

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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Huajun Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) 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(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



HUAJUN HOLDINGS LIMITED
華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

MAJOR AND CONNECTED TRANSACTION –
DISPOSAL OF YINGKOU WANHE

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	4
Appendix I – Financial Information of the Group	I-1
Appendix II – Valuation Report	II-1
Appendix III – General Information	III-1

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 19 January 2016 in relation to the Disposal
“Board”	the board of Directors
“CB Subscription”	the subscription for the convertible bonds as disclosed in the announcement of the Company dated 20 January 2016
“Company”	Huajun Holdings Limited (stock code: 377), a company incorporated in Bermuda the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Sale and Purchase Agreement
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	RMB480 million (equivalent to approximately HK\$566.4 million), being the total consideration payable by the Purchasers for the acquisition of 80% of the equity interests in Yingkou Wanhe
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 80% of the equity interests in Yingkou Wanhe by the Vendor to the Purchasers as contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huajun International”	Huajun International Limited (華君國際有限公司), a company incorporated in the British Virgin Islands holding 2,250,082,214 Shares, i.e. approximately 57.12% of the issued share capital of the Company, as at the Latest Practicable Date

DEFINITIONS

“Latest Practicable Date”	18 March 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, but for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchasers”	Mr. Zhou Hailin (周海林) and Mr. Zhou Guoqing (周國慶)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 January 2016 and entered into between, among others, the Vendor and the Purchasers in relation to the Disposal
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“sq. ft.”	square feet
“sq. m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Listing Rules
“Vendor”	B&H Properties Management (China) Limited (保華置業管理(中國)有限公司), being a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company as at the Latest Practicable Date

DEFINITIONS

“Yingkou Fangcheng”	Yingkou Fangcheng Properties Development Company Limited* (營口方成房地產開發有限公司), being a limited liability company established in the PRC and a direct wholly-owned subsidiary of Yingkou Wanhe as at the Latest Practicable Date
“Yingkou Wanhe”	Yingkou Wanhe Industrial Company Limited* (營口萬合實業有限公司), being a sino-foreign joint venture company established in the PRC and an indirect subsidiary of the Company as at the Latest Practicable Date
“Yingkou Wanhe Group”	Yingkou Wanhe and Yingkou Fangcheng
“%”	per cent.

For the purpose of illustration only, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of RMB1.00 = HK\$1.18. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

* For identification purpose only



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:

36th Floor, Citibank Tower

Citibank Plaza

3 Garden Road

Central

Hong Kong

24 March 2016

To the Shareholders

Dear Sirs or Madam,

**MAJOR AND CONNECTED TRANSACTION –
DISPOSAL OF YINGKOU WANHE**

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among others, details of the Disposal as required under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date

19 January 2016

* *For identification purpose only*

LETTER FROM THE BOARD

Parties

- (a) B&H Properties Management (China) Limited (保華置業管理(中國)有限公司), being a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of the Company holding 80% of the equity interests in Yingkou Wanhe as at the date of the Announcement;
- (b) the owner of 20% of the equity interests in Yingkou Wanhe as at the date of the Announcement, who was a connected person of the Company at the subsidiary level by virtue of its shareholding in other non-wholly subsidiaries of the Company;
- (c) Mr. Zhou Hailin (周海林), who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is third party independent of the Company and connected persons of the Company, acquiring 90% of the equity interests in Yingkou Wanhe; and
- (d) Mr. Zhou Guoqing (周國慶), who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is third party independent of the Company and connected persons of the Company, acquiring 10% of the equity interests in Yingkou Wanhe.

Assets to be disposed of by the Vendor

80% of the equity interests in Yingkou Wanhe, being the entire equity interests in Yingkou Wanhe held by the Vendor as at the date of the Announcement.

Consideration and payment

The Consideration in respect of 80% of the equity interests in Yingkou Wanhe is RMB480 million (equivalent to approximately HK\$566.4 million), which shall be payable by the Purchasers to the Vendor within 10 days from the date of completion of the registration of the Purchasers as the owners of the entire equity interests in Yingkou Wanhe.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchasers with reference to, among others, the net asset value, the prevailing market price and the valuation of the Yingkou Wanhe Group.

Completion

Completion will take place upon settlement of the Consideration, which is expected to be not later than March 2016.

INFORMATION ON THE YINGKOU WANHE GROUP

The Yingkou Wanhe Group is principally engaged in property investment and development in the PRC. As at the Latest Practicable Date, Yingkou Wanhe held the entire equity interests in Yingkou Fangcheng.

LETTER FROM THE BOARD

The principal assets owned by Yingkou Fangcheng are set out below:

Property	Area (sq. m.)	Use of the property
Nanhu Xinglong Guoji* (南湖興隆國際) (the first to the fifth floors)	26,199.11	Commercial
Nanhu Xinglong Guoji* (南湖興隆國際) (portion of the sixth floor)	792.74	Commercial
Nanhu Xinglong Guoji* (南湖興隆國際) (remaining portion of the sixth floor to the twenty-fourth floor)	59,087.11	Apartment
Nanhu Xinglong Guoji* (南湖興隆國際) (the twenty-fifth to the twenty-sixth floors)	3,749.47	Others

The above property was acquired by the Group in March 2015 through injecting RMB80,000,000 into the capital of Yingkou Wanhe in return for 80% of the equity interests in Yingkou Wanhe.

The above property is a composite high-rise building located at the south of Jinniu Mountain Boulevard and the east of Panpan Road, Bayuquan District, Yingkou City, Liaoning Province, the PRC. Immediate neighborhood of the above property is concentrated with commercial buildings, public service facilities, residential developments and hotels, such as Chengxin Business Office Building (誠信商務辦公樓), Yingkou Bus Station (營口客運站), Lanjun House (藍郡 House) and Hongyun Grande Hotel (紅運大飯店). According to figures published by China Real Estate Index System, the average sample property prices of Yingkou City remained stable throughout 2011 to 2015, fluctuating among RMB 4,550 per sq.m. and RMB 4,850 per sq.m. Therefore, it is projected that property prices in Yingkou City may remain stable in the foreseeable future.

The land use rights of the above property have been granted for a term of 40 years expiring on 29 December 2048 and 4 February 2045 for commercial use as well as a term of 70 years expiring on 4 February 2075 for residential use.

There is no restriction on the use of the above property.

The above property has been pledged to a bank to secure a loan facility granted by such bank to Yingkou Fangcheng in the amount of RMB500 million and such pledge will be released prior to the Completion.

There has been no environmental issue involving the above property.

There has been no investigation, notice, pending litigation, breach of law or title defect involving the above property.

LETTER FROM THE BOARD

The interior design and decoration of the property are determined by the Purchasers and all future development costs are borne by the Purchasers. "All future development costs" refer to the additional interior design and decoration costs (which are borne by the Purchasers on top of the existing basic structure of the property (which are borne by the Group). There will be no future development costs to be incurred by the Group prior to or after the Completion.

Yingkou Wanhe was a sino-foreign joint venture company established in the PRC on 2 February 2015. Therefore, the financial information on Yingkou Wanhe for the financial year ended 31 December 2014 is not available. The financial information on Yingkou Wanhe for the financial year ended 31 December 2014 presented below represents the financial information on Yingkou Fangcheng only.

The financial information of the Yingkou Wanhe Group for the two financial years ended 31 December 2015 prepared under Hong Kong Financial Reporting Standards is set out below:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before taxation and extraordinary items	199,909	(792)
Net profit/(loss) after taxation and extraordinary items	97,544	(792)

The substantial increase in the net profit of the Yingkou Group for the year ended 31 December 2015 was mainly due to the recognition of increase in fair value of the investment property of approximately RMB243.2 million in the profit or loss for the year ended 31 December 2015, while no fair value of the investment property was recognised in the profit or loss for the year ended 31 December 2014.

The valuation of the principal assets owned by Yingkou Fangcheng as at 31 December 2015 amounted to approximately RMB515.0 million as indicated by an independent valuer.

POSSIBLE FINANCIAL EFFECT OF THE DISPOSAL

Immediately after the Completion, Yingkou Wanhe will cease to be a subsidiary of the Company and the Company ceased to hold any equity interest in Yingkou Wanhe. The financial results of the Yingkou Wanhe Group will be deconsolidated from the Group's financial statements. The net proceeds (after deducting other expenses in relation thereto) arising from the Disposal of approximately HK\$566.0 million will be used for general working capital of the Group and will not be used to invest in any asset. The Group requires about HK\$50 million per month as general working capital. Subject to the Completion, the Company intends to apply the sum of HK\$566.0 million to the payment of operating expenses and finance costs by applying approximately HK\$50 million in each of the coming 11 months.

LETTER FROM THE BOARD

The Directors intend to apply the net proceeds from the CB Subscription to repay indebtedness of the Group so as to enhance the financial position of the Group. As such, the CB Subscription aims for strengthening the working capital of the Group. The Directors consider that the working capital available to the Group would still be sufficient for the coming 12 months even without the CB Subscription.

Based on, inter alia, the Consideration and the related expenses for the Disposal, the Group currently expects to record a gain of approximately HK\$87.8 million arising from the excess of the Consideration over the net asset value of the Yingkou Wanhe Group of approximately HK\$478.6 million attributable to the equity Shareholders upon the Completion subject to review by the auditors of the Company. The gain from the Disposal was arrived at by comparing the proceeds and the Group's share of the net book value of the investment property. The net book value of the Yingkou Wanhe Group at Completion would be substantially the same as the net book value of the investment property.

Following the Completion, the earnings of the Group are expected to increase by approximately HK\$87.8 million, while the total assets of the Group are expected to decrease by approximately HK\$642.1 million and the total liabilities of the Group are expected to decrease by approximately HK\$590.0 million.

No impairment has been made on the value of the Yingkou Wanhe Group and the principal assets owned by Yingkou Fangcheng.

Shareholders should note that the above figures are for illustrative purpose only. The actual gain on the Disposal may be different from the above and will be determined based on the financial position of the Yingkou Wanhe Group on the date of the Completion and the review by the Company's auditors.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (a) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (b) provision of finance; (c) securities investments; (d) property development and investments; (e) financial leasing; (f) trading and logistics; (g) medical management; and (h) industrial equipment.

The Directors are of the view the Disposal would benefit the Group by indirectly realising its investment in the Yingkou Wanhe Group and also improve the liquidity and overall financial position of the Group.

The Directors believe that the terms of the Disposal are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

GENERAL

As one of the applicable percentage ratios is greater than 25% but less than 75% for the purpose of Rule 14.07 of the Listing Rules, the Disposal constitutes a major transaction for the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. Written Shareholder's approval has been obtained from Huajun International, being a Shareholder which held more than 50% of the voting rights as at the date of the Announcement, in lieu of holding a special general meeting to approve the Disposal in accordance with Rule 14.44 of the Listing Rules.

As the owner of 20% of the equity interests in Yingkou Wanhe as at the date of the Announcement, being a connected person of the Company at the subsidiary level, is a party to the Sale and Purchase Agreement, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, as the Board has approved the Disposal and the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole, the Disposal is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

RECOMMENDATION

For the reasons set out above, the Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution if the Company were to convene a special general meeting to approve the Disposal.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

* For identification purpose only

A. THREE-YEAR AUDITED FINANCIAL INFORMATION

Details of the financial information of the Group for each of the three years ended 31 March 2013, 2014 and 2015 are disclosed in the annual reports of the Company for the financial years ended 31 March 2013 (pages 27 to 93), 31 March 2014 (pages 28 to 99) and 31 March 2015 (pages 27 to 107), respectively, and are incorporated by reference into this circular.

The said annual reports of the Company are available on the website of the Company at www.huajunholdings.com and the website of the Stock Exchange at www.hkexnews.hk.

B. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 January 2016, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following liabilities:

(a) Borrowings

As at the close of business on 31 January 2016 (being the latest practicable date for the purpose of this indebtedness statement), the Group had outstanding borrowings of approximately HK\$4,957.3 million, comprising secured bank borrowings of approximately HK\$3,287.3 million, unsecured bank borrowings of approximately HK\$20.1 million, unsecured borrowings from immediate holding company of HK\$485.4 million and unsecured borrowings from a third party of HK\$1,164.5 million.

(b) Pledge of assets

As at the close of business on 31 January 2016, the Group's property, plant and equipment, prepaid lease payments, investment properties, land and property for sale, trade receivables and pledged bank deposits with carrying amounts of approximately HK\$482.7 million, HK\$146.3 million, HK\$608.3 million, HK\$111.9 million, HK\$15.3 million and HK\$504.2 million, respectively, were pledged to secure certain banking and credit facilities of the Group.

(c) Guarantees

As at the close of business on 31 January 2016, the Company had provided corporate guarantees to the extent of approximately HK\$188.4 million to secure general banking facilities granted to its subsidiaries. As at 31 January 2016, the amount drawn against the banking facilities amounted to approximately HK\$34.3 million.

Save as above or otherwise mentioned in this circular, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Group did not have any other outstanding indebtedness at the close of business on 31 January 2016 or any loan capital issued and outstanding or agreed to be issued, bank overdrafts or loans, or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

C. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group will remain its focus in its core business segments, namely (a) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (b) provision of finance; (c) securities investments; (d) property development and investments; (e) financial leasing; (f) trading and logistics; (g) medical management; and (h) industrial equipment, and will continue to optimise its assets structure to ensure a balanced growth with enhanced rate of return on investments.

In respect of the printing business, the Group will continue to invest in machinery and automation of the production process to enhance production efficiency. Regarding the segment of provision of financing services, the Group, through its subsidiary with money lender's licence, intends to provide finance to prospective customers who would provide securities for the performance of their respective obligations to repay the Group. The Group is exploring other investment opportunities in its core business segments. Set out below are details of the financial and trading prospectus of the core business segments of the Group:

(a) Sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products

The operation of this segment is mainly located in Hong Kong, the PRC and the United States of America. The business has been established for more than fifty years. Management expects that this business will continue to benefit from the opportunities in the PRC, the United States and the European markets. This segment will continue to be the major business segment of the Group and contribute stable revenue and profit to the Group.

(b) Provision of finance

The operation of this segment is mainly located in Hong Kong. The Group will further develop this business segment, diversify the customer portfolio, seek opportunity to cooperate with its business partners and is actively looking for new business opportunities in the PRC to extend the money lending platform of the Group.

(c) Securities investments

This segment consists of investments in Hong Kong and overseas securities. This segment mainly utilises the extensive investment experience of the management to make medium and short-term investment by searching for stable revenue with controllable risk, diversifying the corporate operating risk, improving asset liquidity and enhancing the debt-paying ability of the Group.

(d) Property development and investments

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

(e) Financial leasing

This segment consists of the leasing of land, property, plant and equipment, and other tangible assets. The operation of this segment is mainly located in the PRC where the Group seeks for stable revenue with controllable risk.

(f) Trading and logistics

This segment consists of the trading of electronic, oil and timber products. The operation of this segment is mainly located in Hong Kong and the PRC. This business has been established since 2014. Management expects that this business will continue to benefit from the stable demand in Hong Kong and the PRC markets for the Group's products.

(g) Medical management

This segment is one of the investment segments which the Group seeks for further development in accordance with the call on hospital reform of the Ministry of Health of the PRC to improve the quality of PRC citizens' healthcare services and to develop the medical and health care industry of the PRC. The Group will look for other cooperation opportunities with hospitals and clinics in the PRC for the provision of medical management services.

(h) Industrial equipment

The Group started a new segment in August 2015 following the acquisition of Zhejiang Linhai Machinery Co. Ltd.* (浙江臨海機械有限公司).

The Group always endorses a prudent philosophy of good governance, stresses in term of risk management, and attends to maintain excellent assets quality, stability and financial resources. At the same time, the Group has been proactively seeking for core business returns and exploring new business opportunities carefully.

To the best knowledge of the Directors, the Directors are optimistic about the future development of the Group. The Directors expect that the Group would have sufficient funds for its existing requirements. The Group will also continue to proactively and prudently seek new investment opportunities in the right circumstances, with a view to increasing the value of investment for the Shareholders.

D. WORKING CAPITAL

As at the Latest Practicable Date, after due and careful enquiry, the Directors were of the opinion that, after taking into account Group's business prospects, the net asset position of the Group, the internal financial resources available to the Group, the ample cash and bank balances of the Group, and the existing banking facilities available to the Group, the working capital available to the Group was sufficient for at least 12 months from the date of this circular.

The following is the text of a letter, summary of values and valuation certificates, prepared the valuation for the purpose of incorporation in this circular received from RHL Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2015 of the Property to be disposed of by Huajun Holdings Limited.



永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 2730 6212
F +852 2736 9284

Room 1010, 10/F, Star House,
Tsimshatsui, Hong Kong

24 March 2016

The Board of Directors
Huajun Holdings Limited
36th Floor,
Citibank Tower,
Citibank Plaza,
3 Garden Road Central,
Hong Kong

Dear Sirs/Madam,

INSTRUCTIONS

We refer to your instruction for us to value the property interest (the “**Property**”) to be disposed of by Huajun Holdings Limited (the “**Company**”) located in the People’s Republic of China (the “**PRC**”). We confirm that we have carried out property inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 December 2015 (the “**Valuation Date**”).

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (“**Market Value**”) which we would define as intended to mean the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

VALUATION METHODOLOGY

We have valued the property interests by using the Direct Comparison Approach, which is based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

VALUATION CONSIDERATIONS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2012 Edition.

VALUATION ASSUMPTION

In our valuation, unless otherwise stated, we have assumed that:

- i. all necessary statutory approvals for the Property have been obtained;
- ii. transferable land use rights in respect of the Property for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- iii. the owner of the Property have enforceable title to the Property and has free and uninterrupted right to use, occupy or assign the Property for the whole of the respective unexpired terms as granted;

- iv. no deleterious or hazardous materials or techniques have been used in the construction of the Property; and
- v. the Property is connected to main services and sewers which are available on normal terms.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interests. However, we have not examined the original documents to verify the existing titles to the property interests or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Company's PRC legal adviser concerning the validity of the titles to the Property.

LIMITING CONDITIONS

We have conducted on-site inspections to Property in January 2016 by our Mr. Kevin Mok (BSc. In Civil Engineering). During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Company and accepted advices given to us on such matters, in particular, but not limited to land use rights contract, tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also been advised by the Company that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our report for any charges, mortgages or amounts owing neither on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale.

REMARKS

We have valued the property interests in Renminbi (RMB).

We enclose herewith the valuation certificate.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Serena S. W. Lau

FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)

Managing Director

Jessie X. Chen

MRICS, MSc (Real Estate), BEcon

Associate Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 20 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Ms. Jessie X. Chen is a Registered Professional Surveyor (Valuation) with over 5 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Chen is a Professional Member of The Royal Institution of Chartered Surveyors.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value as at 31 December 2015 RMB																		
The overground part of Nanhu Xinglong Guoji, the south of Jinniu Mountain Boulevard and the east of Panpan Road, Bayuquan District, Yingkou City, Liaoning Province, the PRC	Nanhu Xinglong Guoji (the "Development") is a 26-storey composite development which comprising a 21-storey composite tower erected on top of a 5-storey retail podium and two levels of basement completed in around 2015. The site where the Development built on has a site area of approximately 10,717.00 sq.m. (115,357 sq.ft.).	The property is currently vacant.	515,000,000 (RENMINBI FIVE HUNDRED AND FIFTEEN MILLION ONLY)																		
(中國遼寧省營口市鮫魚圈區金牛大街以南、盼盼路以東南湖興隆國際地上部分)	As advised by the client, the property comprises overground part of the Development with a total gross floor area of approximately 89,828.43 sq.m. (966,905 sq.ft.) with details as follows:																				
	<table border="1"> <thead> <tr> <th>Floor</th> <th>Use</th> <th>Approx. GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>1/F-5/F</td> <td>Commercial</td> <td>26,199.11</td> </tr> <tr> <td>Portion of 6/F</td> <td>Commercial</td> <td>792.74</td> </tr> <tr> <td>Remaining portion of 6/F-24/F</td> <td>Apartment</td> <td>59,087.11</td> </tr> <tr> <td>25/F-26/F</td> <td>Others</td> <td>3,749.47</td> </tr> <tr> <td>Total</td> <td></td> <td>89,828.43</td> </tr> </tbody> </table>	Floor	Use	Approx. GFA (sq.m.)	1/F-5/F	Commercial	26,199.11	Portion of 6/F	Commercial	792.74	Remaining portion of 6/F-24/F	Apartment	59,087.11	25/F-26/F	Others	3,749.47	Total		89,828.43		
Floor	Use	Approx. GFA (sq.m.)																			
1/F-5/F	Commercial	26,199.11																			
Portion of 6/F	Commercial	792.74																			
Remaining portion of 6/F-24/F	Apartment	59,087.11																			
25/F-26/F	Others	3,749.47																			
Total		89,828.43																			
	The land use rights of the property have been granted for a term of 40 years expiring on 29 December 2048 and 4 February 2045 for commercial use as well as a term of 70 years expiring on 4 February 2075 for residential use.																				

Notes:

- Pursuant to two State-owned Land Use Rights Certificates, the land use rights of the Development with a site area of approximately 89,828.43 sq.m. (of which the site area of property is included) have been granted to Yingkou Fangcheng Real Estate Development Co., Ltd (營口方成房地產開發有限公司) ("Yingkou Fangcheng"). The details of such State-owned Land Use Rights Certificates are as follows:

State-owned Land Use Rights Certificate No.	Land Use Rights Expiring Date	Permitted Usage	Approx. Site Area (sq.m.)
Ying Kou Guo Yong (2013) Di No.1001	29 December 2048	Commercial	1,991.00
Ying Kou Guo Yong (2013) Di No.1002	4 February 2045	Commercial	
	4 February 2075	Residential	8,726.00
	Total:		10,717.00

The above land use rights were acquired on 30 December 2008 and 15 August 2015 at a land premium of RMB5,973,000 and RMB1,394,750 respectively.

2. Pursuant to two Constriction Land Planning Permits, permission towards the planning of the Development with a site area of approximately 10,717.00 sq.m. (of which site area of the property is included) has been granted to Yingkou Fangcheng. The details of such Construction Land Planning Permits are as follows:

Constriction Land Planning Permits No.	Issuance Date	Planned Usage	Land User	Approx. Site Area (sq.m.)
+2005014	28 March 2005	–	Yingkou Fangcheng	8,726.00
Di Zi Di No. 201802201100024-1	23 April 2013	Commercial; Office	Yingkou Fangcheng	1,992.00
Total:				<u>10,717.00</u>

3. Pursuant to a Construction Project Planning Permit – Jian Zi Di No. 210803201400108 dated 31 December 2014, the construction works of the Development conducted by Yingkou Fangcheng with planned gross floor area of 107,688.70 sq.m. (of which the property is included), which includes 28,973.30 sq.m. for commercial usage, 59,120.60 sq.m. for apartment usage, 18,821.80 sq.m. for residential usage and 771.1 sq.m. for car parking usage, are in compliance with construction work requirements and have been approved.
4. Pursuant to a Construction Work Commencement Permit – No. 201800201501131101 dated 13 January 2015, the construction works of the Development conducted by Yingkou Fangcheng with planned gross floor area of 107,668.70 sq.m. have been approved for construction.
5. Pursuant to a Pre-sale Permit – No. Ying Fang Xiao Di No. 20150100002 dated 26 January 2015, Yingkou Fangcheng was permitted for pre-sale of portions of the Development with a total gross floor area of approximately 107,612.33 sq.m. (of which the property is included) with details as follows:

Usage	No. of Sets	Approx. GFA (sq.m.)
Residential	121	18,810.59
Commercial Service	10	28,955.40
Car Parking Spaces	24	759.23
Others	683	59,087.11
Total:		<u>107,612.33</u>

6. The property is situated at the south of Jinniu Mountain Boulevard (金牛山大街) and the east of Panpan Road (盼盼路), where the area is concentrated with public service facilities, residential developments and hotels, such as Yingkou Bus Station (營口客運站), Lanjun House (藍郡 House) and Hongyun Grande Hotel (紅運大飯店).
7. The Building Ownership Certificates of the property with a total gross floor area of approximately 89,828.43 sq.m. have not been issued. As advised by the Company's PRC legal advisor, Yingkou Fangcheng is in the process of obtaining such title certificates for 1/F-24/F of the property with a total gross floor area of 86,078.96. And the obtaining of title certificates for the 25/F-26/F of the property with a total gross floor area of 3,749.47 sq.m. is being restricted by certain legal provisions since such property is ancillary structure to the property as advised by the Company therefore we attribute no commercial value for such portion. In the meanwhile, such deficiency would not affect legally transferring of the property. In the course of our valuation, we have assumed that there is no legal impediments for Yingkou Fangcheng to obtain such title certificates for 1/F-24/F of the property and upon obtaining such relevant certificates, Yingkou Fangcheng is entitled to transfer, lease, mortgage or dispose of the whole property freely in the market.

8. Besides Notes No. 7, we have also been provided with a legal opinion by the Company's PRC legal advisor regarding the legal title of the Property, which contains, inter alia, the followings:
- i. the property is legally held by Yingkou Fangcheng;
 - ii. all land grant premium of the property has been fully settled;
 - iii. current usage of the property is allowed by laws and statutory regulations where applicable;
 - iv. the construction of the property has been permitted and accepted by relevant departments and the property is legally constructed; and there is no major legal impediment to obtain the real estate title certificate of the property with provisions in Article 30 of Real Right Law of the People's Republic of China;
 - v. The Building Power Supply System (the "**System**") for retail podium of the property is still under test. Upon completion of the System, Yingkou Fangcheng will apply for Construction Completion Certificate and Building Ownership Certificate for the property, and the Primary Registration of Building Title for the property is expected to commence by August 2016;
 - vi. Yingkou Fangcheng is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
 - vii. the property is free from any mortgages or third parties' encumbrances.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares or underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Interests in the Shares

Director	Nature of interests	Number of Shares	Approximate percentage of interests in the issued share capital of the Company
Mr. Meng Guang Bao	Beneficial owner	60,430,371 ^(L)	1.53%
	Interest in controlled corporation ^(Note 1)	3,580,082,214 ^(L) ^(Note 2)	90.89%
Mr. Wu Jiwei	Interest in controlled corporation ^(Note 3)	133,264,500 ^(L)	3.38%
	Share options ^(Note 4)	26,386,371 ^(L)	0.67%

Director	Nature of interests	Number of Shares	Approximate percentage of interests in the issued share capital of the Company
Mr. Guo Song	Share options ^(Note 4)	26,386,371 ^(L)	0.67%
Mr. Zheng Bailin	Share options ^(Note 5)	2,638,637 ^(L)	0.07%
Mr. Shen Ruolei	Share options ^(Note 5)	2,638,637 ^(L)	0.07%
Mr. Pun Chi Ping	Share options ^(Note 5)	2,638,637 ^(L)	0.07%

The letter “L” denotes a long position in the Shares.

Notes:

- 3,580,082,214 Shares were held in the name of Huajun International. The entire issued share capital of Huajun International was beneficially owned by Huajun Holdings Group Limited, which in turn was wholly owned by Huajun (International) Development Limited. The entire issued share capital of Huajun (International) Development Limited was beneficially owned by Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司). Mr. Meng Guang Bao and Ms. Bao Le, being a spouse of Mr. Meng Guang Bao, held 97.5% and 2.5%, respectively, in Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司). Mr. Meng Guang Bao was deemed to be interested in all the Shares held by Huajun International by virtue of the SFO.
- These 3,580,082,214 Shares include the Shares which may be issued upon the exercise of the conversion rights attached to the convertible bonds agreed to be subscribed by Huajun International on 20 January 2016.
- 133,264,500 Shares were beneficially owned by Forest Tree Limited, which in turn was wholly-owned by Mr. Wu Jiwei. Mr. Wu Jiwei was deemed to be interested in all the Shares held by Forest Tree Limited by virtue of the SFO.
- 26,386,371 share options had been granted to each of Mr. Wu Jiwei and Mr. Guo Song. For further details of such share options, please refer to the announcements of the Company dated 16 February 2015 and 30 June 2015.
- 2,638,637 share options had been granted to each of Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping. For further details of such share options, please refer to the announcement of the Company dated 30 June 2015.

Interests in the shares in associated corporation

Associated corporation	Director	Amount of registered capital in the associated corporation	Capacity	Approximate percentage of interests in the registered capital of the associated corporation
Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司) ^(Note 5)	Mr. Meng Guang Bao	97,500,000 ^(L)	Beneficial owner	97.5%

The letter “L” denotes a long position in the shares.

Note:

5. Huajun International, Huajun Holdings Group Limited and Huajun (International) Development Limited are wholly-owned subsidiaries of Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司).

3. INTERESTS AND/OR SHORT POSITIONS DISCLOSEABLE UNDER THE SFO AND THE SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than a Director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

Shareholder	Nature of interests	Number of Shares	Approximate percentage of interests in the issued share capital of the Company
Huajun International	Beneficial owner	3,580,082,214 ^(L) <i>(Note 1)</i>	90.89%
Huajun Holdings Group Limited	Interest in controlled corporation	3,580,082,214 ^(L) <i>(Note 1) (Note 2)</i>	90.89%
Huajun (International) Development Limited	Interest in controlled corporation	3,580,082,214 ^(L) <i>(Note 1) (Note 2)</i>	90.89%

Shareholder	Nature of interests	Number of Shares	Approximate percentage of interests in the issued share capital of the Company
Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司)	Interest in controlled corporation	3,580,082,214 ^(L) (Note 1) (Note 2)	90.89%
Bao Le	Interest of spouse	3,640,512,585 ^(L) (Note 3)	92.42%

The letter "L" denotes a long position in the shares.

Notes:

- 3,580,082,214 Shares were held in the name of Huajun International. The entire issued share capital of Huajun International was beneficially owned by Huajun Holdings Group Limited, which in turn was wholly owned by Huajun (International) Development Limited. The entire issued share capital of Huajun (International) Development Limited was beneficially owned by Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司).
- These 3,580,082,214 Shares include the Shares which may be issued upon the exercise of the conversion rights attached to the convertible bonds agreed to be subscribed by Huajun International on 20 January 2016.
- Ms. Bao Le, being the spouse of Mr. Meng Guang Bao, was deemed to be interested in the Shares in which Mr. Meng Guang Bao was deemed to be interested under the SFO.

4. DIRECTORS' SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which had been, since 31 March 2015 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting at the date of this circular in which a Director was materially interested and which was significant in relation to the business of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. EXPERT AND CONSENT

The qualifications of the experts who have given opinions and advice in this circular are as follows:

Name	Qualification
RHL Appraisal Limited	Property valuer

As at the Latest Practicable Date, the expert had not had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The expert has given and has not withdrawn their written consent to the issue of this circular with the expert's statement made for incorporation in this circular and included in the form and context in which it is included.

As at the Latest Practicable Date, the expert had not had any interest, direct or indirect, in any assets which had been, since 31 March 2015 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) the sale and purchase agreement dated 28 March 2014 entered into between Prince Jade Limited, being a wholly-owned subsidiary of the Company, as the vendor and Mr. Law Man Lung as the purchaser in relation to the sale and purchase of 70% of the issued share capital of CEPA Alliance Holdings Limited for a consideration of HK\$34,800,000;
- (b) the loan agreement dated 29 September 2014 entered into between the Company and Huajun International in respect of a loan in the principal amount of HK\$585,960,000.00;
- (c) the subscription agreement dated 5 November 2014 entered into between Huajun Capital Limited, being a wholly-owned subsidiary of the Company, and Sheng Yuan Holdings Limited in relation to the subscription by Huajun Capital Limited of convertible bonds issued by Sheng Yuan Holdings Limited in a principal amount of HK\$100 million;
- (d) the subscription agreement dated 28 November 2014 entered into between Huajun Capital Limited, being a wholly-owned subsidiary of the Company, and Global High Growth Industries Fund Series SPC (“**GHGI Fund Series SPC**”) in relation to the subscription of the shares of GHGI Fund Series SPC in respect of the Sheng Hua Financial Stable Growth Investment Fund SP, which are classified into Class B (“**Class B Shares**”) in a principal amount of HK\$542.87 million;
- (e) the sale and purchase agreement dated 19 January 2015 entered into between Huajun Capital Limited, being a wholly-owned subsidiary of the Company, and Wah Lun International Development Limited in relation to the disposal of the Class B Shares to Wah Lun International Development Limited for a consideration of HK\$564,090,982.57;
- (f) the sale and purchase agreement dated 19 January 2015 entered into between Huajun Capital Limited, being a wholly-owned subsidiary of the Company, and CL International Training Limited in relation to the disposal of the 8% 3-year convertible bonds in a principal amount of HK\$100 million by Huajun Capital Limited to CL International Training Limited for a consideration of HK\$101,797,260.27;

- (g) the share subscription agreement dated 20 January 2015 entered into between Huajun Logistics Co. Limited, being a wholly-owned subsidiary of the Company, as the subscriber, Candice Development Limited as the issuer and Gather Take Development Limited as the guarantor in relation to the subscription of 52,041 shares of Candice Development Limited for a consideration of US\$52,041 (equivalent to approximately HK\$404,880);
- (h) the sale and purchase agreement dated 6 February 2015 entered into between Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser and Mr. Qin Shixu (秦世旭) and Ms. Cheng Meijun (程梅君) as the vendors in relation to the sale and purchase of the entire equity interests in Dashiqiao Continuously Water Affairs Limited* (大石橋源源水務有限公司) for a consideration of RMB100,000,000 (equivalent to approximately HK\$125,000,000);
- (i) the sale and purchase agreement dated 9 February 2015 entered into between B&H Properties Group Limited* (保華地產集團有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser and Mr. Li Yonggang (李永剛) as the vendor in relation to the sale and purchase of 40% of the equity interests in Zhihua Logistics Technology Co., Ltd. of the Yingkou Economic Development Zone* (營口經濟技術開發區志華物流有限公司) for a consideration of RMB120,000,000 (equivalent to approximately HK\$150,000,000);
- (j) the sale and purchase agreement dated 9 February 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a wholly-owned subsidiary of the Company, as the purchaser and Ms. Zhao Changai (趙長愛) as the vendor in relation to the sale and purchase of 80% of the equity interests in Yingkou Wanhe for a consideration of RMB80,000,000 (equivalent to approximately HK\$100,000,000);
- (k) the subscription agreement dated 10 February 2015 entered into between the Company and the subscribers named therein in relation to the subscription of 533,058,000 Shares at HK\$0.70 each;
- (l) the subscription agreement dated 13 February 2015 entered into between the Company, Huajun International and Mr. Wu Jiwei in respect of the subscription of convertible bonds in an aggregate principal amount of HK\$500 million issued by the Company on 11 June 2015;
- (m) the sale and purchase agreement dated 26 March 2015 entered into between the Company and Hung Jia Holdings Limited in relation to the disposal of the entire issued share capital of Success Crest Investment Limited for a consideration of RMB90,000,000 (equivalent to approximately HK\$112,500,000);

- (n) the sale and purchase agreement dated 26 March 2015 entered into between New Island Holdings (BVI) Limited, being a wholly-owned subsidiary of the Company, and Folli Follie Group Holding Co., Ltd. in relation to the disposal of the entire issued share capital of New Island Property (BVI) Limited for a consideration of HK\$142,800,000;
- (o) the termination agreement dated 27 March 2015 entered into between B&H Properties Group Limited* (保華地產集團有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser and Mr. Li Yonggang (李永剛) as the vendor in relation to the sale and purchase of 40% of the equity interests in Zihua Logistics Technology Co., Ltd. of the Yingkou Economic Development Zone* (營口經濟技術開發區志華物流有限公司) for a consideration of RMB120,000,000 (equivalent to approximately HK\$150,000,000);
- (p) the supplemental agreement dated 31 March 2015 entered into between the Company, Huajun International and Mr. Wu Jiwei for the purpose of supplementing and amending the subscription agreement in relation to the subscription of the convertible bonds in an aggregate principal amount of HK\$500 million issued by the Company on 11 June 2015;
- (q) the capital increase agreement dated 27 April 2015 entered into between New Island Management Services Limited, being an indirectly wholly-owned subsidiary of the Company, and Harbin He Zhong Hui Li Economic and Trading Co., Ltd.* (哈爾濱合眾滙利經濟有限公司) in respect of the subscription of additional registered capital of Shenzhen Huajun Financial Leasing Limited* (深圳市華君融資租賃有限公司) for a consideration of US\$15 million (equivalent to approximately HK\$116.7 million), as a result of which Harbin He Zhong Hui Li Economic and Trading Co., Ltd.* (哈爾濱合眾滙利經濟有限公司) is interested in 30% of the equity interest in Shenzhen Huajun Financial Leasing Limited* (深圳市華君融資租賃有限公司);
- (r) the sale and purchase agreement dated 26 May 2015 entered into between Huajun Industrial Equipment Group Limited* (華君工業裝備集團有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser and Linhai Finance Bureau* (臨海市財政局) and Linhai Economic and Information Technology Bureau* (臨海市經濟和信息化局), together as the vendors, in relation to the sale and purchase of the entire equity interests in Zhejiang Linhai Machinery Company Limited* (浙江臨海機械有限公司) for a consideration of RMB192,150,000 (equivalent to approximately HK\$240,187,500);
- (s) the sale and purchase agreement dated 26 May 2015 entered into between Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser, and Yingkou Yin Ke Jian An Investment Co., Ltd.* (營口銀科建安投資有限公司), as the vendor, in relation to the sale and purchase of 49% of the equity

interests in Liaoning Yinzhu Chemtex Group Co. Ltd.* (遼寧銀珠化紡集團有限公司) for a consideration of RMB70,000,000 (equivalent to approximately HK\$87,500,000);

- (t) the sale and purchase agreement dated 12 June 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a wholly-owned subsidiary of the Company, as the purchaser and Mr. Zhang Yu (張玉) as the vendor in relation to the sale and purchase of 60% of the equity interests in Dalian Bao Xing Da Industrial Co., Ltd.* (大連保興達實業有限公司) for a consideration of RMB60 million (equivalent to approximately HK\$75 million);
- (u) the sale and purchase agreement dated 17 June 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a 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 sale and purchase of the entire equity interests in 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) for an aggregate consideration of RMB160 million (equivalent to approximately HK\$200 million);
- (v) the agreement dated 26 June 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a wholly-owned subsidiary of the Company, Tianan Property Investment Strategic Planning (Shenzhen) Co. Ltd.* (天安地產投資策劃(深圳)有限公司) and Suzhou Tianan Import and Export Trading Co. Ltd.* (蘇州天安進出口貿易有限公司) in relation to the proposed establishment of a joint venture company;
- (w) the sale and purchase agreement dated 16 July 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a wholly-owned subsidiary of the Company, as the purchaser and Mr. Zhou Luohong (周羅洪), Mr. Xie Jianming (謝建明) and Ms. Zhou Jing (周靜), collectively as the vendors, in relation to the sale and purchase of the entire equity interests in Yingkou Xiang Feng Properties Co., Ltd.* (營口翔峰置業有限公司) and the development project named Xiang Feng Wealth Seaview* (翔峰財富海景), including the land use right of the state-owned land, for a consideration of RMB250 million (equivalent to approximately HK\$312.5 million);
- (x) the sale and purchase agreement dated 25 August 2015 entered into between Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser and Ms. Zhang Ying (張英) and Mr. Zhang Hao (張浩) as the vendors in relation to the acquisition of the entire equity interests in Changzhou City Jintan Ruixin Optoelectronic Co., Ltd.* (常州市金壇瑞欣光電有限公司) and the

shareholder's loan for a consideration of RMB75,000,001 (equivalent to approximately HK\$91,500,001);

- (y) the sale and purchase agreement dated 25 August 2015 entered into between Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser and Mr. Kong De Song (孔德松) and Ms. Shen Li Li (沈莉莉) as the vendors in relation to the acquisition of Jiangsu Zhong Ke Zhong Ke Guo Neng Photovoltaic Technology Co., Ltd.* (江蘇中科國能光伏科技有限公司) for a consideration of RMB1 (equivalent to approximately HK\$1.22);
- (z) the equity transfer agreement dated 26 August 2015 entered into between Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser and Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司) as the vendor in relation to the acquisition of assets for a consideration of RMB33,412,572.70 (equivalent to approximately HK\$40,763,338.69);
- (aa) the sale and purchase agreement dated 10 September 2015 entered into between Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being an indirect wholly-owned subsidiary of the Company, as the purchaser and Mr. Yu Jun (于俊) as the vendor in relation to the acquisition of the entire equity interests in Jurong Guangxuan Optoelectronic Technology Co., Ltd.* (句容光軒光電科技有限公司) and the shareholder's loan for a consideration of RMB212,900,000 (equivalent to approximately HK\$259,738,000);
- (bb) the sale and purchase agreement dated 7 October 2015 entered into between B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司), being a wholly-owned subsidiary of the Company, as the purchaser and Dalian Hydraulic Machinery Co., Ltd.* (大連液力機械有限公司) as the vendor in relation to the acquisition of the entire equity interests in Liaoning Bao Hua Properties Development Co., Ltd.* (遼寧保華房地產開發有限公司) for a consideration of RMB750,000,000 (equivalent to approximately HK\$915,000,000);
- (cc) the asset transfer agreement dated 31 December 2015 entered into between Jurong Zhong Ke Guo Neng Photovoltaic Technology Limited* (句容中科國能光伏科技有限公司), being an indirect wholly-owned subsidiary of the Company, as the transferee and Jurong Guangxuan Optoelectronic Technology Ltd.* (句容光軒光電科技有限公司) as the transferor in relation to the acquisition of the non-current assets set out therein for the consideration of RMB292,900,000;
- (dd) the subscription agreement dated 18 January 2016 entered into between Huajun Power Company Limited (華君電力有限公司), being a direct wholly-owned subsidiary of the Company, and Baohuaxing Assets Management (Shenzhen) Co., Ltd.* (保華興資產管理(深圳)有限公司), being an

indirect wholly-owned subsidiary of the Company, both as the subscribers, and Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司) as the issuer in relation to the subscription of 629,629,629 shares in the share capital of Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司) for a consideration of RMB1,700,000,000 (approximately HK\$2,006,000,000);

- (ee) the asset purchase agreement dated 18 January 2016 entered into between Huajun Power Company Limited (華君電力有限公司), being a direct wholly-owned subsidiary of the Company, and Baohuaxing Assets Management (Shenzhen) Co., Ltd.* (保華興資產管理(深圳)有限公司), being an indirect wholly-owned subsidiary of the Company, both as the vendors and Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司) as the purchaser in relation to the disposal of the entire equity interests in Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being an indirect wholly-owned subsidiary of the Company;
- (ff) the profit guarantee agreement dated 18 January 2016 entered into between Huajun Power Company Limited (華君電力有限公司), being a direct wholly-owned subsidiary of the Company, and Baohuaxing Assets Management (Shenzhen) Co., Ltd.* (保華興資產管理(深圳)有限公司), being an indirect wholly-owned subsidiary of the Company, both as the guarantors and Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司) as the guarantee in relation to the guarantee in respect of the net profits of Continuously Water Affairs (China) Limited* (源源水務(中國)有限公司), being an indirect wholly-owned subsidiary of the Company;
- (gg) the placing agreement dated 18 January 2016 entered into between the Company and Get Nice Securities Limited in relation to the subscription of up to 2,180,000,000 Shares at HK\$0.75 each;
- (hh) the Sale and Purchase Agreement; and
- (ii) the subscription agreement dated 20 January 2016 entered into between the Company and Huajun International in relation to the subscription of convertible bonds in an aggregate principal amount of HK\$1,330,000,000.

10. GENERAL

- (a) The secretary to the Company is Mr. Chan Wing Hang, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The head office and principal place of business of the Company is situated at 36th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong.

- (d) The Hong Kong branch share registrar of the Company is Union Registrars Limited of A18th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (e) If there is any inconsistency in this circular between the English and Chinese versions, then English version shall prevail.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at 36th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong during normal business hours on any week day (except public holidays) for the period of 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts disclosed in the paragraph headed “Material Contracts” in this Appendix;
- (c) the valuation report prepared by RHL Appraisal Limited dated 24 March 2016 as set out in Appendix II to this circular;
- (d) the annual reports of the Company for the two years ended 31 March 2014 and 31 March 2015;
- (e) the circulars of the Company dated 7 May 2015, 14 August 2015, 30 November 2015, 1 February 2016 and 11 March 2016; and
- (f) this circular.

* For identification purpose only