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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 LEGAL PROCEEDINGS ON BREACH OF LOAN AGREEMENT

This announcement is made by 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 (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.19 of the Listing Rules.

On 13 December 2016, (i) Baohua Real Estate (Dalian) Co., Ltd.* (保華地產(大連)有限公司) (the “**Subsidiary**”, an indirect wholly-owned subsidiary of the Company); and (ii) the Shanghai branch of China Great Wall Asset Management Co., Ltd.* (中國長城資產管理有限公司上海分公司) (the “**Lender**”, which is an independent third party of the Company) signed an equity pledge contract, pursuant to which the Subsidiary pledged all of its shares in Shanghai Baohua Wanlong Real Estate Co., Ltd.* (上海保華萬隆置業有限公司) (the company’s indirect wholly-owned subsidiary) in favour to the Lender as the beneficiary to provide a guarantee for a loan of RMB1,600,000,000 (the “**Loan**”). The relevant share pledge agreement was notarized in China on 19 December 2019. As of the date of this announcement, the outstanding loan principal is RMB1,440,000,000.

On 2 November 2020, the Subsidiary received a notice dated 30 October 2020 from the Chinese Notary Department (the “**Notice**”), stating that the Lender has applied for the issuance of execution certificate (the “**Execution Certificate**”) to the Subsidiary due to the alleged failure of the Subsidiary to repay the loan within the specified period. According to the Notice, the Subsidiary has the right to object to the issuance of the Execution Certificate within five days after receiving the Notice. On 5 November 2020, the Subsidiary submitted an objection letter against the issuance of the Execution Certificate to the relevant Chinese Notary Department. On 28 December 2020, the Subsidiary received a second notice dated 23 November 2020 from the Chinese Notary Department, which stated that the Subsidiary’s objection against the issuance of the Execution Certificate is not accepted.

As at the date of this announcement, the Company is seeking legal advice in China in respect of the legal proceedings and is in discussion with the Lender on the repayment plan in respect of the Loan. The Company’s repayment plan and arrangement of the Loan was delayed due to the impact of sudden outbreak of COVID-19. The Company is confident to properly resolve the matters. 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
Meng Guang Bao
Chairman and Executive Director

Hong Kong, 31 December 2020

As at the date of this announcement, the Board comprises Mr. Meng Guang Bao, Ms. Zhang Ye, Ms. Huang Xiumei and Mr. Bao Limin 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 purpose only*