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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 DISPOSAL OF
THE SALE SHARES IN AND SALE LOAN
OWED BY HUAREN REAL ESTATE**

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 of directors of Huajun International Group Limited is set out on pages 4 to 11 of this circular.

14 May 2020

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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 30 March 2020 in relation to the Disposal
“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 Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement
“Consideration”	RMB252,110,000, being the total consideration payable by the Purchaser to the Vendor for the disposal of the Sale Shares and the Sale Loan
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and Sale Loan by the Vendor to the Purchaser as contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaren Real Estate”	Huaren Real Estate (Huai’an) Co., Ltd* (華仁置業(淮安)有限公司), a limited liability company incorporated in the PRC, which is directly wholly-owned by the Vendor as at the Latest Practicable Date

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”	land parcel situate at No. 8 Guangzhou Road, Qinghe District, Huai’an City, Jiangsu Province, the PRC
“Latest Practicable Date”	11 May 2020, 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
“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
“Purchaser”	Changzhou Shiao New Energy Co., Ltd* (常州世傲新能源有限公司), a limited liability company established in the PRC on 17 October 2019, an Independent Third Party of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 March 2020 and entered into between the Vendor and the Purchaser in relation to the Disposal
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale Shares”	representing the 100% equity interest and the paid-up capital of Huaren Real Estate
“Sale Loan”	an aggregate amount of RMB232,110,000 owed by Huaren Real Estate to the Vendor
“Share(s)”	ordinary share(s) of HK\$1.00 each in the issued share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Listing Rules
“Vendor”	Baohua Properties (China) Limited* (保華地產(中國)有限公司), as at the Latest Practicable Date, an indirect wholly-owned subsidiary of the Company
“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*



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

Ms. Huang Xiumei

Ms. Bao Limin

Registered office:

Clarendon House

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

14 May 2020

To the Shareholders and for information only,

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF THE SALE SHARES IN AND SALE LOAN OWED BY HUAREN REAL ESTATE

INTRODUCTION

Reference is made to the Announcement made by the Company dated 30 March 2020 in relation to the Disposal.

The purpose of this circular is to give you, among other things, (i) further information relating to the Disposal and the transactions contemplated thereunder; (ii) the financial information of the Group; (iii) the valuation report in respect of the Land which comprised assets of Huaren Real Estate; and (iv) other information as required to be disclosed under the Main Board Listing Rules.

LETTER FROM THE BOARD

On 30 March 2020, the Sale and Purchase Agreement was entered into between the Vendor and the Purchaser, pursuant to which the Vendor, indirect wholly-owned subsidiary of the Company, has agreed to sell and the Purchaser has agreed to acquire the Sale Shares and the Sale Loan for a total consideration of RMB252,110,000, comprising of RMB20,000,000 being the consideration for the Sale Shares and RMB232,110,000 being the consideration for the Sale Loan.

THE SALE AND PURCHASE AGREEMENT

The Disposal

A summary of the principal terms of the Sale and Purchase Agreement is set out below:

- Date: 30 March 2020
- Parties: (1) Baohua Properties (China) Limited* (保華地產(中國)有限公司), as the Vendor
- (2) Changzhou Shiao New Energy Co., Ltd* (常州世傲新能源有限公司), as the Purchaser

As advised by the Purchaser, the Purchaser is principally engaged in new energy technology consultation and power station operation. The Purchaser was introduced to the Company through a business partner of the Company's property development and investment business.

The ultimate beneficial owners of the Purchaser are Zhou Jun* (周君) (95%) and Lu Xiaocheng* (陸小程) (5%), who are businessmen and citizens in the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of by the Vendor

Sale Shares

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares and the Sale Loan at the Consideration of RMB252,110,000. The liability of Huaren Real Estate prior to the Completion will be borne by the Vendor. As at the Latest Practicable Date, there are construction payables of approximately RMB22.5 million to be borne by the Vendor, which is a fixed liability. Save and except for the above, there are no other outstanding liabilities of Huaren Real Estate to be borne by the Vendor.

LETTER FROM THE BOARD

The Sale Shares represent the entire equity interest of Huaren Real Estate, which is a limited liability company incorporated in the PRC. Huaren Real Estate is principally engaged in the real estate development in Huai'an City, Jiangsu Province, the PRC. The principal asset of Huaren Real Estate is the property development erected on the Land which is situated at No. 8 Guangzhou Road, Qinghe District, Huai'an City, Jiangsu Province, the PRC.

Such property development is an apartment hotel/office and commercial complex, for which the construction has been substantially completed in March 2020, but has not yet applied for completion of construction work. The units of the property development are intended to be for sale after such completion of construction.

As at the Latest Practicable Date, 77 units out of a total of 216 units have been pre-sold. The proceeds from the said pre-sale would be retained by Huaren Real Estate.

Sale Loan

The Sale Loan is in an aggregate amount of RMB232,110,000 and is owed by Huaren Real Estate to the Vendor before Completion.

The properties erected on the Land (the "**Properties**") are currently pledged to secure a loan in the amount of RMB310 million (the "**Loan**") granted by a bank to a subsidiary of the Company, which in turn is a fellow subsidiary of Huaren Real Estate. The Loan is provided on a interest rate of 9.5% per annum and will mature on 26 July 2021. Upon receipt of the Consideration, the Vendor will arrange for the pledge to be released. Upon release of the Pledge, the Company will substitute the Properties with other assets of the Group as collateral to continuously secure the Loan, therefore the Board is of the view that the release of the Pledge will not have any impact to the Company's financial position. Upon review, the Board confirms that the change of collateral of the Loan would not constitute any breach of covenants of other existing loans of the Company and the Company still intends to repay the Loan at maturity. As at the Latest Practicable Date, the Company has sufficient unpledged assets to substitute the Properties and act as collateral for the Loan. The Company intends to use property, plant and equipment equivalent to the value of RMB310 million as the new pledged assets as substitute for the Properties as new collateral for the Loan. The bank is aware of the Company's intended arrangement and has no objection as at the Latest Practicable Date.

Consideration and payment

The Consideration for the Sale Shares and the Sale Loan is RMB252,110,000. Pursuant to the Sale and Purchase Agreement, the Purchaser will fully pay the Consideration to the Vendor within 30 days of the date of the execution of the Sale and Purchase Agreement.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among others, (i) the amount of the Sale Loan as at the date of the Announcement; (ii) the paid-up capital of Huaren Real Estate of RMB20,000,000 and (iii) the preliminary valuation prepared by an independent valuer.

LETTER FROM THE BOARD

As at the Latest Practicable Date, aside from the paid-up capital of RMB20 million, the Company has not made any further capital contribution in Huaren Real Estate.

The said preliminary valuation of the Properties (includes the Land) was made on 29 February 2020 by LCH (Asia-Pacific) Surveyors Limited (the “Valuer”) using the sales comparison approach in the approximate amount of RMB233,000,000.

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.

The assumptions adopted by the Valuer were as follows:

1. the legally interested party in the property has absolute title to its relevant property interest;
2. the legally interested party in 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.

The Land has a total site area of approximately 13,485.50 sq.m and a total gross floor area of approximately 59,474.94 sq.m. For further details, please refer to Appendix II to this circular.

LETTER FROM THE BOARD

The Valuer is a firm of professional surveyors and valuation consultants in Hong Kong. Qualification of the Valuer is set out on Page III-7 of this circular. As disclosed in the section headed “Qualifications and consents of experts” of Appendix III to this circular, at the Latest Practicable Date, the 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 Valuer possessed the competency and independence to provide its professional service to carry out the valuation of the property interests held by Huaren Real Estate.

Further, the Board has assessed the valuation methodology and key assumptions adopted by the Valuer and is of the view that they are all fair and reasonable as the Board believes that they are the usual valuation method and key assumptions adopted by a professional valuer as there is sufficient data from transactions conducted by companies with comparable characteristics. The Company noted that the cost approach was not appropriate as it would not capture the future earning potential of the Properties, and the income approach was also inappropriate because the property was not subject to any tenancy, therefore it would have been difficult for the valuer to predict the income potential of the Properties with sufficient certainty. The Board is of the view that the comparables adopted in the valuation are meaningful comparables to the properties owned by Huaren Real Estate as they were selected based on the most similar locations, property type and sizes to the properties of Huaren Real Estate.

Accordingly, the Board considers that the Consideration and the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interest of the Company and its Shareholders as a whole.

Completion

The parties shall endeavour to procure the registration of the transfer of the Vendor’s ownership in the Sale Shares to the Purchaser as soon as practicable after the Vendor has received the full payment of the Consideration under the Sale and Purchase Agreement. The Company expects that this will be on or before 31 July 2020.

Immediately after Completion, Huaren Real Estate will cease to be a subsidiary of the Company and the financial results of Huaren Real Estate will no longer be consolidated into the Group’s financial statements.

LETTER FROM THE BOARD

INFORMATION ON HUAREN REAL ESTATE

Huaren Real Estate is a company incorporated in the PRC with limited liability and is entirely owned by the Vendor as at the date of the Announcement. The financial information of Huaren Real Estate for the two financial years ended 31 December 2018 and 2019 is set out below:

	For the year ended 31 December 2019 (Unaudited) <i>RMB'000</i>	For the year ended 31 December 2018 (Unaudited) <i>RMB'000</i>
Loss before taxation	5,404	3,382
Loss after taxation	5,404	3,382

The unaudited net asset value and total asset value of Huaren Real Estate as at 31 December 2019 were approximately RMB6.7 million and RMB233.6 million respectively.

The amount of RMB233.6 million consists of (i) bank balance of RMB5 million; (ii) properties held for sale in the amount of RMB226 million; and (iii) other assets totalling RMB2.6 million.

Further, as at 31 December 2019, Huaren Real Estate has liabilities which include a sum of RMB209.7 million due to group companies, being the Sale Loan as at 31 December 2019, and construction payables amounting to RMB17.2 million. Prior to the Completion, the Vendor shall settle the construction payable for the Target Company and, as a result, the construction payables will become part of the Sale Loan prior to the Completion.

As at the Latest Practicable Date, due to the increase in construction payables, the amount owed by Huaren Real Estate to the Vendor has increased to RMB232.11 million, which is the value of the Sale Loan.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Upon Completion, Huaren Real Estate will cease to be a subsidiary of the Company and the financial results of Huaren Real Estate will no longer be consolidated into the Group's financial statements.

Further, upon Completion, the assets of the Group would have decreased from approximately RMB17,655.5 million to RMB17,645 million and the liabilities of the Group would have decreased from approximately RMB14,917 million to RMB14,892.3 million. The earnings and equity of the Group would be increased by RMB14.2 million.

The net proceeds (after deducting other expenses in relation thereto) arising from the Disposal will be approximately RMB251.5 million. Based on, among other things, the Consideration and the related expenses for the Disposal, the Group currently expects to record a gain arising from the Disposal of approximately RMB14.2 million upon

LETTER FROM THE BOARD

Completion, subject to review by the auditors of the Company. The Group intends to apply the net proceeds from the Disposal to repay part of its current debts, which include various loans obtained by subsidiaries of the Company totaling RMB255 million with interest rates of 7-9% per annum and all to be repaid in the third quarter of 2020.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 solar photovoltaic products.

In order to 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 Vendor acquired the entire interest of Huaren Real Estate on 28 June 2019 at an aggregate consideration of RMB180 million from Nanjing Huajun Real Estate Co., Ltd.* (南京華君置業有限公司) (“**Nanjing Huajun**”), a connected person of the Company under the Listing Rules as Nanjing Huajun is ultimately wholly-owned by Mr. Meng. As at the Latest Practicable Date, the Purchaser in this Disposal has no relationship with Mr. Meng and is an independent third party of the Company and its connected persons under the Listing Rules. Huaren Real Estate was initially acquired by the Vendor in order to enrich the asset portfolio of the Group and to enjoy the asset appreciation while generating stable revenue. This initial acquisition constituted a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules. For further details, please refer to the Company's announcement dated 21 September 2018 and circular dated 25 January 2019. The Company expects to be able to sell all the units which are situated on the Land. However, the outbreak of COVID-19 in January 2020 has caused disruptions to many industries. The Company believes the business environment in the PRC might change substantially.

In light of the above, the Directors are of the view the Disposal would benefit the Group by realising its investment in Huaren Real Estate and improving the liquidity and overall financial position of the Group.

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

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Disposal is more than 25% but less than 75%, the entering into of the Sale and Purchase Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

Since (i) no Shareholder is required to abstain from voting if the Company convenes a general meeting for the approval of the Disposal; and (ii) written shareholder's approval has been obtained from China Huajun Group Limited, which holds more than 50% of the voting rights at the general meeting of the Company to approve the Disposal, written shareholder's approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting is required to be convened for the approval of the Disposal pursuant to Rule 14.44 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, nine months ended 31 December 2018 and six months ended 30 June 2019 are disclosed in the annual reports of the Company for the financial years ended 31 March 2017 (pages 81 to 259) and 31 March 2018 (pages 62 to 239), nine months ended 31 December 2018 (pages 60 to 291) and the interim report of the Company for the six months ended 30 June 2019 (pages 21 to 77), 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 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>

The Company's interim report for the six months ended 30 June 2019 is available at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0904/ltn20190904587.pdf>

The Company's audited annual results for the year ended 31 December 2019 is available

at: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042903841.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2020 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 March 2020 (being the latest practicable date for the purpose of this indebtedness statement), the Group had outstanding borrowings of approximately RMB11,120 million, comprising secured bank borrowings of approximately RMB9,822 million, unsecured bank borrowings of approximately RMB3 million, unsecured borrowings from immediate holding company of approximately RMB73 million, unsecured borrowing from non-controlling Shareholder of approximately RMB296 million and unsecured bonds payable of approximately RMB926 million. The borrowings of approximately RMB1,814 million are guaranteed and RMB9,306 million are unguaranteed.

(b) Pledge of assets

As at the close of business on 31 March 2020, the Group's property, plant and equipment, right of use assets, land and property for sale, investment properties, inventories and pledged bank deposits with carrying amounts of approximately RMB785 million, RMB254 million, RMB5,637 million, RMB4,764 million, RMB10 million and RMB139 million, respectively, were pledged to secure certain banking and credit facilities of the Group.

(c) Guarantees

As at the close of business on 31 March 2020, the Company had provided corporate guarantees to the extent of approximately RMB2,085 million to secure general banking facilities granted to its subsidiaries. As at 31 March 2020, the amount drawn against the banking facilities amounted to approximately RMB1,814 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 March 2020 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, mortgages, 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 Disposal, 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.

Reference is made to the announcement of the Company dated 29 April 2020 (the "2019 Results Announcement") in relation to the audited annual results for the year ended 31 December 2019. According to the 2019 Results Announcement, the auditor's report on the Group's annual financial statements for the year ended 31 December 2019 contained a paragraph relating to "Material Uncertainty Related to Going Concern", due to the Group's capital and other commitments and net loss.

Despite the above, the Board is of the view that (i) the proceeds from this Disposal; (ii) the proceeds from the subscription of convertible bond in the aggregate principal amount of HK\$1,000,000,000 to be issued by the Company, as announced by the Company on 22 January 2020; (iii) operating cash flow generated by the Company in the next 12 months in the sum of RMB2,529.2 million from the pre-sale of properties in the next 12 months; (iv) refinancing of existing borrowings in the sum of RMB1,581.0 million, which shall be negotiated on a case by case basis, as at the Latest Practicable Date, all of the bank loans which the Company intended to be refinanced can be renewed at maturity; (v) advance from the immediate holding company of RMB600 million will collectively improve the working capital and liquidity and cash flow position of the Group, therefore the Board is of the view that the Group can continue as a going concern in the current financial year. Further, the audit opinion for the year ended 31 December 2019 was not modified in respect of this matter.

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 segments 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 are 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.

(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.

(v) Manufacturing and sales of photovoltaic products

The PRC government indicated the tightening of the photovoltaic (“PV”) policy which is evidenced by the release of the notification jointly issued by the National Development and Reform Commission, the Ministry of Finance and the Energy Bureau on 31 May 2018 in relation to new regulations for the PV industry in China, which is usually referred to as the 531 New Policy (the “531 New Policy”). The uncertainties brought by the 531 New Policy and future policies has caused the demand in the domestic market to fall. To cope with the challenges faced by the Group under the 531 New Policy, the Group centralises the production of solar products in Jiangsu Province in the PRC to the production plant at Jurong which has more advanced technology and automation.

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 Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

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 29 February 2020 of the property interests held by Huaren Real Estate.



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 for 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 document. 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

14 May 2020

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 real property (same as the word “**property**” in this report) held by Huaren Real Estate (Huai’an) Co., Ltd. (華仁置業(淮安)有限公司) (hereinafter referred to as “**Huaren Real Estate**”) which is a subsidiary of 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 findings, and to perform an independent valuation of the property as at 29 February 2020 (the “Valuation Date”) for the Instructing Party’s internal management reference purpose. We understand that this report will be included in a Company’s circular i.e. this document for its shareholders’ reference.

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 THE PROPERTY UNDER MARKET VALUE BASIS

Basis of Value 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, 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 interest;
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

Having considered the general and inherent characteristics of the property, we have valued the property by using the Sales Comparison Approach on the assumption that it could be sold with the benefit of vacant possession as at the Valuation Date. 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.

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 of this document, 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 Group 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 or 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 the Group has the rights 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 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 document) and relied solely on the copies of documents and the copy of the PRC legal opinions provided by the Instructing Party with regards 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 Huajun Law Firm (遼寧華君律師事務所) in May 2020. All documents are for reference only. No responsibility or liability from our part is assumed.

In our report, we have assumed that the legally interested party in the property has obtained all the approvals and/or endorsements 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 conclusion 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

As agreed prior to the commencement of our valuation, we did not conduct any on-site inspection due to the prevailing Novel Coronavirus (COVID-19) outbreak in China and Hong Kong, and the travel restrictions recommended by the Hong Kong SAR Government. We have relied on the documents provided by the Group in respect of which we have been provided with such information as we have requested for the purpose of our valuation. 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. 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.

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 the Group.

We have relied solely on the information provided by the appointed personnel of the Group 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 the Group 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.

The scope of our work has been determined by reference to the property list provided by the Instructing Party. The property on the list has been included in our report. The Instructing Party has confirmed to us that the Company has no property interests other than those specified on the list supplied to us.

We are unable to accept any responsibility for the information that has not been supplied to us by the appointed personnel of the Group or the Instructing Party. Also, we have sought and received confirmation from the appointed personnel of the Group or the Instructing Party that no material factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and the Group 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 the Group 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 (100 per cent. interests) as at the Valuation Date in its existing states and assuming free of all encumbrances was in the order of *RENMINBI TWO HUNDRED AND THIRTY THREE MILLION YUAN ONLY (RMB233,000,000)*.

LIMITING CONDITIONS IN THIS REPORT

Our findings and 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 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 document to the Company’s shareholders’ reference.

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 line with the reporting guidelines contained in the IVS. The valuation has been undertaken by us, acting as external valuer, for the purpose of the valuations.

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, 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 Valuers:

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

Krystal Tian Qi *B.Sc. M.Sc.*

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 the Group under long-term title certificates in the PRC

Property	Description	Particulars of occupancy	Amount of valuation in its existing state attributable to the Group as at 29 February 2020														
A commercial development project known as Baohua Wangyuan (保華旺苑) located at South of Shuidukou Avenue and East of Guangzhou Street Qinghe New District Huai'an City Jiangsu Province The PRC 223000	<p>The property comprises a parcel of land with a site area of 13,485.50 sq.m. and a complex development of various apartment, commercial and office units known as Baohua Wangyuan (保華旺苑). The property is located at Qinghe New District (清河新區) of Huai'an City.</p> <p>The property was substantially completed in March 2020 and has a total gross floor area of approximately 59,474.94 sq.m. and 252 underground car parking spaces in the basement. As advised by the Group, the property comprises three various apartment buildings of 13 to 22 storeys, a 4-storey commercial/office building and a 1-storey basement for carparking and ancillary facilities. Details are as follows:</p> <table border="1"> <thead> <tr> <th>Items</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td>23,260.96</td> </tr> <tr> <td>Commercial</td> <td>20,800.92</td> </tr> <tr> <td>Office</td> <td>1,715.99</td> </tr> <tr> <td>Utility and Ancillary</td> <td>1,899.69</td> </tr> <tr> <td>Basement</td> <td>11,797.38</td> </tr> <tr> <td>Total</td> <td>59,474.94</td> </tr> </tbody> </table>	Items	Gross Floor Area (sq.m.)	Apartment	23,260.96	Commercial	20,800.92	Office	1,715.99	Utility and Ancillary	1,899.69	Basement	11,797.38	Total	59,474.94	As advised by the appointed personnel of the Group, as at the Valuation Date, the property was substantially completed and is expected to be fully completed on 31 July 2020 or before.	RMB 233,000,000 100 per cent. interest
Items	Gross Floor Area (sq.m.)																
Apartment	23,260.96																
Commercial	20,800.92																
Office	1,715.99																
Utility and Ancillary	1,899.69																
Basement	11,797.38																
Total	59,474.94																
	<p>The locality of the property is a mixed residential-cum-commercial area.</p> <p>The property is subject to a rights to use the land for commercial purpose for a term til 5 March 2049. (See Note 1 below)</p>																

Notes:

1. The right to possess the land is held by the State and the rights to use the land having a site area of 13,485.50 sq.m. has been granted to Huaren Real Estate (Huai'an) Co., Ltd. (華仁地產(淮安)有限公司) (hereinafter referred to as "**Huaren Real Estate**"), via the following ways:
 - (i) pursuant to a Contract for the Grant of State-owned Land Use Rights No. 3208012009CR0110 dated 6 February 2009, the land use rights of a land of 13,485.50 sq.m. has been granted to Huai'an Qinghe New District Investment Development Co., Ltd. (淮安清河新區投資發展有限公司) (currently renamed as Huaren Real Estate); and
 - (ii) pursuant to a State-owned Land Use Rights Certificate known as Su (2019) Huai An Shi Bu Dong Chan Quan Di 0092507 Hao (蘇(2019)淮安市不動產權第0092507號) dated 7 November 2019 and issued by the Municipal Natural Resources and Planning Bureau of Huai'an City (淮安市自然資源和規劃局), Huaren Real Estate was permitted to use the land with a site area of 13,485.50 sq.m. for a term until 5 March 2049 for commercial purpose.
2. Pursuant to a Planning Permit for Using Construction Usage Land (建設用地規劃許可證) Di Zi Di 320801200920019 Hao (地字第320801200920019號) dated 2 March 2009 and issued by the Municipal Planning Bureau of Huai'an City (淮安市規劃局), Huaren Real Estate was permitted to develop a parcel of land having a site area of 13,485.50 sq.m. for commercial purpose.
3. Pursuant to a Planning Permit for Construction Project (建設工程規劃許可證) Jian Zi Di 3208012010201022 Hao (建字第3208012010201022號) dated 28 October 2010 and issued by the Municipal Planning Bureau of Huai'an City (淮安市規劃局), the development with a total gross floor area of 57,947.98 sq.m. has been approved for construction.
4. Pursuant to a Permit to Commence Construction (建設工程施工許可證) No. 320800020120004 dated 17 January 2012 and issued by the Housing and Urban-rural Development Bureau of Huai'an City (淮安市住房和城鄉建設局), Huaren Real Estate was permitted to commence construction of which has a total gross floor area of 57,947.98 sq.m..
5. Pursuant to a Pre-sale Permit (預售許可證) (Huai) Fang Yu Shou Zheng Di 2018341 Hao ((淮)房預售證第2018341號) dated 5 July 2018 and issued by the Housing and Urban-rural Development Bureau of Huai'an City (淮安市住房和城鄉建設局), the estimated total gross floor area is 59,474.94 sq.m. and Huaren Real Estate is entitled to pre-sell the properties with a total gross floor area of 45,777.87 sq.m. under this permit.
6. As advised by the company, as at 29 February 2020 the property comprises approximately 7,549.64 sq.m. of the apartment under the Pre-sale Permit as mentioned in Note 5 above that has been pre-sold but yet to be delivered. In our valuation, we have considered the value of these pre-sold units by adopting their contracts prices.
7. Pursuant to a copy of an Enterprise Legal Person Business Licence dated 3 March 2020, Huaren Real Estate is a limited liability company (Wholly-owned enterprise) established on 2 April 2010 with an operation term from 2 April 2010 to 1 April 2030.

8. According to the information made available for us, the property is subject to a Mortgage in favour of (Bohai International Trust Co., Ltd.) (渤海國際信託股份有限公司) as at the Valuation Date.
9. We have been provided with a copy of legal opinion prepared by the Group's PRC legal advisor regarding the property, which contains, inter alia, the following:
- (i) Huaren Real Estate is previously known as Huajun Real Estate (Huai'an) Co., Ltd. (華君地產(淮安)有限公司); Baohua Real Estate (Huai'an) Co., Ltd. (保華地產(淮安)有限公司); Huaian Xiangfeng Real Estate Co., Ltd. (淮安翔峰置業有限公司); Huai'an Qinghe New District Investment Development Co., Ltd.. Huaren Real Estate is directly wholly owned by Baohua Properties (China) Limited (保華地產(中國)有限公司). Huaren Real Estate is an indirect wholly-owned subsidiary of the Company;
 - (ii) Huaren Real Estate is the legally interested party in the parcel of land mentioned in Note 1. Huaren Real Estate has the right to use and develop the land;
 - (iii) Huaren Real Estate has obtained the relevant approval of developing the parcel of land. Construction work has been completed but yet to apply for completion of construction work;
 - (iv) The estimated total gross floor area of the property is 59,474.94 sq.m.. It is slightly different from the planned area as various government departments adopted different measurement methods throughout the construction period. It is in compliance with the actual construction situation, and the finalized total gross floor area should be referred to the report for completion of construction work;
 - (v) The parcel of land is subject to a mortgage as at the Valuation Date in favour of Bohai International Trust Co., Ltd.;
 - (vi) The property comprises underground 252 car parking spaces. Huaren Real Estate is entitled to lease and obtain revenue from the car parking spaces, but the car parking spaces cannot be transferred;
 - (vii) Huaren Real Estate has the rights to transfer, lease, mortgage, occupy and gift of the property, subject to the approval of the mortgagee or release of the mortgage as mentioned in Note 8 above; and
 - (viii) Huaren Real Estate is subject to a litigation proceeding in relation to an apartment unit. An individual requested to cancel the sale agreement of a unit entered between the Company. The Company is requested to return the down payment of RMB125,000, liquidated damages of RMB2,470, the interest of RMB2,140.75, transportation cost of RMB500 and all litigation costs. The litigation hearing is tentatively scheduled on 15 April 2020. The hearing has ended but the judgement is not released yet. The litigation is a pre-sale dispute between Huaren Real Estate and the individual, which is not related to the transfer of Huaren Real Estate's equity interest. Both the transferor and transferee of the said transfer also agreed that the transferee will be responsible for the litigation and the result of the hearing, thus the litigation will not affect the transfer of Huaren Real Estate's equity interest.
10. With reference to the PRC legal opinions, we have not assigned commercial value to the underground car parking spaces due to its limitation on transferability.

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.

1. 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>61,543,075</u>	Shares	<u>61,543,075</u>

2. 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 ^(Note 1)	166.52%
	799,560 (L)	Beneficial owner	1.30%
	387,351 (L)	Share options ^(Note 2)	0.63%
Ms. Zhang Ye	274,050 (L)	Share options ^(Note 3)	0.45%
Ms. Bao Limin	274,050 (L)	Share options ^(Note 3)	0.45%
	3,600 (L)	Beneficial owner	0.01%
Ms. Huang Xiumei	274,050 (L)	Share options ^(Note 3)	0.45%
	3,240 (L)	Beneficial owner	0.01%
Mr. Zheng Bailin	38,735 (L)	Share options ^(Note 4)	0.06%
Mr. Shen Ruolei	38,735 (L)	Share options ^(Note 4)	0.06%
Mr. Pun Chi Ping	38,735 (L)	Share options ^(Note 4)	0.06%

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

- 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 is subject to independent shareholders' approval, as announced by the Company on 22 January 2020.
- 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 (i) Ms. Zhang Ye, who was the Chief Investment Officer of the Company at the time of the grant of the share options; (ii) Ms. Bao Limin, who was Chief Compliance Officer of the Company at the time of the grant of the share options; and (iii) Ms. Huang Xiumei, who was a Vice President of Legal & Compliance department 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.
- 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 of interest in the capital of the associated corporation
Huajun Group Limited (華君集團有限公司) ^(Note 5)	Mr. Meng	Beneficial owner	HK\$3,000,000,000	100%

Note:

5. 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.

3. 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	103,669,108 (L)	Interest held by spouse ^(Note)	168.45%
CHG	102,482,197 (L)	Beneficial owner	166.52%
Huajun Group Limited (華君集團有限公司)	102,482,197 (L)	Interest of controlled corporation ^(Note)	166.52%
Mr. Meng	799,560 (L)	Beneficial owner	1.30%
	102,482,197 (L)	Interest of controlled corporation ^(Note)	166.52%
	387,351 (L)	Share Options	0.63%
Ouke Group Holdings Limited	4,559,326 (L)	Beneficial owner	7.41%

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

Note: 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 22 January 2020. 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.

4. 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).

5. 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 carry 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.

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

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which, 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.

7. 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. Based on the current assessment the cooperation is not likely to be proceed due to the non-compliance with certain urban renewal policies in Guangdong Province, the PRC and the relating project shall be terminated. Accordingly, the counterparty has raised a civil prosecution 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 judgement has been released. The Group has sought legal advice in the PRC on the legal proceedings to assess the amount of provision required to be provided. The Directors consider 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.

In January 2020, Shanghai Yiyi (Greenland) Investment Partnership (Limited Partnership)* (上海廩溢(綠地)投資合夥企業(有限合夥)) issued and filed a statement of claim with the Shanghai Financial Court* (上海市金融法院) against Baohua Real Estate (Jiangsu) Company Limited* (保華地產(江蘇)有限公司) ("Baohua Jiangsu"), which is a subsidiary of the Company, in which it was alleged that Baohua Jiangsu has defaulted in payment of loan for an amount of approximately RMB169.5 million (original loan principal amount of RMB450 million of which RMB280.5 million was partially repaid). The said loan was guaranteed by (i) Mr. Meng Guang Bao, an executive director and chairman of the Board; and (ii) the Company. As at the Latest Practicable Date, the date for the hearing of the above claim has not yet been fixed. For further details, please refer to the inside information announcement of the Company dated 28 February 2020.

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.

8. QUALIFICATIONS AND CONSENTS OF EXPERTS

The qualification of the expert who has given opinions and advice in this circular are as follows:

Name	Qualification
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 December 2018, being the date to which the latest published audited financial statements of the Group were made up or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice and/or references to its name, in the form and context in which it appears.

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 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 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)), 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;
- (b) 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);
- (c) 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;
- (d) 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, as vendor, 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;

- (e) 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);
- (f) 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, subject to adjustment, comprising of RMB20.00 million being the consideration for the target equity interest and RMB160.0 million being the consideration for the debt;
- (g) 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);

- (h) 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);
- (i) 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 billion;
- (j) 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);
- (k) 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);
- (l) the agreement dated 6 December 2018 entered into among Mr. 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;
- (m) the agreement dated 19 February 2019 entered into between Ms. 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 million (which has been lapsed on 1 July 2019);

- (n) 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 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) by Huajun Technology at the consideration of RMB319.27 million;
- (o) 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 “**Target Land**”), (ii) the potential acquisition of the assets (the “**Target Assets**”) comprises of workshop, factory, auxiliary rooms, power distribution room and overall facilities etc., which are located on the Target Land; 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**”);
- (p) the assets transfer agreement dated 15 May 2019, as supplemented and amended by supplemental agreement dated 6 June 2018, 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;
- (q) 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;

- (r) 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 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;
- (s) 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 (which has been lapsed on 31 December 2019);
- (t) the Transaction Confirmation Letter of state-owned construction land use rights* (國有建設用地使用權出讓成交確認書) dated 21 December 2019 issued by the Nanjing Planning and Natural Resources Bureau Liuhe Branch* (南京市規劃和自然資源局六合分局) in respect of the acquisition 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 122,925.61 sq.m., by Huajun Power (Nanjing) Co., Limited* (華君電力(南京)有限公司) at the consideration of RMB48,560,000;
- (u) the subscription agreement dated 22 January 2020 entered into by the Company and China Huajun Group Limited in respect of the subscription of convertible bond in the principal amount of HK\$1,000,000,000; and
- (v) the Sale and Purchase Agreement dated 30 March 2020 was entered into between the Vendor and the Purchaser, in respect of the disposal of Sale Shares and the Sale Loan owned by Huaren Real Estate (Huai'an) Co., Ltd* (華仁置業(淮安)有限公司) at a consideration of RMB252,110,000.

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 financial years ended 31 March 2016, 2017 and 2018, nine months ended 31 December 2018 and the interim report of the Company for the six months ended 30 June 2019;
- (c) each of the material contracts as referred to in the section headed “Material Contracts” in this appendix;
- (d) the valuation report prepared by LCH (Asia-Pacific) Surveyors Limited, the text of which is set out in Appendix II of this circular;
- (e) the Sale and Purchase Agreement;
- (f) the circulars of the Company dated 25 January 2019, 31 January 2019, 24 June 2019, 30 September 2019, 11 November 2019, 26 March 2020 and 29 April 2020;
- (g) the written consent referred to in the section headed “Qualifications and Consents of Experts” in Appendix III; and
- (h) this circular.

* *For identification purposes only*