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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 AND CLARIFICATION ANNOUNCEMENT IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement of China Huajun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 23 June 2025, in relation to the Subscription of new Shares under General Mandate (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this supplemental announcement shall have the same meanings as those defined in the Announcement.

USE OF PROCEEDS

As disclosed in the Announcement, the gross proceeds from the Subscription are expected to be approximately HK\$12.0 million. The net proceeds of the Subscription, after deduction of all relevant expenses, are estimated to be approximately HK\$11.9 million. The Directors intend to apply the net proceeds of the Subscription in the following manner:

- (i) approximately HK\$1.0 million, equivalent to approximately 8.40% of the net proceeds, for the settlement of consent fee in relation to the Scheme;
- (ii) approximately HK\$8.9 million, equivalent to approximately 74.79% of the net proceeds, for the general working capital of the Company, which includes (1) approximately HK\$3.0 million for the operation and development of the printing business of the Group; (2) approximately HK\$3.0 million for the settlement of staff costs; (3) approximately HK\$0.3 million for the settlement of rental expenses; (4) approximately HK\$1.4 million for the settlement of audit fees; and (5) approximately HK\$1.2 million for legal and professional fees; and
- (iii) approximately HK\$2.0 million, equivalent to approximately 16.81% of the net proceeds, are reserved for the cash repayment of approximately HK\$6.2 million to the Scheme Creditors under the Scheme, which will be due in 12 months from the date of the Scheme becomes effective.

PUBLIC FLOAT

As at the date of the Announcement, based on the disclosure of interests forms filed under Part XV of the SFO (the “**DI Filings**”) submitted by Ouke Group Holdings Limited (“**Ouke**”), Ouke held 6,582,326 Shares of the Company, which represents (i) approximately 10.69% of the existing issued share capital of the Company as at the date of the Announcement; (ii) approximately 8.95% of the issued share capital of the Company as enlarged by the Subscription Shares; and (iii) approximately 6.71% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares and the Scheme Shares.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, as at the date of the Announcement, Ouke is an investment holding company incorporated in Hong Kong with limited liability. Based on the information available to the Company, the ultimate beneficial owner of Ouke is Mr. DONG Yuanxi. As at the date of the Announcement, based on the information available to the Company, Ouke and its ultimate beneficial owner do not have any relationship with the Directors, chief executive or other substantial shareholders of the Company or any of its subsidiaries or is a close associate of any of them.

Insufficient public float

Based on the DI Filings submitted by Ouke, on 26 April 2021, the number of the Shares held by Ouke increased from 4,599,326 to 6,582,326, which represented an increase in the shareholding percentage of Ouke in the Company from approximately 7.58% to approximately 10.69% at the material time. Accordingly, Ouke had become a substantial shareholder of the Company on 26 April 2021 and thus deemed to be a core connected person of the Company under the Listing Rules.

Pursuant to Rule 8.24 of the Listing Rules, as Ouke is a core connected person of the Company, the Shares held by Ouke should not be regarded as the Shares held by the public since 26 April 2021. Accordingly, the public float of the Company was less than 25% since 26 April 2021 and up to the date of this announcement. As such, the Company did not fulfill the public float requirement under Rule 8.08 since 26 April 2021. The Company identified such incident regarding to the insufficient public float during the course of the preparation and publication of the disclosure of the effect of the Subscription to the shareholding structure of the Company in the Announcement.

To the best of the knowledge, information and belief of the Directors and according to the information available to the Company, the Company is of the view that (i) the shortfall in the public float only arose due to the increase in shareholding of Ouke in the Company, which is out of the Company’s control. As a result, Ouke had become a core connected person of the Company by virtue of being a substantial shareholder of the Company since 26 April 2021 and up to the date of this announcement; and (ii) the percentage of public float of the Company has never fall below 15% since 26 April 2021 as reference to Note 1 to Rule 8.08(1)(b) of the Listing Rules.

As disclosed in the Announcement, immediately upon the Completion, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the date of the Completion, the shareholding of Ouke in the Company will decrease from approximately 10.69% to approximately 8.95%. As such, Ouke will no longer be a core connected person of the Company and thus the Shares held by Ouke will be regarded as the Shares held by the public.

Therefore, 16,223,936 Shares of the Company, representing approximately 22.06% of the issued share capital of the Company as enlarged by the Subscription Shares, will be regarded as the Shares held by the public (as defined under the Listing Rules) upon the Completion. As disclosed in the Announcement, the Directors consider that the public float of the Shares will be restored upon completion of the issue and allotment of the Scheme Shares.

Issue of the Scheme Shares and restoration of the public float

As disclosed in the Scheme Circular, the Company will issue and allot the 24,600,000 Scheme Shares to the Option A Creditors within twelve calendar months from the restructuring effective date, i.e. on 26 June 2025.

The number of Scheme Shares to be issued is fixed at 24,600,000, representing (i) approximately 33.45% of the total issued share capital of the Company as enlarged by the Subscription Shares; and (ii) approximately 25.07% of the total issued share capital of the Company as enlarged by the Subscription Shares and Scheme Shares.

The deadline for submission of claims under the Scheme is three months from the restructuring effective date. The Scheme Administrators will evaluate and adjudicate the Scheme Claims of the Scheme Creditors against the Company, which will determine the validity of the Scheme Claims to each of the Scheme Creditors. As such, it is expected that the issue and allotment of the Scheme Shares will be completed by around October 2025.

Given (i) the Scheme Shares to be allotted and issued to each of the Option A Creditors will be no more than 10% of the issued share capital of the Company as enlarged by the Scheme Shares; and (ii) none of the Option A Creditors has any relationship with the Directors, chief executive or any substantial shareholders of the Company or any of its subsidiaries or is a close associate of any of them, the Directors consider that the Scheme Shares to be held by the Option A Creditors, representing approximately 25.07% of the issued share capital of the Company as enlarged by the Subscription Shares and Scheme Shares, will be regarded as the Shares held by the public (as defined under the Listing Rules) upon the completion of the issue and allotment of the Scheme Shares.

In light of the above, upon completion of the issue and allotment of the Subscription Shares and the Scheme Shares, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the date of the completion of the allotment and issue of the Scheme Shares, 40,823,936 Shares of the Company, representing approximately 41.60% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares and Scheme Shares, will be held by the public (as defined under the Listing Rules).

Therefore, the Directors consider that the public float of the Shares will be restored upon completion of the issue and allotment of the Scheme Shares.

Further announcement(s) will be made by the Company regarding the restoration of public float in the Shares of the Company as and when appropriate in accordance with the Listing Rules.

REMEDIAL ACTIONS TO PREVENT THE RE-OCCURRENCE OF SIMILAR EVENT

The Company would like to express deep regret for its inadvertent and unintentional overlook of the requirements of the Listing Rules.

Existing internal controls in monitoring public float

The Company generally conducts review on the DI Filings relating to the Company's Shares on the Stock Exchange's website on a monthly basis to identify any changes in substantial Shareholders and monitor its compliance on the requirement of public float of the Shares.

However, due to (i) limitations in communication during COVID-19 in 2021; (ii) the financial difficulties experienced by the Company in 2021, including but not limited to legal proceedings initiated by bank and/or financial institutions in relation to overdue borrowings at the material time; and (iii) winding-up petition against the Company in 2023, the Company was under immense pressure to resolve all the challenges with limited manpower. As such, the Company inadvertently overlooked Ouke as a substantial Shareholder and therefore did not notice the insufficiency of public float in the Shares since 26 April 2021.

Remedial actions

The Company will implement the following remedial actions to prevent the re-occurrence of any potential similar event, and set-up a mechanism to monitor the public float of the Company, in order to maintain the public float of the Company at all times, which included:

- (a) the Company will arrange training to the Directors with the relevant knowledges including but not limited to, minimum public float requirement, model code for securities transactions by directors of listed issuers, disclosure of interests under Part XV of the SFO, market misconduct provisions and disclosure obligations under the SFO, which will enhance the awareness and understanding of Directors on the regulatory requirements related to public float and substantial shareholders. A training will be held by the end of August 2025;
- (b) the Company will (1) assign an assistant company secretary responsible for reviewing the DI Filings relating to the Company's Shares on the Stock Exchange's website on a daily basis, instead of on a monthly basis, and to prepare a report within a day regarding any change in the shareholding structure of the Company; and (2) direct and delegate its company secretary to review such report and monitor the sufficiency of public float in the Shares, which will allow the Company to timely identify insufficient public float in the Shares;
- (c) the Company will review the monthly report issued by the Company's share registrar for identifying the substantial shareholders named on register of members of the Company for a monthly basis; and
- (d) the Company had been and will continue to request the Directors to declare on their or their respective close associates' interest movement on the Company's shares on a monthly basis, which will allow the Company to promptly respond to any changes that may affect the public float.

CLARIFICATION TO THE ANNOUNCEMENT

The Company would like to clarify that for Shareholders' better understanding, the current disclosure set out in the section headed "PUBLIC FLOAT" should be read as follows (changes are underlined for easy reference):

"Immediately upon the Completion, assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion, 16,223,936 Shares of the Company, representing approximately 22.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, will be held by the public (as defined under the Listing Rules). Accordingly, the minimum public float requirement of 25% as set out in Rules 8.08(1)(a) and 13.32(1) of the Listing Rules will not be satisfied as at the date of the Completion."

The above supplemental information and clarification do not affect other information and contents set out in the Announcement. Saved as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes.

By order of the Board
China Huajun Group Limited
Yan Ruijie

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 17 July 2025

As at the date of this announcement, the Board comprises Mr. Yan Ruijie, Ms. Chen Yun, Dr. Li Dayi and Ms. Wang Xiaomei as executive Directors; and Mr. Mok Yi Kwo, Mr. Ding Xingfu and Ms. Zhu Fang 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.