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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 AND RESUMPTION OF TRADING

This announcement is made by the board of directors (the “**Board**”) of China Huajun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company on 14 December 2021 in respect of trading halt in the shares (the “**Shares**”) of the Company with effective from 9:00 a.m. on the same day. The Board would like to provide updates on the borrowings of the Group as set out in this announcement.

BORROWINGS WITH A FINANCIAL INSTITUTION

The Group has entered into certain loan agreements with a financial institution in the People’s Republic of China (“**PRC**”) with aggregate principal amounts of RMB4,247 million which will be matured on 17 December 2021. As date the date of this announcement, the Group is in discussion with the lender on renewal or revised repayment schedule of the loans. It is expected that the Group will not be able to repay the principal amount of RMB4,247 million and related interest of approximately RMB769 million at maturity. The loans are secured by certain land and property under development for sale of the Group with net book value of approximately RMB2,432.6 million as at 31 October 2021.

OVERDUE BANK LOAN WITH ASSETS BEING FROZEN AND PRESERVED

A secured bank loan with principal amount of RMB56.7 million was overdue. An order was recently granted by the Yingkou West District People's Court* (營口市西區人民法院) to freeze and preserve two production lines of the Group's solar products production business. Such production lines were in idle upon preservation with net book value of approximately RMB32.9 million as at 31 October 2021.

OTHER OVERDUE BORROWINGS

As at the date of this announcement, except for the above-mentioned borrowings, the Group had other borrowings with aggregate principal amounts of approximately RMB605.2 million which are overdue and still under negotiations with the creditors for renewal or extension of such borrowings and no legal claims have been received by the Group. The Group has been taking steps to discuss and negotiate with the creditors for refinancing arrangements and extension of loans but no agreements have been reached.

FURTHER INFORMATION

The borrowings of the Group do not contain any cross-default terms, the above-mentioned overdue borrowings shall not trigger a technical default on other borrowings of the Group.

In order to improve the Group's liquidity, the Group is considering measures including speeding up the disposal of real estate projects and high-quality assets.

Despite the above overdue borrowings, there is no significant impact on the Group's existing daily operations because the majority of the revenue of the Group is contributed by our petrochemical products trading and printing business which is not impacted by the borrowings of our property investment and development business.

In view of the difficulties, challenges and uncertainties in improving the Group's liquidity, there is no guarantee that the Group will be able to meet its financial obligations under the relevant financing documents and other contracts. If the Group is unable to repay any debt when due or agree with its creditors on renewal or extension of its borrowings or alternative arrangements, it would have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Company is currently seeking legal advice and will make further announcement(s) to keep its shareholders and investors informed of any significant development of the abovementioned borrowings as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 14 December 2021. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 17 December 2021.

Shareholders of the Company and other investors are reminded to consider the related risks and exercise caution when dealing in the securities of the Company.

By order of the Board
China Huajun Group Limited
Zhang Ye
Executive Director and Chief Executive Officer

Hong Kong, 16 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*