

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 appears for information purpose only and does not constitute an invitation or offer to acquire, purchase, or subscribe for any 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)

PROPOSED ISSUE OF SCHEME SHARES UNDER SPECIFIC MANDATE FOR THE SCHEME OF ARRANGEMENT

PROPOSED ISSUE OF SCHEME SHARES UNDER THE SCHEME

Subsequent to the presentation of the Winding-up Petition, the Board, after due and careful consideration, considers that the most effective way to restore the financial position of the Company and to maximise the recovery to its creditors is to restructure the Company's indebtedness by way of the Scheme in exchange for the discharge and release of their respective Claims against the Company.

The High Court has on 24 December 2024 granted an order for convention of the Scheme Meeting by the Company for consideration of the Scheme. Further details of the Scheme are set out in the section headed "II. SALIENT TERMS OF THE SCHEME" below. For details of the notice of the Scheme Meeting, please refer to the Company's announcement dated 24 January 2025.

Under the Scheme, it is proposed, subject to the Scheme becoming effective and the election by the respective Scheme Creditor, the Company will, within twelve (12) calendar months from the Restructuring Effective Date, settle the Scheme Claims by way of, among other things, the issuance of the respective number of the Scheme Shares to the respective Scheme Creditor. The number of Scheme Shares to be allotted to such Scheme Creditor will be calculated on pro-rata basis based on their respective amount of the Admitted Claims of the Option A Creditors under the Scheme. The number of Scheme Shares to be issued will be 24,600,000 and the issue price for each of the Scheme Share is HK\$1.00. In the event that Maximum Amount is reached, Option A Creditors with an Admitted Claim are expected to receive 1 Scheme Share for approximately every HK\$19.4 of claims admitted. Further details of the Scheme are set out in the section headed "II. SALIENT TERMS OF THE SCHEME" below.

LISTING RULES IMPLICATIONS

The Scheme Shares will be allotted and issued pursuant to the Specific Mandate to be obtained upon approval by the Shareholders at the SGM.

As at the date of this announcement, HGL is 100% beneficially owned by Mr. Meng Guang Bao (“**Mr. Meng**”), a controlling Shareholder (as defined under the Listing Rules), substantial shareholder and unsecured creditor under the Scheme. HGL is as a Creditor under the Scheme. HGL has indicated it will elect Option B and accordingly no Scheme Share will be allotted to HGL.

Accordingly, the possible issue of Scheme Shares would not constitute a connected transaction under Chapter 14A of the Listing Rules.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Scheme (including the Specific Mandate) and the respective transactions contemplated thereunder. Pursuant to Rule 13.39(4) of the Listing Rules, the resolution(s) will be taken by way of poll at the SGM.

Save as disclosed above, as at the date of this announcement, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no other Shareholders, their respective Associates or parties acting in concert with any of them is interested in the Scheme and will be required to abstain from voting on any resolution(s) to be proposed at the SGM.

A circular containing, among others, further details of (i) the Scheme (including the issue of Scheme Shares) and the transactions contemplated thereunder, (ii) a notice convening the SGM, and (iii) other information as required under the Listing Rules, will be despatched by the Company to the Shareholders in accordance with the Listing Rules.

The Scheme will involve issuance of Scheme Shares and the details of the terms thereof are subject to the approval by the Scheme Creditors, the Stock Exchange and the Shareholders. The proposed transactions contemplated under the Scheme of Arrangement may or may not be fulfilled and are subject to conditions precedent of the Scheme of Arrangement, approval by the Shareholders, Scheme Creditors, regulators and the High Court. Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

I. BACKGROUND OF THE SCHEME

Reference is made to the previous announcements of the Company, the latest being dated 24 January 2025, in respect of the Winding-up Petition.

As at 30 June 2024, the outstanding claims of the Scheme Creditors were expected to be HK\$690,000,000.

Subsequent to the presentation of the Winding-up Petition, the Board, after due and careful consideration, considers that the most effective way to restore the financial position of the Company and to maximise the recovery to its creditors is to restructure the Company's indebtedness by way of the Scheme in exchange for the discharge and release of their respective Claims against the Company. The Scheme shall not apply to Excluded Claims. Excluded Claims are not compromised under the Scheme and any person with an Excluded Claim cannot vote on the Scheme to the extent of their Excluded Claim.

The High Court has on 24 December 2024 granted an order for convention of the Scheme Meeting by the Company for consideration of the Scheme by the Scheme Creditors.

II. SALIENT TERMS OF THE SCHEME

Under the proposed Scheme, the following two options, namely Option A and Option B, are available for each of the Scheme Creditors to elect:

A. Option A

1. Scheme Shares

If the Scheme Creditors elect the Option A, the Company will, within twelve (12) calendar months from the Restructuring Effective Date, allot the Scheme Shares to the respective Option A Creditor on pro-rata basis based on their respective amount of the Admitted Claims of the Option A Creditors under the Scheme. In the event that Maximum Amount is reached, Option A Creditors with an Admitted Claim are expected to receive 1 Scheme Share for approximately every HK\$19.4 of claims admitted. In the event the Maximum Amount is not reached, the cash repayment amount and Scheme Shares will remain at HK\$62.1 million and 24.6 million respectively, and shall be shared on pro-rata basis for all the Admitted Claims under Option A.

The number of Scheme Shares to be issued by the Company under the Scheme will be 24,600,000. No fraction of Scheme Shares will be transferred, issued, allotted or sold. The number of the Scheme Shares will be rounded down to the nearest whole number, if required. The calculation by the Scheme Administrator, unless there is manifest error, will be binding and conclusive to all parties.

2. *Alteration of the terms and conditions of the repayment of the Option A Admitted Claim*

Apart from the allotment and issue of the Scheme Shares to the respective Option A Creditors, the terms and conditions of the repayment of the Option A Admitted Claim will be, with effect from the Restructuring Effective Date, modified as follows:

- (a) the interest rate will be reduced to zero; and
- (b) the maturity date for the repayment of the Option A Admitted Claim of such Option A Creditors will be deferred to the date falling on the 60th calendar months from the Restructuring Effective Date;

such Option A Creditors will not be allowed to make any claim against the Company in respect of their respective Scheme Claims.

B. Arrangement for excess demand for Option A

If the demand for Option A exceeds the Maximum Amount, the Scheme Administrators will allocate the Maximum Amount to the Scheme Creditor who has elected Option A, proportionally on a pro rata basis. The amount exceeding the Maximum Amount will then be automatically assigned to Option B. No Scheme Creditors shall have any right to dispute on the result of the allocation. Then the number of Scheme Shares to be allotted to each Option A Creditor will be calculated on a pro rata basis, based on the amount of the Admitted Claims of the Option A Creditors.

Scheme Creditors who do not indicate their preference before the Claim Bar Date will have their entire holdings of Admitted Claims automatically allocated to Option A.

C. Option B

1. *Discharge of certain portion of the Option B Admitted Claim*

If the Scheme Creditors elect the Option B, upon the Scheme becoming effective, 30% of all the original Admitted Claims (“**Option B Discharged Amount**”) of the Option B Creditors under the Scheme will be released and discharged and the Company does not have any obligation and/or duty to repay the Option B Discharged Amount to the Option B Creditors.

2. *Alteration of the terms and conditions of the repayment of the Option B Admitted Claim*

With effect from the Restructuring Effective Date, the balance of the Admitted Claims of the Option B Creditors will be reduced to 70% of all the original Admitted Claims of the Option B Creditors (“**Option B Remaining Principal**”) under the Scheme.

- (a) The terms and conditions of the repayment of the Option B Remaining Principal will be, with effect from the Restructuring Effective Date, as follows:
- (i) The maturity date for the repayment of the Option B Remaining Principal of such Option B Creditors will be deferred to the date falling on the 96th calendar month (namely, the 8th anniversary) (the “**First Maturity Date**”) from the Restructuring Effective Date.
 - (ii) On or before the First Maturity Date, the Company has the right at its absolute discretion to further extend the maturity date for two years from time to time.
 - (iii) The Company has the right to redeem all or part of the Option B Remaining Principal at its option commencing from the First Maturity Date. If the Company elects to redeem, then the redemption will be at 70% of the Option B Remaining Principal (that is equivalent to 49% of the respective Admitted Claim) as full and final payment of all the Admitted Claims of the respective Option B Creditors under the Scheme. For the avoidance of doubt, the Company has the right at its absolute discretion to determine to redeem part or all of the Option B Remaining Principal, thus in turn reduce the Option B Remaining Principal of the respective Option B Creditors. The Company will have such right against each Option B Creditor so long as there is any outstanding Option B Remaining Principal of the respective Option B Creditors.

- (iv) The interest rate for the Option B Remaining Principal for the respective period will be as follows:

Year from the Restructuring Effective Date	Interest rate per annum
Year 1 to Year 8	0.5%
Year 9 to Year 10	1.0%
Year 11 to Year 12	1.5%
Year 13 to Year 14	2.0%
Year 15 and afterwards	Hong Kong Interbank Offered Rate plus 2.0%

- (v) The interest may be paid in cash or paid in kind, at the election of the Company.
- (vi) with respect to any accrued and unpaid interest during the first ninety six months (8 years) period after the Restructuring Effective Date, the Company may elect by giving notice in writing to Scheme Creditors whom have elected Option B not less than 5 Business Days prior to the relevant interest payment date to pay all or a portion of such interest in paid-in-kind interest (such interest, “**PIK Interest**”) instead of cash interest. If the Company so elects, such PIK Interest shall accrue 0.5 percentage per annum during the first ninety six months period after the Restructuring Effective Date, or from the most recent interest payment date to which cash interest or PIK Interest has been paid or duly provided for less the percentage points paid in cash interest, payable on such interest payment date by increasing the principal amount of the Option B Remaining Principal amount of such PIK Interest accrued for such interest period.

D. Feedback from Scheme Creditors

As at the date of this announcement, based on the latest feedback received from Scheme Creditors, the Company expects only HGL will opt for Option B.

E. Consent Fee payable to the Committed Creditors

Apart from the choice of Option A or Option B, upon the Scheme becoming effective, subject to the respective Scheme Creditor(s) having:

- (a) duly executed the Restructuring Support Letter and the Company having received the original of the Restructuring Support Letter on or before the Consent Fee Deadline;

- (b) not breached any provision of the Restructuring Support Letter in any material respect, unless the failure to comply is capable of remedy and is remedied within three (3) Business Days of a notice by the Company to that respective Scheme Creditor;

such Committed Creditor would be entitled to receive the Consent Fee in an amount equal to 2.0% of the principal amount of their respective Admitted Claims under the Scheme held by the relevant Committed Creditor, subject to a cap of HK\$100,000 for each Scheme Creditor.

No interest will be accrued on or be payable with respect to any Consent Fee, and the Consent Fee shall, subject to the Scheme become effective, be paid to the Committed Creditor on or before 60 days after the Restructuring Effective Date.

F. Conditions precedent to the Scheme

The Scheme shall come into effect and be legally binding on the Company and the Scheme Creditors on the Restructuring Effective Date, which is a Business Day and which may only occur upon fulfilment of the following conditions (the “**Restructuring Conditions**”) which are not capable of being waived:

- (a) over 50% in number of the Scheme Creditors, representing at least 75% in value of the Scheme Creditors’ Claims, present and voting in person or by proxy at the Scheme Meeting, having voted in favour of the Scheme;
- (b) the Court sanctions the Scheme;
- (c) an office copy of the Sanction Order is delivered to the Registrar of Companies in Hong Kong for registration;
- (d) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve, the grant of the Specific Mandate;
- (e) the Listing Committee of the Stock Exchange have granted approval or approval in principle to the listing of and permission to deal in the Scheme Shares;
- (f) the settlement in full by the Company of all the fees, costs and expenses of all of the advisors and its counsel pursuant to the terms agreed between the Company and the relevant party and subject to any agreed caps; and
- (g) all subsidiaries of the Company waive the inter-company debts owed to them by the Company as at the Restructuring Effective Date.

As at the date of this announcement, none of the conditions above have been fulfilled.

G. Effect of the Scheme

Once the Scheme becomes effective, the Claims of the Scheme Creditors which arose on or before the Voting Deadline will be discharged and extinguished in full on the Restructuring Effective Date; and the Scheme Creditors will not be allowed to make any claim against the Company in respect of their respective Claims.

III. DETAILS OF THE PROPOSED ISSUE OF SCHEME SHARES UNDER THE SCHEME

A. Number of the Scheme Shares

The number of the Scheme Shares to be allotted and issued by the Company to Option A Creditors under the Scheme will be 24,600,000 new Shares and representing (i) approximately 40.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 28.6% of the total issued share capital of the Company as of the Restructuring Effective Date on a fully-diluted basis, assuming the maximum number of Scheme Shares have been issued and allotted.

The allotment and issue of the Scheme Shares to persons other than Connected person is subject to the Specific Mandate to be approved by way of ordinary resolution(s) by the Shareholders at the SGM. It is expected that no Connected person will opt for Option A and accordingly no Scheme Shares will be allotted to any Connected person of the Company.

B. Issue price for each of the Scheme Share

The issue price for each of the Scheme Share is HK\$1.00. The Scheme Share Issue Price of HK\$1.00 was determined with reference to the prevailing market price of the Shares in December 2023 to January 2024 when the preliminary terms of the Scheme were designed and represents:

- (a) a premium of approximately 44.9% over the closing price of HK\$0.69 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 44.9% over the average closing price of HK\$0.69 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 41.6% over the average closing price of HK\$0.706 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

- (d) The Group's audited net deficiency of assets value of approximately HK\$-110.4 per Share based on the audited consolidated net deficiency of assets value attributable to Shareholders of approximately RMB6,350,809,000 (equivalent to approximately HK\$6,820,006,000) as at 31 December 2023 and the 61,543,075 Shares in issue as at the date of this announcement;
- (e) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a premium of approximately 13%, which is calculated based on the theoretical diluted price of approximately HK\$0.78 per Share (as defined under Rule 7.27B of the Listing Rules, taking account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$0.69 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day approximately HK\$0.69 per Share). The Scheme Shares Issue Price was determined with reference to in December 2023 to January 2024 when the preliminary terms of the Scheme were designed. Since the number of Scheme Shares to be issued under the Scheme has been fixed (subject to the adjustment to be made after the receipt of the notice of claim for scheme consideration from the Scheme Creditors), there will be no further dilution effect on the Company as disclosed above.

The Scheme Shares will be issued in the form of physical share certificates by the Company, in the name of the relevant Option A Creditors, and subject to the Option A Creditors have provided the relevant information and execute the application for shares, the Company shall pass all physical share certificates to the Scheme Administrators within twenty (20) Business Days after the written request made by the Scheme Administrators (or some other date as may be agreed in writing between the Company and the Scheme Administrators). The Scheme Administrator will post all physical share certificates allotted and issued to the Option A Creditors at their risks as soon as practicable.

C. Ranking of the Scheme Shares

Scheme Shares, when issued, shall rank pari passu in all respects with all other existing Shares in issue at the date of allotment free from Encumbrance.

D. Application for listing of the Scheme Shares

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Scheme Shares.

IV. REASONS FOR THE ISSUE OF SCHEME SHARES UNDER THE SPECIFIC MANDATE

The Company intends to implement the Scheme to ensure the long-term viability of the Company, while at the same time maximising returns for all the stakeholders of the Company and the Group (including their creditors). The Board is of the view that the objectives of the Scheme would be to: (a) provide for a reasonable settlement plan for creditors have unsecured claims against the Company that would allow such unsecured creditors a higher recovery than any recovery possible in a group-wide liquidation scenario, (b) allow the Company to settle its indebtedness by issue of Scheme Share without cash outflow; and (c) allow the Company to continue to operate as a viable going concern.

Upon the implementation of the Scheme, the liabilities of the Company will be compromised, which will improve the financial position of the Company and allow the Company to operate as a going concern, and in turn provides a greater benefit to the Shareholders comparing to the liquidation scenario.

If the Scheme were to fail, then the most likely outcome is that the Company would be wound up in an insolvency procedure. It is most likely that the Shareholders will not get anything in case the Company falls into liquidation.

Taking into account of the above, the Board is of the view that the terms of the Scheme (including the issue of the Scheme Share) is reasonable and the implementation of the Scheme is beneficial to the Company, its creditors and Shareholders. The Scheme Shares have to be issued in order to implement the Scheme so the Board is of the view that the issue of the Scheme Share is reasonable and beneficial to the Company, its creditors and Shareholders as a whole.

V. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the number of Shares in issue from the date of this announcement up to and including the date of completion of the issue of the Scheme Shares, the table below set out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the issue of the Scheme Shares (assuming the maximum number of Scheme Shares have been allotted and issued):

	(i) as at the date of this announcement		(ii) immediately after completion of the issue of the Scheme Shares (assuming the maximum number of Scheme Shares have been allotted and issued)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares (including the Scheme Shares)</i>	<i>Approximate %</i>
HGL	44,450,619	72.20%	44,450,619	51.60%
Mr. Meng	868,520	1.40%	868,520	1.00%
Sub Total	45,319,139	73.60%	45,319,139	52.60%
Option A Creditor(s) (not being Shareholders as at the date of this announcement)	–	–	24,600,000	28.60%
Public	16,223,936	26.40%	16,223,936	18.80%
Total	61,543,075	100%	86,143,075	100%

Note: Shareholders and public investors should note that the above shareholding structure are for illustration purposes only and the actual changes in the shareholding structure of the Company upon the Scheme becoming effective and issuance of the Scheme Shares is subject to the actual number of Admitted Claims made by the Scheme Creditors.

VI. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

VII. INFORMATION ON THE PARTIES

As at the date of this announcement, the principal activities of the Group are: (i) printing; and (ii) trading and logistics.

HGL, which was 100% beneficially owned by Mr. Meng, a controlling Shareholder (as defined under the Listing Rules), substantial shareholder, is also a Scheme Creditor. Accordingly, HGL is a Connected person of the Company. Apart from that, as at the date of this announcement, HGL is an unsecured creditor of the Company as HGL has provided the Shareholder's Loan, which is unsecured and non-interest bearing, to the Company.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, all other Scheme Creditors and their respective ultimate beneficial owners are Independent Third Parties and no Scheme Creditors are Shareholders

VIII. LISTING RULES IMPLICATIONS

It is anticipated that HGL will opt for Option B. Upon the Scheme becoming effective, 30% of the Shareholder's Loan ("**HGL Discharged Amount**"), being approximately of RMB59.28 million (or HK\$63.66 million) will be released and discharged and the Company does not have any obligation and/or duty to repay the said portion of the Shareholder's Loan to HGL.

By virtue of HGL being a Connected person of the Company, the discharge of the HGL Discharged Amount will constitute financial assistance received by the Company from a Connected person and therefore constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the financial assistance by way of the discharge of the HGL Discharged Amount is:

- (a) conducted on normal commercial terms or better; and
- (b) not be secured by the assets of the Group,

it is fully exempt connected transaction pursuant to Rule 14A.90 of the Listing Rules.

Although HGL is a Scheme Creditor, HGL has indicated it will elect Option B and accordingly no Scheme Share will be allotted and issued to HGL pursuant to the Specific Mandate to be obtained upon approval by the Shareholders at the SGM. Accordingly, HGL is not interested in the issue of the Scheme Shares and the issue of Scheme Shares would not constitute a connected transaction under Chapter 14A of the Listing Rules.

IX. GENERAL

The SGM will be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Specific Mandate and the respective transactions contemplated thereunder. Pursuant to Rule 13.39(4) of the Listing Rules, the resolution(s) will be taken by way of poll at the SGM.

For reasons stated in the section headed “LISTING RULES IMPLICATIONS”, the Board believes no Shareholders, their respective Associates or parties acting in concert with any of them will be required to abstain from voting on any resolution(s) to be proposed at the SGM.

A circular containing, among others, further details of (i) the Scheme including the proposed issued of the Scheme Shares and the transactions contemplated thereunder and (ii) a notice convening the SGM is expected to be despatched to the Shareholders as soon as possible.

WARNING

The Scheme will involve issuance of Scheme Shares and the details of the terms thereof are subject to the approval by the Scheme Creditors, the Stock Exchange and the Shareholders. The proposed transactions contemplated under the Scheme of Arrangement may or may not be fulfilled and are subject to conditions precedent of the Scheme of Arrangement, approval by the Shareholders, Scheme Creditors, regulators and the High Court. Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Admitted Claim(s)”	the Scheme Claims of the Scheme Creditors against the Company which have been admitted by the Scheme Administrators or by the Adjudicator (as the case may be) in accordance with the Scheme
“Associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day”	a day (excluding a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted or announcement on extreme conditions is issued in Hong Kong at any time and remaining in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 12:00 noon) on which banks are generally open for business in Hong Kong

“Claim(s)”	any debt, liability or obligation of the Company to as at the Claims Record Time, whether known or unknown, whether present or future, whether certain or contingent, whether liquidated or unliquidated, and which includes without limitation a debt or liability to pay money or money’s worth, any liability under any statute or enactment, any liability for breach of trust, any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution, which would be admissible to proof in a compulsory winding-up of the Company under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)
“Claim Bar Date”	the date to be determined by the Scheme Administrators which is three (3) months after the date of publication of the advertisements for the Scheme Creditors to submit notice of claim for scheme consideration to the Scheme Administrators
“Claims Record Time”	11:59 p.m. on 31 December 2024 Hong Kong Time shall be the time designated by the Company for the determination of the Scheme Claims for the purposes of voting at the Scheme Meeting(s) All Scheme Claims are determined as at the Claims Record Time. The Company will be entitled to exercise discretion as to whether it recognises any assignment or transfer of Scheme Claims after the Claims Record Time. For the avoidance of doubt, the total accrued interest (including default interest, if any) up to Claims Record Time corresponding to the principal amount of the Scheme Claim will be part of the Scheme Claim in the Scheme for voting and Scheme Consideration purposes, with the latter subject to adjudication. Any other accrued interests incurred beyond the aforementioned period shall be waived.
“Company”	China Huajun Group Limited (Stock Code: 377), a company incorporated in Bermuda, the Shares of which are listed on the Main Board of the Stock Exchange
“Committed Creditor(s)”	Scheme Creditor(s) who has/have executed or otherwise acceded to the Restructuring Support Letter on or before the Consent Fee Deadline
“Connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Consent Fee”	a one-off payment, to be paid by the Company in accordance with the terms of the Scheme, in an amount equal to 2.0% of the outstanding principal amount of the respective Admitted Claim (excluding any interest accrued or to be accrued), owed by the Company to such Scheme Creditor(s), who have executed and delivered the original of the Restructuring Support Letter to the Company on or before the Consent Fee Deadline, subject to a cap of HK\$100,000 for each Scheme Creditor. Consent Fee are to be paid on or before 60 days after the Restructuring Effective Date
“Consent Fee Deadline”	on or before 5:00 p.m. on 31 May 2024 which may be extended in accordance with the terms of the Scheme
“Court”	The High Court of Hong Kong
“Creditor(s)”	creditor(s) of the Company
“Directors”	the directors of the Company
“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Excluded Claims”	Preferential Claims, Secured Claims, Excluded Creditor and operational claims
“Excluded Creditor”	certain creditor excluded by the Company
“Group”	the Company and its subsidiaries
“HGL”	Huajun Group Limited (華君集團有限公司), a company incorporated in Hong Kong with limited liability, which was 100% beneficially owned by Mr. Meng Guang Bao, a controlling Shareholder (as defined under the Listing Rules), substantial shareholder and unsecured creditor of the Company
“Independent Third Party(ies)”	persons or companies which are independent of and not connected with any of the directors, chief executive and substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries and their respective associates (as defined under the Listing Rules), and the term “Independent Third Party” shall be construed accordingly

“Last Trading Day”	7 February, 2025, being the last trading day prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Amount”	a maximum claim of up to HK\$478 million that the Scheme will allow for Option A
“Option A”	the option A available for election by the Scheme Creditors as specified in the section headed “A. Option A”
“Option A Admitted Claim”	the Scheme Claims of the Option A Creditors against the Company which have been admitted by the Scheme Administrators or by the Adjudicator (as the case may be) in accordance with the Scheme
“Option A Creditor(s)”	the Scheme Creditor(s) who have elected the Option A
“Option B”	the option B available for election by the Scheme Creditors specified in the section headed “C. Option B”
“Option B Admitted Claim”	the Scheme Claims of the Option B Creditors against the Company which have been admitted by the Scheme Administrators or by the Adjudicator (as the case may be) in accordance with the Scheme
“Option B Creditor(s)”	the Scheme Creditor(s) who have elected the Option B
“Option B Discharged Amount”	has the meaning ascribed thereto in sub-section headed “C. Option B”
“Option B Remaining Principal”	has the meaning ascribed thereto in sub-section headed “C. Option B”
“Preferential Claim(s)”	any debts that, by virtue of Section 265 of Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), would be paid in priority to the general unsecured debts of the Company if the Company were wound up on the basis of the Winding-up Petition
“Restructuring Conditions”	has the meaning ascribed thereto in sub-section headed “F. Conditions Precedent to the Scheme”
“Restructuring Effective Date”	the date on which the Scheme becomes effective, being the date, which is a Business Day, specified by the Company in a notice to the Scheme Creditors (amongst others), on which all the Restructuring Conditions are fulfilled (regardless of whether a Scheme Creditor voted in favour of the Scheme)

“Restructuring Support Letter”	collectively the restructuring support letters (as amended from time to time) entered into between the Company and the respective Committed Creditors
“Sanction Order”	the approval or sanction on the Scheme by the Court
“Scheme” or “Scheme of Arrangement”	the proposed scheme of arrangement, as amended, supplemented or otherwise modified from time to time, pursuant to sections 670 and 673 of the Companies Ordinance and to be made between the Company and the Scheme Creditors
“Scheme Administrator(s)”	Mr. Wan Hiu Yeung (also known as Jacky Wan) and Mr. So Man Chun (also known as Christopher So), both of PricewaterhouseCoopers Limited acting jointly and severally or their successors who are appointed by the Company as scheme administrators pursuant to the terms of the Scheme
“Scheme Claim(s)”	any Claim: (i) which is not a Preferential Claim (and where the Claim is only in part a Preferential Claim, then the Person is a Scheme Creditor only to the extent of the non-preferential portion of the Claim); (ii) which is not a Secured Claim (and where the Claim is only in part a Secured Claim, then the Person is a Scheme Creditor only to the extent of the unsecured part of the Claim)
“Scheme Creditor(s)”	any person having a Claim other than the Excluded Creditor
“Scheme Meeting(s)”	the meeting(s) of the Scheme Creditors to be convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Scheme by the Scheme Creditors, and any adjournment thereof
“Scheme Share(s)”	24,600,000 new Shares, ranking pari passu in all respects with the Shares and representing approximately 28.6% of the total issued share capital of the Company as of the Restructuring Effective Date on a fully-diluted basis, to be allotted and issued by the Company to such Scheme Creditor(s) who have validly elected the Option A of the Scheme
“Scheme Shares Issue Price”	the issue price per Scheme Share is HK\$1.00
“Secured Claim(s)”	claim(s) which is secured by security interest
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among others, the Specific Mandate

“Shares”	the ordinary share(s) of HK\$1 each in the issued share capital of the Company
“Shareholders”	holder of the issued Shares
“Shareholder’s Loan”	an unsecured, non-interest bearing with no fixed repayment date shareholder’s loan, of the amount of RMB197.6 million (or HK\$212.2 million) provided by HGL to the Company
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Directors at the SGM for the allotment and issue of the Scheme Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Voting Deadline”	the latest date and time for delivery of the Notice of Claim for Voting Purposes and Form of Proxy, which is 11:59 p.m. on 20 February 2025, being three (3) Business Days prior to the date of the Scheme Meeting
“Winding-up Petition”	the winding-up petition presented by the LI Fuxing (李福興) in HCCW 395/2023 on 6 September 2023
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China, but for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“%”	per cent

* For identification purposes only

By order of the Board
China Huajun Group Limited
YAN Ruijie
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 10 February 2025

As at the date of this announcement, the Board comprises Mr. Yan Ruijie and Ms. Chen Yun as executive Directors; and Mr. Mok Yi Kwo, Mr. Shen Ruolei and Mr. Ding Xingfu 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.