”	the holders of shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Dashiqiao Continuously Water Affairs Limited [#] (大石橋源源水務有限公司), a limited liability company established in the PRC
“%”	per cent.

[#] *The English translation in this announcement is for reference only. The official names are in Chinese.*

By Order of the Board
Meng Guang Bao
Chairman and Executive Director

Hong Kong, 19 December 2014

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.