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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)

INSIDE INFORMATION – LITIGATION

This announcement is made by China Huajun Group 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 of Hong Kong Limited (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 Yingkou Coastal Bank Company Limited* (營口沿海銀行股份有限公司) (“**Yingkou Coastal Bank**”) has initiated two legal proceedings as plaintiff against Huajun Properties (Dalian) Company Limited* (華君地產(大連)有限公司) (“**Huajun Properties Dalian**”), an indirectly wholly-owned subsidiary of the Company in the People’s Republic of China (the “**PRC**”) (collectively “**Legal Proceedings**”) in respect of certain banking facilities utilised by Huajun Properties Dalian.

As at the date of this announcement, the Company believes no judgement has been entered in respect of the Legal Proceedings. The basic information of the Legal Proceedings, which consist of two claims, is as follows:

CLAIM 1

Yingkou Coastal Bank filed a claim (“**Claim 1**”) with Yingkou Intermediate People’s Court* (營口市中級人民法院) (the “**Yingkou Court**”) against Huajun Properties Dalian, as the defendant, in which it was alleged that Huajun Properties Dalian has not duly completed the registration of the mortgage for the office complex construction in progress as collaterals for a loan of approximately RMB2,358.8 million and Yingkou Coastal Bank requested Huajun Properties Dalian for early repayment of such loan with outstanding principal of RMB2,358.8 million and related interest. An order was granted by the Yingkou Court to freeze and preserve the office complex construction in progress located in Dalian (“**Dalian Office Complex**”) owned by Huajun Properties Dalian.

First court hearing has been held on 23 November 2021 and no judgement has been entered.

CLAIM 2

Yingkou Coastal Bank filed a claim (“**Claim 2**”) with Yingkou Court against Huajun Properties Dalian as the defendant, in which it was alleged that Huajun Properties Dalian has failed to settle bank loans with principal of RMB300 million and related interest. An order was granted by the Yingkou Court to freeze and preserve the Dalian Office Complex.

First court hearing has been held on 23 November 2021 and no judgement has been entered.

As at the date of this announcement, the Company is seeking legal advice in respect of the Legal Proceedings and in discussion with Yingkou Coastal Bank on the repayment plans of the above claims. The Company will make further announcement(s) to keep its shareholders and investors informed of any significant development of the abovementioned Legal Proceedings as and when appropriate.

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

By Order of the Board
China Huajun Group Limited
Zhang Ye

Executive Director and Chief Executive Officer

Hong Kong, 13 December 2021

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao, Ms. Zhang Ye, Mr. Zhang Shifeng and Mr. Yan Ruijie 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 purposes only