
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huajun Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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



HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION
OF THE TARGET EQUITY INTEREST
AND
PROPOSED ISSUANCE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

A notice convening the special general meeting of the Company (the “SGM”) to be held at 12:00 noon on Wednesday, 16 September 2015 at the Conference Room, 36/F, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong is set out on pages 17 to 18 of this circular.

Whether or not you are able to attend and vote at the SGM in person, you are requested to read the notice and to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s Hong Kong branch share registrar, Union Registrars Limited, at A18th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than forty-eight (48) hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

* For identification purpose only

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 17 June 2015 relating to the Acquisition;
“Acquisition”	the acquisition in relation to the Target Equity Interest pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Days”	a day (other than a Saturday or a Sunday at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in the PRC are open for general banking business throughout their normal business hours;
“Company”	Huajun Holdings Limited (Stock Code: 377), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement;
“Completion Date”	the 10th Business Day immediately following the date that all of the Conditions having been satisfied but not later than the Condition Fulfillment Date;
“Condition(s)”	the conditions precedent of the Completion, details of which are set out in the paragraph headed “Conditions Precedent” of this circular;
“Condition Fulfillment Date”	31 December 2015 or such later date as the parties to the Sale and Purchase Agreement may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration payable by the Purchaser to the Vendor for the Target Equity Interest, being RMB160 million (equivalent to approximately HK\$200 million);
“Consideration Shares”	71,428,571 new Shares to be allotted and issued to the Vendor at HK\$1.40 per Share for the settlement of RMB80 million, being part of the Consideration; and “Consideration Share” means any one of them;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“Forests”	the parcels of forest land in aggregate of approximately 204,823 acres acquired/owned by Heqing, Ninglang and Yangbi; as advised by the Vendor, Heqing, Ninglang and Yangbi enjoy the use rights of such forest land for the specified periods;
“Finance Lease Arrangement”	the arrangement under which Shenzhen Huajun Financial Leasing Limited* (深圳市華君融資租賃有限公司), an indirect wholly-owned subsidiary of the Company, and Yingkou Economic Development Zone Huayuan Thermal Power Co., Ltd* (營口經濟技術開發區華源熱力供暖有限公司);
“Group”	the Company and its subsidiaries;
“Heqing”	Heqing County Sengong Forestry Development Co., Ltd.* (鶴慶縣森工林業有限公司), a limited liability company established in the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s) (as defined in the Listing Rules) of the Company;
“Issue Price”	HK\$1.40, being the issue price per Consideration Share;
“Latest Practicable Date”	28 August 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Last Trading Date”	17 June 2015, being the last trading day immediately before the entering into the Sale and Purchase Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Wu”	Mr. Wu Jiwei (吳繼偉), the chief executive officer and an executive Director of the Company;
“Ninglang”	Ninglang Boyu Forestry Development Co., Ltd.* (寧蒗博宇林業開發有限公司), a limited liability company established in the PRC;
“PRC”	the People’s Republic of China and for the sole purpose of this circular shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

DEFINITIONS

“Purchaser”	B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), an indirect wholly-owned subsidiary of the Company;
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 17 June 2015, including its amendments or replacement, entered into between the Vendor and the Purchaser in relation to the Acquisition;
“SGM”	a special general meeting of the Company to be convened to consider and approve, among other things, the issuance of the Consideration Shares under the Specific Mandate;
“Shareholders”	the holders of shares of the Company;
“Shares”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Specific Mandate”	the Specific mandate to be sought from Shareholders at the SGM for the issuance of the Consideration Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Equity Interest”	aggregate of all the equity interest of each of the companies of the Target Group;
“Target Group”	Heqing, Ninglang and Yangbi;
“Vendor”	Lijiang Tianan Forestry Development Co., Ltd.* (麗江天安林業開發有限公司), a limited liability company established in the PRC;
“Yangbi”	Yangbi Yunsen Forestry Development Co., Ltd.* (漾濞雲森林業有限公司), a limited liability company established in the PRC;
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

* For identification purposes only

Unless otherwise specified in this circular, translations of RMB into HK\$ are made in this circular, for illustration only, at the rate of RMB1 to HK\$1.25. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

In case of inconsistency, the English text of this circular shall prevail over its Chinese text.

LETTER FROM THE BOARD



HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

Executive Directors:

Mr. Meng Guang Bao (Chairman)
Mr. Wu Jiwei (Chief Executive Officer)
Mr. Guo Song (Deputy Chief Executive Officer)

Independent Non-Executive Directors:

Mr. Zheng Bailin
Mr. Shen Ruolei
Mr. Pun Chi Ping

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*

36/F, Citibank Tower,
Citibank Plaza
3 Garden Road,
Central,
Hong Kong

31 August 2015

To the Shareholders and for information only,

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION
OF THE TARGET EQUITY INTEREST
AND
PROPOSED ISSUANCE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE**

INTRODUCTION

Reference is made to the Announcement of the Sale and Purchase Agreement of the Company dated 17 June 2015 in relation to the acquisition of the Target Equity Interest.

On 17 June 2015 (after trading hours of the Stock Exchange), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Equity Interest, which includes the use right of the Forests, at a total consideration of RMB160 million (equivalent to approximately HK\$200 million), RMB80 million (equivalent to approximately HK\$100 million) of which will be paid in cash and the remaining of the Consideration being RMB80 million (equivalent to approximately HK\$100 million) will be settled by the allotment and issuance of the Consideration Shares at the Issue Price of HK\$1.40 each and payment of HK\$0.60 in cash.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) details of the Specific Mandate; and (iii) the notice of the SGM together with the proxy form.

SALE AND PURCHASE AGREEMENT

Date: 17 June 2015

Parties:

Purchaser: B&H Properties Management (China) Limited*
(保華置業管理(中國)有限公司)

Vendor: Lijiang Tianan Forestry Development Co., Ltd.*
(麗江天安林業開發有限公司)

As at the Latest Practicable Date, the Purchaser is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are the Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Equity Interest, which includes the use right of the Forests.

Consideration

The Consideration of the Acquisition is RMB160 million (equivalent to approximately HK\$200 million).

The Company will make the payment of the Consideration to the Vendor for the Target Equity Interest in the following manner:

- (a) RMB60 million (equivalent to approximately HK\$75 million) will be paid in cash within 7 Business Days from the date (i) of the completion of the registration of change of ownership of the Target Equity Interest from the Vendor to the Purchaser; and (ii) the original of the forest right certificates* (林權證) for the forest for the total area of approximately 43,581 acres granted to and owned by the Target Group has been delivered to the Purchaser. The payment of which will be satisfied by the Company through its internal resources;
- (b) RMB20 million (equivalent to approximately HK\$25 million) will be paid in cash within 5 Business Days from the date that the original of forest right certificates* (林權證) for the forest for a further total area of approximately 56,419 acres granted to and owned by the Target Group has been delivered to the Purchaser. The payment of which will be satisfied by the Company through its internal resources; and

LETTER FROM THE BOARD

- (c) The remaining RMB80 million (equivalent to approximately HK\$100 million) will be settled by:
 - (i) allotment and issuance of the Consideration Shares to be issued at Issue Price at HK\$1.40 each; and
 - (ii) payment of HK\$0.60 in cash upon Completion.

The Consideration Shares will be allotted and issued at the Issue Price of HK\$1.40 each, which represents:

- (a) a premium of approximately 30.84% over the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on Last Trading Date;
- (b) a premium of approximately 47.68% over the average closing price of HK\$0.948 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Date
- (c) a premium of approximately 49.89% to the average closing price of HK\$0.934 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 10.24% to the closing price of HK\$1.27 per Share on the Stock Exchange on the Latest Practicable Date; and
- (e) a premium of approximately 233.33% to the Company's net asset value of HK\$0.42 per Share as at 31 March 2015.

The Issue Price was determined after arm's length negotiation between the Purchaser and the Vendor. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and on normal commercial terms.

The Consideration Shares represent approximately 1.83% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 1.79% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor taking into account the acquisition cost of the Vendor to acquire the Target Group. As advised by the Vendor, the Vendor acquired the Target Group in or around January 2015. Further, as advised by the Vendor, the aggregate acquisition costs of the Target Group is approximately RMB160.4 million (equivalent to approximately HK\$200.5 million), which consists (among other things) of the following elements:

- (i) consideration for acquisition of equity interest of the Target Group;
- (ii) payment made to the governmental authorities for acquisition of the land;
- (iii) payment made to the individual villagers/landlord for acquisition of the land;

LETTER FROM THE BOARD

- (iv) outstanding payment (需補交林權流轉款) to be made to individual villagers/landlord for acquisition of the land; and
- (v) miscellaneous expenses, including agency fees paid involved in the acquisition cost of land; and tax and expenses to be incurred.

As the said aggregate acquisition cost of the Target Group paid by the Vendor is only slightly more than the Consideration to be paid by the Group and the Board understands that the current market value of the Forests is higher than the Consideration. Further, the Board is of the view that it would be more cost-effective and time-effective to acquire the Target Group instead of acquiring the land from the individual villagers/landlord directly. Hence, the Board considers that the original acquisition costs of the Vendor as the basis of determining the Consideration is fair and reasonable.

In determination of the Consideration, the Board has not considered other parameters in determining the Consideration because the Target Group is in the preliminary phase of operations, there was no profit generated by the Target Group for comparison with other forestry companies. Accordingly, the Directors were unable to take into account of the historical performance of the Target Group.

Initially, the Board had considered settling the entire Consideration in cash, instead of settling half of the Consideration by Consideration Shares. After arm-length negotiation between the parties, it is agreed that half of the Consideration to be paid by Consideration Shares at the Issue Price at premium because the Vendor has confidence on the growth of Company's business and development and believes that the Shares price will increase gradually for long term. The management of the Company is in view that as (i) the Issue Price represents a substantial premium over the Company's various average closing prices and latest published net asset value price as stated above; and (ii) the payment method of issuing the Consideration Shares will enlarge the equity base of the Company and maintain financial position of the Company, to the best knowledge of the Directors, the Directors consider the issue of Consideration Share is financially beneficial to the Company.

As illustrated by the table below under the paragraph headed "EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY", the shareholding interests (i) of the substantial shareholder, namely Huajun International Limited, will be diluted from approximately 57.51% as at the Latest Practicable Date to approximately 56.48% immediately after the Completion and issuance of Consideration Shares; and (ii) of the existing public Shareholders in the Company will be diluted from approximately 39.08% as at the Latest Practicable Date to approximately 38.39% immediately after the Completion and issuance of Consideration Shares, assuming all options granted by the Company have not been exercised. Although the issuance of Consideration Shares will result a dilution effect of the existing Shareholders' interests, which is very minimal, the overall benefit of such issuance will outweigh the minimal dilution effect on shareholding interests.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions Precedent

Completion of the Acquisition is conditional upon the fulfillment of the following Conditions on or before the Conditions Fulfillment Date:

- (a) Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consideration Shares;
- (b) the passing of the resolution(s) by the Shareholders to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM, including but not limited to, the allotment and issuance of Consideration Shares to the Vendor;
- (c) the Purchaser having received (and be satisfied with) the documents proving that the Vendor is the sole legal and beneficial owner of the Target Equity Interest and the use right of the Forests, which are not subject to any encumbrances and third parties' rights;
- (d) the acquisition of the Target Equity Interest and the use right of the Forests shall be completed simultaneously in compliance with the applicable PRC laws and be satisfied by the Purchaser;
- (e) the Purchaser having been satisfied with the result of the due diligence review of the Target Group (including but not limited to the review on the indebtedness of the Target Group);
- (f) the management of Target Group shall not have done any act which may have negative impact on the businesses, assets, properties, financial conditions, operations and future prospects of the Target Group on or prior to Completion; and all warranties shall be accurate and true in all respects as at the Completion Date;
- (g) the Vendor having obtained all necessary third party consents, approvals, authorisations, waivers, permission and certifications in relation to the transactions contemplated under the Sale and Purchase Agreement and other relevant matters; and
- (h) the representations, warranties and undertakings given by the Vendor (the "Warranties") having remained true, accurate and not misleading in all material respects and there having been no breach of any of the Warranties in any respect by the Vendor.

Save and except Conditions (a) and (b), all other Conditions are capable of being waived by the Purchaser at its discretion based on the rights as provided in the Sale and Purchase Agreement. Although such Conditions are capable of being waived by the Purchaser, as of the Latest Practicable Date, the Company and the Purchaser do not have any intention in doing so as it will not be in the interests of the Company and its Shareholders. If any of the Conditions have not been fulfilled or waived (as the case may be) by the Conditions Fulfillment Date, the Sale and Purchase Agreement shall lapse and have no further effect. The Vendor shall refund all amounts

LETTER FROM THE BOARD

(if any) previously received from the Purchaser without interest to the Purchaser forthwith. Upon the due receipt of the said payment by the Purchaser, none of the parties shall make any claims against the other party pursuant to the terms and conditions of the Sale and Purchase Agreement.

Registration and Completion

Pursuant to the Sale and Purchase Agreement, the Vendor shall conduct and complete any registrations in respect of the changes of (i) ownership of the Target Equity Interest to the Purchaser and (ii) the respective directors, shareholders and legal representatives of each company in the Target Group within 7 Business Days from the date of the Sale and Purchase Agreement.

Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

INFORMATION OF THE VENDOR AND TARGET GROUP

The Vendor, Lijiang Tianan Forestry Development Co., Ltd.* (麗江天安林業開發有限公司), is a limited company established in the PRC, which is, as advised by the Vendor, principally engaged in, among other things, forestry plantation and cultivation and sale of construction materials and craft products. As at the Latest Practicable Date, each company of the Target Group is directly owned as to 100% by the Vendor.

The Target Group consists of three limited companies established in the PRC, namely, Heqing, Ninglang and Yangbi.

As informed by the Vendor,

- (a) Heqing is principally engaged in, among other things, forestry resource cultivation, promotion of forestry technologies and retail of construction materials.
- (b) Ninglang is principally engaged in, among other things, forestry plantation and cultivation and sale of construction materials and craft products.
- (c) Yangbi is principally engaged in, among other things, forestry operation and management.

As informed by the Vendor, the Target Group owns and/or has the use rights of the Forests of an area in aggregate of approximately 204,823 acres, out of which the Target Group has already obtained the relevant forest right certificates* (林權證) for a total area of approximately 43,581 acres. The forest right certificates* (林權證) for the remaining area of approximately 161,242 acres shall be obtained by the Target Group prior to the Completion Date as it is one of the Conditions.

LETTER FROM THE BOARD

Forest right certificate* (林權證) is a title certificate showing the use right/ownership of the forest. The forest right certificate only identifies the area of land owned by the certificate owner without stating the scope of activities permitted by the certificate. Accordingly, as advised by PRC lawyer, the Target Group, after obtaining all the relevant forest right certificates, shall apply to the relevant authorities in the PRC to obtain the logging permits, which is the only license required, to carry out various kinds of activities. Subject to (1) the grant of the relevant approval and license by the governmental authorities and (2) activities stated in their respective business licences, the Target Group may be allowed to conduct the following activities, for examples, upstream operations of harvesting timber and downstream operations of production of timbers and wood products.

To the best knowledge of the Company, pursuant to the PRC Forestry Law and its implementation rules in force, the logging of trees requires logging permits. The Directors understand that the logging permits usually contain details of logging, including the location of logging, the species of trees, its origin, ownership, logging method, intensity of logging, area for logging, the amount of timber, the term of validity of the permit, etc. Forestry operators must carry out the harvesting activities pursuant to such details specified on the logging permits. After logging, the forestry bureaus which issued the logging permits should also examine and inspect whether the logging activities comply with the logging permits.

Accordingly, the Target Group is required to obtain the approvals from the local forestry bureau in Lijiang City of Yunnan Province before it commences any material operation. The PRC legal advisor has advised the Company that the PRC legal advisor does not foresee any practical legal obstacles in obtaining the necessary logging permits. Based on the aforesaid advice by the PRC legal advisor, the Board to its best knowledge believes that there will not be any practical legal obstacles in obtaining the necessary logging permits.

The Target Group has committed to obtain the logging permits after the Completion. As at the Latest Practicable Date, the Target Group has yet commenced any logging business or timber harvesting activities.

As advised by the PRC legal advisor, generally it takes around 12 months to obtain the logging permits after obtaining all the relevant forest right certificates.

The Directors expect that after Completion and obtaining all necessary permits and approvals, the business operation of the Target Group will mainly focus on the upstream timber activities and cover the full timber supply chain from planting of trees, the management and operation of forests and harvesting of forestry resources to the sales of logs to third parties. To maintain the sustainability of the environment, the Target Group will replant timber or other types of tree after logging.

As at the Latest Practicable Date, as advised by the Vendor, the Target Group does not have any interest in or own any investment, land and property other than the Forests.

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF THE TARGET GROUP

As informed by the Vendor, the unaudited combined financial information of the Target Group for the two financial years ended 31 December 2013 and 31 December 2014 and for the period from 1 January 2015 to 31 May 2015 is summarized as follows (for illustration purposes only):

	For the year ended 31 December 2013 (RMB) (unaudited)	For the year ended 31 December 2014 (RMB) (unaudited)	For the period from 1 January 2015 to 31 May 2015 (RMB) (unaudited)
Net loss before taxation	1,749	3,222	5,988
Net loss after taxation	1,749	3,222	5,988
Net assets	1,127,222	1,124,000	1,118,012
Revenue	Nil	Nil	Nil

As advised by the Vendor, the Target Group did not generate any revenue for the year ended 31 December 2013, the year ended 31 December 2014 and for the period from 1 January 2015 to 31 May 2015.

FINANCIAL AND CAPITAL RESOURCES

As published in the 2015 annual report of the Company, as at 31 March 2015, the Group had borrowings totaling approximately HK\$1,766.6 million. Of these borrowings, approximately HK\$707.5 million were secured by the Group's assets with an aggregate carrying value of approximately HK\$863.3 million.

As at 31 March 2015, the Group had total equity of approximately HK\$1,347.5 million.

As at 31 March 2015, the Group had current assets of approximately HK\$2,284.5 million comprising cash and cash equivalents of approximately HK\$1,231.3 million, and current liabilities of HK\$1,168.8 million. The Group's current ratio (defined as current assets divided by current liabilities) was maintaining at a healthy ratio of 2.0.

The Group's gearing ratio is defined by its net debt-to-capital ratio (defined as total borrowings less bank balance and cash and pledged bank deposits divided by total equity) of the Group as at 31 March 2015 which was approximately a net cash-to-equity ratio of 8.1%.

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

LETTER FROM THE BOARD

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with the existing Shares in issue.

THE SPECIFIC MANDATE

The Consideration Shares comprising 71,428,571 Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the SGM.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 3,912,633,714 Shares in issue. The shareholding interests of the Company as at (i) the Latest Practicable Date; and (ii) immediately after the Completion and issuance of Consideration Shares, assuming all share options granted by the Company have not been exercised:

	(i) as at the Latest Practicable Date		(ii) immediately after the Completion and issuance of Consideration Shares, assuming all options granted by the Company have not been exercised	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholder:				
<i>Huajun International Limited</i>	1,669,061,000	42.66%	1,669,061,000	41.90%
	<i>(Note 1)</i>			
	581,021,214	14.85%	581,021,214	14.58%
	<i>(Note 2)</i>			
Sub-total:	2,250,082,214	57.51%	2,250,082,214	56.48%
Mr. Wu	133,264,500	3.41%	133,264,500	3.34%
	<i>(Note 3)</i>			
Existing Public Shareholders:	1,529,287,000	39.08%	1,529,287,000	38.39%
Vendor:			71,428,571	1.79%
Total:	<u>3,912,633,714</u>	<u>100.00%</u>	<u>3,984,062,285</u>	<u>100.00%</u>

Note 1: The 1,669,061,000 Shares were beneficially owned by Huajun International Limited, which was wholly-owned by Mr. Meng Guang Bao, chairman of the Board and an executive Director. Mr. Meng Guang Bao was the sole director of Huajun International Limited.

Note 2: The 581,021,214 Shares are the Shares converted from the convertible bonds subscribed by Huajun International Limited.

Note 3: The 133,264,500 Shares are the Shares converted from the convertible bonds held by Forest Tree Limited, which in turn was 100% owned by Mr. Wu.

LETTER FROM THE BOARD

As depicted by the above table, the shareholding interests of (i) the substantial shareholder as at the Latest Practicable Date would be diluted from approximately 57.51% to approximately 56.48% (ii) the existing public Shareholders in the Company as at the Latest Practicable Date would be diluted from approximately 39.08% to approximately 38.39% immediately, after the Completion and issuance of Consideration Shares, assuming all options granted by the Company have not been exercised.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fund raising activities in the past 12 months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds
10 February 2015	Subscription of 533,058,000 new Shares under general mandate of the Company	HK\$373 million	To finance the Finance Lease Arrangement as disclosed in the announcements of the Company dated 4 February 2015 and 9 February 2015.	All used as intended for settlement of the consideration for the finance lease by 3 March 2015.
13 February 2015, 16, February 2015 and 31 March 2015	Issue of convertible bonds of an aggregate principal amount of HK\$500 million	HK\$499.7 million	<p>(i) Approximately HK\$124.5 million for to repay part of the existing indebtedness of the Group, provide capital support to the Company to accomplish its strategic development objectives, help the Company to optimize financial structure, strengthen solvency and operation capability, underpin the continued business growth and consolidate the market position of the Company.</p> <p>(ii) Approximately HK\$74.7 million for finance investment or development of businesses of the Company to acquire Dalian Lugang Logistics Company Limited* (大連陸港物流基地有限公司).</p>	Used as intended with approximately HK\$46.1 million used in securities investments, approximately HK\$75.0 million used in settlement of part of the Consideration for acquisition of the Target Group (For details please refer to the paragraph headed "Consideration" above.) and approximately HK\$3.4 million used in expanding the Group's trading business in the PRC in July 2015.
				All used as intended for settlement of the acquisition consideration by 18 August 2015.

LETTER FROM THE BOARD

Date of announcement	Event	Approximate net proceeds	Intended use of net proceeds	Actual use of proceeds
			(iii) Approximately HK\$236.6 million for acquisition of Zhejiang Linhai Machinery Company Limited* (浙江臨海機械有限公司).	All used as intended for settlement of the acquisition consideration by 3 August 2015.
			(iv) Approximately HK\$63.9 million for general working capital purposes.	Used as intended with approximately HK\$61.5 million used for working capital of the Group's trading business and approximately HK\$2.4 million used for payment of interest on bank borrowings in June and July 2015.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal business activity of the Company is investment holding. The Group is principally engaged in (i) the sale and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (ii) provision of finance; (iii) securities investments; (iv) property investments; (v) finance lease; (vi) trading and (vii) medical management.

Due to the increasing of deforestation and surge demand for timber products, there is a significant and growing shortage of logs. The supply shortfall is particularly apparent in the Asia Pacific region. Positive economic growth in Asia, increasing urbanisation and expanding furniture, construction and interior decoration industries are the major drivers that are expected to support demand for logs and wood products. Demand for wood products is therefore expected to grow over the next decade. With substantive growth in the demand for wood products in the Asia Pacific region due to expanding construction, furniture and interior decoration industries, price for timber products is expected to maintain in higher levels and increasing as log shortages exist and demand continues to be robust.

Further, pursuant to an article entitled “《中共中央國務院關於加快林業發展的決定》” published by the State Forestry Administration of the PRC, the State Forestry Administration also encourages private sectors to operate and gain from the forest trading and established the property rights.

Accordingly, the Company is of the view that the Acquisition is an attractive opportunity for the Group to enjoy the continuous growth of the Group's assets through the acquisition of the Forests because, to the best of the Company's knowledge and belief, the growth of the asset value of the forest is rapid and sustainable.

Additionally, the entering of the forestry business, including upstream operations of harvesting timber and downstream operations of production of timbers and wood products will expand the existing trading business engaged by the subsidiaries of the Company. It is expected that the Company will benefit from the trading of woods, timbers and related products business

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which enhances the performance of the trading segment of the Company. With self-owned forest, the Company's trading segment can have stable supply of woods and timbers with relatively lower costs. Although the existing management of the Group has no relevant experience and expertise in the forestry business, the Group has extensive management experience and expertise in trading and logistics and the Board believes that they can derive such skills and managing experience in managing the forestry business. Furthermore, the Company intends to retain the existing personnel, including the general managers, of the Target Group and, upon Completion, to further recruit experienced management in forestry business to run the Target Group.

Although it is appeared that the Target Group has a loss making history, it is mainly contributed by not yet commencing business as well as generating profit.

Having considered the above, the Directors believe that, as it is always the Company's objective to explore any revenue source, thus any business activities with opportunities to derive revenue and interests for the Company and Shareholders as a whole, entering into of the Sale and Purchase Agreement will provide a great opportunity to the Group to provide a sustainable growth to the Company's assets, thus potentially greater return for the Shareholders.

The Directors further believe that entering into the Sale and Purchase Agreement will not change the nature of the Group's principal business of printing and manufacturing but will diversify the Group's business portfolio. In view of the above, the Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition calculated are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

The Company will seek approval for, among other things, the issuance of the Consideration Shares under the Specific Mandate from the Shareholders at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM.

SGM

An SGM will be held at 12:00 noon on Wednesday, 16 September 2015 at the Conference Room, 36/F, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong, during which resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the issuance of the Consideration Shares under the Specific Mandate.

The notice of the SGM is set out on pages 17 and 18 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not the Shareholders are able to attend the SGM, the Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Union Registrars Limited, at A18th Floor, Asia Orient Tower, Town Place, 33

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Lockhart Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should the Shareholders so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure the chairman of the SGM to demand for voting on poll in respect of the ordinary resolution to be proposed at the SGM in accordance with the memorandum of association and the bye-laws of the Company and Union Registrars Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM.

RECOMMENDATION

The Board is of the opinion that the proposed issuance of Consideration Shares under the Specific Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole and recommends the Shareholders to vote in favour of resolution(s) proposed at the SGM.

By Order of the Board
Meng Guang Bao
Chairman and Executive Director

NOTICE OF SGM



HUAJUN HOLDINGS LIMITED

華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

NOTICE IS HEREBY GIVEN that a special general meeting of Huajun Holdings Limited (the “**Company**”) will be held at 12:00 noon on Wednesday, 16 September 2015 at the Conference Room, 36/F, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) a sale and purchase agreement dated 17 June 2015 (the “**Agreement**”) (a copy of which has been produced at this Meeting and marked “A” and initialed by the chairman of this Meeting for the purpose of identification) entered into by between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), an indirect wholly-owned subsidiary of the Company, as the purchaser, and Lijiang Tianan Forestry Development Co., Ltd.* (麗江天安林業開發有限公司), as the vendor, in relation to the acquisition of the entire equity interest of each of Heqing County Sengong Forestry Development Co., Ltd.* (鶴慶縣森工林業有限公司), Ninglang Boyu Forestry Development Co., Ltd.* (寧蒗博宇林業開發有限公司) and Yangbi Yunsen Forestry Development Co., Ltd.* (漾濞雲森林業有限公司) at a total consideration of RMB160 million (equivalent to approximately HK\$200 million (the “**Consideration**”), RMB80 million (equivalent to approximately HK\$100 million) of which will be paid in cash and the remaining of the Consideration being RMB80 million (equivalent to approximately HK\$100 million) will be settled by the Company’s issue and allotment of 71,428,571 new shares of the Company (the “**Consideration Shares**”) upon completion of the Agreement and the transactions contemplated thereunder or incidental to the Agreement be and are hereby approved, ratified and confirmed;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consideration Shares, the directors of the Company (the “**Directors**”) be and are hereby specifically authorised to allot and issue the Consideration Shares at HK\$1.40 per Consideration Share in accordance with the terms and conditions of the Agreement, and that the Consideration Shares shall, when allotted and issued, be credited as fully paid and rank pari passu in all respects with all other shares of the Company in issue on the date of such allotments and issues; and

* For identification purpose only

NOTICE OF SGM

- (c) the Directors are hereby authorised to do all such further acts and things and execute such further documents which in their opinion may be necessary or expedient to give effect to the terms of the Agreement and the issue and allotment of the Consideration Shares or any of the transactions contemplated under the Agreement.”

By Order of the Board
Meng Guang Bao
Chairman and Executive Director

Hong Kong, 31 August 2015

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the aforesaid meeting or any adjournment thereof should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. To be valid, the form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority must be deposited with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at A18th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
5. In the case of joint holders of shares, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, that one of such joint holders whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
6. The voting on the proposed resolution at the SGM will be conducted by way of poll.

As at the date of this notice, the Board comprises Mr. Meng Guang Bao (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) as executive Directors; and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as independent non-executive Directors.