THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Huajun Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

HUAJUN HOLDINGS LIMITED
華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

PROPOSED REFRESHMENT OF GENERAL MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser

INCU

INCU Corporate Finance Limited

Capitalised terms used herein shall have the meanings set out in the section headed "Definitions" in this circular.

A notice convening a special general meeting of Huajun Holdings Limited to be held at the Conference Room, 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong at 3:00 p.m. on Thursday, 21 June 2018 is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the special general meeting is enclosed.

Whether or not you are able to attend the special general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* *For identification purposes only*

4 June 2018

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

"2017 AGM"	the annual general meeting of the Company held on 30 August 2017;
"Acquisition I"	the acquisition of certain equity interests in three companies which are engaged in real estate associated business in Wuxi, the PRC, as announced by the Company on 6 March 2018;
"Acquisition II"	the acquisition of the entire equity interests in Yingkou Yi Hua Green Packaging Printing Company Limited which is engaged in printing business, as announced by the Company on 17 May 2018;
"associates(s)"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"CHG"	China Huajun Group Limited (formerly known as Huajun International Limited), a company incorporated in the British Virgin Islands, a controlling shareholder of the Company, which was indirectly owned by Mr. Meng and Ms. Bao as to 97.0% and 3.0%, respectively, as at the Latest Practicable Date;
"Company"	Huajun Holdings Limited (華君控股有限公司*) (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;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules;
"Convertible Bonds"	the First Convertible Bond, the Second Convertible Bond and the Third Convertible Bond;
"Director(s)"	director(s) of the Company;
"Existing General Mandate"	the general mandate granted by the Shareholders to the Directors to issue and allot Shares representing not more than 20% of the then issued share capital of the Company at the 2017 AGM;

* *For identification purposes only*

"First Convertible Bond"	the convertible bond in the principal amount of HK$350,000,000 which is convertible into 4,117,647 Shares at the conversion price of HK$85;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	the independent board committee, comprising all the independent non-executive Directors, namely, Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping;
"Independent Financial Adviser"	INCU Corporate Finance Limited, a corporation licensed by the Securities and Futures Commission to carry on type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Shareholders in respect of the Refreshment of General Mandate;
"Independent Shareholder(s)"	Shareholder(s) other than the controlling shareholders and their associates or, if there is no controlling shareholder (as defined under the Listing Rules), the Directors and the chief executive of the Company and their respective associates (as defined under the Listing Rules);
"Latest Practicable Date"	30 May 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Mr. Meng"	Mr. Meng Guang Bao (孟廣寶), the chairman of the Company, an executive Director and a controlling shareholder of the Company;
"Ms. Bao"	Ms. Bao Le (鮑樂), the spouse of Mr. Meng;

"Potential Acquisitions"	the potential acquisition of the entire equity interests in each of six separate companies, each of which is established in the PRC with limited liability and owns and operates photovoltaic power generation projects, which have been completed and connected to the grid for power generation, as announced by the Company on 23 May 2018;
"PRC"	the People's Republic of China, which for the purposes of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"Refreshed General Mandate"	the general mandate proposed to be sought at the SGM to authorise the Directors to issue and allot Shares representing not more than 20% of the issued share capital of the Company as at the date of the SGM;
"Refreshment of General Mandate"	the proposed refreshment of the Existing General Mandate by way of grant of the Refreshed General Mandate;
"Second Convertible Bond"	the convertible bond in the principal amount of HK$30,000,000 which is convertible into 882,352 Shares at the conversion price of HK$34.5;
"SGM"	the special general meeting of the Company to be convened and held at the Conference Room, 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong at 3:00 p.m. on Thursday, 21 June 2018 for the Shareholders to consider and, if thought fit, approve the Refreshment of General Mandate;
"Share(s)"	ordinary share(s) of HK$1.00 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Third Convertible Bond"	the convertible bond in the principal amount of HK$218,000,000 which is convertible into 6,411,764 Shares at the conversion price of HK$34;
"Wuxi"	Wuxi, Jiangsu Province of the PRC; and
"%"	per cent.

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
Ms. Zhang Ye
Mr. Guo Song
Mr. He Shufen

Independent Non-Executive Directors:
Mr. Pun Chi Ping
Mr. Shen Ruolei
Mr. Zheng Bailin

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
36/F., Champion Tower
3 Garden Road
Central
Hong Kong

4 June 2018

To the Shareholders,

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement made by the Company dated 4 April 2018 in relation to the Refreshment of General Mandate.

The purpose of this circular is to provide you with (i) details of the Refreshment of General Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate; and (iv) the notice of the SGM.

* *For identification purposes only*

EXISTING GENERAL MANDATE

Pursuant to an ordinary resolution passed by the Shareholders at the 2017 AGM, the Existing General Mandate was granted to the Directors and enabled the Directors to issue and allot up to 12,133,840 Shares, representing 20% of the issued share capital of the Company as at the date of the 2017 AGM.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Company has issued (i) the First Convertible Bond; (ii) the Second Convertible Bond; and (iii) the Third Convertible Bond. As a result, the Company has utilised approximately 94.05% of the Existing General Mandate and may further issue and allot up to 722,077 new Shares under the Existing General Mandate.

PROPOSED GRANT OF REFRESHED GENERAL MANDATE

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the date of the SGM and based on the total number of 60,669,200 issued Shares as at the Latest Practicable Date, subject to the passing of the relevant ordinary resolution by the Independent Shareholders at the SGM, the Refreshment of General Mandate will allow the Directors to allot and issue up to 12,133,840 Shares, representing 20% of the issued share capital of the Company as at the date of the SGM.

The Refreshed General Mandate will, if granted, expire at the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and bye-laws of the Company or the applicable laws of Bermuda; or (iii) the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company prior to the next general meeting of the Company.

REASONS FOR THE REFRESHMENT OF GENERAL MANDATE

The principal activities of the Group are: (i) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (ii) trading and logistics; (iii) finance lease; (iv) provision of finance; (v) property development and investments; (vi) securities investments; (vii) provision of securities and brokerage services; and (viii) manufacturing and sales of photovoltaic products.

The Board has been constantly monitoring the markets for opportunities of strategic mergers and acquisitions to complement the organic growth, strengthen the Company's foothold in existing markets and provide the Company with access to new markets in new areas. As at the Latest Practicable Date, save for the Acquisition I, Acquisition II and the Potential Acquisitions, the Company has not identified any other potential acquisition target and does not have any favoured industry in which the Company intends to invest. The Directors consider that if there are attractive terms for the potential investors to invest in the Shares or if the Group is able to identify suitable investment opportunities, the Board will be able to respond to the market promptly if the Refreshed General Mandate has been granted. As (i) opportunities for future investments and/or equity fund-raising on favourable terms may arise at any time prior to the next annual general meeting of the Company, which is expected to be held in or about August 2018, representing around three months from the Latest Practicable Date; and (ii) a decision in respect of such investment or equity fund-raising opportunities is often required to be made within a limited period of time, the Board considers that the grant of Refreshed General Mandate is essential for the Company as it enables the Company to have additional readily available financing alternatives, including by way of issue of new Shares and convertible securities, in order to seize suitable opportunities which may arise from time to time to maximise the Shareholders' return. If the Refreshed General Mandate is not granted, this means that the Company may only conduct equity financing by seeking a specific mandate from the Shareholders on each occasion, it would be impracticable for the Company to capture certain favourable investments and/or equity financing opportunities in a timely manner and the interests of the Shareholders and the Company as a whole may be adversely affected as a result.

The funds raised from the previous issue of Convertible Bonds were utilised by the Company for the purposes as set out in the section headed "FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS" of this circular, such fund-raising exercise enabled the Company to (i) demonstrate the confidence of institutional investors under the Convertible Bonds in the Company; (ii) enhance its working capital; and (iii) strengthen its capital base and financial position without immediate dilution effect on the shareholding of the existing Shareholders. Taking into account all the benefits as set out above, the Board considers the benefits of Refreshment of General Mandate would necessarily outweigh the potential dilution impact to the Shareholders, including the minority Shareholders.

The Board has considered and would not exclude the possibility of raising capital by rights issue, open offer, debt-financing or otherwise. The Board estimated that pre-emptive rights issue or open offer may take up to approximately three to five months in order to identify suitable underwriter(s) and prepare the requisite listing documents and will involve extra costs as compared to equity financing, including the financial, legal and other professional advisory fees in relation to the preparation of listing documents, which may amount to approximately HK$1 million to HK$2 million (excluding underwriting commission of approximately 2% to 4% of the underwritten amount). Given the Company's net current liabilities position, increasing gearing ratio and that majority of the Group's assets have been pledged as securities for its existing borrowings, the Board considers that it may be difficult for the Company to seek additional debt financing without incurring unfavourable terms such as higher interest rates and tightened collateral requirements such as debt covenants and restrictions on use of funding. Considering that (i) pre-emptive fund-raising, such as by way of rights issue and open offer, will require extra time and cost in relation to the preparation of listing documents; and (ii) the time and cost involved for debt financing will not be less than those of equity financing, the Board views that the Refreshment of General Mandate would be beneficial for the Company so as to allow the Company to have additional financing alternatives, including by way of issue of new Shares and convertible securities.

Having considered that (i) approximately 94.05% of the Existing General Mandate has been utilised by the Company as at the Latest Practicable Date; (ii) the aforementioned benefits from the previous equity fund-raising activities; (iii) issuing Shares under specific mandate will involve extra time and cost, as compared to issuing Shares under general mandate, arising from (a) the preparation, printing and despatch of the relevant circular and notice of special general meeting; and (b) holding and convening of special general meeting for each occasion; (iv) the Refreshed General Mandate will allow the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture suitable opportunities for debt or equity fund-raising, including by way of issue of convertible bonds or new Shares, in a timely manner (without limiting its ability to conduct rights issue, open offer or debt financing) for the Company to invest in its existing business and enhance its profitability, which the Board believes shall have a positive effect on the share price; and (v) the potential dilution of shareholding will apply equally to each of the Shares, the Board considers that the Refreshment of General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

Assuming the Group's existing operation, investment projects and financial obligations maintain the status quo, the Company's expected working capital requirements in the next twelve months from the Latest Practicable Date are as follows:

Description of use	**Expected timing**	**Amount** *(HK$ million)*
Repayment of principal and interest incidental to the convertible bonds completed on 8 June 2016	June 2018	216.7
Repayment of principal and interest incidental to the convertible bonds completed on 26 October 2017	October 2018	374.5
Payment of interest incidental to the convertible bonds completed on 24 January 2018	July 2018	12.4
	January 2019	12.4
Repayment of principal and interest incidental to the corporate bonds for 12-month period ending 31 May 2019	May to December 2018	8.5
	January to May 2019	167.1
Payment of the remaining consideration for the Acquisition I	June 2018	1,623.3
Working capital for the Group's printing business (including capital expenditure for the acquisition of a new plant)	June 2018 to May 2019	33.1
Payment of consideration for the Acquisition II	September 2018	36.9
Total:		**2,484.9**

The bank and cash balance of the Group as at 31 March 2018 based on the management accounts of the Group amounted to approximately RMB238.5 million. Apart from using the bank and cash balance of the Group, the Company intends to finance the remaining working capital requirements by way of debt financing, equity financing and sale of certain assets of the Group. In particular, the principal and interest incidental to the convertible bonds completed on 8 June 2016 and the remaining consideration of the Acquisition I will be settled by debt financing. The Board is of the opinion that, after taking into account the internal resources, the existing available banking and other facilities of the Group, the Group has sufficient working capital for its present requirements for at least twelve months from the Latest Practicable Date in the absence of any unforeseen circumstances. Nonetheless, the Board considers that it would be beneficial for the Company to have additional working capital to cover possible additional funding requirement arising from unexpected circumstances, such as changes in market conditions or opportunities.

As at the Latest Practicable Date, the Company has no plan or intention to downsize or dispose its existing business, save that the Company is considering to dispose certain completed property development projects.

The Directors intend to raise funding by means of equity financing, including issue of new Shares and/or convertible securities representing not more than 20% of the total number of issued Shares as at the date of the SGM, before the next annual general meeting of the Company. The net proceeds to be raised from such intended equity fund-raising activities are intended to be used for (i) repayment of principal and interest of the issued convertible bonds and corporate bonds of the Company; and/or (ii) working capital of the Group's property development business and other operating expenses of the Group. The Board, in considering the terms of equity fund-raising, (i) by way of issue of new Shares, will generally take into account the discount to the relevant issue price and will seek suitable placing agent's assistance and advice in this regard; and (ii) by way of issue of convertible securities, will generally take into account the relevant interest rate and conversion price attached thereto, so as to ensure the terms are in the best interest of the Company and its Shareholders as a whole. As at the Latest Practicable Date, the Company has started negotiations with two professional investors, which are funds and independent third parties, for issue of bonds or convertible bonds, save for the aforementioned negotiations, the Company has not yet started any other negotiation or entered into any definitive agreements for raising capital by issuing new Shares or convertible securities under the Refreshed General Mandate.

FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Fund-raising activity	Net proceeds raised *(approximately)*	Intended use of net proceeds	Actual use of the net proceeds
20 October 2017	Issue of the First Convertible Bond	HK$349,000,000	The net proceeds from the issue of the First Convertible Bond will be used as general working capital	Approximately HK$301.3 million, HK$13.2 million and HK$34.4 million of the net proceeds had been used for (i) repayment of bank loan; (ii) payment of consideration for acquisition of a licensed corporation; and (iii) operating expenses of the Group, respectively
7 December 2017	Issue of the Second Convertible Bond	HK$29,700,000	The net proceeds from the issue of the Second Convertible Bond will be used as general working capital for payment of the Company's monthly administrative expenses after completion of issue of the Second Convertible Bond	All the net proceeds had been used for payment of the Company's monthly administrative expenses from January to April 2018
13 December 2017	Issue of the Third Convertible Bond	HK$217,700,000	The net proceeds from the issue of the Third Convertible Bond will be used for settlement of progress payment for the Group's property development project in respect of the Bao Hua Financial Centre* (保華金融中心), a property wholly-owned by the Group and situated in Dalian City, the PRC	Approximately HK$43 million, HK$10 million and HK$164.7 million of the net proceeds had been used for (i) repayment of borrowings of the Group; (ii) working capital of a licensed corporation of the Group; and (iii) other operating expenses of the Group, of which approximately HK$73.8 million had been used for solar photovoltaic business and approximately HK$90.9 million had been used for property development and investment businesses, respectively

* *For identification purposes only*

Save as disclosed above, the Company has not conducted any other equity fund-raising activities in the past twelve months immediately preceding the Latest Practicable Date.

POTENTIAL DILUTION OF SHAREHOLDINGS

The following table sets out the potential cumulative dilution effect to the shareholding held by public Shareholders of 15,754,670 Shares (the "**Initial Public Shareholding**") upon full utilisation of the conversion rights under the First Convertible Bond, Second Convertible Bond and Third Convertible Bond and upon full utilisation of the Refreshed General Mandate:

Event	Total no. of issued Shares	Initial Public Shareholding to total number of issued Shares *(Approximate %)*	Dilution effects of fund raising activity to the Initial Public Shareholding *(Approximate %)*	Cumulative dilution effects to the Initial Public Shareholding *(Approximate %)*
Immediately prior to exercise of any conversion rights under the Convertible Bonds	60,669,200	25.97	–	–
Immediately after full exercise of the conversion rights under he First Convertible Bond	64,786,847	24.32	1.65	1.65
Immediately after full exercise of the conversion rights under the First Convertible Bond and the Second Convertible Bond	65,669,199	23.99	0.33	1.98
Immediately after full exercise of the conversion rights under the Convertible Bonds	72,080,963	21.86 *(Note 1)*	2.13	4.11
Immediately after full exercise of the conversion rights under the Convertible Bonds and full utilisation of the Refreshed General Mandate	84,214,803	18.71 *(Note 1)*	3.15	7.26

Certain percentage figures included in the above table have been subject to rounding adjustments.

Note 1: The figures contained in the above table are for illustrative purposes only and the Company will not utilise the Refreshed General Mandate or conduct any activity to cause the public float of the Company to fall below 25% as required under Rule 8.08(1)(a) of the Listing Rules.

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the Refreshed General Mandate (assuming no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to and including the date of the SGM), for illustrative purposes:

Shareholders	As at the Latest Practicable Date		Upon full utilisation of the Refreshed General Mandate	
	Number of Shares	*Approximate % of shareholdings*	*Number of Shares*	*Approximate % of shareholdings*
Mr. Meng	790,910	1.30	790,910	1.09
Mr. He Shufen *(Note 1)*	1,320	0.002	1,320	0.002
CHG *(Note 2)*	44,122,300	72.73	44,122,300	60.61
Public Shareholders	15,754,670	25.97	15,754,670	21.64 *(Note 3)*
Shares that may be issued under the Refreshed General Mandate	–	–	12,133,840	16.67
Total:	60,669,200	100.00	72,803,040	100.00

Notes:

1. Mr. He Shufen is an executive Director.

2. As at the Latest Practicable Date, CHG is wholly owned by Huajun Real Estate (Gaoyou) Co., Ltd.* (華君置業(高郵)有限公司) which is wholly owned by Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司). Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司) is owned as to 97.0% by Mr. Meng and 3.0% by Ms. Bao, respectively.

3. The figures contained herein are for illustrative purposes only and the Company will not issue any new Shares or convertible securities to any connected person(s) of the Company, which will cause the public float of the Company to fall below 25% as required under Rule 8.08(1)(a) of the Listing Rules.

Certain percentage figures included in the above table have been subject to rounding adjustments.

* *For identification purposes only*

LISTING RULES IMPLICATIONS

As the Refreshment of General Mandate is proposed to be made before the next annual general meeting of the Company, pursuant to Rule 13.36(4) of the Listing Rules, the Refreshment of General Mandate will be subject to the approval of the Independent Shareholders by way of an ordinary resolution at the SGM at which any controlling shareholders of the Company and their associates or, where there is no controlling shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution approving the proposed Refreshment of General Mandate.

As at the Latest Practicable Date, Mr. Meng directly holds 790,910 Shares and indirectly holds 44,122,300 Shares through CHG, respectively, representing collectively approximately 74.03% of the total number of issued Shares, and therefore, each of Mr. Meng and CHG is a controlling shareholder of the Company. Accordingly, Mr. Meng and his associates (including CHG) are required to abstain from voting in favour of the proposed resolution approving the Refreshment of General Mandate at the SGM pursuant to the Listing Rules.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the Refreshed General Mandate.

The Independent Board Committee has been established (i) to consider and, if appropriate, make a recommendation to the Independent Shareholders as to whether the terms of the Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

SGM

A notice convening the SGM to be held at the Conference Room, 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong on Thursday, 21 June 2018 3:00 p.m. is set out on pages SGM-1 to SGM-3 of this circular for the purposes of considering and, if thought fit, passing the ordinary resolution in relation to the Refreshment of General Mandate.

A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM, please complete the form of proxy in accordance with the instruction printed thereon and deposit it to the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for holding of the SGM or adjourned meeting. The lodging of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you 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, Mr. Meng and his associates (including CHG) are required to abstain from voting on the resolution(s) in respect of the Refreshment of General Mandate at the SGM.

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 16 of this circular which contains its recommendation to the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate; and (ii) the letter from the Independent Financial Adviser set out on pages 17 to 36 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the Refreshed General Mandate.

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 Company. 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.

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
By order of the Board
Huajun Holdings Limited
CHAN Wing Hang
Company Secretary

HUAJUN HOLDINGS LIMITED
華君控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 377)

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
36/F., Champion Tower
3 Garden Road
Central
Hong Kong

4 June 2018

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular dated 4 June 2018 issued by the Company (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise the Independent Shareholders in connection with the Refreshment of General Mandate. INCU Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We are of the view that the Refreshment of General Mandate, after taking into account solely the advice of the Independent Financial Adviser as set out from pages 17 to 36 of the Circular, are fair and reasonable so far as the Independent Shareholders are concerned, and that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Refreshment of General Mandate.

Yours faithfully,
Independent Board Committee
Mr. Zheng Bailin **Mr. Shen Ruolei** **Mr. Pun Chi Ping**
Independent non-executive Directors

* *For identification purposes only*

The following is the full text of the letter from INCU Corporate Finance Limited setting out the advice to the Independent Board Committee and Independent Shareholders in respect of the proposed grant of Refreshed General Mandate prepared for the purpose of incorporation in this circular.

INCU Corporate Finance Limited
Unit 1701, 17/F, Wings Building,
110-116 Queen's Road Central,
Central, Hong Kong

4 June 2018

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sirs or Madams,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of Refreshed General Mandate, details of which are set out in the letter from the board (the "**Letter from the Board**") contained in the circular of the Company dated 4 June 2018 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board proposes to grant the Refreshed General Mandate for the Directors to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of an ordinary resolution for approving such refreshment at the SGM. Pursuant to Rule 13.36(4) of the Listing Rules, as the Refreshment of General Mandate is proposed to be made before the next annual general meeting of the Company, it will be subject to the approval of the Independent Shareholders by way of an ordinary resolution at the SGM at which any controlling shareholders of the Company and their associates, or where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution approving the proposed Refreshment of General Mandate.

As at the Latest Practicable Date, Mr. Meng directly holds 790,910 Shares and indirectly holds 44,122,300 Shares through CHG, respectively, representing collectively approximately 74.03% of the total number of issued Shares, and therefore, each of Mr. Meng and CHG is a controlling shareholder of the Company. Accordingly, Mr. Meng and his associates (including CHG) are required to abstain from voting in favour of the proposed resolution approving the Refreshment of General Mandate at the SGM pursuant to the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping, has been established (i) to consider and, if appropriate, make a recommendation to the Independent Shareholders as to whether the Refreshment of General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

In our capacity as the Independent Financial Adviser, our role is to give an independent advice to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate, and to make recommendations as to, among others, whether the Refreshment of General Mandate is fair and reasonable and as to voting in respect of the relevant resolution at the SGM.

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or associates. We are not aware of any relationships or interest between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser in respect of the Refreshment of General Mandate. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. During the past two years, we have been appointed as the independent financial adviser (the "**Previous Engagements**") to the Company in respect of the major and connected transaction in relation to the acquisition of all issued share capital of Hua Tai Jun An International Development Limited (the "**Prior Acquisition**") and the discloseable and connected transactions in relation to the disposal of equity interests in Liaoning Yinzhu Chemtex Group Co. Limited and Zhejiang Linhai Machinery Limited (the "**Disposals**") with details set out in the circulars of the Company dated 28 February 2017 and 29 November 2017 respectively. We considered that the Previous Engagements did not affect our independence as the Independent Financial Adviser to the Refreshment of General Mandate, since the Previous Engagements merely involved the provision of opinion to the independent board committee and independent shareholder of the Company in relation to the Prior Acquisition and the Disposals, we did not give any advice or opinion to the Company on planning and/or structuring any corporate action outside of the scope of the Prior Acquisition and the Disposals. Accordingly, we consider that we are eligible to give independent advice on the Refreshment of General Mandate.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular; the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. Our review and analyses were based upon, among others, the information provided by the Group including the Circular, existing facilities available to the Group, working capital forecast for the Company for the period ending 30 June 2019 and certain published information from the public domain. We have also discussed with the Directors and/or the management of the Group with respect to the basis and assumptions adopted in the working capital forecast and the reasons for the Refreshment of General Mandate. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. However, we have not conducted any in-depth independent investigation into the businesses, affairs and financial positions of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate, we have taken into account the following principal factors and reasons:

1. Background and financial information of the Group

The Group is principally engaged in (i) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products (the "**Printing Business**"); (ii) trading and logistics (the "**Trading and Logistics Business**"); (iii) finance lease; (iv) provision of finance (the "**Financial Services Business**"); (v) property development and investments (the "**Property Business**"); (vi) securities investments; (vii) provision of securities and brokerage services; and (viii) manufacturing and sales of photovoltaic products (the "**Solar Photovoltaic Business**").

Set out below are the audited consolidated financial information of the Group for the two years ended 31 March 2016 ("**FY2016**") and 31 March 2017 ("**FY2017**"), as extracted from the annual report of the Company for the year ended 31 March 2017 ("**2017 Annual Report**"); and unaudited consolidated financial results of the Group for the six months ended 30 September 2016 ("**FP2016**") and 30 September 2017 ("**FP2017**"), as extracted from the interim report of the Company for the six months ended 30 September 2017 ("**2017/18 Interim Report**"):

	FY2016	**FY2017**	**FP2016**	**FP2017**
	(audited)	(audited)	(unaudited)	(unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Restated)		(Restated)	
	(Note 1)		*(Note 1)*	
Continuing operations				
Revenue	1,374,919	3,313,992	1,355,993	1,885,653
– Printing Business	537,587	544,748	299,438	363,500
– Trading and Logistics Business	396,283	1,173,034	177,923	909,509
– Property Business	7,625	15,303	4,766	34,842
– Solar Photovoltaic Business	317,302	1,371,321	778,274	545,699
– Financial Services Business	87,537	169,481	76,004	16,904
– Others	28,585	40,105	19,588	15,199
Gross profit	224,431	477,310	223,888	185,526
Gross profit margin	16.32%	14.40%	16.51%	9.84%
Profit before tax	26,223	134,548	27,892	66,241
(Loss)/profit for the year/period from continuing operations	(24,489)	43,401	16,927	17,466
Discontinued operations *(Note 2)*				
Profit for the year/period from discontinued operations	–	–	5,533	7,772
Profit for the year/period attributable to Shareholders of the Company	27,090	22,717	5,842	21,831
(Loss)/profit for the year/period attributable to non-controlling interests	(51,579)	20,684	16,618	3,407

Notes:

1: As disclosed in the 2017 Annual Report and 2017/18 Interim Report, the Company's functional currency is HK$. The consolidated financial statements in the prior financial period was presented in HK$. During FY2017, the Directors considered that the change in the presentation currency could reduce the impact of any fluctuations in the exchange rate of HK$ against RMB on the consolidated financial statements of the Group, enabling the shareholders of the Company to have a more accurate picture of the Group's financial performance. The change in presentation currency of the Company has been applied retrospectively in accordance with HKAS 8 Accounting Policies, Change in Accounting Estimates, and Errors, and the comparative figures as at 31 March 2016, and FP2016 have been retranslated to RMB and restated accordingly.

2: As disclosed in the 2017/18 Interim report, on 31 October 2017, certain subsidiaries (the "**Disposal Group**"), engaged in the distribution and sales of industrial software, electronics parts and devices, ceased to be a subsidiary of the Company following the disposal of the Disposal Group's equity interest and introduction of new investors for the Disposal Group, and accordingly, its results will no longer be consolidated into the financial statements of the Company. The results for FP2017, the assets and liabilities of the Disposal Group as at 30 September 2017 have been classified as a discontinued operations. For further details, please refer to the Company's announcements dated 28 September 2017 and 31 October 2017.

Financial performance in FY2017 and FY2016

As disclosed in the 2017 Annual Report, revenue of the Group was approximately RMB3,314.0 million in FY2017, representing an increase of approximately RMB1,939.1 million, or 141.0%, compared to the revenue of approximately RMB1,374.9 million in FY2016. The overall increase in revenue was attributable to the growth in sales of the Solar Photovoltaic Business and the Trading and Logistics Business in particular the increase in sales of larger spectrum of oil and chemical products and the growth of sales of electronics parts and devices in FY2017.

Gross profit margin was approximately 14.4% for FY2017, representing a decrease of approximately 11.7% from 16.3% in FY2016. Such decrease was mainly due to the decrease in revenue contributed by the Printing Business from approximately 39.1% in FY2016 to 16.4% in FY2017 whereas the Printing Business has relatively higher gross profit margin compared to other businesses including but not limited to the (i) the Trading and Logistics Business; and (ii) the Solar Photovoltaic Business.

Profit before tax was approximately RMB26.2 million and RMB134.5 million in FY2016 and FY2017 respectively. Such increase was mainly attributable to the combined effect of (i) increase in gross profit from operation which is in line with the increase in revenue; (ii) gain on change in fair value of investment properties of approximately RMB196.3 million in FY2017; (iii) decrease in finance costs of approximately RMB105.6 million, from approximately RMB216.1 million to approximately RMB110.5 million in FY2017, which was partially offset by; (iv) increase in administrative expenses of approximately RMB121.8 million to approximately RMB309.6 million from prior year due to an increase in staff costs as a result of granting share options and increased management staffs; (v) increase in selling and distribution expenses of approximately RMB40.9 million from approximately RMB84.6 million in FY2016, which is in line with the increase in revenue; and (vi) decrease in other gains and losses from other income of approximately RMB11.6 million in FY2016 to other losses of approximately RMB50.6 million as a result of expenses incurred for financial guarantee and change in fair value of held for trading investments in FY2017.

Financial performance in FP2017 and FP2016

As stated in the 2017/18 Interim Report, revenue from continuing operations was approximately RMB1,885.7 million in FP2017, representing an increase of approximately RMB529.7 million, or 39.1%, compared to revenue of approximately RMB1,356.0 million in FY2016. The increase in revenue was mainly attributable to the increase in trading of base oil products and synthetic rubber under the Trading and Logistics Business and overseas cosmetics packaging products under the Printing Business due to increase in customer demand, partly set off by the decrease in revenue generated from the Solar Photovoltaic Business as a result of decreased demand in the Group's solar products during the period.

Gross profit margin from continuing operations was approximately 9.8% for FY2017, representing a decrease of approximately 40.6% from 16.5% in FY2016. Such decrease was mainly due to the change of product mix of the Trading and Logistics Business.

Profit before tax from continuing operations was approximately RMB27.9 million and RMB66.2 million in FP2016 and FP2017 respectively. Such increase in profit before tax from continuing operations was mainly attributable to the combined effect of (i) increase in change in fair value of investment properties of approximately RMB193.3 million in FP2017; and (ii) increase in other gains and losses from other losses of approximately RMB6.7 million in FP2016 to other gains of approximately RMB10.5 million in FP2017 as a result of income recorded for amortisation of financial guarantee and increase in fair value of held for trading investments in FP2017, which was partially offset by (i) decrease in gross profit from continuing operations as per the reason stated above; (ii) increase in distribution and selling expenses from approximately RMB34.6 million in FP2016 to RMB66.4 million in FP2017 as a result of the increase in shipment costs of oil products incurred for Trading and Logistics Business; (iii) increase in administrative expenses from approximately RMB118.9 million in FP2016 to RMB140.4 million as a result of the increase in staff costs, rental and related office expenses due to the expansion of Trading and Logistics Business, Property Business and Financial Services Business; and (iv) increase in finance costs from approximately RMB42.4 million in FP2016 to RMB128.0 million in FP2017 as a result of the increase in interest-bearing bank borrowings during the period.

Financial positions of the Group

Set out below are the highlights of the financial positions of the Group as at 31 March 2017 and 30 September 2017, as extracted from the 2017/18 Interim Report:

	As at 31 March 2017 (audited) *RMB'000*	**As at 30 September 2017** (unaudited) *RMB'000*
Cash and bank balances	172,686	198,935
Non-current assets	6,981,296	6,845,160
Current assets	4,690,893	5,146,541
Current liabilities	(4,863,292)	(6,021,083)
Net current liabilities	(172,399)	(874,542)
Net assets	3,525,847	3,503,126

As at 30 September 2017, the Group had cash and bank balances of approximately RMB198.9 million (31 March 2017: approximately RMB172.7 million). The increase in cash and bank balances was mainly due to the net increase of proceeds from borrowings and advances from the immediate holding company reserved for settlement of future construction costs.

As advised by the Directors, based on the management accounts of the Group, the cash and bank balances as at 31 March 2018 amounted to approximately RMB238.5 million, representing an increase of approximately RMB39.6 million from the balance of approximately RMB198.9 million as at 30 September 2017. Such increase was mainly due to new bank borrowings obtained during the period.

The gearing ratio (calculated as interest-bearing liabilities to total assets) amounted to approximately 31.2% as at 31 March 2017 and 39.8% as at 30 September 2017 respectively. The current ratio (calculated as current assets dividend by currents liabilities) amounted to approximately 1.0 times as at 31 March 2017 and 0.9 times as at 30 September 2017 respectively. The change in gearing ratio and current ratio was mainly attributable to the new bank borrowings obtained during the period.

2. Background of the Existing General Mandate and Refreshed General Mandate

As stated in the Letter from the Board, pursuant to an ordinary resolution passed by the Shareholders at the 2017 AGM, the Existing General Mandate was granted to the Directors which enabled the Directors to issue and allot up to 12,133,840 Shares, representing 20% of the issued share capital as at the date of 2017 AGM.

Set out below are the equity fund-raising activities conducted by the Company in the past 12 months prior to the Latest Practicable Date:

Date of announcement	Fund-raising activity	Net proceeds raised *(approximately)*	Intended use of net proceeds	Actual use of the net proceeds
20 October 2017	Issue of the First Convertible Bond	HK$349,000,000	The net proceeds from the issue of the First Convertible Bond will be used as general working capital	Approximately HK$301.3 million, HK$13.2 million and HK$34.4 million of the net proceeds had been used for (i) repayment of bank loan; (ii) payment of consideration for acquisition of a licensed corporation; and (iii) operating expenses of the Group, respectively
7 December 2017	Issue of the Second Convertible Bond	HK$29,700,000	The net proceeds from the issue of the Second Convertible Bond will be used as general working capital for payment of the Company's monthly administrative expenses after completion of issue of the Second Convertible Bond	All the net proceeds had been used for payment of the Company's administrative expenses from January to April 2018

Date of announcement	Fund-raising activity	Net proceeds raised *(approximately)*	Intended use of net proceeds	Actual use of the net proceeds
13 December 2017	Issue of the Third Convertible Bond	HK$217,700,000	The net proceeds from the issue of the Third Convertible Bond will be used for settlement of progress payment for the Group's property development project in respect of the Bao Hua Financial Centre* (保華金融中心), a property wholly-owned by the Group and situated in Dalian City, the PRC	Approximately HK$43.0 million, HK$10.0 million and HK$164.7 million of the net proceeds had been used for (i) repayment of borrowings of the Group; (ii) working capital of a licensed corporation of the Group; and (iii) other operating expenses of the Group, of which approximately HK$73.8 million had been used for the Solar Photovoltaic Business and approximately HK$90.9 million had been used for the Property Business, respectively

Save as disclosed above, the Company has not carried out any other equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

In summary, the Company has utilised approximately 94.05% of the Existing General Mandate and may further issue and allot up to 722,077 new Shares under the Existing General Mandate. Saved for the proposed Refreshment of General Mandate, there has been no refreshment of the Existing General Mandate from the 2017 AGM up to the Latest Practicable Date.

* *For identification purposes only*

Assuming that there has been no change in the issued share capital of the Company prior to the date of the SGM, the Refreshment of General Mandate will allow the Directors to allot and issue up to 12,133,840 new Shares, being 20% of the issued share capital of the Company as at the Latest Practicable Date (i.e. 60,669,200 Shares). The Refreshed General Mandate, if granted, will expire at the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum of association and bye-laws of the Company or the applicable laws of Bermuda; or (iii) the date on which such authority is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company prior to the next general meeting of the Company.

3. Reasons for proposed grant of the Refreshed General Mandate

As stated in the Letter from the Board, after taking into account that (i) approximately 94.05% of the Existing General Mandate has been utilised by the Company as at the Latest Practicable Date; (ii) the previous equity fund-raising exercise enabled the Company to (a) demonstrate the confidence of institutional investors under the Convertible Bonds in the Company; (b) enhance its working capital; and (c) strengthen its capital base and financial position without immediate dilution effect on the shareholding of the existing Shareholders; (iii) issuing Shares under specific mandate will involve extra time and cost, as compared to issuing Shares under general mandate, arising from (a) the preparation, printing and despatch of the relevant circular and notice of special general meeting and (b) holding and convening of special general meeting for each occasion; (iv) the Refreshed General Mandate will allow the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture suitable opportunities for debt or equity fund-raising, including by way of issue of convertible bonds or new Shares, in a timely manner (without limiting its ability to conduct rights issue, open offer or debt financing) for the Company to invest in its existing business and enhance its profitability, which the Board believes shall have a positive effect on the share price; and (v) the potential dilution of shareholding will apply equally to each of the Shares, the Board considers that the Refreshment of General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

As stated in the Letter of the Board, the Company's expected funding needs in the next 12 months from the Latest Practicable Date will be approximately HK$2,484.9 million (equivalent to approximately RMB2,020.2 million), which will be used for (i) the payment of the remaining consideration for the Acquisition I of approximately HK$1,623.3 million (equivalent to approximately RMB1,319.7 million); (ii) the repayment of principal and interest incidental to the convertible bonds and corporate bonds of approximately HK$791.6 million (equivalent to approximately RMB643.6 million) which will be repayable within 12 months from the Latest Practicable Date; (iii) the payment of the consideration for the Acquisition II of approximately HK$36.9 million (equivalent to RMB30.0 million) and Company intends to finance such working capital by way of debt financing, equity financing and disposal of certain assets of the Group; and (iv) the working capital for the Printing Business (including capital expenditure for the acquisition of a new plant) of approximately HK$33.1 million (equivalent to approximately RMB26.9 million);

It is noted that the next AGM for the refreshment of general mandate is only 3 months away, in assessing the imminent need of the Refreshment of General Mandate, we have reviewed the working capital forecast of the Group for the period ending 30 June 2019 and reviewed the relevant documents in relation to the working capital forecast including the existing facilities available to the Group, the subscription agreements of the convertible bonds and corporate bonds issued by the Company and the acquisition agreements in relation to the Acquisition I and Acquisition II. We have also discussed with the Directors and/or management of the Group regarding the basis and assumptions adopted in the working capital forecast and the funding need of the Company prior to the next AGM.

With reference to the working capital forecast provided by the Company and discussion with the management, we note that the additional funding needs of the Group prior to the next AGM will be approximately RMB1,536.0 million (after taking into account the operating cash inflows from the Property Business, Trading and Logistics Business, Solar Photovoltaic Business, Financial Services Business and securities investment business), including (i) the payment of the remaining consideration for the Acquisition I of approximately RMB1,319.7 million; (ii) repayment of principal and interest incidental to the convertible bonds and corporate bonds of approximately RMB186.3 million; and (iii) the payment of the consideration for the Acqusisition II of RMB30.0 million.

Based on the working capital forecast, we consider that the Group is expected to generate sufficient cash to support its existing scale of operation during the forecast period (excluding the payment of the remaining consideration for the Acquisition I and II) in the absence of unforeseeable circumstances. However, taking into account the recent corporation action of the Group including the Acquisition I and II, we consider that there's imminent funding needs prior to the next AGM.

In order to further assess the funding needs of the Group, we have also taken into consideration the current cash and bank balances/cash and cash equivalent available and the respective planned use. As advised by the Directors, the latest cash position of the Group as at 31 March 2018 amounted to approximately RMB238.5 million. Also, we understand that the Financial Services Business and Property Business require high level of funds for loan principals to potential borrowers and settlement of construction cost respectively. In addition, given the repayment of loan principals are subject to the repayment terms under respective loan agreements, with terms ranging from 6 months to 2 years, the Directors are of the view that the cash inflow from repayment of loan principals is relatively rigid and, if investment opportunities arise, may not meet the immediate funding need. Besides, to further develop the operation scale of existing businesses of the Group, the majority of its existing cash and bank balances has been earmarked for specific purposes as set out below:

	Notes	*Approximately RMB'000*
Cash and bank balances as at 31 March 2018		238,493
Cash reserved for development and/or operation of the Property Business	*1*	(120,000)
Settlement of convertible bond	*2*	(94,000)
Remaining balance		24,493

Notes:

1. The amount represents the fund reserve for (i) settlement of loan interests incurred for bank borrowings for Property Business of approximately RMB40 million, which will be repayable in June 2018; and (ii) settlement for construction costs incurred for construction projects located in Shanghai and Dalian of approximately RMB80 million by July/August 2018.

2. The amount represents the fund reserve for settlement of convertible bonds with principal amount HK$100 million which was repaid in May 2018.

The cash and bank balances available for other investment purpose, after reserving funds for specific purposes stated above, would be approximately RMB24.5 million, of which the Directors consider may not be sufficient to finance potential investment opportunities as and when they arise.

As stated in the 2017/18 Interim Report, the Board has been constantly monitor the markets for opportunities of strategic mergers and acquisitions to complement the organic growth. Such activities may help to strengthen the Company's foothold in existing markets, and provide the Company with access to new markets in new areas. The Directors consider that if there are attractive terms for the potential investors to invest in the Shares or if the Group is able to identify suitable investment opportunities, the Board will be able to respond to the market promptly with the Refreshed General Mandate. It is due to the fact that the process of issuing Shares under a general mandate for fund raising or settlement of consideration for investment projects by way of consideration Shares or issue of convertible bonds is simpler and less lengthy which would allow the Company to avoid the uncertainties in such circumstances where approval for specific mandate may not be obtained timely.

Apart from analysing the results of operations and the latest financial position of the Group, we have also analysed the recent business development of the Group. As disclosed in the announcement of the Company dated 6 March 2018 (the "**Announcement**"), the Company entered into agreements with Wuxi Real Estate Development Group Co., Ltd. and Wuxi City Investment and Development Co., Ltd in respect of the acquisition of equity interests of certain PRC companies which are principally engaged in real estate associated business. The major assets held by the target companies include a piece of land in Mashan of Wuxi, Jiangsu, a residential project in Jiangyang of Wuxi, Jiangsu and a commercial and residential investment project in Wuxi, Jiangsu. The Board considers that such acquisitions offer a good opportunity for the Group to develop high-quality properties and replenish land banks in strategically important regions in the Yangtze River Delta area, the PRC with a view to bringing more investment return for the Shareholders. Details of the Acquisition I are set out in the Announcement. In addition, as disclosed in the announcement dated 17 May 2018, the Company entered into agreement with Huajun Enterprise (Yingkou) Company limited, whose ultimate owner the company are connected persons as ascribed under the Listing Rules in respect of the acquisition of equity interests in Yingkou Yi Hua Green Packaging Printing Company Limited which is principally engaged in the printing and packaging in the PRC. The Directors consider that such acquisition offers a good opportunity for the Group to develop its printing business in Liaoning Province of the PRC, with a view to bringing more investment return to the Shareholders. Details of the Acquisition II are set out in the Company's announcement dated 17 May 2018. Furthermore, as disclosed in the Company's announcement dated 23 May 2018, the Company has entered into non-legally binding memoranda of understandings with several vendors, which are independent third parties, in relation to the Potential Acquisitions of the equity interests in several companies, which owns and operate photovoltaic power generation projects in the PRC. The terms of the formal agreements for the Potential Acquisitions, including but not Limited to the considerations, have yet to be determined. Details of the Potential Acquisitions are set out in the Company's announcement dated 23 May 2018.

As at the Latest Practicable Date, save as disclosed in the announcements of the Company dated 6 March 2018, 17 May 2018 and 23 May 2018 in respect of the Acquisition I, Acquisition II and the Potential Acquisitions, the Company has not identified any other potential acquisition target and does not have any favoured industry in which the Company intends to invest.

Furthermore, as advised by the Directors, as (i) opportunities for future investments and/or equity fund-raising on favourable terms may arise at any time prior to the next AGM of the Company, which is expected to be held in or about August 2018, representing around 3 months from the Latest Practicable Date; and (ii) a decision in respect of such investment or equity fund-raising opportunities is often required to be made within a limited period of time, the Board considers that the grant of Refreshed General Mandate is essential for the Company as it enables the Company to have additional readily available financing alternatives, including by way of issue of new Shares and convertible securities, in order to seize suitable opportunities which may arise from time to time to maximise the Shareholders' return. As at the Latest Practicable Date, the Company has started negotiations with two professional investors, which are funds and independent third parties, for issue of bonds or convertible bonds but has not yet entered into any definitive agreements. The Company may utilize the Refreshed General Mandate for the proposed equity fund raising and the proceeds of which may be used for the repayment of loans, general working capital and/or supporting the Group's future business development.

Having considered that (i) the Existing General Mandate has been substantially utilised as at the Latest Practicable Date; (ii) the existing cash of the Group has been earmarked for development of existing businesses of the Company; (iii) the recent business developments of the Group, in particular, the Acquisition I and Acquisition II as disclosed in the Announcement and announcement of the Company dated 17 May 2018 which may require cash outlay as consideration; (iv) the imminent need for the Refreshment of General Mandates, after taking into account the latest cash position of the Group as at 31 March 2018 of approximately RMB238.5 million, which is lower than the funding need of approximately RMB1,536.0 million prior to the next AGM (including the payment of the remaining consideration for the Acquisition I and the Acquisition II; and (v) the Refreshed General Mandate provides sufficient flexibility for the Group to seize suitable investment opportunities and to expand its investment portfolio, we concur with the view of the Directors that the proposed grant of the Refreshed General Mandate is in the interests of the Company and the Shareholders as a whole.

4. Other financing alternatives

We have enquired the Directors and the Directors confirmed that they had exercised due and careful consideration when choosing the best financing method available to the Group.

The Directors have considered and would not exclude the possibility of raising capital by rights issue, open offer, debt-financing or otherwise. Considering that (i) pre-emptive fund-raising, such as by way of rights issue and open offer, will require extra time and cost in relation to the preparation of circular; and (ii) the time and cost involved for debt financing will not be less than those of equity financing.

Although rights issue and open offer would allow the Shareholders to maintain their respective pro-rata shareholdings in the Company, lengthy discussion with potential commercial underwriters may be required and the Company may not be able to grasp the potential opportunities in a timely manner. In addition, carrying out rights issue and open offer may incur certain transaction costs such as underwriting commission and involve extra administrative work and cost including: (i) splitting costs for Shareholders who only take up their rights issue entitlement partially; (ii) the fee payable for nil-paid rights trading arrangement; and (iii) additional professional fees for preparing and reviewing the provisional allotment letters and the excess application forms, as well as liaising with the registrar of the Company.

As advised by the Directors, we understand that the Company will incur additional expenses amounting to approximately HK$1 million to HK$2 million for professional party, documentation and administrative costs (excluding underwriting commission of approximately 2% to 4% of the underwriting amount). In addition, the Management expected that the Company will also be subject to a lengthy process of up to approximately 3–5 months to (i) identify and negotiate with the underwriter(s); and (ii) prepare requisite listing documents and legal documents including but not limited to underwriting agreement(s), announcement(s) and prospectus if the Company intends to raise funds by way of rights issue and open offer. As such, we concur with the Directors' view that the lengthy period may subject the Company to volatile market conditions and uncertainty in raising funds.

Furthermore, as disclosed in the 2017/18 Interim Report, we note that the Company was in net current liabilities positions as at 31 March 2017 and 30 September 2017 and the gearing ratios increased from approximately 31.2% as at 31 March 2017 to 39.8% as at 30 September 2017. As advised by the Directors, given the net current liabilities position, increasing gearing ratio and majority of the Group's assets have been pledged as securities for its existing borrowings (i.e. approximately 68.1% of the Group's total assets has been pledged for borrowings as at 30 September 2017), the Company may find it difficult to seek for additional debt financing without incurring unfavourable terms such as high interest rates and/or tightened collateral requirement.

Having considered that (i) rights issue or open offer may take a longer time to complete and may incur additional legal and professional costs (i.e. underwriting commission and/or legal expense incurred for preparation of listing documents) while fund raising exercise pursuant to general mandate provides the Company a simpler and less lead time process than other types of fund raising exercise and avoids the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner; (ii) debt financing may incur higher interest burden to the Group or tightened collateral requirement such as debt covenants and restrictions on use of funding may hinder the flexibility on the Group's future development; and (iii) the proposed grant of Refreshed General Mandate will provide the Group with an additional alternative and it is reasonable for the Group to have the flexibility in deciding the financing methods for its future development, including equity issuance, we concur with the Directors' view that the refreshment of the Existing General Mandate will be in the interests of the Company and the Independent Shareholders as a whole.

5. Potential dilution effect on shareholdings

The following table sets out the potential cumulative dilution effect to the shareholding held by public Shareholders of 15,754,670 Shares upon full utilisation of the conversion rights under the First Convertible Bond, Second Convertible Bond and Third Convertible Bond and upon full utilisation of the Refreshed General Mandate:

	Total no. of issued Shares	Initial Public Shareholding to total number of issued Shares *(Approximate %)*	Dilution effects of fund raising activity to the Initial Public Shareholding *(Approximate %)*	Cumulative dilution effects to the Initial Public Shareholding *(Approximate %)*
Immediately prior to exercise of any conversion rights under the Convertible Bonds	60,669,200	25.97	–	–
Immediately after full exercise of the conversion rights under the First Convertible Bond	64,786,847	24.32	1.65	1.65
Immediately after full exercise of the conversion rights under the Second Convertible Bond	65,669,199	23.99	0.33	1.98
Immediately after full exercise of the conversion rights under the Third Convertible Bond	72,080,963	21.86 *(Note 1)*	2.13	4.11
Immediately after full utilisation of the Refreshed General Mandate	84,214,803	18.71 *(Note 1)*	3.15	7.26

Certain percentage figures included in the above table have been subject to rounding adjustments.

Note 1: The figures contained in the above table are for illustrative purposes only and the Company will not utilise the Refreshed General Mandate or conduct any activity to cause the public float of the Company to fall below 25% as required under Rule 8.08(1)(a) of the Listing Rules.

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) upon full utilisation of the Refreshed General Mandate (assuming no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to and including the date of the SGM), for illustrative purposes:

Shareholders	As at the Latest Practicable Date		Upon full utilisation of the Refreshed General Mandate	
	Number of Shares	*Approximate % of shareholdings*	*Number of Shares*	*Approximate % of shareholdings*
Mr. Meng	790,910	1.30	790,910	1.09
Mr. He Shufen *(Note 1)*	1,320	0.002	1,320	0.002
CHG *(Note 2)*	44,122,300	72.73	44,122,300	60.61
Public Shareholders	15,754,670	25.97	15,754,670	21.64 *(Note 3)*
Shares that may be issued under the Refreshed General Mandate	–	–	12,133,840	16.67
Total:	60,669,200	100.00	72,803,040	100.00

Notes:

1. Mr. He Shufen is an executive Director.

2. As at the Latest Practicable Date, CHG is wholly owned by Huajun Real Estate (Gaoyou) Co., Ltd.* (華君置業(高郵)有限公司) which is wholly owned by Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司). Huajun Enterprise (Yingkou) Co., Ltd.* (華君實業(營口)有限公司) is owned as to 97.0% by Mr. Meng and 3.0% by Ms. Bao, respectively.

The figures contained herein are for illustrative purposes only and the Company will not issue any new Shares or convertible securities to any connected person(s) of the Company, which will cause the public float of the Company to fall below 25% as required under Rule 8.08(1)(a) of the Listing Rules.

Certain percentage figures included in the above table have been subject to rounding adjustments.

Assuming that (i) the proposed grant of the Refreshed General Mandate is approved at the SGM; (ii) no Shares will be repurchased and no new Shares will be issued from the Latest Practicable Date up to the date of the SGM (both dates inclusive); and (iii) upon full utilisation of the maximum of 12,133,840 new Shares which may be issued and allotted under the Refreshed General Mandate, which represents 20% of the issued share capital as at the Latest Practicable Date and approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of such 12,133,840 Shares. The aggregate shareholding of the existing public Shareholders will be diluted from 25.97% to approximately 21.64%.

* *For identification purposes only*

The aggregate potential dilution impact of the fund raising activities in the past 12 months on the existing public Shareholders (exclusive of the Refreshed General Mandate) was approximately 4.11% and the potential dilution impact of the utilization of the Refreshed General Mandate was approximately 3.15%, we are of the view that the aggregate dilution impact is acceptable compared to the pre-emptive fund raisings such as open offer or rights issue after taking into account (i) as advised by the management, as at the Latest Practicable Date, the Company has started negotiations with two professional investors, which are independent third parties, for issue of bonds or convertible bonds. Thus, if convertible securities are issued to independent third parties, we consider the shareholding interests of the existing Shareholders will be diluted equally and no existing Shareholders will be taking an advantageous position; (ii) the potential dilution impact to the existing Shareholders may even be increased as the underwriter(s) generally will request for a deep discount on the subscription price and if the Shareholders to opt not subscribe for the offer shares or rights shares under open offer or rights issue and all untaken sharers will be underwritten by the underwriter(s); (iii) raising funds by non pre-emptive equity financing such as issuing new Shares will enable the Company to introduce potential investor(s) or strategic investor(s) whose interests are aligned with the Company's business objectives within a controllable timeframe and at reasonable costs; (iv) the new Shares cannot be issued at more than 20% discount under the Refreshed General Mandate; (v) the Refreshed General Mandate will provide alternative means for the Company to raise capital; (vi) the Refreshed General Mandate will provide more options of financing to the Group for further development of its businesses as well as in other potential future investments as and when such opportunities arise; and (vii) the above flexibility outweigh the dilution effect of the existing Shareholders as the Company is able to respond in a timely and effective manner to take advantages of any material investment opportunities for the benefit of the Company and its Shareholders as a whole. In view of the aforesaid, we consider that the aggregate potential dilution impact to existing shareholders is acceptable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular, (i) the Existing General Mandate has been substantially utilized as at the Latest Practicable Date; (ii) as compared to other financing alternatives, issuing convertible bonds or new Shares under general mandate provides the Company with a simpler process and less lead time; (iii) debt financing may incur higher interest burden to the Group or tightened collateral requirement on debt financing such as debt covenants and restrictions on use of funding may hinder the flexibility on the Company's future development; and (iv) the Refreshed General Mandate provides the Company with capability to prepare cash reserve to capture any capital raising and/or prospective investment opportunity as and when they arise, we are of the view that the proposed grant of Refreshed General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the proposed grant of Refreshed General Mandate. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholdings in the Company when and if the Refreshed General Mandate is utilised.

Yours faithfully,
For and on behalf of
INCU CORPORATE FINANCE LIMITED
Gina Leung
Managing Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

HUAJUN HOLDINGS LIMITED
華君控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting ("**SGM**") of Huajun Holdings Limited ("**Company**") will be held at the Conference Room, 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong at 3:00 p.m. on Thursday, 21 June 2018 for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution:

ORDINARY RESOLUTION

1. "**THAT**

(a) the general mandate granted to the directors of the Company ("**Directors**") to allot, issue and deal with the unissued shares of the Company pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 August 2017 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to passing of this resolution);

(b) subject to paragraph (d) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the authorised and unissued shares ("**Share(s)**") in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities carrying rights to subscribe for or convert or exercise of such powers) be and is hereby generally and unconditionally approved;

(c) the approval in paragraph (b) shall authorise the Directors to make or grant offers, agreements and options, during the Relevant Period (as defined below) which would or might require the exercise of such powers after the end of the Relevant Period (as defined below);

* *For identification purposes only*

(d) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (b) of this resolution, otherwise than pursuant to:

(i) a Rights Issue (as defined below);

(ii) the exercise of options under a share option scheme of the Company;

(iii) the exercise of rights of subscription or conversion under the terms of any securities issued by the Company which are convertible or exercisable into shares of the Company; or

(iv) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company from time to time,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and

(e) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company as required by the memorandum of association and bye-laws of the Company or the applicable laws of Bermuda; or

(iii) the date on which such authority is revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting,

"Rights Issue" means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange)."

By order of the Board
Huajun Holdings Limited
CHAN Wing Hang
Company Secretary

Hong Kong, 4 June 2018

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 Suites 3301-04, 33/F., Two Chinachem Exchange Square 338 King's Road, North Point, 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, Ms. Zhang Ye, Mr. Guo Song and Mr. He Shufen as executive Directors; and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as independent non-executive Directors.

If there is any inconsistency in this notice between the Chinese and English versions, the English version shall prevail.