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HUAJUN INTERNATIONAL GROUP LIMITED

華君國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF
PROPERTY PROJECT AND LAND IN DONGGUAN,
GUANGDONG PROVINCE**

Capitalised terms used on this cover page shall have the same meanings as those set out in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 5 to 19 of this circular.

25 October 2018

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 31 August 2018 in relation to the Transactions
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CHG”	China Huajun Group Limited, a company incorporated in the British Virgin Islands and a controlling Shareholder (as defined under the Listing Rules), which is ultimately wholly-owned by Mr. Meng
“Company”	Huajun International Group Limited (華君國際集團有限公司) (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
“Completion”	the completion of the acquisition of Dong Yin Building (東銀大廈) pursuant to the terms and conditions of the Sale and Purchase Agreement
“Condition(s)”	the conditions precedent of the Completion, details of which are set out in the sub-heading of the “Conditions precedent” of this circular
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration A”	the consideration of RMB210,000,000 for Dong Yin Building (東銀大廈)
“Director(s)”	director(s) of the Company
“Dong Yin Building (東銀大廈)”	a property project held by the Vendor, with a total land use area of approximately 9,140 square meters situated at Changping Prefecture, Dongguan City, Guangdong Province, the PRC, and the buildings and ancillary facilities built or to be built thereon
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	person(s) or company(ies) which is or are independent of and not connected with any of the directors, chief executive and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates and the term “Independent Third Party” shall be construed accordingly
“Independent Valuer”	LCH (Asia-Pacific) Surveyors Limited, the independent professional valuer engaged by the Company to appraise the market value of Dong Yin Building (東銀大廈)
“Latest Practicable Date”	22 October 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
“Madam Bao”	Madam Bao Le (鮑樂), the spouse of Mr. Meng
“Mr. Meng”	Mr. Meng Guang Bao (孟廣寶), the chairman, an executive Director and a substantial Shareholder (as defined under the Listing Rules) of the Company
“Original Owners”	the individuals villagers who own and originally resided at the Target Land B
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Bao Hua Properties (Guangdong) Co., Ltd.* (保華地產(廣東)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 August 2018 entered into by the Vendor, the Purchaser, Shenyang Oriental and Shenzhen Guangsen in respect of the Transactions

DEFINITIONS

“Service”	the service provided or to be provided by the Vendor to the Purchaser as set out in the paragraphs under sub-heading of “Subject matters – (ii) Provision of Service by the Vendor” in this circular
“Service Fee”	the service fee of RMB163,920,000 (subject to adjustment) for the Service
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)
“Shenyang Oriental”	Shenyang Oriental Ginza Center Real Estate Co., Ltd.* (瀋陽東方銀座中心城置業有限公司), a company established in the PRC with limited liability and the holder of 55% equity interest in the Vendor
“Shenzhen Guangsen”	Shenzhen Guangsen Investment Group Co., Ltd.* (深圳市廣森投資集團有限公司), a company established in the PRC with limited liability and the holder of 45% equity interest in the Vendor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Land A”	a land parcel with total land use area of approximately 9,140 square meters situated at the Changping Avenue, Changping Prefecture, Dongguan City, Guangdong Province, the PRC
“Target Land B”	a land parcel with total land use area of 204.9 mu (畝) (equivalent to approximately 136,000 square meters) situated at Si Ma Village, Changping Prefecture, Dongguan City, Guangdong Province, the PRC
“Tender”	the tender to be carried out by the local government in the PRC in respect of the sale of the Target Land B
“Transactions”	the acquisition of Dong Yin Building (東銀大廈) from the Vendor and the provision of Service by the Vendor contemplated under the Sale and Purchase Agreement

DEFINITIONS

“Vendor”	Dongguan Green Lake Villa Development Construction Co., Ltd.* (東莞市綠湖山莊開發建造有限公司), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.
“sq.m.”	square meter

* For identification purposes only

Unless otherwise specified in this circular, translations of RMB into HK\$ is made in this circular, for illustration only, at the rate of RMB1 to HK\$1.14. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

LETTER FROM THE BOARD



HUAJUN INTERNATIONAL GROUP LIMITED
華君國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

Executive Directors:

Mr. Meng Guang Bao
Ms. Zhang Ye
Mr. Guo Song
Mr. He Shufen
Mr. Zeng Hongbo

Independent Non-Executive Directors:

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

Registered office:

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Bermuda

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

36/F., Champion Tower
3 Garden Road
Central
Hong Kong

25 October 2018

To the Shareholders and for information only,

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO THE ACQUISITION OF
PROPERTY PROJECT AND LAND IN DONGGUAN,
GUANGDONG PROVINCE**

INTRODUCTION

Reference is made to the Announcement made by the Company dated 31 August 2018 in relation to, among others, the Transactions.

On 31 August 2018 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, Shenyang Oriental and Shenzhen Guangsen for the acquisition of Dong Yin Building (東銀大廈) at the Consideration A of RMB210,000,000. Pursuant to the Sale and Purchase Agreement, the Vendor also has agreed to provide the Service to the Purchaser at the Service Fee of RMB163,920,000 (subject to adjustment).

LETTER FROM THE BOARD

The purposes of this circular are to provide the Shareholders with, among other things, (i) further information on the Sale and Purchase Agreement; (ii) the financial information of the Group; (iii) the unaudited pro forma financial information of the Group in relation to the acquisition of Dong Yin Building (東銀大廈); (iv) the valuation report of Dong Yin Building (東銀大廈); and (v) other general information of the Company as required under the Listing Rules.

SALE AND PURCHASE AGREEMENT

Principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 31 August 2018 (after trading hours)

Parties: Vendor: Dongguan Green Lake Villa Development Construction Co., Ltd.* (東莞市綠湖山莊開發建造有限公司), which, as advised by the Vendor, is principally engaged in real estate development;

Shenyang Oriental: Shenyang Oriental Ginza Center Real Estate Co., Ltd.* (瀋陽東方銀座中心城置業有限公司), which, as advised by Shenyang Oriental, is principally engaged in ordinary real estate development and self-owned house leasing;

Shenzhen Guangsen: Shenzhen Guangsen Investment Group Co., Ltd.* (深圳市廣森投資集團有限公司), a company established in the PRC with limited liability, which, as advised by Shenzhen Guangsen, is principally engaged in, among other things, investment in industrial development; and

Purchaser: Bao Hua Properties (Guangdong) Co., Ltd.* (保華地產(廣東)有限公司), the indirect wholly-owned subsidiary of the Company

Shenyang Oriental and Shenzhen Guangsen, as the shareholders of the Vendor, have endorsed the Vendor to enter into the Transactions by executing the Sale and Purchase Agreement as parties.

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

LETTER FROM THE BOARD

Subject matters

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, Dong Yin Building (東銀大廈) together with all the future earnings and rights arising therefrom at the Consideration A of RMB210,000,000. Pursuant to the Sale and Purchase Agreement, the Vendor has also agreed to provide the Service to the Purchaser at the Service Fee of RMB163,920,000 (subject to adjustment).

(i) *Acquisition of Dong Yin Building (東銀大廈)*

As advised by the Vendor, Dong Yin Building (東銀大廈) is erected on the Target Land A, which is situated at the Changping Avenue, Changping Prefecture, Dongguan City, Guangdong Province, the PRC with a total land use area of approximately 9,140 sq.m., which the Vendor has been granted with its land use right for commercial and financial (商業金融) use for a term up to 6 December 2050.

As further advised by the Vendor, Dong Yin Building (東銀大廈) is currently under construction with its pile foundation being completed. The proposed development for Dong Yin Building (東銀大廈) is a 23-storey commercial building with 2 levels of basement with a gross floor area of approximately 41,100 sq.m. for the office and commercial purposes and 11,207 sq.m. for basement car parking and ancillary supporting purposes. The first four floors of the building are proposed for commercial use while the remaining floors of the building are proposed for office use. 247 numbers of car parking spaces will be provided on the basement levels. The property is expected to be completed by the fourth quarter of 2020. The Company intends to hold Dong Yin Building for sales in the future after the completion of its development.

As at the Latest Practicable Date, as advised by the Vendor, the cost incurred (excluding land cost) for Dong Yin Building (東銀大廈) was approximately RMB49.3 million and the estimated cost expected to be spent to complete its development is approximately RMB231.1 million. Such estimated cost mainly consists of the estimated construction cost of RMB208.9 million and the administrative expenses and various taxes of RMB22.2 million. After completion of the Acquisition, the Company does not have any plan to make any further commitment in relation to the development of Dong Yin Building, except with the construction cost, administrative expenses and various taxes. Shall there be any of such commitment arise, the Company will finance it with internal resources or external borrowing made by the Group, if necessary and appropriate.

As at the Latest Practicable Date, the Company has not entered or anticipated to enter into any sale agreement in relation to Dong Yin Building before the completion of the construction of its development.

Mr. He Shufen (何樹芬先生), the executive Director of the Company, has extensive experience, expertise and qualification in management and operation of large-scale property development projects. Subject to the Completion, Mr. He will oversee the development and sale of Dong Yin Building.

LETTER FROM THE BOARD

Pursuant to the preliminary valuation carried out by a qualified valuer of the PRC on the Target Land A based on the market comparison method and residual method, the market value of the Target Land A was approximately RMB238,627,000 as at 20 June 2018. As at 31 August, 2018, the market value of Dong Yin Building (東銀大廈) appraised by the Independent Valuer was amounted to RMB221,000,000. Further details of the valuation of Dong Yin Building (東銀大廈) are set out in Appendix III to this circular.

Valuation

The Independent Valuer is a firm of professional surveyors and valuation consultants in Hong Kong, which, as advised by the Independent Valuer, started its operation in Hong Kong in 1994 and has extensive experience in providing property valuation service for properties in the PRC and Hong Kong. Qualification of the responsible surveyor is set out in Page III-9 to this circular. As disclosed in the section headed "Qualifications and Consents of Experts" of Appendix IV to this circular, at the Latest Practicable Date, the Independent Valuer has no shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group and has no direct or indirect interest in any assets which have been 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.

Based on the above, the Board believes that the Independent Valuer has possessed the competency and independence to provide its professional service for appraising the market value of Dong Yin Building (東銀大廈).

As disclosed in the property valuation report in Appendix III to this circular that the Independent Valuer has adopted the sales comparison approach on the assumption that the property was sold with the benefit of vacant possession as at 31 August 2018. Such approach has considered the sales, listing or offerings of similar or substitute property and related market data to establish a value estimate of a property that a reasonable investor would have to pay for a similar property of comparable utility. The appraised value of Dong Yin Building (東銀大廈) has been made on the following assumptions that, as at 31 August 2018:

1. the property will be developed and completed in accordance with the latest construction schedule provided to the Independent Valuer;
2. the legally interested party in the property has absolute title to its relevant property interests;
3. the legally interested party in the property has free and uninterrupted rights to assign its relevant property interest for the whole of the unexpired term as granted, and any premiums payable have already been fully paid;

LETTER FROM THE BOARD

4. the legally interested party in the property sells its relevant property interest in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property interest;
5. the property has obtained relevant government's approval for the sale of the property and is able to be disposed of and transferred it free of all encumbrances (including but not limited to the cost of transaction) in the market; and
6. the property can be freely disposed and transferred free of all encumbrances at the Valuation Date for its existing use in the market to both local and overseas purchasers without payment of any premium to the government.

For details, please refer to the property valuation report in Appendix III to this circular.

The Company had discussed with the Independent Valuer on the applicability of different valuation approaches and methodologies for valuing Dong Yin Building (東銀大廈). The Independent Valuer has also considered other commonly adopted valuation approaches in the market (namely, the income approach and cost approach) for the purpose of determining the market value of Dong Yin Building (東銀大廈).

After considering the physical characteristic and facts specific to Dong Yin Building (東銀大廈), the Independent Valuer considered that the sales comparison approach was the most suitable valuation methodology for valuing Dong Yin Building (東銀大廈) which was a vacant land with construction cost spent for foundation works. The Independent Valuer has considered sales comparison approach in valuing the land by reference to recent sales prices of comparable land use rights on a price per sq.m. basis, adjusted for a premium or a discount to reflect the differences in quality (such as time and location) of the property and the comparable sale transactions. The land comparables are of commercial usage, which is within the same land use category as Dong Yin Building (東銀大廈).

Dong Yin Building (東銀大廈) was still under early stage of construction and there was no income stream for the subject property as at the Valuation Date. Therefore, the Independent Valuer considered the income approach is not an appropriate measure in this situation.

LETTER FROM THE BOARD

The Independent Valuer has also considered construction cost spent as at the Valuation Date to reflect the existing status of Dong Yin Building (東銀大廈).

In view of the above, the sale comparison approach is one of the commonly adopted approaches for valuation of properties and is also consistent with normal market practice. Furthermore, after the Company's review of the supporting documents by our PRC lawyers, including the title documents of the property and discussion with the Independent Valuer, to its best knowledge, the Company did not identify any major factors which cast any doubt on the fairness and reasonableness of the valuation methodology and key assumptions for the valuation report.

(ii) *Provision of Service by the Vendor*

As advised by the Vendor, the Target Land B is situated at Si Ma Village, Changping Prefecture, Dongguan City, Guangdong Province, the PRC with total land use area of 204.9 mu (畝) (equivalent to approximately 136,000 sq.m.), which is not owned by the Vendor, but by the Original Owners, who are the villagers originally residing at the Si Ma Village. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Original Owners are the Independent Third Parties.

As advised by the Vendor, the total area of Si Ma Village is 311.74 mu (畝) (the "Entire Land"), which comprises of (i) the land parcel of 204.9 mu (畝) under the Target Land B; and (ii) the land parcel of 106.86 mu (畝) owned by the Vendor (the "Remaining Land").

As further advised by the Vendor, (i) the Vendor has been negotiating, preparing and communicating with the Original Owners and the village committee of Si Ma Village, Changping Prefecture, Dongguan City (東莞市常平鎮司馬村委會) (the "Village Committee") in respect of the acquisition of the Entire Land over 10 years and (ii) the Vendor had entered into a transfer agreement dated 1 July 2003 (the "2003 Transfer Agreement") with the Village Committee, pursuant to which the Village Committee agreed to transfer the land use right of the Entire Land to the Vendor. The Company has engaged the PRC lawyers to review the relevant agreements and ancillary documents to assess the right of the Vendor in respect of the Target Land B. As advised by the PRC lawyers of the Company, the Village Committee possesses the right to execute the Transfer Agreement on behalf of the Original Owners in respect of the transfer of the land use right to the Vendor. Therefore, the Company believes that the Vendor has the ability to provide the Service, including to procure the Original Owners to acknowledge or endorse the Purchaser's land use right of the Target Land B. The Board believes that the Company's engagement of the PRC lawyers to carry out the said review work is pertinent for verification of the rights of the Vendor in the Target Land B, thus the work performed by the Company is sufficient.

As informed by the Vendor, the Target Land B is currently vacant with agricultural use and expects to be converted into commercial and/or residential use before the Target Land B to be sold by Tender.

As further advised by the Vendor, the development rights of the Target Land B will be sold by the Tender, which is expected to take place within one year from the date of the Sale and Purchase Agreement.

LETTER FROM THE BOARD

As advised by the PRC lawyers of the Company, prior to the commencement of the Tender process, the local government will conduct a land resumption (土地收儲) on the Target Land B from the Original Owners and the Original Owners will then surrender the Target Land B for compensation, which will be derived from the final sale price at the Tender. The compensation for the Target Land B Land was determined by the local government with reference to, amongst other things, the laws, regulations, prevailing market conditions and procedures applicable to land resumption of the local government. It is expected that the Target Land B would be converted into state-owned land prior to the commencement of the Tender process.

As further advised by the PRC lawyers, if the Purchaser or its nominee has won the Tender, the local government will enter into a transfer agreement with the winning party. Once the winning party has paid the final sale price of the Target Land B and the relevant tax, the local government shall transfer the land use right of the Target Land B to such winning party in accordance with the transfer agreement. As at the Latest Practicable Date, the certificate for land use in respect of the Target Land B had not yet issued by the government, which will be issued to the winner in the Tender. In accordance with the terms of the 2003 Transfer Agreement, when the Vendor needs to obtain the land use right certificate of the Entire Land for the purpose of commercial and/or residential development, the Village Committee shall provide full assistance to the Vendor. If the certificate of land ownership could not be issued, the Village Committee undertook to lease the Entire Land to the Vendor for a term of 70 years.

As the Vendor has obtained the land use right of the Entire Land from the Original Owners pursuant to the 2003 Transfer Agreement and paid the Relocation Fees to compensate the Original Owners, the Vendor has the right to procure the Original Owners to apply the change of land use of the Target Land B and to initiate the Tender with the local government.

The Service provided or to be provided by the Vendor to the Purchaser is as follows:

- (a) liaising with the Original Owners and procuring them to (i) apply the change of land use of the Target Land B from the agricultural to commercial and/or residential; and (ii) initiate the Tender with the local government;
- (b) assigning the benefits of the Vendor contemplated under the 2003 Transfer Agreement to Purchaser and procuring the Original Owners to acknowledge or endorse the Purchaser's land use right of the Target Land B;
- (c) if there is any further relocation fees payable to the Original Owners in respect of the Target Land B, paying the said outstanding fees to them at its own cost;
- (d) liaising with the local government in respect of the Tender process; and
- (e) notifying the local government that the Purchaser has stepped into its shoes to ensure the local government acknowledged that the Purchaser has paid the Relocation Fees, which is part of the Service Fee, to the Original Owners.

LETTER FROM THE BOARD

As informed by the Vender, the Vendor has already spent a substantial amount of costs and expenses on the pre-development work of the Target Land B, including the relocation fees (the “**Relocation Fees**”) in the sum of approximately RMB81.2 million for relocating the Original Owners originally residing on the Target Land B to other area.

Pursuant to the Sale and Purchase Agreement, the Vendor would provide the Service to the Purchaser so that the Purchaser or its nominee will win the Tender at the base price (the “**Base Price**”) of the Tender and obtain the land use rights within 2 years from the date of the Sale and Purchase Agreement, failing of which the Vendor, Shenyang Oriental and Shenzhen Guangsen shall refund the Purchaser the full amount of the Service Fee paid by the Purchaser with default interest at the rate of 8% per annum. The default interest rate of 8% per annum is agreed in arm’s length negotiation among the parties to the Agreement with reference to the standard rate of 5% per annum for mid to long term loan (i.e. terms varied from 1 to 5 years) promulgated by The People’s Bank of China. As the Vendor shall procure the land use right to be obtained by the Purchaser or its nominee within 2 years from the date of the Sale and Purchase Agreement, the Company believes that a default interest rate of 8%, which is higher than the said standard rate promulgated by The People’s Bank of China at a reasonable degree, would create a deterrent effect to the Vendor’s non-performance of its obligation in the Sale and Purchase Agreement. As at the Latest Practicable Date, the Base Price has not been determined yet. As advised by the Vendor, it will be determined prior to the Tender by the local government with reference to the market price of land parcel in the area.

Therefore, if any third party competes in the Tender against the Purchaser or its nominee, which results the final sale price of the Target Land B exceed the Base Price, the Vendor, Shenyang Oriental and Shenzhen Guangsen shall refund the Purchaser the full amount of the Service Fee paid by the Purchaser with the said interest. Furthermore, the Company has no binding obligation under the Sale and Purchase Agreement to participate in the Tender irrespective of any circumstances. Although the Service Fee may be not refundable if the Company decides not to participate in the Tender in the event that no third party is competing against the Purchaser or its nominee at the Tender and the final sale price of the Target Land B is the Base Price, it is always the intention of the Company to participate in the Tender.

LETTER FROM THE BOARD

The Board is of the view that the Service Fee is fair and reasonable and in the interest of the Company and its Shareholders as a whole because of the following reasons:

- (a) The Vendor has already identified the Original Owners;
- (b) With the established relationship between the Vendor and the Original Owners, it is much easier for the Vendor to approach the Original Owners to obtain a consensus with certainty and since the Company does not have any connection with the Original Owners, it is difficult for the Company to start any fruitful negotiation with them;
- (c) With the Service provided and/or to be provided by the Vendor, the Company does not need to consume the time, costs and expenses on negotiating with the Original Owners one by one for acquiring the land use right of the Target Land B. Instead, it can utilise its resources more efficiently on other investment projects. If the Company negotiates with the Original Owners one by one, the process might be much lengthier and the cost involved may be greater than the otherwise. Furthermore, there is no guarantee that a positive result will be achieved even after such time and cost have been spent and incurred by the Company;
- (d) The Vendor has already paid the Relocation Fee over 10 years, such sum could have generated a positive return to the Vendor if using it in other ways, such as depositing in a bank or lending to a third party for interest. That is one of the factors that the Service Fee is higher than the amount of Relocation Fee as the time and effort incurred by the Vendor over the past 10 years simply cannot be quantified; and
- (e) If the Company does not obtain the Service from the Vendor, the Company still needs to pay the Vendor in order for it to give up its interest in the Target Land B pursuant to the 2003 Transfer Agreement.

As at the Latest Practicable Date, the Purchaser has not entered into any formal agreement or submitted any legally binding offer to tender for the Target Land B. If any of such formal agreement or legally binding offer has been executed or submitted, or the acquisition of the Target Land B by the Company materialises, the Company will duly comply with all relevant requirements under the Listing Rules. In the event that the acquisition of the Target Land B takes place, the Company will calculate the percentage ratios set out in Rule 14.07 under the Listing Rules in aggregation with the Service Fee.

LETTER FROM THE BOARD

Consideration

Consideration A

The Consideration A of RMB210,000,000 shall be payable by the Purchaser to the Vendor in the following manners:

- (a) RMB2,000,000, being part of the Consideration A in cash within 5 business days from the signing date of the Sale and Purchase Agreement; and
- (b) RMB208,000,000, being the balance of the Consideration A in cash within 5 days from the date that construction permit (施工許可證) having been obtained for Dong Yin Building (東銀大廈).

As informed by the Vendor, in respect of payment manner (b) above, as it has already obtained the construction permit (施工許可證) before the date of the Sale and Purchase Agreement, it is the common understanding among the parties that the relevant part of the Consideration A was originally intended to be payable within 5 business days from the signing date of the Sale and Purchase Agreement also, which is same as the payment manner (a) above.

As at the Latest Practicable Date, the Consideration A has not yet been paid by the Purchaser and is expected to be settled by the end of 2018, which has been agreed between the Purchaser and the Vendor.

The Consideration A was determined by the Vendor and the Purchaser on arm's length negotiations with reference to the preliminary assessed market value of the Target Land A as at 20 June 2018 of approximately RMB238,627,000, with discount. As such, the Board considers that the Consideration A is fair and reasonable and on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

Service Fee

The Service Fee of RMB163,920,000 (subject to adjustment, as detailed below) shall be payable by the Purchaser to the Vendor in the following manners:

- (a) RMB130,000,000, being part of the Service Fee in cash within 5 days from the signing date of the Sale and Purchase Agreement; and
- (b) RMB33,920,000, being the balance of the Service Fee (subject to adjustment) in cash within 10 business days from the date that the Purchaser or its nominee has won the tender for the development right of the Target Land B.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Service Fee has not yet paid by the Purchaser and is expected to be settled by the end of 2018, which has been agreed between the Purchaser and the Vendor.

The Service Fee will be adjusted in accordance with the actual land area of the Target Land B which the Purchaser or its nominee eventually wins at the Tender at the rate of RMB800,000 per mu (畝). If the actual land area that the Purchaser or its nominee wins from the Tender is less than 204.9 mu (畝), the Service Fee will be adjusted downward accordingly. As the actual land area of the Target Land B is about 204.9 mu (畝), no upward adjustment will be made to the Service Fee.

To the best knowledge of the Company, it is the intention among the parties of the Sale and Purchase Agreement that if the Purchaser or its nominee has won the Tender, the Purchaser or its nominee will pay for the sale price to the local government.

The Service Fee was determined by the Vendor and the Purchaser on arm's length negotiations at the rate of RMB800,000 per mu (畝), which is with reference to (i) the present value for the costs and expenses on the pre-development work incurred by the Vendor and compensation to the Vendor for its effort in negotiation with Original Owners over 10 years in the past, including but not limited to the Relocation Fee of RMB81.2 million; (ii) the Service Fee, being RMB800,000 per mu, requested by the Vendor who has taken into account its possible earnings that would be earned in developing the Target Land B by itself; and (iii) the internal preliminary projection prepared by the Group. Although the Company does not have the details of the costs and expenses on the pre-development work of the Target Land B incurred by the Vendor, other than the Relocation Fees, particularly in view of the efforts and costs spent by the Vendor over the past 10 years, at the end after lengthy negotiation between the parties, the Vendor agreed to accept the current amount of the Service Fee.

The management of the Company expects that since the Remaining Land and the Target Land B are adjacent to each other, after considering the estimate expenses to be incurred (including the Service Fee and the price payable for the Target Land B after winning the Tender) and estimate revenues to be earned by the Group, there will be a gain from the development project to be carried out on the Target Land B by the Group, subject to the acquisition of the Target Land B. As such, the Board considers that the Service Fee is fair and reasonable and on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

The Consideration A and the Service Fee will be respectively funded by the internal resources and/or external borrowing of the Group. RMB2 million of the Consideration A and none of the Service Fee will be satisfied by the Company's internal financial resources. The balance of the Consideration A in the sum of RMB208 million and all of the Service Fee will be financed by unsecured and interest-free borrowings from CHG, the substantial shareholder of the Company. There is no fixed repayment schedule of such borrowings and CHG has undertaken not to demand repayment within twelve months from the date of drawdown.

LETTER FROM THE BOARD

Conditions precedent

Completion is subject to the fulfillment of the following Conditions:

- (a) Shenyang Oriental and Shenzhen Guangsen are the legal and beneficial owners of the entire equity interest in the Vendor, which is free from any encumbrance or third party's rights; and the Vendor is the legal and beneficial owner of Dong Yin Building (東銀大廈), which is free from any encumbrance or third party's rights;
- (b) the Completion will be taken place in accordance with the PRC laws;
- (c) the management of the Vendor has not done any act which may result material adverse change on Dong Yin Building (東銀大廈) before and at the Completion; and all warranties given by the Vendor have remained true and accurate;
- (d) the Vendor has obtained all necessary approvals and authorisations from third parties in respect of the Transactions and relevant matters;
- (e) the representations, warranties and undertakings given by the Vendor have remained true, accurate and not misleading in all material respects and none of the warranties has been breached by the Vendor.

If any of the Conditions has not been fulfilled by the date agreed among the parties of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall lapse. The Vendor shall forthwith refund all amount already paid by the Purchaser with interest and penalty. None of the parties shall claim against the other party, upon the said amount has been fully refunded and paid to the Purchaser, save as the antecedent breach made by the parties of the Sale and Purchase Agreement. None of the Conditions can be waived by the Purchaser or the Vendor.

As at the Latest Practicable Date, Conditions (a), (d) and (e) have been fulfilled.

Completion

The Vendor shall deliver Dong Yin Building (東銀大廈) to the Purchaser within 20 days from the signing date of the Sale and Purchase Agreement. As at the Latest Practicable Date, the acquisition of Dong Yin Building has not yet been completed and the Completion is expected to take place by the end of 2018, as agreed between the Vendor and the Purchaser.

LETTER FROM THE BOARD

INFORMATION OF THE VENDOR, SHENYANG ORIENTAL AND SHENZHEN GUANGSEN

The Vendor was introduced to the Company in November 2017 through a business network in the PRC.

As informed by the Vendor, the Vendor is a company established in Dongguang City, Guangdong Province, the PRC with limited liability in 2003, which is principally engaged in real estate development and is owned as to 55% and 45% by Shenyang Oriental and Shenzhen Guangsen, respectively. As further advised by the Vendor, it holds several property development projects in Guangdong, including Dong Yin Building.

As informed by Shenyang Oriental, Shenyang Oriental is a company established in Shenyang City, Liaoning Province, the PRC with limited liability in 2009, which is principally engaged in real estate development and self-owned house leasing in Liaoning Province, the PRC.

As informed by Shenzhen Guangsen, Shenzhen Guangsen is a company established in Luowu City, Guangdong Province, the PRC with limited liability in 1997, which is principally engaged in, among other things, investment in property development in Liaoning Province, the PRC.

As informed by Shenyang Oriental and Shenzhen Guangsen, each of their respective ultimate beneficial owners are businessmen in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, Shenyang Oriental and Shenzhen Guangsen and their ultimate beneficial owners do not have any relationship with the Company, its connected persons and their respective associates.

INFORMATION OF THE PURCHASER

As the Latest Practicable Date, the Purchaser, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is principally engaged in, among other things, real estate development.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE TRANSACTIONS

Acquisition of Dong Yin Building (東銀大廈)

Immediately upon the completion of the acquisition of Dong Yin Building (東銀大廈), the assets of the Group would have increased from approximately RMB13,991.6 million to RMB14,199.6 million and the liabilities of the Group would have increased from approximately RMB11,665.1 million to RMB11,873.1 million, and the net assets would not be affected as a result. Immediately upon the completion of the acquisition, the earning of the Group would not be affected.

For details, please refer to the unaudited pro forma financial information of the Group in relation to the acquisition of Dong Yin Building (東銀大廈) in Appendix II to this circular.

Service Fee

Immediately upon the payment of the Service Fee, the assets of the Group would have increased from approximately RMB13,991.6 million to RMB14,155.5 million and the liabilities of the Group would have increased from approximately RMB11,665.1 million to RMB11,829.0 million, and the net assets would not be affected as a result. Immediately upon the payment of the Service Fee, the earning of the Group would not be affected.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company is an investment holding company. 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) provision of financial services; (iv) property development and investments; and (v) manufacturing and sales of photovoltaic products.

The Transactions is the demonstration of the Group's strategy to geographically expand its property development and investments business in the Southern part of the PRC. The Group expects that with the recent PRC national policies promulgated by the government of the PRC favourable for Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區), the property market in the region is expected to be bloomed and the overall economy there will also be rising.

The Board believes that this geographical expansion scope will enable the Group to capture the rapid economic growth in Guangdong-Hong Kong-Macau Greater Bay Area (粵港澳大灣區) and will allow the Company to diversify its property investment portfolio and potentially generate positive returns to the Group.

LETTER FROM THE BOARD

On the basis of the above reasons and benefits and the determination factors for the Consideration A and the Service Fee, the Directors believe that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, the Company had no other intention or plan, or has entered into or proposed to enter into any other agreement, arrangement, undertaking or negotiation to acquire any new business or dispose its existing business.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in relation to the Transactions as contemplated under the Sale and Purchase Agreement is more than 25% but less than 100%, the Transactions as contemplated under the Sale and Purchase Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements.

As (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions; and (ii) on 31 August 2018, written shareholder's approval has been obtained from CHG, being the Shareholder holding 44,202,780 Shares, representing approximately 72.82% of all issued share capital of the Company as at the date of the Sale and Purchase Agreement for approving the Transactions. As a written shareholder's approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules, no general meeting is required to be convened for the shareholders' approval of the Transactions pursuant to Rule 14.44 of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

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

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 International Group Limited
TAM Ka Lung
Company Secretary

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 March 2016, 2017 and 2018 are disclosed in the annual reports of the Company for the financial years ended 31 March 2016 (pages 45 to 212), 31 March 2017 (pages 81 to 259) and 31 March 2018 (pages 62 to 239), 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.

The Company's 2016 annual report is available at:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0719/LTN20160719231.pdf>

The Company's 2017 annual report is available at:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0725/LTN20170725175.pdf>

The Company's 2018 annual report is available at:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0730/LTN20180730051.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2018, 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 August 2018 (being the latest practicable date for the purpose of this indebtedness statement), the Group had outstanding borrowings of approximately RMB8,654 million, comprising secured bank borrowings of approximately RMB4,415 million, unsecured bank borrowings of approximately RMB584 million, unsecured borrowings from immediate holding company of RMB2,738 million and unsecured bonds payable of approximately RMB917 million. The borrowings of approximately RMB2,861 million are guaranteed and RMB5,793 million are unguaranteed.

(b) Pledge of assets

As at the close of business on 31 August 2018, the Group's property, plant and equipment, prepaid lease payments, land and property for sale, investment properties, and pledged bank deposits with carrying amounts of approximately RMB882 million, RMB131 million, RMB2,665 million, RMB5,431 million, and RMB186 million, respectively, were pledged to secure certain banking and credit facilities of the Group.

(c) Guarantees

As at the close of business on 31 August 2018, the Company had provided corporate guarantees to the extent of approximately RMB2,918 million to secure general banking facilities granted to its subsidiaries. As at 31 August 2018, the amount drawn against the banking facilities amounted to approximately RMB2,861 million.

Save as disclosed above or otherwise mentioned in this circular, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any other outstanding indebtedness at the close of business on 31 August 2018 or any loan capital issued and outstanding or agreed to be issued, and authorised or otherwise created but unissued, bank overdrafts or loans, or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

3. 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 and based on the information currently available to the Directors, the net assets position of the Group, the internal financial resources available to the Group, and the existing borrowings and available facilities to the Group, the working capital available to the Group was sufficient for the Group's present operating requirement for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group will maintain its focus on its core business segments, namely (i) sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (ii) trading and logistics; (iii) provision of financial services; (iv) property development and investments; and (v) manufacturing and sales of photovoltaic products. The Group will continue to optimise its assets structure to ensure a balanced growth with enhanced rate of return on investments.

In order to enhance long-term growth of the Group and create substantial value to the Shareholders, the Group is dedicated to continuously explore opportunities to invest on development projects with asset appreciation potential to enjoy asset appreciation while generating stable revenue.

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

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. The 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 one of the major business segment of the Group and contribute stable revenue and profit to the Group.

(ii) Trading and logistics

This segment is principally engaged in the distribution and sales of industrial software, electronic parts and devices and oil and chemical products. The Group is the major distributor of large scale international brands of electronic products. In August 2016, Shanghai Huajun Petrochemical Trading Corporation Limited (上海華君化工有限公司) was set up, which engages in a wide spectrum of oil and chemical products. The Group expects the vast demand of electronic, oil and chemical products in Hong Kong and the PRC will continue to support the growth of this segment.

(iii) Provision of financial services

The Group provides finance to prospective customers who would provide securities for the performance of their respective obligations to repay the Group. The Group will take a prudent approach to develop this business segment, diversify the customer portfolio and seek opportunity to cooperate with its business partners.

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 stable revenue with controllable risk.

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.

(iv) 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 businesses. Leveraging on the rich resources in the PRC, the Group seeks to invest on development projects with asset appreciation potential to enjoy asset appreciation while generating stable revenue.

The Directors believe that the Transactions will further enhance and expand this business segment of the Company. The Group expects that Dong Yin Building (東銀大廈) and, subject to the results of the Tender, together with the Target Land B will provide the opportunities for the Group to enjoy the asset appreciation in long run.

(v) Manufacturing and sales of photovoltaic products

In 2017, the global solar photovoltaic industry had newly-introduced photovoltaic capacity of 100GW with accumulated solar photovoltaic installed capacity reaching 400GW. The global solar photovoltaic industry maintained steady growth. China continued to rank first in the new solar photovoltaic installations, representing 50% of the market shares with the annual installed capacity for 50GW surpassing countries such as the US, Japan and India. To seize the opportunity, the Group's Solar Photovoltaic operations are principally engaged in business including manufacturing and sales of monocrystalline silicon, polycrystalline silicon, silicon wafers, solar cells, and solar modules. Our operations are located in Jiangsu Province, the PRC.

The Group has always endorsed a prudent philosophy of good governance with emphasis on risk management, and strived to maintain excellent assets quality, stability and financial resources. At the same time, the Group has been proactively seeking core business returns and exploring new business opportunities carefully.

5. MATERIAL ADVERSE CHANGE

On 15 June 2018, the Company issued a profit warning and announced that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2018, the Company is expected to record a significant loss attributable to equity holders of the Company for the year ended 31 March 2018 as compared to a profit for the year ended 31 March 2017. Based on the information available to the Board as at 15 June 2018, such loss for the Period was mainly due to (1) provision for financial guarantee contracts; (2) provision for impairment loss of certain available-for-sale investments; (3) decrease in fair value of investment properties; (4) change in fair value of convertible bonds; and (5) impairment loss on certain property, plant and equipment.

On 27 June 2018 and 28 June 2018, the Company announced that, three statutory demands under section 178(1)(A) or 327(4)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) were served on the Company on 26 June 2018 by the legal representative of a creditor to demand the Company to pay three outstanding debts in the aggregate amounts of approximately RMB278.15 million within 3 weeks after service of the said statutory demands to pay the said debts. The said debts under the said statutory demands were incurred by Hareon Solar Technology Co., Ltd. (海潤光伏股份有限公司) and Jiangyin Hareon Solar Energy Electrical Power Co., Ltd. (江陰海潤太陽能電力有限公司), which was guaranteed by the Company pursuant to the financial guarantee entered into by the Company on 19 October 2016 in favour of the said creditor, in respect of obligations and liabilities of the said two debtors under the restructuring documents in the amount of approximately RMB383,361,000. As disclosed in the announcement of the Company dated 16 July 2018, the said creditor had confirmed having received the repayment of the said outstanding debts, hence the Company is released from the guarantee obligation for the said restructuring documents for the relevant amount of approximately RMB278.15 million. Accordingly, no winding up petition has been presented by the said creditor upon the expiry of the said 3-week period.

Save and except as the disclosure made by the Company's announcements dated 15 June 2018 and 27 June 2018, as at the Latest Practicable Date, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 March 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular, from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

**ZHONGHUI ANDA CPA Limited**

Certified Public Accountants

The Board of Directors

Huajun International Group Limited

**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE GROUP IN RELATION TO DONG YIN BUILDING**

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of Huajun International Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 March 2018 and related notes as set out in Appendix II of the circular (the “**Circular**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are set out in Appendix II of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of the 保華地產(無錫)有限公司 (Baohua Real Estates (Wuxi) Co., Ltd), 無錫惠澤置業有限公司 (Wuxi Huiyuan Real Estate Co., Ltd) and 保華地產(江陰)有限公司 (Baohua Real Estates (Jiangyin) Co., Ltd) (collectively the “**Enlarged Group**”) and proposed acquisition of Dong Yin Building (the “**Acquisition**”) and on the Group’s financial position as at 31 March 2018 as if the Acquisition had taken place at 31 March 2018. As part of this process, information about the Enlarged Group’s unaudited pro forma consolidated statement of assets and liabilities has been extracted by the Directors from the unaudited pro forma financial information in appendix IV of the circular of the Company dated on 24 September 2018.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition as at 31 March 2018 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the Acquisition in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

Ng Ka Lok
Practising Certificate Number P06084

Hong Kong, 25 October 2018

(1) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE GROUP IN RELATION TO DONG YIN BUILDING

Capitalised terms used herein shall have the same meanings as those defined in this Circular, unless the context requires otherwise.

The accompanying unaudited pro forma consolidated statement of assets and liabilities of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared to illustrate the effect of the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited pro forma financial information of the Group as at 31 March 2018 as extracted from the appendix IV of the circular of the Company dated on 24 September 2018 after making certain proforma adjustments resulting from the Acquisition.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 31 March 2018. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group’s future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of this Circular and other financial information included elsewhere in this Circular.

(2) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE GROUP

	The Enlarged Group as at 31 March 2018	Pro forma adjustments		Pro forma of The Group
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000 (Note 3)	RMB'000
Non-current assets				
Property, plant and equipment	911,471	-	-	911,471
Prepaid lease payments	147,562	-	-	147,562
Investment properties	5,692,570	-	-	5,692,570
Goodwill	183,067	-	-	183,067
Club membership	1,701	-	-	1,701
Deferred tax assets	9,762	-	-	9,762
Deposits for acquisitions of machineries and investment properties	153,447	-	-	153,447
Available-for-sale investments	70,741	-	-	70,741
Interests in associates	45,873	-	-	45,873
	<u>7,216,194</u>	<u>-</u>	<u>-</u>	<u>7,216,194</u>
Current assets				
Properties held for sale and under development	4,693,439	-	210,000	4,903,439
Prepaid lease payments	3,849	-	-	3,849
Inventories	321,799	-	-	321,799
Finance lease receivables	11,434	-	-	11,434
Trade and other receivables, and prepayments	923,142	-	-	923,142
Loan receivables and interest receivables	107,294	-	-	107,294
Tax recoverable	44,020	-	-	44,020
Held for trading investments	101,222	-	-	101,222
Pledged bank deposits	282,823	-	-	282,823
Bank balances and cash	286,392	208,000	(210,000)	284,392
	<u>6,775,414</u>	<u>208,000</u>	<u>-</u>	<u>6,983,414</u>

	The Enlarged	Pro forma adjustments		Pro forma of
	Group as at			The Group
	31 March 2018	RMB'000	RMB'000	RMB'000
	(Note 1)	(Note 2)	(Note 3)	
Current liabilities				
Trade and other payables, and other liabilities	2,129,655	-	-	2,129,655
Bills payables	503,552	-	-	503,552
Convertible bonds				
- liability component	721,580	-	-	721,580
Convertible bonds				
- derivative component	127,628	-	-	127,628
Corporate bonds	128,042	-	-	128,042
Tax payable	96,776	-	-	96,776
Borrowings	2,488,314	-	-	2,488,314
Financial guarantee contracts provision	496,793	-	-	496,793
Contract liabilities	262,514	-	-	262,514
	<u>6,954,854</u>	<u>-</u>	<u>-</u>	<u>6,954,854</u>
Net current (liabilities)/assets	<u>(179,440)</u>	<u>208,000</u>	<u>-</u>	<u>28,560</u>
Total assets less current liabilities	<u>7,036,754</u>	<u>208,000</u>	<u>-</u>	<u>7,244,754</u>
Non-current liabilities				
Deferred tax liabilities	28,520	-	-	28,520
Amount due to an immediate holding company	2,129,810	208,000	-	2,337,810
Borrowings	2,423,739	-	-	2,423,739
Corporate bonds	128,223	-	-	128,223
	<u>4,710,292</u>	<u>208,000</u>	<u>-</u>	<u>4,918,292</u>
Net assets	<u>2,326,462</u>	<u>-</u>	<u>-</u>	<u>2,326,462</u>

(3) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP IN RELATION TO DONG YIN BUILDING

- (1) Figures are extracted from the unaudited pro forma financial information of the Enlarged Group in appendix IV of the circular of the Company dated on 24 September 2018 for the year ended 31 March 2018.
- (2) The Group intends to finance the Consideration A by its own financial resources and debt financing activities. The adjustment represented the loan drawn by the Company from the immediate holding company of the Company under the credit facilities agreement signed between China Huajun Group Limited (formerly known as Huajun International Limited) and the Company dated 28 September 2017.
- (3) Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, Dong Yin Building, together with all the future earnings and rights arising therefrom at the Consideration A of RMB210,000,000.

The following is the valuation report, prepared for the purpose of incorporation in this circular received from LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor, in connection with its valuation as at 31 August 2018 of the property interests held by Dongguan Green Lake.



利駿行測量師有限公司

LCH (Asia-Pacific) Surveyors Limited

PROFESSIONAL SURVEYOR
PLANT AND MACHINERY VALUER
BUSINESS & FINANCIAL ASSETS VALUER

The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the International Valuation Standards 2017 (“IVS”) and published by the International Valuation Standards Council. The standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms in English or in Chinese are for reader’s identification purpose only and have no legal status or implication in this report. This report was prepared and signed off in English format, translation of this report in language other than English shall only be used as a reference and should not be regarded as a substitute to this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to us at the Latest Practicable Date of this circular. If additional documents and facts are made available, we reserve the right to amend this report and its conclusions.

17th Floor
Champion Building
287–291 Des Voeux Road Central
Hong Kong

25 October 2018

The Board of Directors
Huajun International Group Limited
36th Floor Champion Tower
No. 3 Garden Road
Central
Hong Kong

Dear Sirs,

In accordance with the instructions given to us by the present management of Huajun International Group Limited (hereinafter referred to as the “**Instructing Party**”) to conduct an agreed-upon procedures valuation of a designated real property (same as the word “property” in this report) which is proposed to be acquired by Huajun International Group Limited (hereinafter referred to as the “**Company**”) and its subsidiaries (collectively, together with the Company hereinafter referred to as the “**Group**”) in the

People's Republic of China (hereinafter referred to as the "PRC" or "China"), we confirm that we have followed the agreed upon procedures to conduct inspection, to make relevant enquiries and investigation as we consider necessary to support our working, and to perform an independent valuation of the property as at 31 August 2018 (the "Valuation Date"). The property is held by Dongguan Green Lake Villa Development Co., Ltd. (東莞市綠湖山莊開發建造有限公司) (hereinafter referred to as the "Dongguan Green Lake"). We are given to understand our work product is for the Instructing Party's internal management reference purpose and will be included in a circular of the Company for its shareholders' reference. This valuation report comprises the text section and property particulars with value section.

We understand that the use of our work product (regardless of form of presentation) will form part of the Instructing Party's due diligence but we have not been engaged to make specific sales or purchase recommendations, or to give opinion for any financing arrangement. We further understand that the use of our work product will not supplant other due diligence which the Instructing Party should conduct in reaching its business decision regarding the property valued. Our work is designed solely to provide information that will give the Instructing Party a reference in its due diligence process, and our work should not be the only factor to be referenced by the Instructing Party. Our findings and conclusion of value of the property are documented in this valuation report and submitted to the Instructing Party at today's date.

VALUATION OF PROPERTY

Basis of Valuation and Assumptions

According to the IVS, there are two valuation bases, namely market value basis and valuation bases other than market value. In this engagement, having considered the inherent characteristics of the property, that is, whether the property can be freely transferred in the market, we have provided our value of the property on the market value basis.

The term "Market Value" is defined by the IVS as "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 and where the parties had each acted knowledgeably, prudently and without compulsion".

Unless otherwise stated, our valuation of the property has been made on the assumptions, that, as at the Valuation Date:

1. the legally interested party in the property has absolute title to its relevant property interests;
2. the legally interested party in the property has free and uninterrupted rights to assign its relevant property interest for the whole of the unexpired term as granted, and any premiums payable have already been fully paid;

3. the legally interested party in the property sells its relevant property interest in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the property interest;
4. the property has obtained relevant government's approval for the sale of the property and is able to be disposed of and transferred it free of all encumbrances (including but not limited to the cost of transaction) in the market; and
5. the property can be freely disposed and transferred free of all encumbrances at the Valuation Date for its existing use in the market to both local and overseas purchasers without payment of any premium to the government.

Should any of the above not be the case, it will have adverse impact to the value as reported.

Approach to Value

In valuing the property, we have adopted the Sales Comparison Approach on the assumption that the property was sold with the benefit of vacant possession as at the Valuation Date. The approach considers the sales, listing or offerings of similar or substitute property and related market data to establish a value estimate of a property that a reasonable investor would have to pay for a similar property of comparable utility. As at the Valuation Date, the property, that is Dong Yin Building (see page III-10), comprises a parcel of vacant land with foundation work done. We have considered the Sales Comparison Approach in valuing the land by reference to recent sales prices of comparable land use rights on a price per square meter basis, adjusted for a premium or a discount to reflect the differences in quality (such as time and location) of the property and the comparable sale transactions. The land comparables are of commercial usage, which is within the same land use category as the property. We have also taken into account the cost incurred as at the Valuation Date and we have further assumed that the property will be developed and completed in accordance with the latest construction schedule provided to us.

We have not carried out a valuation on possible alternative development basis and the study of possible alternative development options and the related economics do not come within the scope of our work.

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

For the sake of valuation, we have adopted the areas as appeared in the copies of the documents as provided, and no further verification work has been conducted. Should it be established subsequently that the adopted areas were not the latest approved, we reserve the right to revise our report and the valuation accordingly.

Unless otherwise stated, no allowance has been made in our valuation for any charges, mortgages, outstanding premium, idle land penalties or amounts owing on the property valued nor any expenses or taxation which may be incurred in affecting a sale of the property. It is further assumed that the property is free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

Unless otherwise stated, in our valuation, we have assumed that the property is able to be sold and purchased in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported value significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

Unless otherwise stated, as at the Latest Practicable Date (as defined in this circular) of this circular, we are unable to identify any adverse news against the property which may affect the reported findings or value in our work product. Thus, we are not in the position to report and comment on its impact (if any) on the property. However, should it be established subsequently that such news did exist at the Valuation Date, we reserve the right to adjust the findings or value reported herein.

ESTABLISHMENT OF TITLES

Due to the purpose of this engagement, the Instructing Party or the appointed personnel of the Company provided us the necessary documents to support that the legally interested party in the property has free and uninterrupted rights to assign, to transfer, to mortgage, to let or to use the property at its existing use (in this instance, an absolute title), for the whole of the unexpired terms as granted, free of all encumbrances or any premiums payable have already been paid in full or outstanding procedures have been completed, and that Dongguan Green Lake has the right to occupy or to use the property. Our agreed procedures to value, as agreed with the Instructing Party, did not require us to conduct legal due diligence on the legality and formality on the way that the legally interested party obtained each of the property from the relevant authorities. We agreed with the Instructing Party that this should be the responsibility of the legal adviser to the Instructing Party. Thus, no responsibility or liability is assumed from our part to the origin and continuity of the titles to the property.

We have been provided with copies of the title documents of the property. However, we have not examined the original documents to verify the ownership and encumbrances or to ascertain the existence of any amendments, which may not appear on the copies handed to us. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal titles and the rights (if any) to the property valued. Any responsibility for our misinterpretation of the documents cannot be accepted.

The land registration system of China forbids us to search the original documents of the property that are filed in the relevant authorities, and to verify legal titles or to verify any material encumbrances or amendment which may not appear on the copies handed to us. We need to state that we are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the property in China. However, we have complied with the requirements as stated in the Listing Rules (as defined in this circular) and relied solely on the copies of document and the copy of the PRC legal opinions provided by the Instructing Party with regard to the legal titles of the property. We are given to understand that the PRC legal opinions were prepared by the Group's PRC legal adviser, Liaoning Gong Dan Law Offices (遼寧宮丹律師事務所) in October 2018. No responsibility or liability from our part is assumed in relation to those legal opinions.

By referencing to the legal opinions, we understand that the legally interested party in the property has obtained all the approval and/or endorsement from the relevant authorities, and that there would have no legal impediment (especially from the regulators) for the legally interested party to continue its titles in the property. Should this not be the case, it will affect our findings and conclusions in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability from our part is assumed.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY

The property was last inspected by Sr Junior Ho (a Registered Professional Surveyor in Hong Kong) on 12 September 2018, close to the Valuation Date. We inspected the property under the companion of the staff of Dongguan Green Lake. As advised, the staff possesses the ability to accompany us to conduct inspection. We have inspected the exterior, and where possible, the interior of the property in respect of which we have been provided with such information as we have requested for the purpose of our valuation. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of uninspected parts and our work should not be taken as making any implied representation or statement about such parts. No building survey, structural survey, investigation or examination has been made, but in the course of our inspections we did not note any serious defects in the property valued. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out to the services (if any) and we are unable to identify those services either covered, unexposed or inaccessible.

For property under construction, internal inspection was not conducted due to safety concerns. We consider that though no internal inspection for the property was conducted, it will not affect the fairness and reasonableness of our assessment.

We have not carried out on-site measurements to verify the correctness of the areas of the property, but have assumed that the areas shown on the documents and official plans handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value the property did not include an independent land survey to verify the legal boundaries of the property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of the property that appeared on the documents handed to us. No responsibility from our part is assumed. The Instructing Party or interested party in the property should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the property, or have since been incorporated into the property, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigations would not disclose the presence of any such materials to any significant extent.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the value now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION

In the course of our work, we have been provided with copies of the documents regarding the property, and these copies have been referenced without further verifying with the relevant bodies and/or authorities. Our agreed procedures to value did not require us to conduct any searches or inspect the original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state that we are not legal professionals, therefore, we are not in the position to advise and comment on the legality and effectiveness of the documents provided by the Instructing Party or the appointed personnel of Dongguan Green Lake.

We have relied solely on the information provided by the appointed personnel of Dongguan Green Lake or the Instructing Party without further verification, and have fully accepted advice given to us on such matters as planning approvals or statutory notices, locations, titles, easements, tenure, occupation, development schedule, site and floor areas and all other relevant matters.

Information furnished by others, upon which all or portions of our work product are based, is believed to be reliable but has not been verified in all cases. Our agreed procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our work product.

Our valuation has been made only based on the advice and information made available to us. While a limited scope of general inquiries have been made to the local property market practitioners, we are not in a position to verify and ascertain the correctness of the advice given by the relevant personnel. No responsibility or liability is assumed.

When we adopted the work products from other professions, external data providers and the appointed personnel of Dongguan Green Lake or the Instructing Party in our valuation, the assumptions and caveats that adopted by them in arriving at their figures also applied in our valuation. The procedures we have taken as agreed do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the appointed personnel of Dongguan Green Lake or the Instructing Party. Also, we have sought and received confirmation from the Instructing Party that no materials factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and Dongguan Green Lake or the Instructing Party of material and latent facts that may affect our work.

We have had no reason to doubt the truth and accuracy of the information provided to us by the appointed personnel of Dongguan Green Lake or the Instructing Party. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Renminbi Yuan (“RMB”).

OPINION OF VALUE

Based on the above information and assumptions, we are of the opinion that the Market Value of the property held by Dongguan Green Lake for internal management reference purpose of the Instructing Party as at the Valuation Date in its existing states, with the benefit of vacant possession and assuming free of all encumbrances, was in the order of RENMINBI TWO HUNDRED AND TWENTY-ONE MILLION YUAN ONLY (RMB221,000,000).

LIMITING CONDITIONS IN THIS REPORT

Our findings or value of the property in this report are valid only for the stated purpose and only for the Valuation Date, and for the sole use of the Instructing Party. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and we accept no responsibility whatsoever to any other person. Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the property, and that the inspection and the use of this report do not purport to be a building survey of the property.

No responsibility is taken for changes in market conditions and local government policy, and no obligation is assumed to revise this report to reflect events or conditions, which occur or make known to us subsequent to the date hereof. Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this circular for the Company’s shareholders’ reference.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Instructing Party contractual undertakings in respect of their services and shall be deemed to have paid to the Instructing Party such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding the charges paid to us for the portion of services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt, our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

It is agreed that the Instructing Party and the Company are required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, wilful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

Our report is prepared in compliance with the requirements contained in Chapter 5 of the Listing Rules as well as the reporting guidelines contained in the IVS. The valuation has been undertaken by us, acting as external valuer, for the purpose of the valuation.

We retain a copy of this report together with the data and documents provided by the Instructing Party for the purpose of this assignment, and these data and documents will, according to the Laws of Hong Kong, be kept for a period of 6 years from the date it provided to us and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Instructing Party's authorisation and prior arrangement made with us in writing. Moreover, we will add the Company's information into our client list for our future reference.

The analysis and valuation of the property depend solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported findings or value significantly.

We hereby certify that the fee for this service is not contingent upon our opinion of value and we have no significant interests in the property, Dongguan Green Lake, the Group or the value reported.

Yours faithfully,
For and on behalf of
LCH (Asia-Pacific) Surveyors Limited

Elsa Ng Hung Mui *B.Sc. M.Sc. RPS (GP)*
Executive Director

Contributing Valuer:
J. Junior Ho *B.Sc. M.Sc. RPS (GP)*

Sr Elsa Ng Hung Mui has been conducting valuation of real properties in Hong Kong, Macau and mainland China since 1994. She is a Fellow of The HKIS and a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuation in Connection with Takeovers and Mergers published by The HKIS.

PROPERTY PARTICULARS WITH VALUE

Property held under development by Dongguan Green Lake under long-term title certificates in the PRC and valued on market value basis

Property	Description	Particulars of occupancy	Amount of valuation in its existing state attributable to Dongguan Green Lake as at 31 August 2018
<p>A developing commercial development erected on Lot No. 1924080300700 and located at Chang Ping Avenue Changping Town Dongguan City Guangdong Province The People's Republic of China 523585</p>	<p>The property comprises a developing commercial development known as 東方銀座大廈 (translated as Dong Yin Building) erecting on a parcel of land having a site area of 9,142.78 square meters ("sq.m.").</p> <p>According to a set of plans dated July 2013 provided by the appointed personnel of Dongguan Green Lake, the proposed development is a 23-storey commercial building with 2 levels of basement with a gross floor area of approximately 41,107.32 sq.m. for office and commercial purposes and 11,206.56 sq.m. for basement car parking and ancillary supporting purposes. Levels 1 to 4 are proposed for commercial use while Levels 5 to 23 are proposed for office use. 247 numbers of car parking spaces will be provided on the basement levels.</p>	<p>As inspected by us and confirmed by the appointed personnel of Dongguan Green Lake, as at the Valuation Date, the property was under construction with the pile foundation completed.</p>	<p>RMB221,000,000</p> <p>100 per cent. interest</p> <p>(See Note 5 below)</p>
	<p>The property is expected to be completed by fourth quarter of 2020.</p>		
	<p>The property is located at the central business district of Changping Town with vibrant commercial and office buildings. The locality is also mixed with residential developments and shopping malls. Major landmarks in the vicinity include Jiahong Diwang Building (嘉宏地王大廈), Wanye Finance Centre (萬業金融中心), Zhiye Plaza (置業廣場), TESCO Shopping Mall. The property is accessible within 15 minutes by car from Changping Railway Station.</p>		
	<p>The property is subject to a right to use the land for a term till 6 December 2050 for commercial and finance usages. (See Note 1 below)</p>		

Notes:

1. The rights to possess the land is held by the State and the rights to use the land has been transferred to Dongguan Green Lake Villa Development Co., Ltd. (東莞市綠湖山莊開發建造有限公司) (hereinafter referred to as “**Dongguan Green Lake**”), via a State-owned Land Use Rights Certificate known as Tung Fu Guo Yong (1994) Di Te 389 Hao (東府國用(1994)第特389號) dated 17 April 2012 and issued by the People’s Government of Dongguan City with a site area of 9,142.78 sq.m. and for a term till 6 December 2050 for commercial and finance usages.
2. Pursuant to a Planning Permit for Using Construction Usage Land (建設用地規劃許可證) Di Zi Di 2012-23-1001 Hao (地字第2012-23-1001號) dated 28 May 2012 and issued by the Urban-Rural Planning Bureau of Dongguan City (東莞市城鄉規劃局), Dongguan Green Lake was permitted to develop a parcel of land having a site area of approximately 9,142.78 sq.m. with a gross floor area of 41,142.51 sq.m..
3. Pursuant to a Planning Permit for Construction Project (建設工程規劃許可證) Jian Zi Di 2013-23-1035 Hao (建字第2013-23-1035號) dated 17 September 2013 and issued by the Urban-Rural Planning Bureau of Dongguan City, Dongguan Green Lake was permitted to develop a 23-storey development with a total gross floor area of 52,313.88 sq.m. including two basement levels of 11,036.28 sq.m. and level one commercial area of 3,120.19 sq.m..
4. Pursuant to a Permit to Commence Construction (建設工程施工許可證) No. 4419002014032500101 (編號 4419002014032500101) dated 25 March 2014 and issued by the Housing and Urban-Rural Development Bureau of Dongguan City (東莞市住房和城鄉建設局), Dongguan Green Lake was permitted to commence construction of which have a total gross floor area of 52,313.88 sq.m. including two basement levels of 11,036.28 sq.m. and level one commercial area of 3,120.19 sq.m..
5. According to the information available and confirmed by the Instructing Party, as at the Valuation Date, the cost incurred (excluding land cost) for the project was approximately RMB49.3 million and the estimated construction cost to be spent to complete the project is approximately RMB208.9 million. We have considered the cost incurred in our valuation. Estimated capital value after completion is approximately RMB840 million.
6. Pursuant to a copy of an Enterprise Legal Person Business Licence dated 23 November 2010, Dongguan Green Lake is a limited liability company registered in the PRC on 18 July 2003 with perpetual operation term.
7. According to the legal opinions prepared by the Group’s PRC legal adviser, the following opinions are noted:
 - (i) Dongguan Green Lake is 55% interest held by 瀋陽東方銀座中心城置業有限公司 (translated as Shenyang Oriental Ginza Center Real Estate Co., Ltd.) and 45% interest held by 深圳市廣森投資集團有限公司 (translated as Shenzhen Guangsen Investment Group Co., Ltd.);
 - (ii) Dongguan Green Lake is the legally interested party in the land mentioned in Note 1 above by way of transfer with all the consideration fully paid. Dongguan Green Lake has the right to use, develop and freely assign the property without paying additional premium;
 - (iii) Dongguan Green Lake has obtained all relevant approval of developing the land. Construction work of the property is pending for issuance of a new Permit to Commence Construction; and
 - (iv) The property is free from mortgage.

8. In our valuation, we have referenced the following land comparable sale transactions:

Transaction Date	Location	Land Usage	Site Area (sq.m.)	Allowable Gross Floor Area (GFA)	Transaction Price (RMB)/ Price per sq.m. on GFA
Sept. 2017	Baotun Community, Houjie Town	Commercial	9,018.35	40,582.6	17.126 million 4,220
Sept. 2017	Hengjiang Village, Chashan Town	Commercial	16,662.4	49,987.2	14.996 million 3,000
Aug. 2017	West of Huanhu Road, Songshan Lake	Commercial	17,686.28	44,215.7	42.254 million 9,556
May 2017	Tangli Village, Fenggang Town	Commercial	3,910	16,382.9	7.212 million 4,402
				Average (RMB/sq.m. on GFA)	5,300

After making adjustments on various factors including transaction time, location and size, difference of land lease terms between the property and the comparables, the adopted price of the land of the property was RMB4,170 per sq.m. on GFA.

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 is no omission of other matters which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

Set out below are the authorised and issued share capital of the Company as at the Latest Practicable Date :

<i>Authorised</i>		<i>HK\$</i>
<u>400,000,000</u>	Shares	<u>400,000,000</u>
<i>Issued and fully paid</i>		<i>HK\$</i>
<u>60,699,200</u>	Shares	<u>60,699,200</u>

3. DISCLOSURE OF INTERESTS

Interest of Directors and Chief Executive in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares or underlying shares and debentures of the Company and its 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 the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken 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 maintained by the Company 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 of the Company

Director	Number of Shares	Capacity	Approximate percentage of interests in the issued share capital of the Company as at the Latest Practicable Date
Mr. Meng	44,202,780 (L)	Interest in controlled corporation ^(Note 1)	72.82%
	425,719 (L)	Beneficial owner	0.70%
	387,351 (L)	Share options ^(Note 2)	0.64%
Ms. Zhang Ye	274,050 (L)	Share options ^(Note 3)	0.45%
Mr. Guo Song	274,050 (L)	Share options ^(Note 4)	0.45%
	30,000 (L)	Beneficial owner	0.05%
Mr. He Shufen	1,320 (L)	Beneficial owner	0.002%
Mr. Zeng Hongbo	274,050 (L)	Share options ^(Note 3)	0.45%
	3,560 (L)	Beneficial owner	0.006%
Mr. Zheng Bailin	38,735 (L)	Share options ^(Note 5)	0.064%
Mr. Shen Ruolei	38,735 (L)	Share options ^(Note 5)	0.064%
Mr. Pun Chi Ping	38,735 (L)	Share options ^(Note 5)	0.064%

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

Notes:

1. Long positions in 44,202,780 Shares are held by CHG. The entire issued share capital of CHG is beneficially owned by Huajun Group Limited (華君集團有限公司) which is wholly-owned by Mr. Meng. Mr. Meng was deemed to be interested in all Shares held by CHG by virtue of the SFO.
2. 38,735,070 share options have been granted to Mr. Meng and were subsequently consolidated into 387,351 share options. For further details of the said share options granted, please refer to the announcements of the Company dated 7 February 2017 and 5 December 2017.
3. 274,050 share options have been granted to each of Ms. Zhang Ye and Mr. Zeng Hongbo prior to their appointments as Directors.
4. 274,050 share options have been granted to Mr. Guo Song. For further details of the said share options granted, please refer to the announcements of the Company dated 16 February 2015, 30 June 2015, 7 February 2017 and 5 December 2017.
5. 3,873,500 share options have been granted to each of Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping and were subsequently consolidated into 38,735 share options. For further details of the said share options granted, please refer to the announcements of the Company dated 7 February 2017 and 5 December 2017.

Interests in shares in associated corporations

Associated corporation	Director	Capacity	Amount of issued share capital	Percentage interest in the capital of the associated corporation
Huajun Group Limited (華君集團有限公司) <i>(Note 6)</i>	Mr. Meng	Beneficial owner	HK\$3,000,000	100%

Note:

- Huajun Group Limited (華君集團有限公司) directly owns all issued share capital of CHG.

As at the Latest Practicable Date, save as disclosed above, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

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 were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholders	Number of Shares	Capacity	Approximate percentage of interests in the issued share capital of the Company as at the Latest Practicable Date
Madam Bao	45,015,850 (L)	Interest held by spouse ^{(Note (a))}	74.16%
CHG	44,202,780 (L)	Beneficial owner	72.82%
Huajun Group Limited (華君集團有限公司)	44,202,780 (L)	Interest of controlled corporation ^{(Note (a))}	72.82%
Mr. Meng	813,070 (L)	Beneficial owner	1.34%
	44,202,780 (L)	Interest of controlled corporation ^{(Note (a))}	72.82%

Note:

- (a) 44,202,780 Shares are held by CHG as long position. The entire issued share capital of CHG is beneficially owned by Huajun Group Limited (華君集團有限公司), which is directly wholly-owned by Mr. Meng. Madam Bao, being a spouse of Mr. Meng, was also deemed to be interested in the Shares held by CHG and Mr. Meng.

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company was aware of any other person (other than a Director or chief executive of the Company) or corporation which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or supervisors of the Company or their respective close associates (as defined under the Listing Rules) had any interest in other business which competes or is likely to compete with the business of the Group as if each of them were treated as a controlling shareholder of the Company under Rule 8.10 of the Listing Rules.

7. 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, since 31 March 2018, being the date to which the latest published audited financial statements of the Group were made up, had been 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.

On 17 May 2018, Huajun Property Limited (華君置業有限公司) (formerly known as Huajun Enterprise (Yingkou) Company Limited* (華君實業(營口)有限公司) ("HEYC")), a company established in the PRC with limited liability and ultimately owned as to 97% by Mr. Meng and 3% by Madam Bao, entered into the equity transfer agreement (the "**Equity Transfer Agreement**") with New Island Printing (Liaoning) Company Limited ("NIPL") an indirect wholly-owned subsidiary of the Company, pursuant to which HEYC has agreed to sell, and NIPL has agreed to purchase, the 100% equity interests in Yingkou Yi Hua Green Packaging Printing Company Limited* (營口益華綠色包裝印務有限公司) at the consideration of RMB30 million upon the terms and conditions set out in the Equity Transfer Agreement.

Save as disclosed above, there was no contract or arrangement subsisting at the Latest Practicable Date in which any Director was materially interested and which was significant in relation to the business of the Group.

8. LITIGATION

As disclosed in the announcement of the Company dated 28 June 2018, Jiangsu Nantong Erjian Group Company Ltd.* (江蘇南通二建集團有限公司) has initiated several legal proceedings as plaintiff against various subsidiaries of the Company in the PRC in respect of certain construction contracts disputes. The Company has sought opinion on the said legal proceedings from its legal counsel in the PRC, who was of the opinion that certain amounts claimed may be disputable as of the date of the said announcement.

As at the Latest Practicable Date, saved as disclosed above, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

9. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualifications of the expert who has given opinion or advice which are contained in this circular:

Name	Qualification
Zhonghui ANDA CPA Limited	Certified public accountants
LCH (Asia-Pacific) Surveyors Limited	Independent property valuer

As at the Latest Practicable Date, each of the above experts has no shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group and has no direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group since 31 March 2018, being the date to which the latest published audited accounts of the Company were made up or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the above experts has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion herein of its respective letter, report, advice and/or references to its respective name, in the form and context in which they respectively appear.

10. 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 22 December 2016 entered into between Hua Tai Jun An International Limited (華泰君安國際有限公司) as vendor and Go Platinum Holdings Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company as purchaser, in relation to the acquisition of the entire issued share capital of Hua Tai Jun An International Development Limited (華泰君安國際發展有限公司) and the shareholder's loan amounted to RMB1,600 million for a consideration of RMB1,920 million;

- (b) the equity transfer agreement dated 23 May 2017 and entered into between Huajun Industrial Equipment (Yingkou) Limited (華君工業裝備(營口)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as vendor and Liaoning Huajun Equipment Manufacturing Limited (遼寧華君裝備製造有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of Huajun Holdings Group Limited (華君控股集團有限公司), a company incorporated in the PRC, as the purchaser, pursuant to which the said vendor has agreed to sell, and the said purchaser has agreed to purchase, 49% equity interests in Liaoning Yinzhu Chemtex Group Co. Limited (遼寧銀珠化紡集團有限公司), a company established in the PRC with limited liability for a consideration of RMB75 million;
- (c) the equity transfer agreement dated 23 May 2017 and entered into between Huajun Industrial Equipment Group Limited (華君工業裝備集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as the vendor and Liaoning Huajun Equipment Manufacturing Limited (遼寧華君裝備製造有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of Huajun Holdings Group Limited (華君控股集團有限公司), a company incorporated in the PRC, as the purchaser, pursuant to which the said vendor has agreed to sell, and the said purchaser has agreed to purchase, the entire equity interests in Zhejiang Linhai Machinery Limited (浙江臨海機械有限公司), a company established in the PRC with limited liability for a consideration of RMB190 million;
- (d) the cooperation agreement dated 20 June 2017 among Dongguan New Island Printing Company Limited* (東莞新洲印刷有限公司), a company established in the PRC with limited liability, Baohua Real Estate (Guangdong) Company Limited* (保華地產(廣東)有限公司) (formerly known as Dongguan Hongda Properties Company Limited* (東莞宏大地產有限公司)), a company established in the PRC with limited liability, and New Island Printing Company Limited (新洲印刷有限公司), a company incorporated in Hong Kong with limited liability, three wholly-owned subsidiaries of the Company, and Shenzhen City Kaifu Investment Enterprise Company Limited* (深圳市凱福投資實業有限公司), a company established in the PRC with limited liability, in relation to the establishment of a joint venture with a proposed registered capital of RMB10 million and development of a properties project through the said joint venture;

- (e) the equity transfer agreement dated 7 July 2017 entered into between Huajun Pharmaceutical Group Company Limited* (華君醫藥集團股份有限公司) (formerly known as Yingkou Huajun Jinkong Investment Company Limited* (營口華君金控投資有限公司)), a company established in the PRC with limited liability and is ultimately owned as to 97.5% by Mr. Meng and 2.5% by Madam Bao Le as purchaser and Shenzhen Huajun Financial Leasing Ltd.* (深圳市華君融資租賃有限公司), a company established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company as vendor, in relation to the acquisition of 20% equity interest in Liaoning Bei Fang Financial Assets Exchange Co., Ltd.* (遼寧北方金融資產交易中心有限公司), a company established in the PRC with limited liability, at the consideration of RMB26.7 million. By a termination agreement entered into between Yingkou Huajun Jinkong Investment Company Limited* (營口華君金控投資有限公司) and Shenzhen Huajun Financial Leasing Ltd.* (深圳市華君融資租賃有限公司) dated 29 March 2018, the said agreement was terminated forthwith and neither party shall have any claim against the other in connection with the said agreement;
- (f) the sale and purchase agreement dated 28 September 2017 entered into between Huajun Energy Group Limited (華君能源集團有限公司) (formerly known as Huajun Logistics Co. Limited (華君物流有限公司)), an indirect wholly-owned subsidiary of the Company, and Gather Take Development Limited (滙進發展有限公司), a company incorporated in the British Virgin Islands with limited liability as vendors, and On Win Corporation Limited (進盈有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China Ruifeng Renewable Energy Holdings Limited (中國瑞風新能源控股有限公司) (Stock code: 527) as purchaser, in relation to the acquisition of 23% of the equity interests in Candice Group Limited (華君科技集團有限公司), a company incorporated in the Cayman Islands at the total consideration of HK\$9,461,970;
- (g) the subscription agreements dated 20 October 2017 entered into between the Company as issuer and Guide Plus Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of China Strategic Holdings Limited (中策集團有限公司) (stock code: 00235), and Treasure Capital Finance Limited (寶盈資本財務有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PYI Corporation Limited (stock code: 00498), as subscribers in relation to the issuance of redeemable 10% fixed coupon convertible bonds in the aggregate principal amount of HK\$350 million;
- (h) the subscription agreement dated 7 December 2017 entered into between the Company as issuer and Power Ace Investments Limited, a company incorporated in the British Virgin Islands with limited liability, as subscriber in relation to the issuance of 10% fixed coupon convertible bonds in the aggregate principal amount of HK\$30 million;

- (i) the subscription agreement dated 13 December 2017 entered into between the Company as issuer and Pu Shi International Financial Group Limited (璞石國際金融集團有限公司) (formerly known as CEFC Futures Group (Hong Kong) Financial Holdings Limited (華信期貨集團(香港)金融控股有限公司)), a company incorporated in Hong Kong with limited liability, in relation to the issuance of 10% fixed coupon convertible bonds in the aggregate principal amount of HK\$118 million;
- (j) the subscription agreement dated 13 December 2017 entered into between the Company as issuer and Wonderland International Financial Holdings Limited (華德國際金融控股有限公司) (formerly known as CEFC (HK) Financial Holdings Limited (華信(香港)金融控股有限公司)), a company incorporated in Hong Kong with limited liability as subscriber in relation to the issuance of 10% fixed coupon convertible bonds in the aggregate principal amount of HK\$100 million;
- (k) the equity transfer agreement dated 6 March 2018 and entered into between Wuxi Real Estate Development Group Co., Ltd.* (無錫市房地產開發集團有限公司) (“**Wuxi Real Estate**”), a company established in the PRC with limited liability, as vendor, and B&H Properties Management (China) Limited* (保華置業管理(中國)有限公司) (“**B&H Properties**”), an indirect wholly-owned subsidiary of the Company, as purchaser, in relation to the acquisition of the entire equity interests in Baohua Real Estate (Wuxi) Company Limited* (保華地產(無錫)有限公司) (formerly known as Wuxi Huiling Real Estate Co., Ltd.* (無錫惠靈置業有限公司)), a company established in the PRC with limited liability, for a consideration of RMB1,311.29 million;
- (l) the equity transfer agreement dated 6 March 2018 and entered into between the Vendors and B&H Properties, as purchaser in relation to the acquisition of the entire equity interests in Wuxi Huiyuan Real Estate Co., Ltd.* (無錫市惠遠置業有限公司), a company established in the PRC with limited liability, for a consideration of RMB291.95 million;
- (m) the equity transfer agreement dated 6 March 2018 and entered into between Wuxi Real Estate and Wuxi City Investment and Development Co., Ltd.* (無錫市城市投資發展有限公司) as vendors and B&H Properties, as purchaser, in relation to the acquisition of 55% equity interests in Baohua Real Estate (Jiangyin) Company Limited* (保華地產(江陰)有限公司) (formerly known as Wuxi Huize Real Estate Co., Ltd.* (無錫惠澤置業有限公司)), a company established in the PRC with limited liability, for a consideration of RMB280.50 million;
- (n) the equity transfer agreement dated 29 March 2018 entered into among B&H Properties, Yingkou Xiang Feng Properties Limited* (營口翔峰置業有限公司), both are companies established in the PRC with limited liability and indirect wholly-owned subsidiaries of the Company, as vendors, and Yingkou City Wan Hong Construction Company Limited* (營口市萬泓建築工程有限公司), a company established in the PRC with limited liability, as purchaser, in relation to the disposal of 100% interests in Yingkou Kunlun Real Estate Company Limited * (營口昆侖房地產有限公司), a company established in the PRC with limited liability, for a consideration of RMB240 million;

- (o) the equity transfer agreement dated 17 May 2018 entered into between New Island Printing (Liaoning) Company Limited, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as the purchaser and Haujun Property Limited (華君置業有限公司) (formerly known as Huajun Enterprise (Yingkou) Company Limited* (華君實業(營口)有限公司)), a company established in the PRC with limited liability and ultimately owned as to 97% by Mr. Meng and 3% by Madam Bao, as the vendor, in relation to the acquisition of 100% equity interests in Yingkou Yi Hua Green Packaging Printing Company Limited* (營口益華綠色包裝印務有限公司), a company established in the PRC with limited liability for a consideration of RMB30 million;
- (p) the equity transfer agreement dated 16 July 2018 entered into among Feng Xingbo* (豐興波) and Zhao Shifu* (趙士福), as the vendors, and Baohua Real Estates Management (China) Co., Ltd.* (保華置業管理(中國)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, as the purchaser, in relation to the acquisition of the entire equity interest of Yingkou Economic Technology Development Zone Shangfang Real Estate Limited* (營口經濟技術開發區上方房地產有限公司), a company established in the PRC with limited liability at the consideration of RMB135 million (subject to adjustment);
- (q) the equity transfer agreement dated 27 July 2018 entered into between Yingkou Jinlun Science And Technology Development Limited* (營口金綸科技發展有限公司), a company established in the PRC with limited liability, as the vendor, and Huajun Power (China) Group Limited* (華君電力(中國)集團有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, as the purchaser, in relation to the acquisition of the entire equity interest in Yingkou Yuzhu Science And Technology Development Limited* (營口玉珠科技發展有限公司), a company established in the PRC with limited liability, at the consideration of RMB1.00;
- (r) the acquisition agreement dated 3 August 2018 entered into between Huajun Energy Co., Ltd.* (華君能源有限公司), a company established in the PRC with limited liability and the indirect wholly-owned subsidiary of the Company, as the purchaser and Yingkou Coastal Development Construction Group Co., Ltd.* (營口沿海開發建設集團有限公司), a company established in the PRC with limited liability in relation to the acquisition of the land use rights of the land parcel situated at the land lot No.D2-51, Yingkou City, Liaoning Province, the PRC with total site area of approximately 1,061,349 square meters, at the consideration of RMB84,907,960;
- (s) the Sale and Purchase Agreement dated 31 August 2018 entered into between the Vendor and the Purchaser in relation to the acquisition of Dong Yin Building (東銀大廈) at the equity consideration of RMB210 million and procurement of service from the Vendor in relation to the Target Land B at the Service Fee of RMB163.92 million (subject to adjustment);

- (t) the agreement dated 21 September 2018 entered into by Nanjing Huajun Real Estate Co., Ltd.* (南京華君置業有限公司) as vendor and Baohua Properties (China) Limited* (保華地產(中國)有限公司) in respect of the acquisition of the entire equity interest in Baohua Properties (Huai'an) Limited* (保華地產(淮安)有限公司) and outstanding debts of Baohua Properties (Huai'an) Limited* (保華地產(淮安)有限公司) owned or to be owned by the said vendor before the completion at the aggregate consideration of RMB180.0 million;
- (u) the asset transfer agreement dated 16 October 2018 entered into between Jurong Simaite Intelligent Science and Technology Co., Ltd.* (句容思麥特智慧科技有限公司) as vendor and Huajun Power Technology (Jiangsu) Co., Ltd.* (華君電力科技(江蘇)有限公司) (“**Huajun Power Jisangsu**”), an indirect wholly-owned subsidiary of the Company, as purchaser, pursuant to which the vendor has conditionally agreed to sale, and Huajun Power Jisangsu has conditionally agreed to purchase certain assets owned by the vendor as listed in the said asset transfer agreement at the consideration of RMB125.30 million; and
- (v) the asset transfer agreement dated 16 October 2018 entered into between Jiangsu Xietong Solar Technology Co., Ltd.* (江蘇協通光伏科技有限公司) as vendor and Huajun Power Jisangsu as purchaser, pursuant to which the vendor has conditionally agreed to sale, and Huajun Power Jisangsu has conditionally agreed to purchase certain assets owned by the vendor as listed in the said asset transfer agreement at the consideration of RMB465.89 million.

11. GENERAL

- (a) The company secretary of the Company is Mr. Tam Ka Lung, 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 36/F, Champion Tower, 3 Garden Road, Central, Hong Kong.
- (d) The Hong Kong share registrar of the Company is Union Registrars Limited, located at Suites 3301-04, 33/F., Two Chinachem Exchange Square 338 King's Road, North Point, Hong Kong.
- (e) In the event of inconsistency, the English text shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 36/F., Champion Tower, 3 Garden Road, Central, Hong Kong on any business day from the date of this circular up to the date which is 14 days after the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018;
- (c) the report on the unaudited pro forma financial information of the Group which is set out in Appendix II to this circular;
- (d) the valuation report in relation to Dong Yin Building (東銀大廈) the text of which is set out in Appendix III to this circular;
- (e) each of the material contracts as referred to in the section headed "Material contracts" in this appendix;
- (f) the written consent referred to in the section headed "Qualifications and consents of experts" in this appendix;
- (g) the circulars of the Company dated 29 November 2017 and 24 September 2018, respectively; and
- (h) this circular.

* *For identification purposes only*