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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)

- (1) INSIDE INFORMATION – ANNOUNCEMENT MADE PURSUANT TO 13.51B(2) OF THE LISTING RULES;**
- (2) SUSPENSION OF DUTIES AND POWERS OF CHAIRMAN AND EXECUTIVE DIRECTOR;**
- (3) REDESIGNATION OF ACTING CHAIRMAN OF THE BOARD;**
- AND**
- (4) TRADING HALT AND RESUMPTION OF TRADING**

- (1) INSIDE INFORMATION – ANNOUNCEMENT MADE PURSUANT TO RULES 13.51B(2) OF THE LISTING RULES**

This announcement is made by China Huajun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 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 (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), and to Rule 13.51B(2) of the Listing Rules.

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 from the family of Mr. Meng Guang Bao (“**Mr. Meng**”, the chairman of the Board and an executive Director of the Company) that Mr. Meng was detained by the Yingkou City Public Security Bureau, it was alleged that Mr. Meng has been involved in the crime of “fraudulently obtaining loans” (the “**Incident**”).

As at date of this announcement, based on the current available information, so far as the Board is aware, as the Incident is under the investigation, certain assets of the Group in China including investment properties, properties held for sale, property, plant and equipment and bank deposits with an aggregate net book value of approximately RMB2,313.6 million, RMB1,514.7 million, RMB374.2 million and RMB3.5 million, have been frozen by the Yingkou Public Security Bureau. Among the frozen assets, assets with aggregate net book value of approximately RMB4,033 million had been pledged for the borrowings of the Group. Other than Mr. Meng, no other existing employees of the Group have been detained by the Yingkou Public Security Bureau in connection with the Incident.

Based on the current available information, the Board is of the view that, the Incident does not have direct material adverse impact on the financial position, business or operation of the Group. As the Group is operated by a team of management personnel, the Board does not expect the Incident will have a material adverse impact on the daily operations of the Group, and as of the date of this announcement, the Board is not aware of any material disruption to the Group's businesses. The Board would also like to point out that members of the Group have been conducting, and will continue to conduct, their businesses in accordance with the applicable laws and regulations of their respective places of operation.

Save as disclosed above, there is no other information relating to Mr. Meng which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters, which the Company is aware of, that need to be brought to the attention of the holders of securities of the Company.

(2) SUSPENSION OF DUTIES AND POWERS OF CHAIRMAN AND EXECUTIVE DIRECTOR

Although the progress of the investigation of the Incident is unknown for the moment, in order to alleviate the concerns of the Shareholders, potential investors and the public, the Board has resolved to suspend all administrative and executive duties and powers of Mr. Meng as Chairman and executive Director (the “**Suspension**”) with effect from 30 December 2022 until further notice from the Board.

During the Suspension, the day-to-day business operation and management of the Group will be undertaken by the other executive Director(s) and senior management team of the Company, as such the Board considers that the Suspension would not affect the daily operation of the Group in any material respects and the business of the Group will remain operating as usual.

(3) RE-DESIGNATION OF ACTING CHAIRMAN

The Board further announces that Mr. Yan Ruijie (“**Mr. Yan**”), the Executive Director and Chief Executive Officer, has been redesignated as the Acting Chairman of the Board of the Company (the “**Acting Chairman**”) with effect from 30 December 2022. Mr. Yan is acting as Acting Chairman of the Board to fill the vacancy arising from the suspension of duties of Mr. Meng. The Board is now taking steps to identify suitable candidates to act as the executive Director and the Chairman.

The biographical details of Mr. Yan are as follows:

Mr. Yan Ruijie, aged 36, joined the Company in 2014 and has been appointed as a Executive Director of the Company on 17 June 2021 and has been redesignated to the Chief Executive Officer of the Company on 7 June 2022. Mr. Yan is also a member of the Remuneration Committee and the Nomination Committee of the Company. He graduated from 瀋陽農業大學 (Shenyang Agricultural University) and obtained the first-level construction engineer qualification certificate in 2017 and the senior engineer certificate in 2019. Prior to joining the Company, Mr. Yan has worked in several property development companies in Yingkou City, Liaoning Province. He successively served as the Company’s regional general manager, and general manager of the property group. He is also the director of certain subsidiaries of the Company.

Mr. Yan has entered into a service agreement with the Company with a specific term of two years upon election. The directorship of Mr. Yan shall be subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. Mr. Yan is entitled to an annual basic salary of RMB607,200 and shall be subject to review by the remuneration committee and the Board subject to his qualifications, experience, level of responsibilities undertaken and prevailing market conditions. He shall be entitled to receive discretionary bonuses or other benefits as may be decided by the remuneration committee of the Company and the Board having regard to Mr. Yan’s and the Company’s performance.

As at the date of this announcement, Mr. Yan does not have any interests in the shares of the Company within the meaning under Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. Yan (i) has not held any other directorships in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company and its subsidiaries; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company (as respectively defined in the Listing Rules).

Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.

(4) TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in shares (the “**Shares**”) of the Company on the Stock Exchange was halted with effect from 1:00 p.m. on 28 December 2022 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 3 January 2023.

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

By order of the Board
China Huajun Group Limited
YAN Ruijie

Acting Chairman, Executive Director and Chief Executive Officer

Hong Kong, 30 December 2022

This announcement has been approved by all Directors (other than Mr. Meng).

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao 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 and the English version shall prevail.

* *for identification purposes only*