CHINA HUAJUN GROUP LIMITED
中國華君集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

Executive Directors:
Mr. Yan Ruijie
(Chairman and Chief Executive Officer)
Ms. Wang Xiaomei
Ms. Chen Yun
Dr. Li Dayi

Independent Non-executive Directors:
Mr. Mok Yi Kwo
Mr. Ding Xingfu
Ms. Zhu Fang

Registered office:
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Sheung Wan
Hong Kong

4 August 2026

To the Shareholders

Dear Sir or Madam,

(1) ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION; (2) APPLICATION OF WHITEWASH WAIVER; AND (3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement of the Company dated 30 June 2026 in relation to, among other things, (i) the Settlement Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) the Whitewash Waiver.

The purpose of this circular is to provide the Shareholders with, among other things, (i) further information in relation to the Settlement Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver; (ii) recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Settlement Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver and as to voting; (iii) the letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Settlement Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver and as to voting; (iv) additional information as required under the Listing Rules and the Takeovers Code; and (v) the notice of the SGM.

ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALISATION

Background of the Indebted Amount

On 23 January 2021, Wonderland and the Company entered into a loan agreement (the "**Loan Agreement**"), pursuant to which Wonderland had agreed to provide loan facilities of up to HK$130 million to the Company. As at the date of 15 June 2026, the outstanding amount owed by the Company to Wonderland was approximately HK$99.4 million, comprising principal amount of approximately HK$82.0 million and interest of approximately HK$17.4 million.

As the outstanding loan under the Loan Agreement had been long overdue and the Company was not in a position to repay in cash in near future, the outstanding loan had become a non-performing asset of Wonderland. In light of the above, Wonderland decided to partially assign the outstanding loan to the Creditor, a company wholly owned by Mr. Li Gang, who is also the ultimate beneficial owner of the Creditor and the ultimate controller of Wonderland.

Wonderland and the Creditor on 17 April 2026 entered into a debt assignment agreement in respect of assigning HK$87 million of the outstanding loan and subsequently on 15 June 2026 the parties agree to assign further HK$7 million of the outstanding loan which in aggregate Wonderland agreed to transfer all its rights over the Indebted Amount in the total sum of HK$94 million (of which HK$76,609,586 is the principal and HK$17,390,414 is the interest) to the Creditor.

Wonderland retained its rights over the balance outstanding amount of HK$5,425,724 under the Loan Agreement. The Loan Agreement between Wonderland and the Company remains in full force and effect, Wonderland shall be entitled to the interest on the outstanding amount of the loan and shall be repaid in accordance with the terms of the Loan Agreement.

The Settlement Agreement

The principal terms of the Settlement Agreement are set out as follows:

Date

21 June 2026

Parties

(1) The Creditor

(2) The Company

Debt Capitalisation

The Company is indebted to the Creditor in the sum of the Indebted Amount. The Company will issue to the Creditor the Capitalisation Shares at the Issue Price as full and final settlement of the Indebted Amount and the fulfilment of all obligations of the Company under the Indebted Amount.

Capitalisation Shares

The 94,000,000 Capitalisation Shares under the Debt Capitalisation will be allotted and issued under a specific mandate which are subject to Independent Shareholders' approval at the SGM.

Assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Completion, the Capitalisation Shares, when allotted and issued, will represent (i) approximately 100.54% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 50.14% of the issued share capital of the Company as enlarged by the allotment and issuance of the Capitalisation Shares.

Issue Price

The Issue Price of HK$1.00 per Capitalisation Share represents:

(i) a discount of approximately 21.9% to the closing price of HK$1.28 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 44.4% to the closing price of HK$1.80 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(iii) a discount of approximately 26.5% to the average closing price of approximately HK$1.36 per Share as quoted on the Stock Exchange for the last five trading days up to and including the trading day preceding the date of the Settlement Agreement;

(iv) a price difference of approximately HK$139.6 as compared to the audited consolidated net liabilities of approximately HK$138.6 per Share as at 31 December 2025, which is calculated based on the Group's audited consolidated net liabilities of the Company of approximately HK$8,527.5 million as at 31 December 2025 and 61,543,075 Shares in issue as at the trading day preceding the date of the Settlement Agreement; and

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 16.00% of the theoretical diluted price of HK$1.14 per Share to the benchmarked price of HK$1.36 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the trading day preceding the date of the Settlement Agreement of HK$1.28 per Share and the average closing price of HK$1.36 per Share as quoted on the Stock Exchange for the five consecutive trading days preceding the date of the Settlement Agreement).

The Issue Price was determined after arm's length negotiation between the Company and the Creditor after taking into account the par value of the Shares, prevailing market price and trading volume of the Shares as well as the current market conditions. The Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular) consider that the terms of the Settlement Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The amount of the total Issue Price of the Capitalisation Shares shall be satisfied by way of capitalising the Indebted Amount owed to the Creditor by the Company. In addition, the Group will use its internal resources to settle the professional fees and all related expenses in connection with the Debt Capitalisation.

Ranking

The Capitalisation Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Capitalisation Shares.

Conditions precedent

The Completion is conditional upon the satisfaction of the following conditions precedent:

(i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Capitalisation Shares;

(ii) passing by the Independent Shareholders of the Company resolutions at the SGM approving (a) the Settlement Agreement and the transactions contemplated thereunder (more than 50% of the votes cast by the Independent Shareholders at the SGM by way of poll); and (b) the Whitewash Wavier (at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code;

(iii) all necessary approvals, consents and waivers (if any) required to be obtained by the Company and/or the Creditor from any relevant authorities or third parties in respect of the Debt Capitalisation are obtained and remain valid in full force and effect; and

(iv) the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver to the Creditor, and the satisfaction of all conditions (if any) attached thereto.

All the above conditions precedent are not waivable. As at the Latest Practicable Date, save for the approvals as detailed in the conditions (i), (ii) and (iv), no other approvals, consents and waivers are required to be obtained by the Company and/or the Creditor from any relevant authorities or third parties in respect of the Debt Capitalisation.

As at the Latest Practicable Date, none of the conditions precedent above have been fulfilled. If the above conditions precedent are not satisfied by the Long Stop Date, the Settlement Agreement shall be automatically terminated with immediate effect. Upon such termination, the Debt Capitalisation shall not proceed. The Company remains to be indebted to the Creditor as to the Indebted Amount and the Company shall have to repay the same in cash.

Completion

Completion of the Debt Capitalisation shall take place within seven Business Days after the date on which the last conditions precedent is satisfied, or at such other date, time and venue as the parties may agree in writing.

SPECIFIC MANDATE

The Capitalisation Shares will be issued pursuant to the Specific Mandate.

LISTING APPLICATION

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares on the Stock Exchange.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is principally engaged in (i) printing; (ii) trading and logistics; and (iii) property development and investments.

The following table sets out a summary of certain financial information of the Group.

	For the year ended 31 December		
	2025	**2024**	**2023**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Revenue	1,363,725	1,154,944	2,844,811
Loss before income tax	(207,860)	(1,263,326)	(2,698,806)
Loss for the year	(234,043)	(1,264,365)	(2,671,180)

As disclosed in the annual reports of the Company for the years ended 31 December 2023, 2024 and 2025, the auditor of the Company issued a disclaimer of opinion on the consolidated financial statements of the Group for each of the years ended 31 December 2023, 2024 and 2025, citing multiple uncertainties relating to going concern. The Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular) consider that the uncertainties relating to the Group's going concern do not have any implications on the transactions contemplated herein.

As extracted from the annual report of the Company for the year ended 31 December 2025,

"the Directors reviewed a cash flow forecast of the Group covering a period not less than twelve months from the end of the reporting period and consider that it is appropriate to prepare the consolidated financial statements on the going concern basis taking into account the following facts and assumptions:

(i) Restructuring of the Group's property business

All of the Group's property development projects were suspended due to insufficient cash resources. The Group expects that the property projects will be disposed of through sale or legal auction to get proceeds for repayment of borrowings. Certain property project subsidiaries with overdue borrowings are subject to bankruptcy petition if the proceeds from disposal of pledged assets are not sufficient to repay their debts. The Group is in negotiation with creditors of property development business to accelerate the legal procedures for repayment of borrowings by either via legal auction or set-off of pledged assets and if possible, to dispose of the entire property business segment which is financially insolvent.

(ii) Fund raising

On 23 June 2025, the Company has entered into a subscription agreement to issue 12,000,000 new shares of the Company at HK$1 each. However, the subscription has not yet been completed as at the date of this report. The Company has also been in negotiation with potential investors to invest in the Company to improve the Company's financial position.

(iii) Cash inflow from operations

The Group will implement further cost reduction measures to minimise the operating costs and retain resources for the Group's printing and logistics and trading business which provide positive cash flows to maintain the Group's operations."

As at the Latest Practicable Date, the Company has completed the Subscription. During May 2026, (a) a piece of land pledged as security for one of the Group's overdue borrowings was auctioned and realised by way of non-cash settlement; and (b) another piece of land pledged as security for one of the Group's overdue borrowings was disposed of to the relevant lender by way of non-cash settlement. These steps form part of the Group's ongoing efforts to dispose of the entire property development business segment, which is financially insolvent. Further, the Group continues to implement cost reduction measures.

In light of the completion of the Subscription, the realisation of the pledged lands through the above non-cash settlements, the disposal of the insolvent property development segment and the ongoing cost-control initiatives, the Directors (including the independent non-executive Directors, whose views have been set out in the letter from the Independent Board Committee contained in this circular) consider that the uncertainties relating to the Group's going concern disclosed in the annual report of the Company for the year ended 31 December 2025, do not have any material implications for the Group.

INFORMATION OF THE CREDITOR

The Creditor is an investment holding company wholly-owned by Mr. Li Gang. Mr. Li Gang is the sole director of the Creditor.

Mr. Li Gang obtained a bachelor's degree in engineering from the University of Nanking (南京金陵大學) in 1984. Mr. Li Gang has accumulated many years of working and corporate management experience in the fields of trading and financial technology. He founded Shenzhen Youbo Network Technology Co., Ltd. (深圳優博網路科技有限公司) and served as the general manager. He has also worked as the product director in Shanghai Mingchuang Software Technology Co., Ltd. (上海銘創軟件技術有限公司), as the trust manager in Chongqing International Trust Co., Ltd. (重慶國際信託有限公司) and the trust manager in Zhongrong International Trust Co., Ltd. (中融信託有限公司), as the investment manager in Munsun Asset

Management (Asia) Limited (麥盛資產管理(亞洲)有限公司). From June 2020 to April 2025, Mr. Li Gang was the chairman and executive director of Enviro Energy International Holdings Limited, the shares of which are listed on the Stock Exchange with stock code 1102.

As at the Latest Practicable Date, the Creditor and its ultimate beneficial owner are Independent Third Parties.

Both the Creditor and Wonderland are ultimately controlled by Mr. Li Gang. Further, the sole director of Wonderland is Ms. Zhang Xiaomei, who is the spouse of Mr. Li Gang.

EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

Reference is made to the Company's announcements dated 23 June 2025, 17 July 2025, 5 February 2026, 5 March 2026, 9 April 2026, 7 May 2026, 1 June 2026 and 23 June 2026 in relation to, *inter alia*, the Scheme Shares and the Company's public float.

Reference is also made to the Company's announcement dated 2 July 2026 in relation to the issue of new shares under the general mandate to the Subscribers under the Subscription Agreements and the restoration of the Company's public float upon completion of the Subscription and completion announcement dated 16 July 2026 in relation to the completion of the Subscription.

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon the Completion (assuming no change to the number of issued Shares from the Latest Practicable Date up to the date of the Completion) are as follows:

	As at the Latest Practicable Date		**Immediately upon the Completion**	
	Number of Shares	*Approximate % of issued Shares*	*Number of Shares*	*Approximate % of issued Shares*
Huajun Group Limited *(Note 1)*	44,450,619	47.54%	44,450,619	23.71%
Mr. Meng Guang Bao	868,520	0.93%	868,520	0.46%
	45,319,139	*48.47%*	*45,319,139*	*24.17%*
The Creditor	–	–	*94,000,000*	*50.14%*
The Creditor, Mr. Li Gang and parties acting in concert with any of them	–	–	*94,000,000*	*50.14%*
Director				
Ms. Chen Yun *(Note 2)*	880	0.00%	880	0.00%
Option A Creditors *(Note 3)*				
Individuals in the Scheme Shares	2,968,988	3.18%	2,968,988	1.58%
China Great Wall Asset Management Co., Ltd., Shanghai Branch * (中國長城資產管理股份有限公司上海市分公司)	12,478,456	13.35%	12,478,456	6.66%
China Great Wall Asset Management Co., Ltd., Jiangsu Branch* (中國長城資產管理股份有限公司江蘇省分公司)	4,501,332	4.81%	4,501,332	2.40%
	19,948,776	*21.34%*	*19,948,776*	*10.64%*
Ouke Group Holdings Limited	6,582,326	7.04%	6,582,326	3.51%
Subscribers *(Note 4)*	12,000,000	12.84%	12,000,000	6.40%
Other Shareholders *(Note 5)*	9,640,730	10.31%	9,640,730	5.14%
Total	93,491,851	100%	187,491,851	100%

Note:

1. As at the Latest Practicable Date, Huajun Group Limited is directly wholly-owned by Mr. Meng Guang Bao.

2. Ms. Chen Yun is the executive Director of the Company, who is interested in 880 Shares in the issued share capital of the Company, has participated in the board discussion regarding the Debt Capitalisation and is required to abstain from voting on the relevant resolutions in the SGM. Save and except Ms. Chen Yun, no other Directors hold any Shares as at the Latest Practicable Date.

3. On 23 June 2026, 2,968,988 Scheme Shares were issued to 42 individuals who are Independent Third Parties, and hence such Scheme Shares are counted as public float. On the same day, Scheme Shares were also issued to China Great Wall Asset Management Co., Ltd., Shanghai Branch* (中國長城資產管理股份有限公司上海市分公司) and China Great Wall Asset Management Co., Ltd., Jiangsu Branch* (中國長城資產管理股份有限公司江蘇省分公司)(together, "**China Great Wall Companies**") and as both allottees in aggregate hold approximately 18.16%, they are not counted as public float as at the Latest Practicable Date. For the avoidance of doubt, if the aggregate shareholding of China Great Wall Companies is below 10%, they will be counted as public float.

4. The Subscribers are Independent Third Parties who entered into Subscription Agreements with the Company in relation to the Subscription. As at the Latest Practicable Date, each of the Subscribers did not hold more than 5% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

5. All other Shareholders are public shareholders.

PUBLIC FLOAT

As at the Latest Practicable Date, 31,192,044 Shares of the Company, representing approximately 33.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, were held by the public (as defined under the Listing Rules). Accordingly, the minimum public float requirement of 25% as set out in Rule 8.08(1) and Rule 13.32B of the Listing Rules has been restored as at the Latest Practicable Date.

Upon Completion, 48,171,832 Shares, representing approximately 25.69% of the issued share capital of the Company, were held by the public (as defined under the Listing Rules).

FUND RAISING EXERCISES IN THE PAST 12 MONTHS

On 2 July 2026, the Company has entered into Subscription Agreements with Subscribers in relation to the Subscription Shares.

Saved as disclosed above, the Company has not conducted any fund raising activities involving issue of its securities in the past 12 months immediately preceding the Latest Practicable Date.

TAKEOVERS CODE IMPLICATIONS

As at the Latest Practicable Date, each of the Creditor, Mr. Li Gang and parties acting in concert with any of them does not hold any Shares.

Assuming there will be no change in the number of issued Shares from the Latest Practicable Date up to the Completion, the shareholding of the Creditor will be approximately 50.14% upon Completion. The Creditor will therefore be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it and its concert parties pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted.

As at the Latest Practicable Date, the Creditor has applied to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Capitalisation Shares. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by more than 50% of the votes cast by the Independent Shareholders at the SGM by way of poll in respect of the Debt Capitalisation, the Settlement Agreement and the Specific Mandate; and (ii) the approval of the Whitewash Waiver by at least 75% of the votes cast by the Independent Shareholders at the SGM by way of poll.

The Executive may or may not grant the Whitewash Waiver. The Debt Capitalisation will not proceed if the Whitewash Waiver is not granted or approved. The Executive has indicated that it would agree, subject to approval by Independent Shareholders in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code, to waive any obligations to make a general offer which might result from the Debt Capitalisation.

None of the Creditor, Mr. Li Gang and parties acting in concert with any of them had any dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

If the Whitewash Waiver is approved by the Independent Shareholders, the shareholding of the Creditor in the Company will exceed 50%. The Creditor may further increase its shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

REASONS FOR AND BENEFITS OF THE DEBT CAPITALISATION

The Debt Capitalisation is a full and final settlement of the Indebted Amount which will reduce the gearing ratio of the Group and save future interest expenses. This method of settlement is cost-effective and does not have negative impact on the Group's cashflow.

The Directors had considered other alternative means of fund raising to settle the Indebted Amount, such as equity financing (including but not limited to rights issue and open offer) or debt financing and bank borrowings. However, in terms of the equity financing, including rights issue and open offer, the Directors considered that (i) the equity financing typically necessitate substantial negotiations with potential underwriters or placing agents; (ii) expenses such as underwriting commission, placing commission and a range of professional service fees, will likely be incurred; and (iii) given the Group's historical loss-making performance since at least 2018, deterioration to gross loss with a resultant net loss in 2025 and both net liabilities and net current liabilities positions, the Company will likely be required to issue Shares at a substantial discount in order to secure a pre-emptive fundraising, such as rights issue and open offer. In terms of debt financing and bank borrowings, the Directors also considered that additional interest burden will be incurred for obtaining additional bank borrowings to settle the indebtedness and such the principal amount of such bank borrowings will inevitably need to be repaid upon maturity, and given the Group's current financial position, net loss in 2025 and net liabilities and net current liabilities, obtaining additional bank borrowings would be challenging. The Company considers that the Debt Capitalisation would be the best financing option as compared to the above other financing alternatives.

In view of the above, the Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular) consider that the terms of the Settlement Agreement and the Debt Capitalisation are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

FUTURE INTENTIONS REGARDING THE GROUP

Upon Completion, the Creditor, Mr. Li Gang and parties acting in concert with any of them will hold 94,000,000 Shares, representing approximately 50.14% of the issued share capital of the Company as enlarged by the issue of the Capitalisation Shares.

The Creditor considers and confirms that (a) it is intended that the Group will continue its existing principal businesses of printing, trading and logistics following the Completion; (b) the Group intends to dispose of its financially insolvent property development project subsidiaries (whether by way of sale, legal auction, set-off of pledged assets or otherwise) with a view to realising proceeds for repayment of the relevant borrowings and, if practicable, to dispose of the entire property development and investment business segment; and (c) save as mentioned above in (b), there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

Further, the Creditor has indicated to the Boad that it intends to bring further positive impacts in alleviating the Group's multiple uncertainties relating to going concern, including through potential business restructuring, implementation of cost reduction measures and exploration of new business opportunities.

DEALING AND INTEREST IN THE COMPANY'S SECURITIES

Save for the Capitalisation Shares to be allotted and issued by the Company to the Creditor, the Creditor, Mr. Li Gang and parties acting in concert with any of them had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

As at the Latest Practicable Date:

(i) save as disclosed in the section headed "Effect on Shareholding Structure of the Company" in this circular, the Creditor, Mr. Li Gang, and the parties acting in concert with any of them do not own, hold, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(ii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Creditor, Mr. Li Gang or any person acting in concert with any of them;

(iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Creditor, Mr. Li Gang and parties acting in concert with any of them or the Shares;

(iv) there is no irrevocable commitment received by the Creditor, Mr. Li Gang and parties acting in concert with any of them to vote for or against the Settlement Agreement and/or the Whitewash Waiver;

(v) there is no agreement or arrangement to which the Creditor, Mr. Li Gang or any person acting in concert with any of them, is a party which relates to circumstances in which the Creditor may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Settlement Agreement and/or the Whitewash Waiver;

(vi) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Creditor, Mr. Li Gang or parties acting in concert with any of them has borrowed or lent;

(vii) there is no consideration, compensation or benefits in whatever form provided or to be provided by the Creditor, Mr. Li Gang or parties acting in concert with any of them to the Company and parties acting in concert with it;

(viii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Creditor, Mr. Li Gang or any parties acting in concert with any of them on the one hand, and the Company and any parties acting in concert with it on the other hand;

(ix) there is no understanding, arrangement, agreement which constitute special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Creditor, Mr. Li Gang and any party acting in concert with any of them; or (b) the Company, its subsidiaries and associated companies; and

(x) there is no Treasury Shares.

As at the Latest Practicable Date, the Company does not believe that the Debt Capitalisation, the Specific Mandate or the Whitewash Waiver give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the whitewash circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Debt Capitalisation does not comply with other applicable rules and regulations.

GENERAL

The Capitalisation Shares will be allotted and issued under the Specific Mandate and subject to the Shareholders' approval at the SGM.

Ms. Chen Yun, an executive Director of the Company who is interested in 880 Shares in the issued share capital of the Company, has participated in the board discussion regarding the Debt Capitalisation and is required to abstain from voting on the relevant resolutions. Save for Ms. Chen Yun, no Shareholders and their respective close associates are interested in and/or involved in the Debt Capitalisation, the Settlement Agreement, the Specific Mandate and/or the Whitewash Waiver. Accordingly, save for Ms. Chen Yun, no Shareholders will be required to abstain from voting on the relevant resolutions to approve the Debt Capitalisation, the Settlement Agreement, the Specific Mandate and/or the Whitewash Waiver.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Mok Yi Kwo, Mr. Ding Xingfu and Ms. Zhu Fang (being all of the independent non-executive Directors) has been established by the Company under the Listing Rules and Takeovers Code to advise the Independent Shareholders on the Debt Capitalisation, the Specific Mandate and the Whitewash Waiver. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and Independent Shareholders on the Debt Capitalisation, the Specific Mandate, and the Whitewash Waiver.

SGM

The SGM will be convened and held at 18th Floor, 9 Queen's Road Central, Hong Kong on Wednesday, 26 August 2026 at 10:00 a.m. for the purpose of considering and, if thought fit, approving, *inter alia*, (i) the Settlement Agreement; (ii) the Specific Mandate; and (iii) the Whitewash Waiver.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Rule 2.9 of the Takeovers Code, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolution proposed at the SGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

FORM OF PROXY

A form of proxy for use at the SGM is enclosed with this circular. Whether or not Shareholders are able to attend the SGM in person, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM if they so wish and, in such event, the form of proxy shall be deemed to be revoked.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the list of shareholders who are entitled to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 21 August 2026 to Wednesday, 26 August 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the SGM, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Thursday, 20 August 2026.

RECOMMENDATION

Having considered the above, the Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular) consider that the terms of the Settlement Agreement is on normal commercial terms, are fair and reasonable and that the entering into of the Settlement Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views have been set out in the letter from the Independent Board Committee in this circular) recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Debt Capitalisation, the Settlement Agreement, the Specific Mandate and/or the Whitewash Waiver.

WARNING

Shareholders should take note that the Completion of the Debt Capitalisation is conditional upon satisfaction of conditions precedents set out in this circular. The Whitewash Waiver is subject to the grant by the Executive and the approval of the Independent Shareholders at the SGM. The Executive may or may not grant the Whitewash Waiver, and the Independent Shareholders may or may not approve the Whitewash Waiver. The Debt Capitalisation may or may not be completed depending on whether the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Yours faithfully
By order of the Board
China Huajun Group Limited

Yan Ruijie
Chairman, Chief Executive Officer and Executive Director