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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)**

### **SUPPLEMENTAL ANNOUNCEMENT –**

#### **(1) INSIDE INFORMATION – ANNOUNCEMENT MADE PURSUANT TO 13.51B(2) OF THE LISTING RULES ; AND (2) 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.

Reference is made to the announcement of the Company dated 30 December 2022 (the “**Announcement**”) in respect of Mr. Meng Guang Bao (“**Mr. Meng**”, the chairman of the Board and an executive Director of the Company) was detained by the Yingkou City Public Security Bureau (the “**Authority**”) due to his involvement in the crime of “fraudulently obtaining loans” (the “**Incident**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company understands that due to the Incident, Mr. Meng and “Huajun Group” which is broadly defined as a group of companies under common control of Mr. Meng, are subject to the investigation by the Authority (the “**Investigation**”). As Mr. Meng effectively owns 73.63% of the issued share capital of the Company, the Authority may consider the Company is within “Huajun Group” and under control of Mr. Meng. The Authority has arranged auditors to collect and review the accounting records from the Group despite the Group did not receive any written notice from the Authority that the Group is subject to Investigation. According to laws and regulations in China, the Authority has the right to collect and obtain information/data from relevant entities and individuals and freezes assets depending on the needs of Investigation.

Based on the current available information, since all of the loans of the Company's subsidiaries in China are obtained with proper loan agreements signed and secured with assets, the Company believes that the Company's subsidiaries are not involved in the Incident and the loans of the Company's subsidiaries were not fraudulently obtained.

As disclosed in the Announcement, the Group has assets with aggregated net book value of RMB4,206 million are frozen by the Authority, among the frozen assets, assets with aggregate net book value of RMB4,033 million had been pledged for the borrowings of the Group, comprise of investment properties of RMB2,313.6 million, properties held for sale of RMB1,514.7 million and property, plant and equipment of RMB204.7 million. The Company is not aware of the reason as to why the assets were frozen.

Among the frozen property, plant and equipment of RMB374.2 million, RMB204.7 million are pledged for borrowings of the Group which are overdue and legal actions have been taken by the lenders. Such loans are expected to be repaid by cashflow from operations and disposal of certain non-core assets of the Group. Approximately RMB2,313.6 million of investment properties and RMB1,514.7 million of properties held for sale had already pledged for borrowings of the Group obtained from banks and financial institutions in China and such loans were overdue. The lenders have already taken legal actions against the Group prior to freezing of the Company's assets by the Authority. The Company expects that the loans are to be repaid by enforcement of the pledged assets. The remaining frozen property, plant and equipment of RMB169.5 million are unpledged property, plant and equipment under development and all of them are in suspension;

The Board considers that the Incident has no material adverse impact on the financial position, business and operation of the Company because (i) the Incident and/or freezing of the Company's assets would not increase the liabilities of the Company; (ii) the freezing of the Company's assets only limits the transfer of ownership of the assets; and (iii) the freezing of the Company's assets would not have material impact on the usage of the assets as they can still be used by the Group's production and operation.

The Company will continue communicate with the Authority to monitor the status of the Incident and assess its impact to the Company. The Company will issue further announcement(s) as and when appropriate on any major developments in relation to the Incident.

## **(2) 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 suspended from 1:00 p.m. on 28 December 2022. 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 16 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, 13 January 2023

*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.*