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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 AGREEMENTS**

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.

In October 2020, Jiangsu Jiangnan Rural Commercial Bank Co. Ltd.\* (江蘇江南農村商業銀行股份有限公司) (the “**Bank**”) issued and filed a statement of claim against Huajun Real Estate (Changzhou) Company Limited\* (華君地產(常州)有限公司), a subsidiary of the Company (“**Huajun Changzhou**”), under the Changzhou Intermediate Court\* (常州市中級人民法院) for an alleged breach of loan agreements due to the alleged default in repayment of the aggregate principal amount of approximately RMB145.6 million and related interest (the “**Loans**”). As at the date of this announcement, the total outstanding principal of the Loans amount to approximately RMB199.66 million and such Loans were guaranteed by (i) Mr. Meng Guang Bao, an executive director and chairman of the Company; and (ii) the Company.

Given that the above-mentioned legal proceedings are at an early stage and the first court hearing is scheduled to be held on 22 December 2021, the Board considers that it is not practical to assess its potential impact on the Company at this preliminary stage. 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. In any event, the Company will actively handle the said legal proceedings and is in discussion with the Lender on the repayment plan in respect of the Loans. As at the date of this announcement, the Company is seeking legal advice in respect of the legal proceedings.

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*