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

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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  
ACQUISITION OF LAND USE RIGHTS  
IN  
DALIAN CITY, THE PRC**

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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 4 to 9 of this circular.

30 September 2019

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## DEFINITIONS

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

“Acquisition”	the acquisition of the land use right of the Target Land through the Listing-for-Sale
“Announcement”	the announcement of the Company dated 29 March 2019 in relation to the Acquisition
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huajun Technology”	Huajun Technology (Dalian) Company Limited* (華君技術(大連)有限公司) a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company

## DEFINITIONS

“Independent Third Party(ies)”	person(s) or company(ies) which are independent of and not connected with any of the directors, chief executive and substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries and their respective associates (as defined under the Listing Rules)
“Land Grant Price”	RMB319.27 million, being the price for the acquisition of land use rights of the Target Land
“Latest Practicable Date”	26 September 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing-for-Sale”	the listing-for-sale bidding process* (掛牌出讓) held by the Dalian City Natural Resources Affairs Services Centre* (大連市自然資源事務服務中心), which was commissioned by the Dalian City Natural Resources Bureau* (大連市自然資源局) through the Internet and at the Dalian City Public Administration Centre
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Sale and Purchase Agreement”	Sale and Purchase Agreement for National Construction Land Use Right* (國有建設用地使用權出讓合同) dated 12 April 2019 entered into by Huajun Technology with the Dalian City Natural Resources Bureau* (大連市自然資源局) as stipulated by regulations required by relevant authorities within ten business days from the date of the Transaction Confirmation Letter
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Land”	the land parcel situated at Ha Da High Speed Hou Yan Shou Fei Station West, Ying Jin Road (Guo Dao 202) and Gui Bai Road Junction East * (哈大高速後鹽收費站西側，迎金路(國道202)與檜柏路交匯處東側), numbered Da Cheng No. 4 Zong De* (大城(2019) – 4 號棕地)
“Transaction Confirmation Letter”	Transaction Confirmation Letter* (成交確認書) dated 29 March 2019 entered into between the Dalian City Natural Resources Bureau* (大連市自然資源局) and Huajun Technology
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meter
“%”	per cent.

\* For identification purposes only

*For the purpose of illustration only, any amount denominated in RMB in this circular was translated into HK\$ at the rate of RMB1.00 = HK\$1.165. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.*

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. Zeng Hongbo

*Registered office:*

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2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-Executive Directors:*

Mr. Zheng Bailin

Mr. Shen Ruolei

Mr. Pun Chi Ping

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

36/F., Champion Tower

3 Garden Road

Central

Hong Kong

30 September 2019

*To the Shareholders and for information only,*

Dear Sir or Madam,

**MAJOR TRANSACTION  
IN RELATION TO  
ACQUISITION OF LAND USE RIGHTS  
IN  
DALIAN CITY, THE PRC**

**INTRODUCTION**

Reference is made to the Announcement made by the Company dated 29 March 2019 in relation to the Acquisition. The purpose of this circular is to provide you with further details regarding the Acquisition.

On 29 March 2019, Huajun Technology, an indirect wholly owned subsidiary of the Company, successfully won a bidding for the land use rights to the Target Land in Dalian City, Liaoning Province, the PRC through the Listing-for-Sale organised and held by the Dalian City Natural Resources Bureau\* (大連市自然資源局) at the Land Grant Price.

## LETTER FROM THE BOARD

### PRINCIPAL TERMS OF THE LAND USE RIGHTS IN RELATION TO THE TARGET LAND

A summary of the principal terms of the Acquisition is set out below:

- Date: 29 March 2019
- Parties:
- (1) Dalian City Natural Resources Bureau\* (大連市自然資源局), a governmental body in the PRC responsible for, among other things, administrating the use of natural resources including land, mine and forest;
  - (2) Huajun Technology

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Dalian City Natural Resources Bureau\* (大連市自然資源局) and their ultimate beneficial owners are Independent Third Parties.

Surety paid in order to become a qualified bidder ("Surety"): A sum of RMB319.27 million was deposited with the Dalian City Natural Resources Bureau\* (大連市自然資源局) as surety for participating in the Listing-for-Sale for the Target Land

Land Grant Price: RMB319.27 million

The Surety has been applied to satisfy the full consideration for the Target Land.

Land for transfer: the Target Land

Term of grant: 40 years

Total site area of the Target Land: Approximately 87,511.4 sq.m.

Allowable gross floor area: Approximately 125,350 sq.m. (excluding the gross floor area of basement and semi-underground car park)

Use of the Target Land: For commercial and warehouse use

## LETTER FROM THE BOARD

Other principal terms:

Pursuant to the notice of Listing-for-Sale and the Transaction Confirmation Letter dated 29 March 2019 issued by the Dalian City Natural Resources Bureau\* (大連市自然資源局), Huajun Technology shall further enter into the Sale and Purchase Agreement with the Dalian City Natural Resources Bureau\* (大連市自然資源局) as stipulated by regulations required by relevant authorities within ten business days from the date of the Transaction Confirmation Letter.

On 12 April 2019, Huajun Technology has entered into the Sale and Purchase Agreement with the Dalian City Natural Resources Bureau\* (大連市自然資源局). Further, the Company has committed to (i) construct sanitation facility of 50 sq.m., which includes garbage collection area and public toilets and (ii) open and build a green area of 15 sq.m. which will be returned to the government authority with no cost. The Company expects the construction cost of the above would be not more than RMB100,000.

### **Development plan of the Target Land**

The Target Land is currently idle. The Group is in the process of preparing the design plan to local authorities and is planning to develop the Target Land in the forth quarter of 2019. It is expected that the construction will complete in the first quarter of 2021.

The Target Land will be developed into business services, commercial and logistic center for lease to generate rental income. The Company intends to hold all of the properties to be developed on the Target Land for lease. However, since there is no restriction on sale of the properties developed on the Target Land, the Company may dispose of the properties to improve the liquidity of the Company if there were attractive offers from the market. The land is expected to be developed into 2 sections, a logistic center and a commercial complex. The logistic center shall consist of 3 buildings, one building is a three stories cold storage, the remaining two buildings are both single story warehouses. The commercial complex shall be a building with 2 to 7 stories commercial center, office, hotel and carparks. As at the Latest Practicable Date, Huajun Technology has not entered into any agreements in relation to the sale or lease of the Target Land.

As at the Latest Practicable Date, the Company does not have any capital commitment in relation to the development of the Target Land yet.

## LETTER FROM THE BOARD

The estimated development cost of the Target Land is about RMB328 million and such costs will be financed by the Company's internal resources and proceeds from the proposed issue of convertible bonds by the Company to its immediate holding company. The amount of the estimated development cost to be financed by the Company's internal resources and proceeds from the proposed issue of convertible bonds by the Company to its immediate holding company are expected to be RMB128 million and RMB200 million (equivalent to approximately HK\$224 million) respectively. On 16 August 2019, the Company and its immediate holding company have entered into a conditional subscription agreement for the issue of convertible bonds of HK\$1 billion of the Company subject to approval by the independent shareholders of the Company in which HK\$224 million of the net proceeds from the issue of convertible bonds will be used to finance its estimated development cost of the Target Land. Completion of the said subscription agreement is expected to take place on or before 31 December 2019. If payment for the development cost is required prior to the completion of the said subscription agreement, the Company shall first utilize its internal resources to finance the development cost of the Target Land. If the issue of the convertible bond to immediate holding company is not materialise then the Company will obtain external finance from banks and other investors. No key terms of the other external financing has yet been negotiated. For further details of the said convertible bonds to be potentially issued, please refer to the announcement of the Company dated 16 August 2019.

The construction and development plan are currently being discussed with the local government and may be adjusted in the future to accommodate future market conditions. It is expected that the construction of the Target Land will commence in the last quarter of 2019 and the current expected completion date of development of the Target Land is the first quarter of 2021.

Huajun Technology will enter into construction agreement(s) with the relevant independent third party contractors for the development of the Target Land. As at the Latest Practicable Date, Huajun Technology has not yet entered into any construction agreement in relation to the development of the Target Land. It is expected that Huajun Technology will enter into such construction agreement in or around November 2019. The Target Land will be accounted for as investment properties under development in the Company's consolidated financial statements.

### **Land Grant Price**

The Land Grant Price of RMB319.27 million was the bid price made by Huajun Technology, which is equal to the reserve price set by the Dalian City Natural Resources Bureau\* (大連市自然資源局) (i.e the Surety) in the Listing-for-Sale. Huajun Technology set the said bid price after taking into account of (i) the current property market conditions of Dalian City, Liaoning Province, the PRC and (ii) the development potential of the Target Land. The Company has also taken into account of the preliminary valuation of the Target Land, of RMB320,000,000, at that material time. The said preliminary valuation made in 28 March 2019 was conducted by LCH (Asia-Pacific) Surveyors Limited (the "Valuer") based on sales comparison approach on the key assumption(s) that the Target Land was sold with the benefit of vacant possession as at 28 March 2019 with the designated allowable gross floor area and usage. The sales comparison approach considers the sales, listings or offering of similar or substitute properties and related market data and establishes a value of a property that a reasonable investor would have to pay for a similar property of comparable utility and with an absolute title.

## LETTER FROM THE BOARD

The Target Land has a total site area of approximately 87,500 sq.m. and a total allowable gross floor area of 125,350 sq.m. including 58,100 sq.m. for logistics and storage purpose and 67,250 sq.m. for commercial purpose.

After considering the physical characteristic and facts specific to the Target Land, the Valuer considered that the sales comparison approach was the most suitable valuation methodology for valuing the Target Land which was a vacant land. The 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 such as quality, transaction date and location of the property and the comparable sale transactions. The land comparables are of storage and warehouse usage, and commercial usage, which are of the same land use category as the Target Land.

The Target Land was vacant as at 28 March 2019. Therefore, the Valuer considered the income approach is not an appropriate measure in this situation.

The said valuation has referenced the following land comparable sale transactions:

Transaction Date	Location	Land Usage	Site Area (sq.m.)	Allowable Gross Floor Area (sq.m.)/(GFA)	Transaction Price (RMB)	Price per sq.m. on GFA
31 January 2018	Dalian	Storage and Warehouse	11,435.0	11,435.0	9,980,000.00	872.76
22 January 2018	Dalian	Storage and Warehouse	9,369.0	9,369.0	6,160,000.00	657.49
27 April 2018	Dalian	Storage and Warehouse	139,825.0	139,825.0	53,840,000.00	385.05
23 October 2018	Dalian	Storage and Warehouse	2,061.0	2,061.0	1,240,000.00	601.65
18 September 2018	Dalian	Other Commercial Service	25,470.2	129,388.6	1,044,800,000.00	8,074.90
9 May 2018	Dalian	Other Commercial Service	9,454.2	26,188.1	99,210,000.00	3,788.36

Based on the above, after considering the general and inherent characteristics of the Target Land, the appropriate adjustments were made on time, location and size, the Valuer is of the opinion that the market value of the Target Land in its existing state for the Company's internal management reference purpose as at 28 March 2019 assuming sale with vacant possession and free of all encumbrances was in the region of RMB320,000,000 with average unit rate on GFA of approximately RMB2,550.

## LETTER FROM THE BOARD

The Board has assessed the said valuation methodology and key assumption(s) adopted by the Valuer in the valuation and is of the view that they are fair and reasonable as the Board believes that the sales 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 its PRC lawyers, including the tender documents and the allowable usage of the Target Land and discussion with the Valuer, the Directors considers that the valuation methodology and key assumption(s) for the valuation report are fair and reasonable.

A portion of the Land Grant Price of RMB19.27 million was satisfied by internal resources of the Group and the remaining portion of the Land Grant Price was satisfied by borrowing of RMB300 million from the immediate holding company, CHG. The borrowing from the immediate holding company is unsecured, interest-free and not repayable until 31 May 2021.

CHG is a substantial shareholder of the Company and hence a connected person of the Company. The said borrowings constitute financial assistance received by the Company under the Listing Rules. Pursuant to Rule 14A.90 of the Listing Rules, such financial assistance received by the Company from CHG is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as it is conducted on normal commercial terms or better and it is not secured by the assets of the Group.

Having considered the above, the Directors consider that the Land Grant Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

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 Group always looks for suitable investment opportunities to strengthen its existing segment in property development and investments and business establishment in the PRC.

Through the Acquisition, the Group will acquire the land use right to the Target Land. The Acquisition will enrich the asset portfolio of the Group and provide an investment opportunity for the Group to enjoy the asset appreciation while generating stable revenue, which will potentially bring a greater return for its Shareholders in a long run. The Group always looks for suitable investment opportunities to strengthen its existing segment in property development and investments and business establishment in the PRC. Furthermore, the Company considers that the Acquisition is a strategic move to increase its land reserve. The Target Land is intended to be developed into business services, commercial and logistic center for lease, sale and investment.

## LETTER FROM THE BOARD

Accordingly, the Company believes the Acquisition is in line with the Company's strategy and will complement the Group's property development and investment business.

Based on the above reasons and benefits, the Directors are of the view that (i) the Acquisition is undertaken by the Company on a sole basis in the ordinary and usual course of business of the Group, (ii) the terms of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **INFORMATION OF DALIAN CITY NATURAL RESOURCES BUREAU\* (大連市自然資源局)**

As informed by Dalian City Natural Resources Bureau\* (大連市自然資源局), it is a governmental body in the PRC responsible for, among other things, administrating the use of natural resources including land, mine and forest.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Dalian City Natural Resources Bureau\* (大連市自然資源局) and their ultimate beneficial owners are the Independent Third Parties.

### **INFORMATION OF HUAJUN TECHNOLOGY**

As the Latest Practicable Date, Huajun Technology, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, is engaged in, among other things, provision of usual warehouse services.

### **FINANCIAL EFFECT OF THE ACQUISITION**

Immediately upon the completion of the Acquisition, the assets of the Group would have increased by RMB300 million and the liabilities of the Group would have increased by RMB300 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.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in relation to the Acquisition is more than 25% but less than 100%, the Acquisition constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

## LETTER FROM THE BOARD

The Acquisition is also regarded as a “Qualified Property Acquisition” under Rule 14.04(10C) of the Listing Rules as the Acquisition involves an acquisition of governmental land in the PRC from a PRC Governmental Body (as defined under the Listing Rules) through a listing-for-sale governed by the PRC law (as defined under Rule 19A.04 of the Listing Rules). The Acquisition is undertaken on a sole basis by the Group in its ordinary and usual course of business. The Acquisition is subject to reporting, announcement and circular requirements but is exempt from Shareholders’ approval requirement pursuant to Rule 14.33A of the Listing Rules.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
By Order of the Board  
**Huajun International Group Limited**  
**Meng Guang Bao**  
*Chairman and Executive Director*

## 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 and nine months ended 31 December 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) and nine months ended 31 December 2018 (pages 60 to 291), 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.huajunintlgroup.com](http://www.huajunintlgroup.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The Company's 2016 annual report is available at:

<https://www1.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 2017/2018 annual report made up to 31 March 2018 is available at:

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

The Company's 2018 annual report made up to 31 December 2018 is available at:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2019/0527/LTN20190527690.pdf>

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 August 2019 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 2019 (being the latest practicable date for the purpose of this indebtedness statement), the Group had outstanding borrowings of approximately RMB9,672 million, comprising secured bank borrowings of approximately RMB5,805 million, unsecured bank borrowings of approximately RMB95 million, unsecured borrowings from immediate holding company of RMB2,851 million and unsecured bonds payable of approximately RMB921 million. The borrowings of approximately RMB2,501 million are guaranteed and RMB7,171 million are unguaranteed.

### (b) Pledge of assets

As at the close of business on 31 August 2019, the Group's property, plant and equipment, right of use assets (which includes prepaid lease payment in respect of the land use rights), land and property for sale, investment properties, and pledged bank deposits with carrying amounts of approximately RMB508 million, RMB560 million, RMB2,031 million, RMB5,936 million, and RMB523 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 2019, the Company had provided corporate guarantees to the extent of approximately RMB2,763 million to secure general banking facilities granted to its subsidiaries. As at 31 August 2019, the amount drawn against the banking facilities amounted to approximately RMB2,501 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 2019 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 the Acquisition, the 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 products**

The operation of this segment is mainly located in Hong Kong, the PRC and the United States of America. The business has been established for more than fifty years. 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 petrochemical products and provision of logistics services. This segment trades a large spectrum of petrochemical products. The Group expects vast demand of petrochemical products in Hong Kong and the PRC and with our strength of strong network of suppliers ensure stable supply of products managed by our team, the Group will continue to support the growth of distribution and sales of petrochemical products, in particular of exploring new types of petrochemical products for distribution.

**(iii) Provision of financial services***(i) Finance Lease*

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

*(ii) Provision of Finance*

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 prudence approach to develop this business segment, diversify the customer portfolio and seek opportunity to cooperate with its business partners.

*(iii) Securities Investments*

The Group invests in Hong Kong and overseas securities. We mainly utilise the extensive investment experience of the management to make medium and short-term investments by searching for stable revenue with controllable risk, diversifying the corporate operating risk and improving asset liquidity of the Group.

*(iv) Securities brokerage and assets management*

The Group has a licensed corporation which is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. We commenced the securities brokerage business under the name of "United Securities Limited" in February 2018.

**(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 Acquisition will further enhance and expand this business segment of the Company. The Group expects that the Target Land will provide the opportunities for the Group to enjoy the asset appreciation in long run.

**(v) Manufacturing and sales of photovoltaic products**

In recent years, solar photovoltaic industry in China has been gradually transformed from a typical world processing base into a global solar photovoltaic development and innovation manufacturing base. The photovoltaic technology and quality are expected to be continuously improving.

After the implementation of the Renewable Energy Law (可再生能源法), the government in the PRC has formulated a series of polices and measures to promote the development of the solar photovoltaic industry. With European Union's lifting of antidumping and anti-subsidy restrictions on China's photovoltaics products and the gradual development of overseas emerging markets countries along the Belt and Road, the global photovoltaic demands is expected to be promising.

To seize the opportunity, the Group's Solar Photovoltaic operations are principally engaged in business including manufacturing, processing and sales of monocrystalline silicon, polycrystalline silicon, silicon wafers, solar cells, and solar modules. Our operations are located in Jiangsu Province.

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.

As at the Latest Practicable Date, the Company owns a total of four solar photovoltaic product manufacturing plants. One of the said plants located in Jurong City, Jiangsu Province (江蘇省句容市), the PRC is currently in operation. Three of the said plants located in Changzhou City, Jiangsu Province (江蘇省常州市), the PRC are currently in suspension of production (two suspended from February 2018 and one suspended from July 2018). The reason for the said suspension is caused by (1) plan of potential redevelopment of the lands of the Changzhou plants as research and development and real estate (科研地產) complexes, (2) technological change due to market demand and (3) change in the PRC government policy. The said suspension and proposed relocation did not have a material adverse impact on the operation of the Company's solar photovoltaic business.

## 5. MATERIAL ADVERSE CHANGE

On 16 August 2019, 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 six months ended 30 June 2019, the Group is expected to record a loss attributable to equity holders of the Company for the six months ended 30 June 2019 as compared to a profit recorded for the six months ended 30 September 2018. Based on the information available to the Board as at 16 August 2019, such a loss for the six months ended 30 June 2019 was mainly due to (1) there is no reversal provision for financial guarantee contracts for the six months ended 30 June 2019 while a gain on reversal of provision for financial guarantee contracts of RMB223.9 million was recorded in profit or loss for the six months ended 30 September 2018; and (2) decrease in gain on change in fair value of convertible bonds for the six months ended 30 June 2019 compared to the six months ended 30 September 2018.

Save and except as the disclosure made by the Company's announcement dated 16 August 2019, 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 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 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>60,669,200</u>	Shares	<u>60,669,200</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	102,482,197 (L)	Interest in controlled corporation <sup>(Note 1)</sup>	168.92%
	769,640 (L)	Beneficial owner	1.27%
	387,351 (L)	Share options <sup>(Note 2)</sup>	0.64%
Ms. Zhang Ye	274,050 (L)	Share options <sup>(Note 3)</sup>	0.45%
Mr. Guo Song	274,050 (L)	Share options <sup>(Note 4)</sup>	0.45%
	30,000 (L)	Beneficial owner	0.05%
Mr. Zeng Hongbo	274,050 (L)	Share options <sup>(Note 3)</sup>	0.45%
	3,560 (L)	Beneficial owner	0.01%
Mr. Zheng Bailin	38,735 (L)	Share options <sup>(Note 5)</sup>	0.06%
Mr. Shen Ruolei	38,735 (L)	Share options <sup>(Note 5)</sup>	0.06%
Mr. Pun Chi Ping	38,735 (L)	Share options <sup>(Note 5)</sup>	0.06%

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

*Notes:*

- Long positions in 102,482,197 Shares are held by CHG which was wholly owned by Huajun Group Limited (華君集團有限公司), a company incorporated in Hong Kong with limited liability, which in turn was 100% beneficially owned by Mr. Meng. Mr. Meng was deemed to be interested in all Shares held by CHG by virtue of SFO. Amongst interests in 102,482,197 Shares, interests in 58,031,578 Shares arising from issue of convertible bond under specific mandate including the proposed issue of convertible bond, which has not been issued and subject to independent shareholders approval, as announced by the Company on 16 August 2019.
- 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.
- 27,405,097 share options have been granted to each of Ms. Zhang Ye, who was the Chief Investment Officer of the Company at the time of the grant of the share options, and Mr. Zeng Hongbo, who was Assistant Chief Executive Officer of the Company at the time of the grant of the share options, prior to their appointments as Directors and were subsequently consolidated into 274,050 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.

4. 27,405,097 share options have been granted to Mr. Guo Song and were subsequently consolidated into 274,050 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.
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	Number of Shares held	Percentage of 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	3,000,000,000	100%

*Note:*

6. CHG is a wholly-owned subsidiary of Huajun Group Limited (華君集團有限公司).

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 which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

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 Le	103,639,188 (L)	Interest held by spouse <sup>(Note (a))</sup>	170.83%
CHG	102,482,197 (L)	Beneficial owner	168.92%
Huajun Group Limited (華君集團有限公司)	102,482,197 (L)	Interest of controlled corporation <sup>(Note (a))</sup>	168.92%
Mr. Meng	769,640 (L)	Beneficial owner	1.27%
	102,482,197 (L)	Interest of controlled corporation <sup>(Note (a))</sup>	168.92%
	387,351 (L)	Share Options	0.64%
Ouke Group Holdings Limited	4,559,326(L)	Beneficial owner	7.52%

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

Note:

- (a) 102,482,197 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. Mr. Meng was deemed to be interested in all Shares held by CHG by virtue of SFO. Interests in 58,031,578 Shares arising from issue of convertible bond under specific mandate, including interests in 26,315,789 Shares arising from the proposed issue of convertible bond, which has not been issued and is subject to independent shareholders' approval, as announced by the Company on 16 August 2019. Madam Bao Le, being a spouse of Mr. Meng, was also deemed to be interested in the Shares held by Mr. Meng.

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 or which were required to be recorded in the register of the Company required to be kept under section 336 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, save as disclosed in this circular, none of the Directors and their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Although certain associates of Mr. Meng are engaged in property development and property management, which is one of the principal businesses of the Company, the said associates of Mr. Meng carries out their business in considerable distance, i.e. over 100 kilometers, from the location where the property developments of the Group are situated at. Accordingly, there is no competition rendered in between the business of the Group and the business engaged by Mr. Meng's associates. Therefore, the Board is of the view that Mr. Meng and his associates was not interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Company.

#### **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 December 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.

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

The Group has several outstanding legal proceedings with construction contractors, customers, suppliers, creditors and joint venture partner that against the Group in the PRC in relation to the Group's property development and investment, printing and solar photovoltaic segment. Apart from disclosed below, the directors consider that all other legal proceedings would not have significant financial impact to the Group as the corresponding claims against the Group are either not significant or not probable to have a material financial impact to the Group, based on the advice of the legal counsel.

The Group has entered into a cooperation agreement in relation to the establishment of joint venture for development of properties with an independent third party in June 2017 and based on the current assessment the cooperation is not likely to be proceed due to the failure to comply with certain urban renewal policies in Guangdong Province, the PRC and the relating project shall be terminated. Accordingly, the counterparty has raised a civil proceeding against the Group regarding the alleged breach of the cooperation agreement. The first hearing of the legal proceeding was held in March 2019 but no judgment has yet been released. The Group has sought legal advice in the PRC on the legal proceeding to assess the amount of provision required. The Directors consider a provision of RMB80 million made in the consolidated financial statements for the nine months ended 31 December 2018 is adequate. For further details of the said cooperation agreement, please refer to the announcement of the Company dated 20 June 2017.

On 2 July 2019, Ningbo Bank Company Limited Wuxi Branch\* (寧波銀行股份有限公司無錫分行) (“**Ningbo Bank**”) filed a claim with Jiangsu Wuxi Intermediate People's Court\* (江蘇無錫市中級人民法院) (“**Jiangsu Court**”) against Wuxi Huize Real Estate Co., Ltd.\* (無錫惠澤置業有限公司) (“**Wuxi Huize**”), an indirect non wholly-owned subsidiary of the Company, and Baohua Properties Management (Yingkou) Co., Limited (formerly known as Baohua Properties Management (China) Co., Limited) (保華置業管理(營口)有限公司(前稱保華置業管理(中國)有限公司)) (“**Baohua Properties**”), an indirect wholly-owned subsidiary of the Company, in which it was alleged that Wuxi Huize has defaulted in payment of bank loan for an amount of RMB155,782,000. An order was granted by the Jiangsu Court to freeze and preserve certain bank balances or equivalents asset of RMB190,000,000 owned by Wuxi Huize. First hearing was held on 20 August 2019 but no judgement has been released.

On 21 July 2019, Wuxi Huize and Baohua Properties filed a claim with Jiangsu Court against Ningbo Bank in which it was alleged that the Ningbo Bank has made excessive preservation of assets head by Wuxi Huize and Baohua Properties exceeded the court order amount of RMB190,000,000, and causing economic losses for Wuxi Huize and Baohua Properties. Wuxi Huize and Baohua Properties requesting Ningbo Bank for RMB200,000,000 compensation and to bear all related costs for the case. The hearing for the claim was held on 3 September 2019 but no judgement has been released.

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. MATERIAL CONTRACTS

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

- (a) the sale and purchase agreement dated 28 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)), a company incorporated in Hong Kong with limited liability and 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;
- (b) 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 convertible bonds in the aggregate principal amount of HK\$350 million upon and subject to the terms and conditions set out in the subscription agreement;
- (c) 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 and an Independent Third Party, as subscriber in relation to the issuance of 10% fixed coupon convertible bonds in the aggregate principal amount of HK\$30 million upon and subject to the terms and conditions set out in the subscription agreement;
- (d) 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 as subscriber, in relation to the issuance of 10% fixed coupon convertible bonds in the aggregate principal amount of HK\$118 million;

- (e) 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;
- (f) 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 Baohua Properties, 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;
- (g) the equity transfer agreement dated 6 March 2018 and entered into between Wuxi Real Estate, as vendor and Baohua 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;
- (h) 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), a company established in the PRC with limited liability, as vendors and Baohua 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;
- (i) the equity transfer agreement dated 29 March 2018 entered into among Baohua 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;

- (j) 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 Le, 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;
- (k) the equity transfer agreement dated 16 July 2018 entered into among Feng Xingbo\* (豐興波) and Zhao Shifu\* (趙士福), citizens and businessmen in the PRC, who are Independent Third Parties, as the vendors, and Baohua Properties, 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);
- (l) 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;
- (m) 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 sq.m., at the consideration of RMB84,907,960;

- (n) the sale and purchase agreement dated 31 August 2018 entered into among (i) 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 and an Independent Third Party as the vendor; (ii) Shenyang Oriental Ginza Center Real Estate Co., Ltd.\* (瀋陽東方銀座中心城置業有限公司) and Shenzhen Guangsen Investment Group Co., Ltd.\* (深圳市廣森投資集團有限公司), each of which a company established in the PRC with limited liability and a shareholder of the vendor and an Independent Third Party; and (iii) 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 the indirect wholly-owned subsidiary of the Company, as the purchaser in respect of the acquisition of Dong Yin Building (東銀大廈) situated at Si Ma Village, Changping Prefecture, Dongguan City, Guangdong Province, the PRC at a consideration of RMB210 million; and procurement of service from the vendor at the Service Fee of RMB163.92 million (subject to adjustment);
- (o) the sale and purchase agreement dated 21 September 2018 entered into between Baohua Properties (China) Limited\* (保華地產(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 and Nanjing Huajun Real Estate Co., Ltd.\* (南京華君置業有限公司), a company established in the PRC with limited liability and is ultimately owned by Mr. Meng, as the vendor, pursuant to which the vendor has conditionally agreed to sell and the purchaser has conditionally agreed to purchase, the entire equity interests in and debt owed by Baohua Properties (Huai'an) Limited\* (保華地產(淮安)有限公司), a company established in the PRC with limited liability, which, as advised by the vendor, is wholly-owned by the vendor, at the consideration of RMB180.0 million (equivalent to approximately HK\$205.2 million), subject to adjustment, comprising of RMB20.00 million (equivalent to approximately HK\$22.80 million) being the consideration for the target equity interest and RMB160.0 million (equivalent to approximately HK\$182.4 million) being the consideration for the debt;
- (p) the asset transfer agreement dated 16 October 2018 entered into between Jurong Simaite Intelligent Science and Technology Co., Ltd.\* (句容思麥特智能科技有限公司) as vendor and Huajun Power Technology (Jiangsu) Co., Ltd.\* (華君電力科技(江蘇)有限公司) ("**Huajun Power Jiangsu**"), an indirect wholly-owned subsidiary of the Company, as purchaser, pursuant to which the vendor has conditionally agreed to sale, and Huajun Power Jiangsu 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 (which has been terminated on 28 November 2018);
- (q) 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 Jiangsu as purchaser, pursuant to which the vendor has conditionally agreed to sale, and Huajun Power Jiangsu 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 (which has been terminated on 28 November 2018);

- (r) the subscription agreement dated 26 October 2018 entered into by the Company and CHG in respect of the subscription of convertible bond in the principal amount of HK\$1,000,000,000;
- (s) the transfer agreement dated 5 December 2018 entered into between Zhang Lijun (張立君) and Ren He (任賀), as vendors, and Huajun Power Jiangsu, as purchaser, pursuant to which the vendors have conditionally agreed to sell, and Huajun Power Jiangsu has conditionally agreed to purchase the entire equity interest in Jurong Simaite Intelligent Science and Technology Co., Ltd.\* (句容思麥特智能科技有限公司) at the consideration of RMB137.2 million (which has been lapsed on 1 April 2019);
- (t) the transfer agreement dated 5 December 2018 entered into between Yang Hongjun (楊洪俊) and Lu Xiaocheng (陸小程), as vendors, and Huajun Power Jiangsu, an indirect wholly-owned subsidiary of the Company, as purchaser, pursuant to which the vendors have conditionally agreed to sell, and Huajun Power Jiangsu has conditionally agreed to purchase the entire equity interest in Jiangsu Xietong Solar Technology Co., Ltd. (江蘇協通光伏科技有限公司), at the consideration of RMB367.5 million (which has been lapsed on 1 April 2019);
- (u) the agreement dated 6 December 2018 entered into among Cong Liming (叢黎明) and Liaoning Huajun Equipment Manufacturing Co., Limited\* (遼寧華君裝備製造有限公司), as vendors, and Huajun Industrial Park Management (China) Limited\* (華君產業園管理(中國)有限公司), as purchaser pursuant to which the vendors have conditionally agreed to sell and Huajun Industrial Park Management (China) Limited has conditionally agreed to purchase the entire equity interest in Dalian Hydraulic Machinery Co., Limited\* (大連液力機械有限公司) at the aggregate consideration of RMB36 million;
- (v) the agreement dated 19 February 2019 entered into between Yu Jing (于晶), as vendor and Baohua Properties, as purchaser, pursuant to which the vendor has conditionally agreed to sell, and Baohua Properties has conditionally agreed to purchase, the entire equity interest in the Yingkou Contemporary Group Company Limited\* (營口當代集團股份有限公司), and all amounts (whether principal, interest or otherwise) owing by the target group to the vendor at completion, at the aggregate consideration of RMB128,000,000 (which has been lapsed on 1 July 2019);
- (w) the notice of Listing-for-Sale and the Transaction Confirmation Letter\* (成交確認書) dated 29 March 2019 issued by the Dalian City Natural Resources Bureau\* (大連市自然資源局) in respect of the acquisition of the Target Land by Huajun Technology at the consideration of RMB319.27 million;

- (x) the investment agreement dated 15 May 2019 entered into between New Island Printing Company Limited (新洲印刷有限公司), an indirect wholly-owned subsidiary of the Company, and Nanjing Liuhe Economic Development Zone Management Committee\* (南京六合經濟開發區管委會) in respect of (i) the potential bidding of the land parcel situated at Liuhe Economic Development Zone\* (六合經濟開發區), Nanjing City, Jiangsu Province, the PRC, with a total site area of approximately 107 mu (the “**Liuhe Economic Development Zone**”), (ii) the potential acquisition of the assets (the “**Target Assets**”) comprises of workshop, factory, auxiliary rooms, power distribution room overall facilities etc. which are located on the Liuhe Economic Development Zone; and (iii) the setting up of high-end printing and packaging production base in the economic zone by New Island Packaging Technology (Jiangsu) Company Limited\* (新洲包裝科技(江蘇)有限公司), an indirect wholly-owned subsidiary of the Company (the “**Project Company**”);
- (y) the assets transfer agreement dated 15 May 2019, as supplemented and amended by supplemental agreement dated 6 June 2018, and entered into between the Project Company with Nanjing Yunhai Auto Glass Equipment Manufacturing Co., Ltd.\* (南京雲海汽車玻璃設備製造有限公司), Pang Haishu (龐海樹), Yuan Qingting (袁青亭), Pang Xiaoling (龐小玲) and Pang Gaofeng (龐高峰), as vendors, pursuant to which the vendors have conditionally agreed to sell, and the Project Company has conditionally agreed to purchase the Target Assets at the consideration of RMB87,000,000;
- (z) the acquisition agreement dated 23 May 2019 entered into between Baohua Properties (China) Limited\* (保華地產(中國)有限公司), an indirect wholly owned subsidiary of the Company, as purchaser, and Wuxi City Jinde Assets Management Limited\* (無錫市金德資產管理有限公司), as vendor, pursuant to which the purchaser has agreed to acquire, and the vendor has agreed to sell, 30% equity interests in and debt due by Wuxi Huize Real Estate Co., Ltd.\* (無錫惠澤置業有限公司) for an aggregate consideration of RMB154,191,453.05;
- (aa) the notice of Listing-for-Sale and the Transaction Confirmation Letter\* (成交確認書) dated 18 July 2019 issued by the Nanjing Land and Resources Bureau Liuhe Branch\* (南京市國土資源局六合分局) in respect of the acquisition of the the land parcel situated at Liuhe Economic Development Zone\* (六合經濟開發區), Nanjing City, Jiangsu Province, the PRC, with a total site area of approximately 107 mu, by New Island Packaging Technology (Jiangsu) Company Limited\* (新洲包裝科技(江蘇)有限公司) at the consideration of RMB26,150,000; and
- (bb) the subscription agreement dated 16 August 2019 entered into by the Company and CHG in respect of the subscription of convertible bond in the principal amount of HK\$1,000,000,000.

## 10. 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 branch 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.
- (f) Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.

#### 11. 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, 2017, 2018 and nine months ended 31 December 2018;
- (c) each of the material contracts as referred to in the section headed "Material Contracts" in this appendix;
- (d) the notice of Listing-for-Sale and the Transaction Confirmation Letter\* (成交確認書) dated 29 March 2019 issued by the Dalian City Natural Resources Bureau\* (大連市自然資源局) in respect of the acquisition of the Target Land by Huajun Technology at the consideration of RMB319.27 million;
- (e) the Sale and Purchase Agreement;
- (f) the circulars of the Company dated 25 January 2019, 31 January 2019, 24 June 2019, respectively; and
- (g) this circular.

\* For identification purposes only