

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



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 – LITIGATION

This announcement is made by China Huajun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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).

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 that Yingkou Coastal Bank Company Limited* (營口沿海銀行股份有限公司) (“**Yingkou Coastal Bank**”) has initiated several legal proceedings as plaintiff against various subsidiaries of the Company in The People’s Republic of China (the “**PRC**”) (collectively “**Legal Proceedings**”) in respect of certain banking facilities utilised by certain subsidiaries of the Company.

As at the date of this announcement, the Company believes no judgement has been entered against the Group in respect of the Legal Proceedings. The basic information of the Legal Proceedings, which consist of four claims, is as follows:

Claim A

Yingkou Coastal Bank filed a claim (“**Claim A**”) with Yingkou Intermediate People’s Court* (營口市中级人民法院) (the “**Yingkou Court**”) against Hareon New Materials Technology Development Limited* (海潤新材料科技發展(遼寧)有限公司) (“**Hareon New Materials**”), an indirectly wholly-owned subsidiary of the Company, as the defendant, in which it was alleged that Hareon New Materials failed to settle letter of credit for the amount of EUR5,330,000 and related interest. An order was granted by the Yingkou Court to freeze and preserve land owned by Hareon New Materials.

First court hearing has been held on 31 May 2021 and no judgement has been entered.

Claim B

Yingkou Coastal Bank filed a claim (“**Claim B**”) with Yingkou Court against Hareon New Materials as the defendant, in which it was alleged that Hareon New Materials has not duly completed the registration of the mortgage for the land and buildings as collaterals for a loan of RMB106 million and Yingkou Coastal Bank requested Hareon New Materials for early repayment of such loan with principal of RMB106 million. An order was granted by the Yingkou Court to freeze and preserve land and buildings owned by Hareon New Materials.

As at the date of this announcement, no hearing date for Claim B is fixed yet.

Claim C

Yingkou Coastal Bank filed a claim (“**Claim C**”) with Yingkou Court against Huajun Hydraulic Machinery Technology Development (Liaoning) Limited* (華君液力機械科技發展(遼寧)有限公司) (“**Huajun Hydraulic Machinery**”) an indirectly wholly-owned subsidiary of the Company, as the defendant, in which it was alleged that Huajun Hydraulic Machinery has fail to settle bills payable of RMB334 million and related interest. An order was granted by the Yingkou Court to freeze and preserve certain pledged land and buildings owned by another subsidiary of the Company.

The first hearing for Claim C is scheduled to be heard in late June 2021.

Claim D

Yingkou Coastal Bank filed a claim (“**Claim D**”) with Yingkou Court against Guofu Minfeng Industrial (Yingkou) Co., Ltd.* (國富民豐實業(營口)有限公司) (“**Guofu Minfeng**”) an indirectly wholly-owned subsidiary of the Company, as the defendant, in which it was alleged that one of the guarantors, Huajun Power Group Co., Ltd.* (華君電力集團有限公司), an indirectly wholly-owned subsidiary of the Company, has not duly completed the registration of mortgage for the land to secure the loan of RMB77.36 million granted by Yingkou Coastal Bank to Guofu Minfeng. Yingkou Coastal Bank requested for early repayment of such loan. An order was granted by the Yingkou Court to freeze and preserve certain pledged lands owned by another subsidiary of the Company.

As at the date of this announcement, no hearing date for Claim D is fixed yet.

As at the date of this announcement, the Company is seeking legal advice in respect of the Legal Proceedings and in discussion with Yingkou Coastal Bank on the repayment plans of the above claims. 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, 9 June 2021

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 purposes only*