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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)

ANNOUNCEMENT OF ANNUAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Director(s)**”) of China Huajun Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby presents the annual results of the Group for the year ended 31 December 2025 together with the comparative figures for the year ended 31 December 2024, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Revenue	4		
Goods and services		1,355,927	1,146,886
Rental income from property investments		7,788	8,039
Dividend from securities investments		10	19
		<hr/>	<hr/>
Total revenue		1,363,725	1,154,944
Cost of sales and services		(1,469,027)	(1,140,956)
		<hr/>	<hr/>
Gross (loss)/profit		(105,302)	13,988
Other gains and (losses), net	6	38,240	3,893
Other income	7	1,896	6,172
Gain on debt restructuring	15	423,114	–
Change in fair value of investment properties		393,467	(408,054)
Selling and distribution expenses		(55,682)	(58,421)
Administrative expenses		(176,074)	(152,950)
Impairment loss on			
– Trade and other receivables		(707,205)	(102,479)
– property, plant and equipment		–	(8,564)
Finance costs	8	(690,260)	(557,061)
Share of result of an associate		(188)	150
Gain on deconsolidation and liquidation of subsidiaries		670,134	–
		<hr/>	<hr/>
Loss before tax		(207,860)	(1,263,326)
Income tax expense	9	(26,183)	(1,039)
		<hr/>	<hr/>
Loss for the year		(234,043)	(1,264,365)
		<hr/> <hr/>	<hr/> <hr/>

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>15,218</u>	<u>(7,669)</u>
Other comprehensive income (expense) for the year		<u>15,218</u>	<u>(7,669)</u>
Total comprehensive expense for the year		<u>(218,825)</u>	<u>(1,272,034)</u>
(Loss) profit for the year attributable to:			
– Shareholders of the Company		(234,098)	(1,263,380)
– Non-controlling interests		<u>55</u>	<u>(985)</u>
		<u>(234,043)</u>	<u>(1,264,365)</u>
Total comprehensive (expense) income attributable to:			
– Shareholders of the Company		(218,881)	(1,271,048)
– Non-controlling interests		<u>56</u>	<u>(986)</u>
		<u>(218,825)</u>	<u>(1,272,034)</u>
		RMB	RMB
Loss per share	<i>11</i>		
Basic		<u>(3.80)</u>	<u>(20.53)</u>
Diluted		<u>(3.80)</u>	<u>(20.53)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		911,012	1,058,511
Investment properties		346,040	1,385,836
Other non-current asset		–	3,139
Interest in an associate		31,029	31,217
Deposits for property, plant and equipment		8,812	9,010
Deferred tax assets		6,079	5,842
Right-of-use assets		213,197	305,800
		<hr/> 1,516,169	<hr/> 2,799,355
Current assets			
Properties held for sale		334,136	672,576
Inventories		109,475	172,021
Trade and other receivables, deposits and prepayments	<i>12</i>	1,015,640	1,031,713
Financial assets at FVTPL		201	518
Restricted bank balances		6,492	14,205
Pledged bank deposits		939	930
Bank balances and cash		34,803	36,292
		<hr/> 1,501,686	<hr/> 1,928,255
Assets classified as held for sale		47,762	106,901
		<hr/> 1,549,448	<hr/> 2,035,156

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current liabilities			
Trade and other payables, and other liabilities	<i>13</i>	6,579,679	6,562,575
Tax payable		141,266	140,620
Scheme liabilities under option A	<i>15</i>	5,636	–
Amount due to immediate holding company		–	197,934
Borrowings	<i>14</i>	3,478,095	4,916,585
Contract liabilities		270,791	294,645
Corporate bonds		–	97,753
Deferred consideration		67,215	64,326
Lease liabilities		2,411	2,162
		<u>10,545,093</u>	<u>12,276,600</u>
Net current liabilities		<u>(8,995,645)</u>	<u>(10,241,444)</u>
Total assets less current liabilities		<u>(7,479,476)</u>	<u>(7,442,089)</u>
Non-current liabilities			
Deferred income		130,696	130,852
Deferred tax liabilities		4,433	11,973
Scheme liabilities under option A	<i>15</i>	32,995	–
Scheme liabilities under option B	<i>15</i>	10,716	–
Amount due to immediate holding company		41,676	–
Lease liabilities		2,211	1,353
		<u>222,727</u>	<u>144,178</u>
NET LIABILITIES		<u>(7,702,203)</u>	<u>(7,586,267)</u>
Capital and reserves			
Share capital	<i>16</i>	55,983	55,983
Reserves		(7,869,692)	(7,677,840)
Deficiency attributable to shareholders of the Company		(7,813,709)	(7,621,857)
Non-controlling interests		111,506	35,590
TOTAL DEFICIENCY		<u>(7,702,203)</u>	<u>(7,586,267)</u>

NOTES

1. GENERAL

China Huajun Group Limited (the “**Company**”) is a limited company incorporated in Bermuda as an exempted company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Victoria Place, 5th Floor, 31 Victoria Street Hamilton, Pembroke, HM10, Bermuda. The principal place of its business is located at Suites 2404-2405, 24/F, Alliance Building, 130-136 Connaught Road Central, Sheung Wan, Hong Kong.

The directors of the Company (the “**Directors**”) consider that immediate holding company and ultimate holding company of the Company to be Huajun Group Limited (“**HGL**”), a company incorporated in Hong Kong. HGL is wholly-owned by Mr. Meng Guang Bao (“**Mr. Meng**”), who is the former chairman of the Board of Directors and a former executive director of the Company.

The Company acts as an investment holding company. The Company and its subsidiaries are collectively referred to as the “**Group**”.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of approximately RMB234,043,000 for the year ended 31 December 2025 and as of that date, the Group had capital and other commitments of approximately RMB409,385,000, net current liabilities and net liabilities of approximately RMB8,995,645,000 and RMB7,702,203,000 respectively, which included principals, interest and penalty payables of approximately RMB3,478,095,000 and RMB2,684,434,000 respectively, of which aggregate principals of approximately RMB3,473,095,000 are in default. Consequently, the lenders have the right to demand immediate repayment of the entire outstanding balances as at 31 December 2025, which remain outstanding up to the date of approval of these consolidated financial statements. Therefore, the Group was involved in a number of litigations in relation to defaulted loan payables together with accrued interests payables above of approximately RMB6,157,529,000 due for settlement as at 31 December 2025.

In addition, on 6 September 2023, the Company has received a winding up petition (“**HK Petition**”) against the Company filed by a bond holder at the Court of First Instance of the High Court of Hong Kong (“**High Court**”). On 25 February 2025, a scheme of arrangement (“**the Scheme**”) was approved by the requisite majorities of the scheme creditors. The Scheme has been sanctioned by the High Court on 3 April 2025. Each of the restructuring conditions has been satisfied and the restructuring effective date occurred on 26 June 2025.

The above conditions indicate the existence of material uncertainty, which may cast significant doubt about the Group’s ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 announcement. 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.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2025				
	Printing	Trading and	Property	All other	Total
	<i>RMB'000</i>	<i>logistics</i>	<i>development</i>	<i>segments</i>	<i>RMB'000</i>
		<i>RMB'000</i>	<i>and investments</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>RMB'000</i>		
Type of goods and services					
Sales of:					
– printing products	318,712	–	–	–	318,712
– petrochemical and other related products	–	933,115	–	–	933,115
– properties	–	–	77,039	–	77,039
– hydraulic machinery	–	–	–	12,094	12,094
– other	–	–	–	1,003	1,003
Property management services*	–	–	13,964	–	13,964
Total revenue from contracts with customers	318,712	933,115	91,003	13,097	1,355,927
Rental income from property investments	–	–	2,687	5,101	7,788
Dividend from securities investments	–	–	–	10	10
Total revenue	<u>318,712</u>	<u>933,115</u>	<u>93,690</u>	<u>18,208</u>	<u>1,363,725</u>
Geographical markets					
The PRC	141,156	862,207	91,003	13,097	1,107,463
The United States (“US”)	97,489	–	–	–	97,489
Hong Kong	37,784	10,366	–	–	48,150
European countries	23,021	–	–	–	23,021
Other countries	19,262	60,542	–	–	79,804
Total	<u>318,712</u>	<u>933,115</u>	<u>91,003</u>	<u>13,097</u>	<u>1,355,927</u>

	For the year ended 31 December 2024				
	Printing	Trading and	Property	All other	Total
	RMB'000	logistics	development and	segments	RMB'000
		RMB'000	investments	RMB'000	
			RMB'000		RMB'000
Type of goods and services					
Sales of:					
– printing products	319,608	–	–	–	319,608
– petrochemical and other related products	–	766,112	–	–	766,112
– properties	–	–	5,495	–	5,495
– hydraulic machinery	–	–	–	36,721	36,721
– other	–	–	–	1,745	1,745
Property management services*	–	–	17,205	–	17,205
Total revenue from contracts with customers					
	319,608	766,112	22,700	38,466	1,146,886
Rental income from property investments					
	–	–	2,504	5,535	8,039
Dividend from securities investments					
	–	–	–	19	19
Total revenue	319,608	766,112	25,204	44,020	1,154,944
Geographical markets					
The PRC	138,209	730,714	22,700	38,466	930,089
The US	89,883	–	–	–	89,883
Hong Kong	45,463	35,398	–	–	80,861
European countries	23,132	–	–	–	23,132
Other countries	22,921	–	–	–	22,921
Total	319,608	766,112	22,700	38,466	1,146,886

* Revenue from property management services is recognised over time, and the progress is measured using the output method. The property management service fees are billed to the tenants monthly. All other revenue of the Group from contracts with customers are recognised at a point in time.

5. OPERATING SEGMENTS

The Group manages its businesses by divisions, which are organised by different business lines. Information reported to the Group’s executive directors, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and performance assessment is prepared on this basis. The Group has identified the following three reportable segments under HKFRS 8 Operating Segments as follows:

- Printing: Sales and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products
- Trading and logistics: Trading, logistics and supply chain management
- Property development and investments: Property development and investments, property management services

In addition to the operating segments described above, each of which constitutes a reportable segment, the Group has other operating segments which include solar photovoltaic business and provision of hotel services in the PRC. None of these segments meets any of quantitative thresholds for determining reportable segments. Accordingly, all of the above operating segments are grouped as “All other segments”.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable segments:

For the year ended 31 December 2025

	Printing <i>RMB’000</i>	Trading and logistics <i>RMB’000</i>	Property development and investments <i>RMB’000</i>	Reportable segments, total <i>RMB’000</i>	All other segments <i>RMB’000</i>	Total <i>RMB’000</i>
Segment revenue						
Revenue from external customers	318,712	933,115	93,690	1,345,517	18,208	1,363,725
Segment loss	(31,000)	(2,451)	(509,961)	(543,412)	(49,141)	(592,553)
Unallocated amounts						
Corporate administrative expenses						(18,035)
Corporate other income, gains and (losses), net						(72)
Finance costs						(690,260)
Gain on deconsolidation and liquidation of subsidiaries						670,134
Gain on debt restructuring						423,114
Share of result of an associate						(188)
Group’s loss before tax						<u>(207,860)</u>

For the year ended 31 December 2024

	Printing <i>RMB'000</i>	Trading and logistics <i>RMB'000</i>	Property development and investments <i>RMB'000</i>	Reportable segments, total <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue						
Revenue from external customers	319,608	766,112	25,204	1,110,924	44,020	1,154,944
Segment loss	(34,008)	(15,022)	(599,114)	(648,144)	(49,124)	(697,268)
Unallocated amounts						
Corporate administrative expenses						(12,089)
Corporate other income, gains and (losses), net						2,942
Finance costs						(557,061)
Share of result of an associate						150
Group's loss before tax						<u>(1,263,326)</u>

Segment results represent the profit or loss of each operating segment without allocation of gains or losses arising from corporate administrative expenses, corporate other income, gains and losses, net, finance costs, gain on deconsolidation and liquidation of subsidiaries, gain on debt restructuring and share of result of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Other segment information

For the year ended 31 December 2025

	Printing <i>RMB'000</i>	Trading and logistics <i>RMB'000</i>	Property development and investments <i>RMB'000</i>	Reportable segments, total <i>RMB'000</i>	All other segments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Amounts included in the measure of segment profit or loss or segment assets:							
Depreciation of property, plant and equipment	21,325	4,215	2,418	27,958	21,158	–	49,116
Depreciation of right-of-use assets	4,311	1,671	197	6,179	4,351	395	10,925
Additions to non-current assets	4,311	86	1,614	6,011	1,013	–	7,024
Impairment loss recognised in respect of							
– Trade and other receivables	–	–	707,205	707,205	–	–	707,205
Gain on disposal of property, plant and equipment	–	–	(34,656)	(34,656)	–	–	(34,656)
Fair value gain of investment properties	–	–	(393,467)	(393,467)	–	–	(393,467)
Fair value gain of financial assets at FVTPL	–	–	–	–	(23)	–	(23)
Loss on disposal of financial assets at FVTPL	–	–	–	–	24	–	24
Interest income on bank deposits and pledged bank deposits	(14)	(54)	(110)	(178)	(2)	(2)	(182)
Write-down of properties held for sale	–	–	117,055	117,055	–	–	117,055

For the year ended 31 December 2024

	Printing RMB'000	Trading and logistics RMB'000	Property development and investments RMB'000	Reportable segments, total RMB'000	All other segments RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Depreciation of property, plant and equipment	25,442	7,095	5,267	37,804	30,333	–	68,137
Depreciation of right-of-use assets	3,612	1,760	1,148	6,520	4,958	396	11,874
Additions to non-current assets	2,516	47	1,762	4,325	545	1,186	6,056
Impairment loss recognised (reversed) in respect of							
– other receivables	(2,360)	–	104,839	102,479	–	–	102,479
– property, plant and equipment	–	–	8,527	8,527	37	–	8,564
Gain on disposal of property, plant and equipment	(35)	–	–	(35)	(994)	–	(1,029)
Gain on early termination of lease	(52)	–	–	(52)	–	–	(52)
Fair value loss of investment properties	–	–	408,054	408,054	–	–	408,054
Fair value loss of financial assets at FVTPL	–	–	–	–	63	–	63
Loss on disposal of financial assets at FVTPL	–	–	–	–	4	–	4
Interest income on bank deposits and pledged bank deposits	(28)	(144)	(13)	(185)	(305)	(2)	(492)
Write-down of inventories	–	–	–	–	4,620	–	4,620
Write-down of properties held for sale	–	–	66,446	66,446	–	–	66,446

6. OTHER GAINS AND (LOSSES), NET

	2025 RMB'000	2024 RMB'000
Gain on disposal of property, plant and equipment	34,656	1,029
Gain on disposal of right-of-use assets	6,827	–
Loss on disposal of other non-current asset	(769)	–
Exchange gain (loss), net	416	(50)
Gain on early termination of lease	–	52
Loss on change in fair value of financial assets at FVTPL	(24)	(63)
Gain/(loss) on disposal of financial assets at FVTPL	23	(4)
Change in fair value of deferred consideration	(2,889)	2,929
	38,240	3,893

7. OTHER INCOME

	2025 RMB'000	2024 RMB'000
Interest income on bank deposits and pledged bank deposits	182	492
Government subsidies	–	450
Amortisation of deferred income	–	455
Others	1,714	4,775
	1,896	6,172

8. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank borrowings and other borrowings	686,954	551,137
Interest on lease liabilities	168	192
Effective interest expenses on scheme liabilities under option A	1,401	–
Effective interest expenses on scheme liabilities under option B	391	–
Effective interest expenses on amount due to immediate holding company	1,346	–
Effective interest expenses on corporate bonds	–	5,732
	<u>690,260</u>	<u>557,061</u>

9. INCOME TAX EXPENSE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax:		
PRC enterprise income tax	4,699	860
PRC land appreciation tax	21,985	–
Other jurisdictions	68	64
	<u>26,752</u>	<u>924</u>
Deferred taxation	<u>(569)</u>	<u>115</u>
	<u>26,183</u>	<u>1,039</u>

For the years ended 31 December 2025 and 2024, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the current and prior years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including cost of land use rights, borrowing costs and all property development expenditures.

10. LOSS FOR THE YEAR

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year is arrived after charging (crediting):		
Directors' remuneration	2,275	2,204
Staff cost, excluding Directors' remuneration:		
– Salaries, wages and other benefits	138,432	152,186
– Retirement benefit scheme contributions	20,642	26,153
	<u>161,349</u>	<u>180,543</u>
Total staff costs		
	<u>161,349</u>	<u>180,543</u>
Rental income from investment properties:		
Gross rental income from investment properties	(7,788)	(8,039)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	645	666
	<u>(7,143)</u>	<u>(7,373)</u>
	<u>(7,143)</u>	<u>(7,373)</u>
Auditors' remuneration		
– Audit services	1,603	1,603
– Non-audit services	369	504
Cost of inventories recognised as an expense	1,019,422	874,871
Cost of properties recognised as an expense	149,741	5,906
Write-down of properties held for sales (included in cost of sales and services)	117,055	66,446
Write-down of inventories (included in cost of sales and services)	–	4,620
Depreciation for property, plant and equipment	49,116	68,137
Depreciation for right-of-use assets	10,925	11,874
Research and development expense	4,218	4,700
	<u>4,218</u>	<u>4,700</u>

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to shareholders of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to shareholders of the Company)	<u>(234,098)</u>	<u>(1,263,380)</u>
	<u>(234,098)</u>	<u>(1,263,380)</u>
	2025	2024
Number of shares		
Weighted average number of shares for the purposes of basic and diluted loss per share	<u>61,543,075</u>	<u>61,543,075</u>

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares in both years.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date which approximates the respective revenue recognition date, at the end of the reporting period.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 – 30 days	55,003	64,654
31 – 90 days	14,166	23,254
91 – 180 days	–	9,745
Over 180 days	–	7,442
	<u>69,169</u>	<u>105,095</u>

13. TRADE AND OTHER PAYABLES, AND OTHER LIABILITIES

The following is an aged analysis of trade payables and construction payables based on the invoice date at the end of the reporting period.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 30 days	16,776	28,537
31 to 90 days	13,197	13,868
91 to 365 days	17,433	15,519
Over 365 days	130,603	134,341
	<u>178,009</u>	<u>192,265</u>

14. BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank borrowings	3,420,749	4,858,178
Other borrowing	57,346	58,407
	<u>3,478,095</u>	<u>4,916,585</u>
Secured	3,473,095	4,911,585
Unsecured	5,000	5,000
	<u>3,478,095</u>	<u>4,916,585</u>
Carrying amount repayable based on repayment schedule:		
Within one year	<u>3,478,095</u>	<u>4,916,585</u>

The exposure of the Group’s borrowings and the contractual maturity dates (or reset dates) are as follows:

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Fixed-rate borrowings		
Within one year	<u>3,478,095</u>	<u>4,916,585</u>

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group’s borrowings are as follows:

	2025	2024
Effective interest rate:		
– Fixed-rate borrowings	4.35% – 15.4%	4.35% – 15.4%
– Variable-rate borrowings	<u>N/A</u>	<u>N/A</u>

- (a) As at 31 December 2025, certain banking facilities and loans which are approximately of RMB3,473,095,000 (31 December 2024: RMB4,911,585,000) granted to the Group are secured by the Group’s asset.
- (b) During the year ended 31 December 2025, the Group has obtained certain new bank borrowings of RMB5,000,000 (31 December 2024: RMB5,000,000) from a commercial bank. As at 31 December 2025, the total outstanding principal amount of approximately RMB3,473,095,000 (31 December 2024: approximately RMB4,911,585,000) was in default and details of material defaulted borrowings are set out below.
- (c) In respect of a borrowing with an outstanding principal of RMB1,440,000,000, the Group breached the repayment terms of which the loan principal of RMB240,000,000 was in default since 27 March 2020. The loan was granted by China Great Wall Asset Management Co., Ltd. – Shanghai Branch* (“**China Great Wall**”) to Baohua Properties Development (Shanghai) Co., Ltd.* (“**Baohua Shanghai**”), an indirect wholly-owned subsidiary of the Company. The borrowing was secured by the shares of Baohua Real Estate (Dalian) Co., Ltd.* (“**Baohua Real Estate Dalian**”), the Group’s investment properties and properties held for sale with carrying value of nil and nil (31 December 2023: nil and nil) as at 31 December 2024 and guaranteed by the Company, Huajun Holdings Group Co., Ltd.* (a company controlled by Mr. Meng), Mr. Meng and his spouse (together referred to as the “**Guarantors**”). Pursuant to the terms of the loan agreement, China Great Wall had a discretionary right to demand immediate full repayment of the outstanding principal of RMB1,440,000,000 together with any unpaid interest. On 9 June 2020, China Great Wall issued a payment notice and demanded repayment of the principals of RMB1,440,000,000 and penalty interest immediately.

On 2 November 2020, the Group received a notice dated 30 October 2020 from the Shanghai Huangpu Notary Public Office* (“**Shanghai Notary Office**”) (the “**Notice**”), stating that the lender has applied for the issuance of execution certificate (the “**Execution Certificate**”) to the Group due to the alleged failure of Baohua Shanghai to repay the loan within the specified period. According to the Notice, Baohua Shanghai has the right to object to the issuance of the Execution Certificate within five days after receiving the Notice. On 5 November 2020, Baohua Shanghai submitted an objection letter against the issuance of the Execution Certificate to Shanghai Notary Office. On 28 December 2020, Baohua Shanghai received a second notice dated 23 November 2020 from Shanghai Notary Office, which stated that Baohua Shanghai’s objection against the issuance of the Execution Certificate was not accepted. Baohua Shanghai received further notices from Shanghai Notary Office dated 25 December 2020 and 8 January 2021 respectively in respect of amendments to the computation of compound interest, penalty interest and damages from the default of borrowings. On 11 January 2021, the Execution Certificate was issued by Shanghai Notary Office, pursuant to which China Great Wall can use the Execution Certificate

for application to the relevant courts of the PRC for enforcement of immediate repayment on the principal and all outstanding interest. According to the Execution Certificate, the total interest including normal interest, penalty interest, compound interest and damages shall not exceed 24% per annum. On 10 February 2021, the Shanghai Financial Court issued a notice of execution against Baohua Shanghai, pursuant to which Baohua Shanghai was ordered to pay the outstanding balance of the borrowing plus interest to China Great Wall. On the same date, the Shanghai Financial Court also issued an asset report order against Baohua Shanghai, Baohua Real Estate Dalian and the Guarantors pursuant to which the Guarantors are required to report their assets and relevant financial information to the court.

One of the Guarantors, Huajun Holdings Group Co., Ltd., has submitted an application for non-enforcement to the Shanghai Financial Court in accordance with the law. In July 2021, the Shanghai Financial Court released a judgment to reject the application for non-enforcement and an application for review of judgement was submitted. The review of judgement was rejected by Shanghai Financial Court in October 2021. In November and December 2022, certain investment properties under development and properties held for sale of Baohua Shanghai pledged for the loan were enforced to judicial auctions and those properties were sold for a consideration of approximately RMB2,170,000,000 in May 2023. On 20 June 2023, Shanghai Financial Court released a judgment, stating approximately RMB1,652,000,000 out of the total proceeds from judicial auctions of RMB2,170,000,000 has been used to settle the outstanding principal and other related interest.

As at 31 December 2024, the remaining proceeds (after deducting of related enforcement expenses) from judicial auctions of RMB511,678,000 were under custodial by the Shanghai Financial Court and recorded in trade and other receivables in the consolidated statement of financial position, and outstanding interest, penalty interest, compound interest and damages in aggregate of approximately RMB558,185,000 were included in other payables.

On 5 June 2025, Shanghai Financial Court released a judgment, stating approximately RMB291,667,000 out of the remaining proceeds from judicial auctions of RMB511,678,000 are to be used to settle the outstanding interest, penalty interest, compound interest and damages. On 26 June 2025, the Group announced the formal effectiveness of its debt restructuring scheme, pursuant to which outstanding interest, penalty interest, compound interest and damages in aggregate of approximately RMB266,518,000, which is subject to adjudication under the terms of the Scheme, were brought within the scope of the restructuring because the Company is one of the guarantors of such loan. Considering the proceeds are to be released by the Shanghai Financial Court, the Directors considered the obligation remains in the Group should be RMB266,518,000 at the effective date of the debt restructuring scheme. Further details refer to note 15.

- (d) In respect of a borrowing with an outstanding principal of RMB8,439,000 (31 December 2024: RMB22,483,000), the Group breached the repayment terms of which the entire loan principal of RMB31,796,000 was in default since 8 June 2020. The loan was granted by Zheshang Bank Co., Ltd.* (“**Zheshang Bank**”) to Shenzhen Huajun Financial Leasing Co., Ltd. (“**Shenzhen Huajun Financial Leasing**”), a 70% owned subsidiary of the Company.

On 10 July 2020, Zheshang Bank filed a claim to Shenzhen Futian District People’s Court* against Shenzhen Huajun Financial Leasing for the outstanding principal of RMB32,000,000 plus unpaid interest (including penalty interest and additional interest) of approximately RMB332,000 and the penalty interest and compound interest shall be calculated at 8.34% per annum. The hearing of the claim was held on 16 September 2020. On 3 December 2020, Shenzhen Futian District People’s Court handed down a judgement to demand Shenzhen Huajun Financial Leasing to repay the outstanding principal and interest (including penalty interest and compound interest) of approximately RMB32,000,000 and RMB1,320,000 accumulated up to 19 November 2020. Thereafter, penalty interest and compound interest shall be calculated at 8.34% per annum. On 30 December 2020, Shenzhen Huajun Financial Leasing filed an appeal to the Guangdong, Shenzhen Intermediate People’s Court* against the interest rate determined by the Shenzhen Futian District People’s Court. On 11 May 2021, the Guangdong, Shenzhen Intermediate People’s Court handed down the judgement of appeal which withhold the original

verdict. On 9 June 2021, an enforcement notice was received. During the year ended 31 December 2022, certain investment properties of the Group pledged for the loan were enforced to judicial auction and certain properties have been sold for approximately RMB11,902,000 and all proceeds had been repaid to Zheshang Bank.

During the year ended 31 December 2025, certain investment properties of the Group pledged for the loan were enforced to judicial auction and certain properties have been sold for approximately RMB14,132,000 and net proceeds after deducting certain judicial expenses had been repaid to Zheshang Bank.

As at 31 December 2025, the entire outstanding bank borrowing of RMB8,439,000 (31 December 2024: RMB22,483,000) was classified as current liabilities and its outstanding interest of RMB108,000 (31 December 2024: RMB108,000) and penalty interest and compound interest of approximately RMB12,202,000 (31 December 2024: approximately RMB10,291,000) based on the judgement rate at 8.34% (31 December 2024: 8.34%) per annum was included in other payables.

- (e) In respect of two borrowings with total outstanding principal of RMB1,521,245,000 (31 December 2024: RMB2,658,800,000), the Group has not repaid the entire outstanding principals. The loan was granted by Liaoshen Bank* to Huajun Properties (Dalian) Company Limited* (“**Huajun Properties (Dalian)**”), an indirect wholly-owned subsidiary of the Company. Pursuant to the terms of the loan agreement, the counterparty had a discretionary right to demand immediate full repayment of the outstanding principal of RMB2,658,800,000 together with any unpaid interest. On August 2021, Liaoshen Bank* filed claims to Yingkou Court* against Huajun Properties (Dalian) and an order was granted by the Yingkou Court to freeze and preserve the Dalian Office Complex. The first hearing for claims has been held on 23 November 2021 and Yingkou Court handed down a judgement to demand Huajun Properties (Dalian) to repay the outstanding principal and relevant interest.

The Dalian Office Complex included in investment properties under development of the Group pledged for the loan was enforced to judicial auction in October 2022 but failed to sell the Dalian Office Complex after two rounds of legal auctions. During the year ended 31 December 2025, the creditor has applied to the Yingkou Court for execution for transfer of title of the Dalian Office Complex to the creditor, with reference to the 2nd legal auction base price of approximately RMB1,412,737,000 and was approved by the Yingkou Court in December 2025.

As at 31 December 2025, the entire outstanding bank borrowing of RMB1,521,245,000 (31 December 2024: RMB2,658,800,000) was classified as current liabilities and its outstanding interest of RMB1,097,423,000 (31 December 2024: RMB951,586,000) at a rate of 10.725% per annum based on the Yingkou Court’s judgement were included in other payables.

- (f) In respect of a borrowing with an outstanding principal of RMB56,700,000, the Group has not repaid the entire outstanding principal and in default since 4 September 2021. The loan was granted by Liaoshen Bank to Huajun Power Technology (Jiangsu) Co., Ltd.*, an indirect wholly-owned subsidiary of the Company. On 7 December 2021, an order was granted by Yingkou West District Court* to freeze and preserve two solar photovoltaic production lines. On 22 November 2022, an enforcement notice was issued by Yingkou West City District Court.

As at 31 December 2025, the entire outstanding bank borrowing of RMB56,700,000 (31 December 2024: RMB56,700,000) was classified as current liabilities and outstanding interest of approximately RMB38,854,000 (31 December 2024: approximately RMB31,250,000) based on contractual terms was included in other payables.

- (g) In respect of a borrowing with outstanding principal of RMB57,346,000 (31 December 2024: RMB58,407,000) from a private company incorporated in Hong Kong, the Group breached the repayment terms of which the outstanding principal of RMB57,346,000 (31 December 2024: RMB58,407,000) was classified as current liabilities and outstanding interest and penalty interest of approximately RMB8,831,000 (31 December 2024: RMB7,393,000) were included in other payables. In January 2022, the Company has entered into a deed with the lender to provide further collaterals including certain land and buildings held by a subsidiary in the PRC, corporate guarantees of two subsidiaries of the Company and 100% equity pledged of a subsidiary in the PRC. Both counterparties agreed not to demand for repayment until 28 July 2022. In July 2022, a notice of arbitration was issued by Shenzhen Court of International Arbitration* (“**Shenzhen Arbitration**”) to two subsidiaries of the Company and an arbitration hearing was held in September 2022. The Shenzhen Arbitration has released the judgement in June 2023 and decided that the subsidiaries of the Company to undertake the guarantee obligation of the Company’s outstanding loan principal and interest.

During the year ended 31 December 2024, the lender has applied for execution of the judgement of the Shenzhen Arbitration and a sum of RMB113,940,000 was repaid to the lender directly by Dongguan Intermediate People’s Court* which previously withheld certain amount of proceeds from legal auction of a piece of land.

On 26 June 2025, the Group announced the formal effectiveness of its debt restructuring scheme, pursuant to which outstanding interest of approximately RMB18,149,000, which is subject to adjudication under the terms of the Scheme, were brought within the scope of the restructuring. Further details refer to note 15.

As at 31 December 2025, the entire outstanding bank borrowing of RMB57,346,000 (31 December 2024: RMB58,407,000) was classified as current liabilities and its outstanding interest of RMB8,831,000 (31 December 2024: RMB7,393,000) at a rate of 15.4% per annum based on the Shenzhen Arbitration’s judgement were included in other payables.

- (h) In respect of a borrowing with an outstanding principal of RMB87,415,000 (31 December 2024: RMB199,659,000), the Group breached the repayment terms of which the entire loan principal of RMB199,659,000 was in default since 10 August 2020. The borrowing was granted by Jiangsu Jiangnan Rural Commercial Bank Co., Ltd. (“**Jiangnan Rural Bank**”) to Huajun Properties (Changzhou) Company Limited* (“**Huajun Changzhou**”), a wholly-owned subsidiary of the Company and was guaranteed by Huajun Power Group Co., Ltd. and the Company. In October 2020, Jiangnan Rural Bank filed several claims to Changzhou Intermediate Court* against Huajun Changzhou. The first hearing for claims was held in December 2021 and January 2022. As at 31 December 2022, the Changzhou Intermediate Court has handed down a judgement to demand Huajun Changzhou to repay all outstanding principal and relevant interest. Jiangnan Rural Bank transferred the loan receivables to China Great Wall Asset Management Co. Ltd. – Jiangsu province Branch* (“**China Great Wall – Jiangsu**”), China Great Wall – Jiangsu filed several claims to Changzhou Intermediate Court in October 2022 and court hearing was subsequently held on 28 February 2023. On 1 July 2024, enforcement judgments were issued by Changzhou Intermediate Court.

During the year ended 31 December 2025, certain properties of the Group pledged for the loan were enforced for judicial auction and were sold for approximately RMB47,955,000. The net proceeds, after deducting certain judicial expenses and an amount of approximately RMB5,000,000 withheld by Changzhou Intermediate Court, were repaid to China Great Wall – Jiangsu.

On 26 June 2025, the Group announced the formal effectiveness of its debt restructuring scheme, pursuant to which outstanding principal of RMB87,415,000 and outstanding interest of approximately RMB56,049,000, which are subject to adjudication under the terms of the Scheme, were brought within the scope of the restructuring because the Company, as one of the guarantors of the loan, was required by the Changzhou Intermediate Court to bear certain portion of the indebtedness. Further details refer to note 15.

As at 31 December 2025, the entire outstanding bank borrowing of approximately RMB87,415,000 (31 December 2024: approximately RMB199,659,000) was classified as current liabilities and outstanding interest, penalty interest and compound interest of approximately RMB56,049,000 (31 December 2024: approximately RMB91,329,000) were included under other payables.

- (i) In respect of a borrowing with an outstanding principal of RMB479,900,000 (31 December 2024: RMB481,580,000), the Group breached the repayment terms of which entire loan principal of RMB489,900,000 was in default since 24 February 2022. The borrower of the loan was New Island Printing (Liaoning) Limited* (“**NIP (Liaoning)**”), a wholly-owned subsidiary of the Company. In July 2022, Liaoning Assets Management Company Limited* (“**Liaoning Assets Management**”) filed a claim to Liaoning Yingkou Intermediate Court* against NIP (Liaoning). The first hearing for the claim was held in August 2022 and has handed down a judgement to demand NIP (Liaoning) to repay all outstanding principal and relevant interest. Certain investment properties of the Group located in Dalian pledged for the loan were enforced to judicial auctions and one of the investment properties was sold in auction held in December 2022 for a consideration of approximately RMB60,913,000 and another investment property was sold for a consideration of approximately RMB47,762,000 in February 2023. Such proceeds from auctions are to be repaid to Liaoning Assets Management by the court directly.

As at 31 December 2025, the entire outstanding bank borrowing of RMB479,900,000 (31 December 2024: RMB481,580,000) was classified as current liabilities and outstanding interest, penalty and compound interest of approximately RMB156,386,000 (31 December 2024: approximately RMB109,929,000) were included in other payables.

- (j) In respect of a borrowing with an outstanding principal of RMB300,000,000 (31 December 2024: RMB300,000,000), the Group breached the repayment terms of which entire loan principal of RMB300,000,000 was in default since 30 July 2021. The borrower of the loan was Huajun Logistics Group Limited* (“**Huajun Logistics**”), a wholly-owned subsidiary of the Company. In July 2022, Liaoning Assets Management filed a claim to Liaoning Yingkou Intermediate Court against Huajun Logistics. In September 2022, Liaoning Yingkou Intermediate Court has handed down a judgement to demand Huajun Logistics to repay all outstanding principal and relevant interest to Liaoning Assets Management.

As at 31 December 2025, the entire outstanding bank borrowing of RMB300,000,000 (31 December 2024: RMB300,000,000) was classified as current liabilities and outstanding interest, penalty and compound interest of approximately RMB208,333,000 (31 December 2024: approximately RMB168,640,000) were included in other payables.

- (k) In respect of a borrowing with an outstanding principal of RMB328,065,000 (31 December 2024: RMB328,065,000), the Group breached the repayment terms of which entire loan principal of RMB328,065,000 was in default since 25 September 2021. The borrower of the loan was Huajun Power Technology (Jiangsu) Co., Ltd.* (“**HPT Jiangsu**”), a wholly-owned subsidiary of the Company. In July 2022, Liaoning Assets Management filed a claim to Liaoning Yingkou Intermediate Court against HPT Jiangsu. The first hearing for the claim is scheduled to be held in August 2022. In September 2022, Liaoning Yingkou Intermediate Court has handed down a judgement to demand HPT Jiangsu to repay all outstanding principal and relevant interest to Liaoning Assets Management.

As at 31 December 2025, the entire outstanding bank borrowing of RMB328,065,000 (31 December 2024: RMB328,065,000) was classified as current liabilities and outstanding interest, penalty and compound interest of approximately RMB184,060,000 (31 December 2024: approximately RMB135,018,000) were included in other payables.

- (l) In respect of a borrowing with an outstanding principal of RMB79,000,000 (31 December 2024: RMB79,000,000), the Group breached the interest repayment terms of the loan which was granted by Jurong Rural Commercial Bank* (“**Jurong Rural Bank**”) with loan principal maturity in July 2024. The borrower of the loan was HPT Jiangsu. During the year ended 31 December 2022, Jurong Rural Bank filed a claim to Jurong People’s Court* against HPT Jiangsu. In September 2022, the Jurong People’s Court has handed down a judgement to demand HPT Jiangsu to repay the principal and related interest to Jurong Rural Bank.

As at 31 December 2025, the entire outstanding bank borrowing of RMB79,000,000 (31 December 2024: RMB79,000,000) was classified as current liabilities and outstanding interest, penalty and compound interest of approximately RMB37,947,000 (31 December 2024: approximately RMB28,957,000) were included in other payables.

- (m) In respect of a borrowing with an outstanding principal of RMB261,668,000 (31 December 2024: RMB261,668,000), the Group breached the repayment terms of which entire loan principal of RMB261,668,000 was in default since April 2022. The borrower of the loan was Guofu Minfeng Industrial (Yingkou) Company Limited* (“**GFMF**”), a wholly-owned subsidiary of the Company. In October 2022, Yingkou Bayuquan District Court has handed down a judgement to demand GFMF to repay all outstanding principal and relevant interest to Liaoning Assets Management.

As at 31 December 2025, the entire outstanding bank borrowing of RMB261,668,000 (31 December 2024: RMB261,668,000) was classified as current liabilities and outstanding interest, penalty and compound interest of approximately RMB205,672,000 (31 December 2024: approximately RMB174,272,000) were included in other payables.

- (n) In respect of a borrowing with an outstanding principal of RMB95,605,000 (31 December 2024: RMB107,046,000), the Group breached the repayment terms of which entire loan principal was in default since July 2021. The borrower of the loan was Huajun Energy Group Ltd.* (“**HJ Energy**”), an indirect wholly-owned subsidiary of the Company. In August 2022, Liaoning Assets Management Company Limited filed a claim to Liaoning Yingkou Intermediate Court against HJ Energy. The first hearing for the claim was held on 23 September 2022. No judgement has been released up to the date of these consolidated financial statements.

As at 31 December 2025, the entire outstanding bank borrowing of RMB95,605,000 (31 December 2024: RMB107,046,000) was classified as current liabilities and outstanding interest of approximately RMB53,634,000 (31 December 2024: approximately RMB40,016,000) was included in other payables.

- (o) In respect of a borrowing with an outstanding principal of RMB148,720,000 (31 December 2024: RMB199,720,000), the Group breached the repayment terms of which entire loan principal was in default since April 2022. The borrower of the loan was Huaren Power (Jiangsu) Co. Ltd.* (“**Huaren Power Jiangsu**”), a wholly-owned subsidiary of the Company. In January 2022, Yingkou Intermediate People’s Court has handed down a judgment to demand Huaren Power Jiangsu to repay all outstanding principal and relevant interest to Yingkou Coastal Bank*.

During the year ended 31 December 2025, certain properties of the Group pledged as collateral for loans were disposed of via judicial auction for approximately RMB51,000,000. The net proceeds were subsequently repaid to Yingkou Coastal Bank.

As at 31 December 2025, the entire outstanding bank borrowing of RMB148,720,000 (31 December 2024: RMB199,720,000) was classified as current liabilities and outstanding interest, penalty and compound interest of approximately RMB173,174,000 (31 December 2024: approximately RMB144,453,000) were included in other payables.

- (p) In respect of a borrowing with an outstanding principal of RMB109,420,000, the Group breached the repayment terms of which entire loan principal was in default since July 2022. The borrower of the loan was Dalian Hydraulic, a wholly-owned subsidiary of the Company. In November 2022, Zhongshan District People’s Court of Dalian Municipality* has handed down a judgment to demand Dalian Hydraulic to repay all outstanding principal and relevant interest to Shengjing Bank Company Limited Dalian Branch*.

As at 31 December 2024, the entire outstanding bank borrowing of RMB109,420,000 was classified as current liabilities and outstanding interest, penalty and compound interest of approximately RMB49,975,000 were included in other payables. During the year ended 31 December 2025, the entire outstanding bank borrowing of RMB109,420,000, outstanding interest, penalty and compound interest of approximately RMB49,975,000 were derecognised upon deconsolidation of Dalian Hydraulic. No guarantee provided by the Group to Dalian Hydraulic at the date of deconsolidation.

- (q) In respect of a borrowing with an outstanding principal of RMB48,992,000 (31 December 2024: RMB48,992,000), the Group breached the repayment terms of which entire loan principal was in default since June 2021. The borrower of the loan was Huajun Big Hotel Ltd.*, a wholly-owned subsidiary of the Company. In May 2023, Dalian Economic & Technological Development Zone People’s Court* has handed down a judgment to demand Huajun Big Hotel Ltd. to repay all outstanding principal and relevant interest to Shengjing Bank Company Limited Dalian Branch.

As at 31 December 2025, the entire outstanding bank borrowing of RMB48,992,000 (31 December 2024: RMB48,992,000) was classified as current liabilities and outstanding interest, penalty and compound interest of approximately RMB36,409,000 (31 December 2024: approximately RMB29,971,000) were included in other payables.

15. DEBT RESTRUCTURING

Effective on 26 June 2025, the carrying amount of the company’s existing debts, comprising corporate bonds amounting to approximately RMB97,753,000, borrowings of approximately RMB87,415,000 due by a subsidiary and guaranteed by the Company (note 14(h)), outstanding interest, penalty interest, compound interest and damages in aggregate of approximately RMB322,567,000 related to a loan due by two subsidiaries and guaranteed by the Company were discharged in exchange for the issuance of new scheme liabilities under option A (“**Option A**”) and scheme liabilities under option B (“**Option B**”), pursuant to the debt restructuring scheme. In addition, certain outstanding interest of RMB18,149,000 (note 14(g)) for loan of the Company and the existing amount due to immediate holding company of approximately RMB101,810,000 was discharged in exchange for the issuance of new scheme liabilities under option B. All of the claims are subject to adjudication under the terms of the Scheme.

On 5 June 2025, Shanghai Financial Court released a judgment to Baohua Shanghai, stating approximately RMB291,667,000 out of the remaining proceeds from judicial auctions of RMB511,678,000 are to be used to settle the outstanding interest, penalty interest, compound interest and damages. However, the creditor claimed a debt of approximately RMB529,288,000 against Baohua Shanghai under the debt restructuring scheme. Considering the proceeds will be released by the Shanghai Financial Court, the Directors considered that the obligation remains in the Group should be approximately RMB237,621,000 at the effective date of the debt restructuring scheme.

The following table summarises the key terms of the scheme liabilities.

Description	Amount of indebtedness	Key terms	Interest rate	Maturity date
Scheme liabilities of Option A	HKD62,100,000	The maturity date for the repayment to Option A Creditors will be deferred to the date falling on 60 months with 5 unequal instalments of HK\$62.1 million in aggregate for all Option A Creditors from the Restructuring Effective Date.	N/A	26 June 2030
Scheme liabilities of Option B <i>(Note)</i>	HKD30,706,000	On or before falling on 96 months from the Restructuring Effective Date (“ 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; The Company has the right to redeem all or part of the 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 Remaining Principal (i.e., 49% of Admitted Claim) as full and final payment of all the Admitted Claims of the respective Option B Creditors under the Scheme.	<i>(Note)</i>	26 June 2033
Amount due to the immediate holding company <i>(Note)</i>	HKD105,793,000		<i>(Note)</i>	26 June 2033

Note:

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%

The interest may be paid in cash or paid in kind, at the election of the Company.

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.

The debt restructuring scheme was regarded as a substantial modification under the relevant accounting standard. As a result, the existing debts, comprising corporate bonds amounting to approximately RMB97,753,000, borrowings of approximately RMB87,415,000, outstanding interest, penalty interest, compound interest and damages in aggregate of approximately RMB340,716,000, and amount due to the immediate holding company of approximately RMB101,810,000, respectively were fully derecognised. The following new financial liabilities were recognised at their fair values at the claim bar date of the debt restructuring (i.e. 26 September 2025):

- (1) Scheme liabilities under Option A recognised at fair value of approximately RMB37,241,000;
- (2) Scheme liabilities under Option B recognised at fair value of approximately RMB10,328,000; and
- (3) Amount due to the immediate holding company recognised at a fair value of approximately RMB40,330,000.

The fair values of these instruments recognised were within level 3 of fair value hierarchy.

In addition, scheme liabilities under option A included shares to be issued of 24.6 million shares, recognised at a fair value of approximately RMB22,364,000.

The following table summarises the valuation method adopted and the quantitative information about the significant unobservable inputs used in fair value measurements of the financial instruments recognised in the debt restructuring as at the date of the claim bar date of the debt restructuring.

Description	Fair value at the date of the modification	Valuation method	Significant unobservable inputs	Significant unobservable inputs
Scheme liabilities of option A	RMB37,241,000	Discounted cash flow model	Discount rate	14.20%
Scheme liabilities of option B	RMB10,328,000	Discounted cash flow model	Discount rate	14.28%
Amount due to the immediate holding company	RMB40,330,000	Discounted cash flow model	Discount rate	14.28%

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher rate of expected volatility, the lower fair value.

The Directors considered that the fair values of the extension options exercisable by the Company in respect of certain interest payments of the scheme liabilities under option B and amount due to the immediate holding company under debt restructuring scheme were insignificant to the Group and had not been recognised.

As a result of the abovementioned, gain on debt restructuring of approximately RMB423,114,000 was recognised in the consolidated profit or loss. Shares to be issued of approximately RMB22,364,000 and deemed shareholder contribution of approximately RMB121,024,000 increases in other reserves attributable to owners of the Group were recognised in the consolidated statement of changes in equity for the year ended 31 December 2025.

Subsequent to the initial recognition, the carrying amounts of the debt component of the scheme liabilities under option A and scheme liabilities under option B are measured at amortised cost. As at 31 December 2025, the breakdown of outstanding scheme liabilities are shown as below:

Description	Carrying amount at amortised cost at 31 December 2025	Remaining maturity
Scheme liabilities of option A	RMB38,631,000	4.5 years
Scheme liabilities of option B	RMB10,716,000	7.5 years
Amount due to the immediate holding company	RMB41,676,000	7.5 years

16. SHARE CAPITAL

	Number of shares		Share capital	
	2025 '000	2024 '000	2025 HK\$'000	2024 HK\$'000
Ordinary shares				
Authorised:				
Ordinary shares of HK\$1.00 each				
At the beginning and end of the reporting year	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
	<i>'000</i>	<i>'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Issued and fully paid:				
At the beginning of the reporting year and end of the reporting year	<u>61,543</u>	<u>61,543</u>	<u>55,983</u>	<u>55,983</u>

17. EVENTS AFTER THE REPORTING PERIOD

On 20 January 2026, Huajun Property Management (Dalian) Co., Ltd (“**Dalian Management**”), a subsidiary of the Group, entered into an agreement with an independent third party, Dalian Feicheng Property Service Co., Ltd. (“**Dalian Feicheng**”). Pursuant to the agreement, Dalian Feicheng provided a loan of RMB1,500,000 to Dalian Management to exchange the management and operational rights for the Baohua Wangyuan for a period of ten years. The agreement stipulates that if Dalian Management is unable to repay loan of RMB1,500,000 upon maturity, a debt-to-equity conversion shall be initiated, whereby the entire equity interest in Dalian Management will be transferred to Dalian Feicheng.

BUSINESS REVIEW

For the year ended 31 December 2025 (the “**Current Year**”), revenue was approximately RMB1,363.7 million, which represented an increase of approximately RMB208.8 million, or 18.1% when compared to revenue of approximately RMB1,154.9 million for the year ended 31 December 2024 (the “**Last Year**”).

The Trading and Logistics segment remained a key revenue contributor, generating approximately RMB933.1 million (Last Year: RMB766.1 million). This growth was primarily driven by increased sales volumes of base oil and rubber products, supported by improved market prices compared with the previous year.

The overall increase in revenue was also driven by the Property Development and Investments segment. During the Current Year, the Group continued to dispose of projects and auction assets as part of its strategy to mitigate the debt crisis.

Meanwhile, the Printing segment recorded a stable trend, generating revenue of approximately RMB318.7 million (Last Period: RMB319.6 million).

The table below sets forth our Group’s revenue by business segment for the Current Year and the Last Year:

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	<i>RMB Million</i>	%	<i>RMB Million</i>	%
Printing	318.7	23.4%	319.6	27.7%
Trading and Logistics	933.1	68.4%	766.1	66.3%
Property Development and Investments	93.7	6.9%	25.2	2.2%
Others	18.2	1.3%	44.0	3.8%
	<u>1,363.7</u>	<u>100%</u>	<u>1,154.9</u>	<u>100%</u>

The table below sets forth our Group’s revenue by geographical locations based on the location by customers for the Current Year and the Last Year:

	For the year ended 31 December 2025		For the year ended 31 December 2024	
	<i>RMB Million</i>	%	<i>RMB Million</i>	%
The PRC	1,115.3	81.8%	938.1	81.2%
The United States	97.5	7.1%	89.9	7.8%
Hong Kong	48.1	3.5%	80.9	7.0%
European countries	23.0	1.7%	23.1	2.0%
Other countries	79.8	5.9%	22.9	2.0%
	<u>1,363.7</u>	<u>100%</u>	<u>1,154.9</u>	<u>100%</u>

Set out below are details of the financial and trading prospects of the core business segments of the Group:

Printing

New Island Printing Group Company Limited (“**New Island**”) is one of the leading and reputable printing and packaging companies in Hong Kong and the PRC. New Island produces high quality packaging and paper products with the capability to serve our international clients in the areas of beauty and cosmetics, pharmaceutical, food and beverage globally.

During the Current Year, certain beauty and cosmetics customers demanded for more packaging products and the Group expects printing business will gradually recover under challenging business environment and we will devote more resources to develop new customers.

Trading and Logistics

This segment is principally engaged in the distribution and sales of petrochemical products and provision of logistics services. This segment trades a large spectrum of petrochemical products. The Group expects stable demand of petrochemical products in Hong Kong and the PRC with our strength of strong network of suppliers which provide stable supply of products managed by our team. Most of our customers for petrochemical products are in the PRC. During the Current Year, the Group has further restructured the product mix by devoting more resources on products with higher profit margin under tighter working capital resources.

Property Development and Investments

This segment consists of land consolidation and development, property development and sales, property leasing and management, and various real estate business. Leveraging on the rich resources in the PRC, the Group used to seeking investments on various development projects with asset appreciation potential for investment and enjoys asset appreciation while generating stable revenue.

The Property Development and Investments business is faced significant challenges and liquidity issues for our property projects. The Group is not expected to invest in or acquire new property projects, the key work in the future is to dispose of existing projects and discuss loan repayment matters with various creditors, including auctioning assets and repaying debts in kind, and if possible, to dispose of the entire property business segment, so as to reduce the indebtedness and gearing ratio of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Current Year was approximately RMB1,363.7 million, representing an increase of approximately RMB208.8 million, or 18.1%, compared to revenue of approximately RMB1,154.9 million for the Last Year. For the Current Year, the Group's major business segments, namely (1) Printing reported a revenue of approximately RMB318.7 million (Last Year: approximately RMB319.6 million); (2) Trading and Logistics reported a revenue of approximately RMB933.1 million (Last Year: approximately RMB766.1 million); and (3) Property Development and Investments reported a revenue of approximately RMB93.7 million (Last Year: approximately RMB25.2 million). We also recorded revenue of approximately RMB18.2 million (Last Year: approximately RMB44.0 million) from other operating segments during the Current Year.

The Trading and Logistics segment remained a key revenue contributor, generating approximately RMB933.1 million (Last Year: RMB766.1 million). This growth was primarily driven by increased sales volumes of base oil and rubber products, supported by improved market prices compared with the previous year.

The overall increase in revenue was also driven by the Property Development and Investments segment. During the Current Year, the Group did not invest in or acquire new property projects but continued to dispose of projects and auction assets as part of its strategy to mitigate the debt crisis.

Meanwhile, the Printing segment recorded a stable trend, generating revenue of approximately RMB318.7 million (Last Period: RMB319.6 million).

Gross profit (loss) and gross profit (loss) margin

The Group recorded a gross loss of approximately RMB105.3 million for the Current Year (Last Year: gross profit of approximately RMB14.0 million), representing a gross loss margin of 7.7% (Last Year: gross profit margin of 1.2%). During the Current Year, the Group recognised a provision for the write-down of properties held for sale of approximately RMB117.1 million (Last Year: RMB66.4 million). Excluding the effect of this provision, gross profit was approximately RMB11.8 million (Last Year: RMB80.4 million), with a gross profit margin of 0.9% (Last Year: 7.0%).

Selling and distribution expenses

For the Current Year, selling and distribution expenses decreased by approximately RMB2.7 million, or 4.6%, to RMB55.7 million, representing 4.1% of revenue, compared with RMB58.4 million, or 5.1% of revenue, in the prior year. The reduction was primarily attributable to lower staff costs, warehouse expenses and other operating expenses.

Administrative expenses

For the Current Year, administrative expenses increased by approximately RMB23.1 million, or 15.1%, to RMB176.1 million. The increase was primarily attributable to increase in legal and professional fees for implementation of the Scheme in Hong Kong and provision for legal fees for cases in the PRC.

Finance costs

Finance costs for the Current Year amounted to approximately RMB690.3 million (Last Year: RMB557.1 million). The increase was mainly due to the accrual of penalty interest on certain loan agreements, as disclosed in Note 14.

Change in fair value of investment properties

During the Current Year, the Group recorded the gain on changes in fair value of investment properties of approximately RMB393.5 million, compared with a loss of RMB408.1 million in the prior year.

As disclosed in Note 14(e), the Dalian Office Complex was enforced to judicial auction, and the set-off price of RMB1,412.7 million were applied to settle outstanding principal and related interest. As a result of this transaction, the Group recognised a gain on changes in fair value of investment properties of approximately RMB399.0 million.

Gain on deconsolidation and liquidation of subsidiaries

During the Current Year, two subsidiaries in the PRC were in net liabilities position and financially insolvent, gains of approximately RMB670.1 million were recognised in the consolidated profit or loss, upon liquidation and deconsolidation of the relevant subsidiaries.

Gain on debt restructuring

During the Current Year, the Scheme was sanctioned by the High Court and certain indebtedness of the Group were derecognised and remeasured, and a gain on approximately RMB423.1 million was recognised in the consolidated profit or loss.

Loss for the year

As a combined effect of the above, during the Current Year, the Group recorded a loss attributable to shareholders of the Company of approximately RMB234.1 million, as compared to a loss of approximately RMB1,263.4 million for the Last Year.

Liquidity, financial resources and capital structure

Shareholders' funds

Total shareholders' funds had recorded deficiency of approximately RMB7,702.2 million as at 31 December 2025, as compared to deficiency of approximately RMB7,586.3 million as at 31 December 2024.

Financial position

As at 31 December 2025, the Group had current assets of approximately RMB1,549.4 million (Last Year: approximately RMB2,035.2 million) comprising cash and cash equivalents of approximately RMB34.8 million (Last Year: approximately RMB36.3 million), and current liabilities of approximately RMB10,545.1 million (Last Year: approximately RMB12,276.6 million). The Group's current ratio (defined as current assets divided by current liabilities) was 0.15 (Last Year: 0.17).

Our gearing ratio, expressed as a percentage of interest-bearing liabilities to total assets, was at 115.1% as at 31 December 2025 as compared to 103.7% as at 31 December 2024.

Cash and cash equivalents

As at 31 December 2025, our Group had cash and cash equivalents of approximately RMB34.8 million (31 December 2024: approximately RMB36.3 million), most of which were denominated in Renminbi.

Borrowings

As at 31 December 2025, the Group had interest-bearing bank borrowings and other borrowings of approximately RMB3,478.1 million (31 December 2024: approximately RMB4,916.6 million). Of these borrowings, approximately RMB3,473.1 million (31 December 2024: approximately RMB4,911.6 million) were secured by the Group's assets. Most of the borrowings were denominated in Renminbi.

Capital expenditure

For the Current Year, the Group's capital expenditure mainly represents additions to investment properties, property, plant and equipment and right-of-use assets totaling of approximately RMB7.0 million (Last Year: approximately RMB6.1 million).

Pledge of assets

As at 31 December 2025, the Group's property, plant and equipment, right-of-use assets, property held for sale, investment properties, pledged bank deposits and restricted bank balances with carrying amounts of approximately RMB64.6 million, RMB127.2 million, RMB230.5 million, RMB218.2 million, RMB0.9 million and RMB6.5 million, respectively, were pledged to secure certain banking and credit facilities of the Group.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group is exposed to foreign currency risk on bank balances and cash, trade and other receivables and trade and other payables that are denominated in currencies other than the functional currency of the operations to which they relate. The Directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates.

CAPITAL COMMITMENT

As at 31 December 2025, the Group had a total capital commitment of approximately RMB409.4 million (31 December 2024: approximately RMB674.2 million), mainly comprising the related contracts of capital expenditure for property development and investment projects and acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group has several outstanding legal proceedings with creditors, construction contractors, customers and suppliers against the Group in the PRC. Apart from disclosed in note 14, the Directors consider that other legal proceedings raised in daily operations would not have significant financial impact to the Group.

STAFF

As at 31 December 2025, the Group had a total staff of 1,212 (31 December 2024: 1,367).

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

(a) Liquidation of a subsidiary

During the year ended 31 December 2025, Huajun Properties (Jiangyin) Co. Ltd. (“**Jiangyin Properties**”) entered into bankruptcy liquidation proceedings pursuant to a court order. As a result, the Company effectively lost control over Jiangyin Properties. Accordingly, the results of operations and financial position of Jiangyin Properties have not been consolidated into the Company’s consolidated financial statements, as Jiangyin Properties has been considered no longer a subsidiary since November 2025. A gain of RMB483.7 million is recognised in the consolidated profit or loss upon liquidation.

(b) Deconsolidation of a subsidiary

During the year ended 31 December 2025, the Company noted that a subsidiary, Dalian Hydraulic Machinery Co., Limited (“**Dalian Hydraulic**”), located in the PRC were financially insolvent, and due to the overdue borrowings (note 14(p)), the court’s judgement severely impacted the operations of Dalian Hydraulic and leading to leaving of staff and local management. Majority of the assets of Dalian Hydraulic were subject to legal enforcement and no further resources are to be injected by the Company. The Directors considered that the Group was unable to exercise its rights as the shareholder either to control the assets and operations of Dalian Hydraulic or to exercise the decision-making rights over Dalian Hydraulic. As such, the Directors, considered that it is inappropriate to consolidate the financial results of Dalian Hydraulic. A gain of approximately RMB186.4 million is recognised in the consolidated profit or loss upon deconsolidation.

Saved as disclosed above, there were no other material acquisitions or disposal of subsidiaries completed during the Current Year.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all applicable code provisions of the Code on Corporate Governance Practices (the “**CG Code**”) contained in Appendix C1 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) for the Current Year, save and except for the Code Provision C.2.1 of the CG Code which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Starting from 28 June 2023, Mr. Yan Ruijie is re-designated as the Chairman and the CEO of the Company. He has been managing the Group's business and supervising the overall operations of the Group since 2021. The Board considers that vesting the roles of the Chairman and the CEO in Mr. Yan is beneficial to the management and business development of the Group and will provide a strong and consistent leadership to the Group. As at 31 December 2025, the Board has a total of seven Directors and three of them are INEDs who are qualified professionals and/or experienced individuals. As all major decisions are made in consultation with all the Board members who meet on a regularly basis to review the operations of the Group, and shall be approved by majority approval of the Board, with the three INEDs on the Board scrutinising important decisions and offering independent perspectives, the Board believes that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will continue to review and consider splitting the roles of the Chairman and the CEO at a time when it is appropriate and suitable by considering the circumstances of the Group as a whole.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT PREPARED BY THE INDEPENDENT AUDITOR

The following's an extract of the independent auditor's report on the Group's financial statements for the year ended 31 December 2025:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As described in note 2 to the consolidated financial statements, the Group incurred a net loss of approximately RMB234,043,000 for the year ended 31 December 2025 and as of that date, the Group had capital and other commitments of approximately RMB409,385,000, net current liabilities and net liabilities of approximately RMB8,995,645,000 and RMB7,702,203,000 respectively, which included principals, interest and penalty payables of approximately RMB3,478,095,000 and RMB2,684,434,000 respectively, of which aggregate principals of approximately RMB3,473,095,000 are in default. Consequently, the lenders have the right to demand immediate repayment of the entire outstanding balances as at 31 December 2025, which remain outstanding up to the date of approval of these consolidated financial statements. Therefore, the Group was involved in a number of litigations in relation of defaulted loan payables together with accrued interests payables above of approximately RMB6,157,529,000 due for settlement as at 31 December 2025.

In addition, on 6 September 2023, the Company has received a winding up petition (“**HK Petition**”) against the Company filed by a bond holder at the Court of First Instance of the High Court of Hong Kong. On 25 February 2025, a scheme of arrangement (the “**Scheme**”) was approved by the requisite majorities of the scheme creditors. The Scheme has been sanctioned by the High Court on 3 April 2025. Each of the restructuring conditions has been satisfied and the restructuring effective date occurred on 26 June 2025.

The above conditions indicate the existence of material uncertainty, which may cast significant doubt about the Group’s ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have been undertaking a number of plans and measures to improve the Group’s liquidity and financial position, which set out in note 2 to the consolidated financial statements, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) successfully disposing the property projects of the Group and repaying the borrowings; (ii) successfully negotiating with creditors of property development business to restructure the borrowings by either via legal auction or set-off of pledged assets; (iii) successfully negotiating with potential investors to invest in the Company to improve the Company’s financial position; and (iv) successfully implementing further cost reduction measures to minimise the operating costs and retaining resources for the Group’s printing and logistics and trading business.

In view of the extent of the material uncertainties relating to the results of those measures to be taken by the Group which might cast significant doubt on the Group’s ability to continue as a going concern, we have disclaimed our opinion on the consolidated financial statements.

Should the Group fails to achieve the above-mentioned plans and measures, the Group may be unable to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Group’s assets to state them at their recoverable values, to provide for any further liabilities which might arise and to reclassify its non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (“**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Current Year.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-executive Directors and reports directly to the Board. The audit committee meets regularly with the Group's senior management and the Company's external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The audit committee has reviewed the annual results of the Group for the year ended 31 December 2025 as set out in this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Current Year, the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

Except as disclosed in note 17, the Group has no other significant events after 31 December 2025.

DIVIDEND

The Board did not recommend the payment of a final dividend for the Current Year (the Last Year: Nil).

SCOPE OF WORK OF AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Current Year as set out in this announcement have been agreed by the Company's auditor, Prism Hong Kong Limited ("**Prism**"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2025. The work performed by Prism in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism on this announcement.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 26 June 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026 (both dates inclusive). No transfer of the Shares may be registered on those dates. Shareholders whose names appear on the register of members of the Company on Tuesday, 23 June 2026 shall be entitled to attend and vote at the AGM. In order to qualify to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 22 June 2026.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement of the Company is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinahuajungroup.com>). The 2025 annual report of the Company will be made available on the same websites in due course.

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

Hong Kong, 31 March 2026

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.