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華章科技控股有限公司

Huazhang Technology Holding Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1673)

**(I) DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE EQUITY INTEREST AND SUNPLUS CONTRACTS
INVOLVING THE ISSUE OF THE CONSIDERATION SHARES
UNDER SPECIFIC MANDATE;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Terms defined in the section headed “Definitions” of this circular have the same meanings when used in this cover page, unless the context otherwise requires.

A notice convening the EGM to be held at Room 805A, 8/F, Tower 1, South Seas Centre, 75 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong on 14 August 2017 at 2:30 p.m. is set out on pages 24 to 25 of this circular. Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked. This circular is published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> and on the website of the Company at <http://www.hzeg.com>.

28 July 2017

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD.....	5
NOTICE OF EGM.....	24

DEFINITIONS

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

“Additional Consideration”	the additional consideration payable by the Company as purchaser to the Vendors in the event that the Two-year Average Profit equals to or exceeds RMB4,000,000 as contemplated under the Sale and Purchase Agreement
“Additional Consideration Share(s)”	the new Shares allotted and issued to the Vendors in the event that the Additional Consideration exceeds RMB5,000,000
“Announcements”	the announcements of the Company dated 17 May 2017, 23 May 2017 and 24 July 2017 respectively in relation to the Sale and Purchase Agreement and the transaction contemplated thereunder
“Board”	the board of directors of the Company
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday or a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open for business in Hong Kong
“Consideration Share(s)”	Initial Consideration Shares and Additional Consideration Shares (if any)
“Company”	Huazhang Technology Holding Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 1673)
“Completion”	completion of the sale and purchase of the Equity Interest and the Sunplus Contracts pursuant to the Sale and Purchase Agreement
“Completion Date”	the date on which the transaction contemplated under the Sale and Purchase Agreement is completed, which shall be the seventh (7th) Business Day after the date on which the conditions of the Sale and Purchase Agreement are satisfied or waived by the Company or such other date as the parties to the Sale and Purchase Agreement may agree
“Connected Person(s)”	has the meaning given to it in the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at Room 805A, 8/F, Tower 1, South Seas Centre, 75 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong on 14 August 2017 at 2:30 p.m. to approve, inter alia, the Sale and Purchase Agreement and the transactions contemplated thereunder including the allotment and issue of the Consideration Shares
“Equity Interest”	the entire equity interest in the Target Companies, free from all encumbrances and together with all rights attaching or accruing thereto and all dividends and distributions declared, made or paid on such shares or in respect of them on or after the Completion Date
“Group”	the Company and its subsidiaries
“Hangzhou Haorong”	Hangzhou Haorong Technology Co., Ltd. (杭州豪榮科技有限公司), a company established under the laws of the PRC with limited liability on 21 April 2006 and is wholly-owned by the Vendors
“Hangzhou MCN”	Hangzhou MCN Paper Tech Co., Ltd. (杭州美辰紙業技術有限公司), a company established under the laws of the PRC with limited liability on 5 March 2001 and is wholly-owned by the Vendors
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	party who is not Connected Person(s) of the Company and who together with its ultimate beneficial owner are independent of the Company and of Connected Persons of the Company and their respective associates
“Initial Consideration”	RMB34,000,000
“Initial Consideration Share(s)”	a total of 11,097,942 new Shares, of which 9,588,622 will be allotted and issued upon Completion and 1,509,320 will be allotted and issued within 10 Business Days from the first anniversary of the date of due registration of the change of shareholders of the Target Companies by the relevant authority of the PRC, subject to the conditions that all the warranties, guarantees and undertakings under the Sale and Purchase Agreement have been duly complied with and have not been breached by the respective Vendors

DEFINITIONS

“Latest Practicable Date”	21 July 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	the “percentage ratios” as defined in rule 14.07 of the Listing Rules
“PRC”	People’s Republic of China (excluding Hong Kong, Macau and Taiwan)
“P/E Ratio”	price to earnings ratio
“Returned Consideration”	a portion of the Initial Consideration to be returned to the Company as purchaser in the event that the Two-year Average Profit is less than RMB4,000,000
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the amended and restated sale and purchase agreement dated 23 May 2017 made among the Vendors as vendors and the Company as purchaser in respect of the sale and purchase of the Equity Interest and the Sunplus Contracts (as amended by a letter dated 24 July 2017 entered into among the Vendors as vendors and the Company as purchaser in respect of the extension of long stop date)
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate proposed to be granted to the Directors in relation to the allotment and issue of the Consideration Shares at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary”	shall have the meaning given to it in the Listing Rules
“Sunplus Contracts”	the benefit (subject to the burden) of the contracts entered into by Sunplus Industrial in relation to its sales of headbox business which are partly unperformed at the Completion Date
“Sunplus Industrial”	SUNPLUS INDUSTRIAL CO., LIMITED (盛品實業有限公司), a company incorporated under the laws of Hong Kong with limited liability on 2 August 2012 and is wholly-owned by the Vendors and an Independent Third Party
“Target Companies”	Hangzhou MCN and Hangzhou Haorong
“Two-year Average Profit”	the average net profit after taxation (excluding the profit arising from special projects and recovery of bad debts as specified in the Sale and Purchase Agreement) of the Target Companies for the two years ending 31 December 2018 which are confirmed by audit in accordance with the accounting standards of the PRC, provided that if the provision for bad debts as at 31 December 2018 as determined pursuant to the principles of bad debt provisions of the Company as set out in the Sale and Purchase Agreement is higher than that as at 31 December 2016 (i.e. RMB8,163,140), the excess amount shall be deducted from the average net profit after taxation
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	(i) Zhang Hai Hui (張海暉, as to 60% of the Target Companies’ equity interest); (ii) Jiang Yi Dong (蔣屹東, as to 30% of the Target Companies’ equity interest); and (iii) Cui Liang Rong (崔良溶, as to 10% of the Target Companies’ equity interest)
“%”	per cent.

For ease of reference, the names of the PRC established companies or entities have been included in this circular in both the Chinese and English languages. The English names of these PRC companies and entities are only English translation of their respective official Chinese names. In the event of any inconsistency, the Chinese version shall prevail.

LETTER FROM THE BOARD



華章科技控股有限公司
Huazhang Technology Holding Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1673)

Executive Directors:

Mr. ZHU Gen Rong
Mr. WANG Ai Yan
Mr. JIN Hao
Mr. ZHONG Xin Gang

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-executive Directors:

Ms. CHEN Jin Mei
Mr. DAI Tian Zhu
Mr. KONG Chi Mo

Principal Place of Business in Hong Kong

Room 805A, 8/F
Tower 1, South Seas Centre
75 Mody Road, Tsim Sha Tsui
Kowloon
Hong Kong

Hong Kong, 28 July 2017

To the Shareholders

Dear Sir/Madam

**(I) DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE EQUITY INTEREST AND SUNPLUS CONTRACTS
INVOLVING THE ISSUE OF THE CONSIDERATION SHARES
UNDER SPECIFIC MANDATE;
AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements in relation to the acquisition by the Company of (i) the Equity Interest and (ii) the Sunplus Contracts from the Vendors for an initial consideration of RMB34,000,000 (subject to adjustment), which will be settled partly by cash and partly by the Company's allotment and issue of new Shares at or after Completion.

The purpose of this circular is to provide the Shareholders with (i) further details of the Sale and Purchase Agreement; (ii) a letter of advice from the Board to the Shareholders; and (iii) a notice convening the EGM.

LETTER FROM THE BOARD

SALE AND PURCHASE AGREEMENT

Date

23 May 2017

Parties to the Sale and Purchase Agreement

- (a) the Company as purchaser; and
- (b) the Vendors, three individuals, as vendors.

The Vendors are merchants and citizens of the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors is an Independent Third Party and is not related to or connected with the other Vendors.

Assets to be acquired

- (a) the Equity Interest; and
- (b) the Sunplus Contracts.

Details of the business of the Target Companies and the Sunplus Contracts are disclosed in the paragraph headed "Information relating to the Target Companies and the Sunplus Contracts" below.

Consideration

Initial Consideration

The initial consideration for the acquisition of the Equity Interest and the Sunplus Contracts is RMB34,000,000, which will be satisfied in the following manner:

- (a) upon Completion:
 - (i) as to RMB9,000,000, representing approximately 26.47% of the Initial Consideration, will be paid by the Group to the respective Vendors in cash in the PRC, which will be funded by the internal resources of the Group; and
 - (ii) as to RMB21,600,000 (equivalent to approximately HK\$24,450,985, based on the agreed exchange rate of HK\$1.00 = RMB0.8834), representing approximately 63.53% of the Initial Consideration, will be settled by allotting and issuing 9,588,622 new Shares at an issue price of HK\$2.55 per Share to the Vendors; and

LETTER FROM THE BOARD

- (b) within 10 Business Days from the first anniversary of the date of due registration of the change of shareholders of the Target Companies by the relevant authority of the PRC, the remaining balance of RMB3,400,000 (equivalent to approximately HK\$3,848,766, based on the agreed exchange rate of HK\$1.00 = RMB0.8834), representing 10% of the Initial Consideration, will be settled by the Company by allotting and issuing 1,509,320 new Shares at an issue price of HK\$2.55 per Share to the respective Vendors, subject to the conditions that all the warranties, guarantees and undertakings under the Sale and Purchase Agreement have been duly complied with and have not been breached by the respective Vendors.

Adjustment to the Initial Consideration

In the event that the Two-year Average Profit equals to or exceeds RMB4,000,000, the Initial Consideration will be adjusted and the Company will pay an additional consideration to the respective Vendors which will be calculated by the following formula:

$$\text{Additional Consideration} = (\text{Two-year Average Profit} - \text{RMB4,000,000}) \times 8.5$$

The Additional Consideration will be settled by the Company in the following manner:

- (a) in the event that the Additional Consideration is less than or equal to RMB5,000,000, the Company will, within 20 Business Days after the date of the audited accounts of the Target Companies for the year ending 31 December 2018, pay the Additional Consideration to the respective Vendors in cash in Hong Kong, which will be funded by the internal resources of the Group; and
- (b) in the event that the Additional Consideration exceeds RMB5,000,000, the Company will, within 90 Business Days after the date of the audited accounts of the Target Companies for the year ending 31 December 2018, allot and issue such number of new Shares at an issue price of HK\$2.55 per Share or at an issue price which is equal to the average closing price of the Shares as quoted on the Stock Exchange for the 30 days preceding the date of the said audited accounts of the Target Companies, whichever is higher; provided that if the average closing price of the Shares as quoted on the Stock Exchange for the 30 days preceding the date of the said audited accounts of the Target Companies is less than HK\$2.55 per Share, the Company shall pay an additional amount representing the difference between the Additional Consideration and the aggregate value of the Additional Consideration Shares to the Vendors as calculated by the formula below in cash in Hong Kong, which will be funded by the internal resources of the Group:

$$\begin{aligned} \text{Consideration difference} &= (\text{Additional Consideration} \times \text{RMB:HK\$ exchange rate} \\ \text{(in HK\$)} &\quad \text{as at the date of the audited accounts of the Target} \\ &\quad \text{Companies for the year ending 31 December 2018)} - \\ &\quad (\text{number of Additional Consideration Shares} \times \text{average} \\ &\quad \text{closing price of the Shares as quoted on the Stock} \\ &\quad \text{Exchange for the 30 days preceding the date of the} \\ &\quad \text{audited accounts of the Target Companies for the year} \\ &\quad \text{ending 31 December 2018}) \end{aligned}$$

LETTER FROM THE BOARD

The maximum limit of the Additional Consideration is RMB51,000,000.

The Vendors are entitled to 60%, 30% and 10% of the consideration (including cash and the Consideration Shares) respectively for the transaction contemplated under the Sale and Purchase Agreement.

In the event that the Two-year Average Profit is less than RMB4,000,000, the Initial Consideration will be adjusted and the Vendors will, within 20 Business Days after the date of the audited accounts of the Target Companies for the year ending 31 December 2018, return a portion of the Initial Consideration to the Company in cash in Hong Kong, which will be calculated by the following formula:

$$\begin{array}{l} \text{the Returned} \\ \text{Consideration} \end{array} = (\text{Initial Consideration} - (\text{Two-year Average Profit} \times 8.5)) / (2.55 \times 0.8834) \times \text{the average closing price of the Shares as quoted on the Stock Exchange for the 30 days preceding the date of the audited accounts of the Target Companies for the year ending 31 December 2018}$$

The maximum limit of the Returned Consideration will be calculated by the following formula:

$$\begin{array}{l} \text{the maximum limit of} \\ \text{the Returned} \\ \text{Consideration} \\ \text{(in HK\$)} \end{array} = \{(\text{Initial Consideration} \times 50\%) / (2.55 \times 0.8834)\} \times \text{the average closing price of the Shares as quoted on the Stock Exchange for the 30 days preceding the date of the audited accounts of the Target Companies for the year ending 31 December 2018}$$

It is provided in the Sale and Purchase Agreement that the exchange rate for HK\$:RMB will be HK\$1.00 to RMB0.8834.

Basis of consideration

The consideration for the transaction contemplated under the Sale and Purchase Agreement was arrived at based on normal commercial terms after arm's length negotiations among the parties to the Sale and Purchase Agreement.

In the course of the negotiation of the consideration for the transaction contemplated under the Sale and Purchase Agreement, the Company had considered the P/E Ratios of some comparable companies which were listed on stock exchanges in different regions and engaged in similar business as the Target Companies in different regions. The table below summarises the principal business of the comparable companies:

LETTER FROM THE BOARD

Comparable companies	Principal business
Company A	Designs, develops, and produces process technologies, automation and services for the pulp, paper, and energy industries in different countries
Company B	Operates in robotics and the power and automation technology areas in different industries, including pulp and paper industry, in different countries
Company C	Develops and manufactures paper-making and process machinery and provides consulting services that enhance production processes in the paper, board, pump and process industries

Based on the figures obtained from public records published by the comparable companies, the average P/E Ratio is approximately 33.50 times.

The following table illustrates the implied P/E Ratios of the Target Companies in different scenarios after taking into account the adjustment mechanism to the Initial Consideration as disclosed above (for illustration purpose only, the average closing price of the shares as quoted on the Stock Exchange for the 30 days preceding the date of the audited accounts of the Target Companies for the year ending 31 December 2018 is assumed to be HK\$2.55 per Share):

Scenario	In the event that the Two-year Average Profit is RMB2,000,000	In the event that the Two-year Average Profit is RMB4,000,000	In the event that the Two-year Average Profit is RMB10,000,000
Amount of Additional Consideration	N/A	N/A	RMB51,000,000 (the maximum limit of the Additional Consideration)
Amount of Returned Consideration	RMB17,000,000 (maximum limit of the Returned Consideration)	N/A	N/A
Total consideration after adjustment	RMB17,000,000	RMB34,000,000	RMB85,000,000
Implied P/E Ratio (Note)	8.5		

Note: The implied P/E Ratios were calculated by dividing the total consideration after adjustment by the Two-year Average Profit in each of the scenarios.

LETTER FROM THE BOARD

As illustrated above, the implied P/E Ratio of the Target Companies is below and less than half of the average P/E Ratio of the comparable companies. The Company noted that although the comparable companies engaged in similar business as the Target Companies, they may have different size of operation, geographical operating location, operating model, customer spectrum, financial positions and product mix as compared with the Target Companies, in particular:

- (a) the comparable companies are multinational companies with business operation in different countries, while the Target Companies mainly operate in the PRC;
- (b) the comparable companies are also engaged in other businesses and involved in other industries, while the business model of the Target Companies is much simpler;
- (c) due to the difference in business models, the customer spectrum of the comparable companies is much wider than that of the Target Companies, which predominantly engage business with paper making companies in the PRC only; and
- (d) the comparable companies are all listed companies with well-developed operations and generated much higher revenue as compared with the Target Companies.

In light of the above observations, the Company considered that a lower implied P/E Ratio of the Target Companies as compared with the average P/E Ratio of the comparable companies should be adopted.

Although the Initial Consideration represents a substantial premium over the net asset value of the Target Companies of approximately RMB7,800,000 as at 31 December 2016 and the net profit after taxation of the Target Companies of approximately RMB1,200,000 for the year ended 31 December 2016, after considering the comparable P/E Ratio analysis as disclosed above and taking into account of, amongst others, the historical financial performance of the Target Companies (including without limitation the completed sale of headbox contracts (each of which stipulated, amongst others, the type of headbox ordered, order quantity, consideration and delivery particulars) entered into between the Target Companies and their customers and the relationship of the Target Companies with their customers), the synergy to be created between the products of the Group and the Target Companies after Completion as disclosed in the paragraph headed “Information of the Group and reasons for entering into the Sale and Purchase Agreement” below, the future development potential of the Target Companies in light of the current capacity of the Target Companies and the recent rapid development of the paper-making industry in the PRC, the future prospect of the Target Companies and the headbox industry and the benefits of acquiring the Sunplus Contracts to the Group, an implied P/E Ratio of 8.5 times was agreed upon after arm’s length negotiation among the parties to the Sale and Purchase Agreement and was considered to be fair and reasonable for the acquisition of the Target Companies and the Board considered that the Initial Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Initial Consideration will be settled partly by cash and partly by the allotment and issue of Initial Consideration Shares. As for the adjustment to the Initial Consideration, Shares will only be allotted and issued to the Vendors in the event that the Additional Consideration exceeds RMB5,000,000. The Directors consider that the allotment and issue of Consideration Shares could allow the Company to maintain sufficient cash balance for the Group's daily operation and development of its new and potential business projects. Further, as disclosed below, the Vendors will remain in the core management team of the Target Companies after Completion and the allotment and issue of the Consideration Shares to the Vendors ties their interest to the performance of the Group which serves as an incentive to the Vendors to create value in the business of the Target Companies and thereby improving the overall performance of the Group. Therefore, having considered the abovementioned factors, alternative settlement methods and the extent of the dilution impact on the shareholding of the existing Shareholders after the allotment and issue of the Consideration Shares to the Vendors as disclosed in the paragraph headed "Consideration Shares" below, the current settlement mechanism of the consideration is preferred and considered as in the best interest of the Company and the Shareholders as a whole.

The Company had made announcements with regard to the following transaction and potential transaction:

- (1) the potential acquisition of the entire equity interest in 無錫銳帆技術有限公司 (Wuxi Refine Technology Co., Ltd), a company incorporated in the PRC with limited liability and is principally engaged in the business of maintenance and upgrade services (please refer to the Company's announcement dated 31 May 2017 for further details); and
- (2) the acquisition of the entire issued share capital of Fu An 777 Logistics Limited, an investment holding company which, together with its subsidiaries, is constructing a logistics and warehouse centre in the Guangdong Province of the PRC, and the vendors' interests under a shareholders' loan at an aggregate consideration of HK\$205,140,000, which would be satisfied in full by the Company's issue of Shares upon completion (please refer to the Company's announcement dated 18 June 2017 for further details).

As at the Latest Practicable Date, apart from what have been disclosed in the aforesaid announcements, the Company had entered into preliminary discussion and negotiation with regard to potential acquisition of new business and/or assets relating to manufacturing of equipment and components for pager making companies, though no agreement, arrangement, understanding or undertaking (whether formal or informal, express or implied) has been entered into. The Company will make announcement in accordance with the Listing Rules so long as it has entered into any agreement, arrangement, understanding or undertaking (whether formal or informal, express or implied).

The upward adjustment of the consideration would only take place if the aggregate financial performance (i.e. the Two-year Average Profit) of the Target Companies, which by then would be the Company's wholly-owned subsidiaries, exceeds RMB4,000,000, the agreed benchmark as determined with reference to the historical financial performance of the Target Companies, the

LETTER FROM THE BOARD

preliminary due diligence results of the Target Companies and the future prospect of the Target Companies and the headbox industry. In contrast, if the Two-year Average Profit is less than the agreed benchmark, the consideration will be adjusted downward and the Vendors will have to refund the Returned Consideration to the Company as described in the paragraph headed “Adjustment to the Initial Consideration” above.

The Board is of the view that the adjustment to the Initial Consideration described above, which is determined with reference to the aggregate financial performance of the Target Companies after Completion, is fair and reasonable and is in the interest of the Company and the Shareholders as a whole as it serves as an incentive for the Vendors who will remain in the core management team of the Target Companies after Completion to create value in the business of the Target Companies and assures their loyalty. Each of the Vendors is responsible for the research, development and sales of headboxes in the Target Companies and will remain in the same position in the Target Companies after Completion.

Considering the Vendors will become Shareholders and will remain in the core management team of the Target Companies after Completion and the incentive created by the upward adjustment to the Initial Consideration, the Directors consider that it is unnecessary to impose additional measure to ensure that the Vendors will refund the Returned Consideration in the event that the Two-year Average Profit is less than RMB4,000,000.

Based on the existing business operation of the Target Companies and the historical performance of the Target Companies, the Company has no current intention to make any capital investment into the business of the Target Companies.

Consideration Shares

The issue price of HK\$2.55 per each Initial Consideration Share was determined after arm’s length negotiation among the parties to the Sale and Purchase Agreement with reference to the net asset value of the Company and the prevailing market price of the Shares, which represents:

- (a) a premium of approximately 4.94% to the closing price of HK\$2.43 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (b) a premium of approximately 5.81% to the average closing price of HK\$2.41 per Share as quoted on the Stock Exchange on the last five trading days immediately prior to the date of the Sale and Purchase Agreement;
- (c) a discount of approximately 45.04% to the closing price of HK\$4.64 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 392.28% over the unaudited consolidated net asset value per Share of approximately HK\$0.518 as at 31 December 2016 (assuming that the exchange rate for HK\$:RMB as at 31 December 2016 was HK\$1.00 to RMB0.896).

LETTER FROM THE BOARD

Based on the above and taking into account that a lock-up period of three years will be imposed on the Initial Consideration Shares as disclosed below, the Board is of the view that the issue price of the Initial Consideration Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Initial Consideration Shares represent approximately 1.85% of the issued share capital of the Company as at the Latest Practicable Date and approximately 1.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Initial Consideration Shares.

As described in the paragraph headed “Adjustment to the Initial Consideration” above, in the event that the Additional Consideration exceeds RMB5,000,000, Additional Consideration Shares will be allotted and issued to the Vendors at an issue price of HK\$2.55 per Share or at an issue price which is equal to the average closing price of the Shares as quoted on the Stock Exchange for the 30 days preceding the date of the said audited accounts of the Target Companies, whichever is higher. Having considered that (i) if the average closing price of the Shares increases above HK\$2.55 per Share, the number of Additional Consideration Shares to be allotted and issued by the Company to the Vendors will decrease and hence reduce the potential dilution impact on the Shareholders’ interest, (ii) if the average closing price of the Shares is less than HK\$2.55 per Share, the issue price will remain at HK\$2.55 per Additional Consideration Share and hence avoid further dilution impact on the Shareholders’ interest and (iii) a lock-up period of three years will be imposed on the Consideration Shares as disclosed below, the Board is of the view that the Additional Consideration (including, without limitation, the issue price of the Additional Consideration Shares) and the potential dilution to the shareholders’ interest are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming that the Additional Consideration is RMB51,000,000 (i.e. the maximum limit of the Additional Consideration), the exchange rate for HK\$:RMB will be HK\$1.00 to RMB0.8834 and the issue price is HK\$2.55 per each Additional Consideration Share, the Consideration Shares will represent approximately 5.62% of the issued share capital of the Company as at the Latest Practicable Date and approximately 5.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares will be allotted and issued under the Specific Mandate and when issued, will rank equally in all respects with the Shares in issue on the date of allotment and issue and will be subject to a lock-up period of three years commencing from the Completion Date provided that after the expiration of the lock-up period, the Vendors shall only dispose a maximum of 25% of the total number of the Consideration Shares every year. An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Conditions precedent

Completion is subject to the fulfillment of, inter alia, the following conditions precedent:

- (a) the Company having completed the due diligence investigation on the legal, financial and business aspects of the Target Companies in relation to its structure, assets, liabilities, business and prospect and, with the Company’s absolute discretion, is satisfied with the results of the due diligence investigation;

LETTER FROM THE BOARD

- (b) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in, the Consideration Shares;
- (c) a law firm in the PRC as recognised by the Vendors and engaged by the Company having issued a due diligence report containing details of (i) the incorporation and good standing, properties, intellectual properties, credit record, material contracts, taxation, labour and social security, litigation and arbitration and administrative sanctions of the Target Companies; and (ii) other matters which the Company considers necessary, and the Company having satisfied with the form and substance of such due diligence report;
- (d) the Company having obtained a valuation report prepared by a valuer which possesses an internationally recognised qualification confirming that the aggregate value of the businesses of the Target Companies is not less than RMB34,000,000, and the Company having satisfied with the form and substance of such valuation report;
- (e) the warranties by the Vendors set out in the Sale and Purchase Agreement remaining true and correct as at the Completion Date and as if repeated at all time between the date of the Sale and Purchase Agreement and the Completion Date;
- (f) the members of the Target Companies having passed resolutions approving the sale and purchase of the Equity Interest, and the members of the Target Companies having waived their pre-emptive rights in relation to the transfer of the equity interest in the Target Companies;
- (g) all approvals, consents, authorisations and licences in relation to the sale and purchase of the Equity Interest having been obtained from the relevant authorities of the PRC and the registration of the change of shareholders of the Target Companies by the relevant authority of the PRC having been duly completed;
- (h) to ensure the stability of supply and pricing of products, a long-term (at least for 3 years) supply and pricing agreement among Hangzhou MCN, Ningbo Huachen Mechanical Co., Ltd. and Taizhou Daming Mechanical Co., Ltd., the major original equipment manufacturers of the Group, pursuant to which Hangzhou MCN engaged Ningbo Huachen Mechanical Co., Ltd. and Taizhou Daming Mechanical Co., Ltd., having been executed; and
- (i) the approval by the Shareholders at the EGM of the Sale and Purchase Agreement and the transaction contemplated thereunder (including the allotment and issue of the Consideration Shares) having been obtained and completed.

If any of the conditions specified above has not been satisfied or waived by 31 August 2017 (or such later date to be agreed among the Vendors and the Company in writing), the Sale and Purchase Agreement will lapse on 1 September 2017 and have no further effect and the parties thereto will be released from all their respective obligations under the Sale and Purchase Agreement (save to the clauses that survive its termination as provided for under the Sale and Purchase Agreement).

LETTER FROM THE BOARD

As at the Latest Practicable Date, the conditions precedents specified in subparagraphs (a), (g) and (h) above have been fulfilled.

Due diligence investigation

With regard to the condition precedent (a) above, the Company has instructed its legal advisers as to PRC laws to conduct legal due diligence on certain aspects of the Target Companies, including without limitation the structure, incorporation, business, condition of the material assets, material contracts, litigation, taxation, labour and insurance policies of the Target Companies. Further, the Company has conducted financial due diligence on the Target Companies by reviewing their accounts, sales and revenue lists, costing methods and inventory records. The Board is satisfied with the results of the abovementioned due diligence investigation and therefore concluded that the condition precedent (a) above has been satisfied.

Supply and pricing agreement

With regard to the condition precedent (h) above, on 16 April 2017, Hangzhou MCN entered into long-term supply and pricing agreements with Ningbo Huachen Mechanical Co., Ltd. and Taizhou Daming Mechanical Co., Ltd. respectively, pursuant to which Ningbo Huachen Mechanical Co., Ltd. and Taizhou Daming Mechanical Co., Ltd., the major original equipment manufacturers of the Target Companies, agreed to process Hangzhou MCN's headbox products in accordance with the requirements as instructed by Hangzhou MCN for a period starting from the date of the aforesaid long-term supply and pricing agreements to 31 December 2020, with the price to be determined according to the pricing policies as set out in the said long-term supply and pricing agreements. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Hangzhou MCN, Ningbo Huachen Mechanical Co., Ltd and Taizhou Daming Mechanical Co., Ltd. is an Independent Third Party. In the circumstances, the Board is of the view that there will not be any implication under Chapter 14A of the Listing Rules in relation to the said long-term supply and pricing agreements.

Value of the businesses

As at the Latest Practicable Date, having (i) considered the comparable P/E Ratio analysis as disclosed in the paragraph headed "Consideration – Basis of consideration" above, (ii) reviewed the results of the due diligence investigation conducted on the Target Companies (including the accounts, sales records, costing methods and other financial information of the Target Companies), (iii) considered the synergy to be created between the products of the Group and the Target Companies after Completion as disclosed in the paragraph headed "Information of the Group and reasons for entering into the Sale and Purchase Agreement" below, (iv) evaluated the future development potential of the Target Companies in light of the capacity of the Target Companies and the recent rapid development of the paper-making industry in the PRC, and (v) evaluated the future prospect of the Target Companies and the headbox industry and the benefits of acquiring the Sunplus Contracts to the Group, the Board had come to a conclusion that the aggregate value of the businesses of the Target Companies was not less than RMB34,000,000. Considering (i) such conclusion, (ii) the additional cost to be incurred and the additional time to be consumed for instructing a valuer to perform valuation on the Target Companies, and (iii) under

LETTER FROM THE BOARD

the Sale and Purchase Agreement, the Initial Consideration will be adjusted downwards in the event that the performance of the Target Companies cannot meet the agreed benchmark, it will waive the condition precedent specified in subparagraph (d) above and such waiver is in the best interest of the Company and the Shareholders as a whole. Save for the aforesaid, the Company as purchaser has no intention to waive any of the other conditions precedent.

Completion

Completion of the transaction contemplated under the Sale and Purchase Agreement will take place at the Hong Kong offices of the Company at 2:00 p.m. on the Completion Date or at such other place or time as may be agreed among the parties to the Sale and Purchase Agreement.

SHAREHOLDING STRUCTURE OF THE COMPANY

Details of the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) immediately after Completion and the allotment and issue of the Initial Consideration Shares, and (iii) immediately after Completion, allotment and issue of the Initial Consideration Shares and allotment and issue of the Additional Consideration Shares (assuming that the Additional Consideration is RMB51,000,000 (i.e. the maximum limit of the Additional Consideration), the exchange rate for HK\$:RMB

LETTER FROM THE BOARD

will be HK\$1.00 to RMB0.8834 and the issue price is HK\$2.55 per each Additional Consideration Share), assuming that there is no other change in the share capital of the Company are set out below:

Shareholders	As at the Latest Practicable Date		Immediately after Completion and the allotment and issue of the Initial Consideration Shares		For illustration purpose only, immediately after Completion, allotment and issue of the Initial Consideration Shares and allotment and issue of the Additional Consideration Shares (assuming that the Additional Consideration is RMB51,000,000, the exchange rate for HK\$:RMB will be HK\$1.00 to RMB0.8834 and the issue price is HK\$2.55 per each Additional Consideration Share)	
	No. of Shares	Approximately %	No. of Shares	Approximately %	No. of Shares	Approximately %
Zhang Hai Hui	0	0.00	6,658,765	1.09	20,242,645	3.19
Jiang Yi Dong	0	0.00	3,329,383	0.54	10,121,323	1.60
Cui Liang Rong	0	0.00	1,109,794	0.18	3,373,774	0.53
Florescent Holding Limited (Note)	411,854,000	68.57	411,854,000	67.33	411,854,000	64.92
Mr. Zhu Gen Rong	608,000	0.10	608,000	0.10	608,000	0.10
Mr. Wang Ai Yan	200,000	0.03	200,000	0.03	200,000	0.03
Other public Shareholders	187,986,000	31.30	187,986,000	30.73	187,986,000	29.63
	600,648,000	100.00	611,745,942	100.00	634,385,742	100.00

Note: Florescent Holdings Limited is owned as to 77.90% by Lian Shun Limited, which in turn is owned as to 61.31% by Mr. Zhu Gen Rong, the chairman and executive director of the Company.

INFORMATION RELATING TO THE TARGET COMPANIES AND THE SUNPLUS CONTRACTS

Hangzhou MCN

Hangzhou MCN is a company established under the laws of the PRC and principally engaged in the research, development and distribution of headbox. Since its establishment in 2001, Hangzhou MCN has developed various kinds of stainless headboxes including rectifier roll headbox, hydraulic headbox, turbulence channel headbox, inclined wire and cylinder former headbox and turbulent flow away headbox etc which were customised for its customers. It also provides equipment installation, operation instruction and consultation services for its customers. Customers of Hangzhou MCN presented across the PRC which are primarily engaged in paper manufacturing. As at 31 December 2016, Hangzhou MCN had 15 employees.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Hangzhou MCN was the registered proprietor of the following patents:

Patent	Place of registration	Registration number	Date of registration	Date of announcement
Electric linear reciprocate device	PRC	ZL 2007 2 0108912.6	29 April 2007	16 April 2008
Rotary linear control valve	PRC	ZL 2007 2 0108911.1	29 April 2007	27 February 2008

Hangzhou Haorong

Hangzhou Haorong is a company established under the laws of the PRC. Since its establishment in 2006, it has principally engaged in the business of research, development and distribution of headboxes. It has developed various kinds of high frequency shake, headbox control system, etc. and provided equipment installation, operation instruction and consultation services in accordance with the specifications and requirements provided by its customers, which are primarily engaged in paper manufacturing in the PRC. Hangzhou Haorong was regarded as a “High-tech Enterprise in Hangzhou City” (杭州市高新技術企業) and a “Medium and Small Technology Enterprise in Zhejiang Province” (浙江省科技型中小企業) and as at 31 December 2016, it has 6 employees.

As at the Latest Practicable Date, Hangzhou MCN was the registered proprietor of the following patents:

Patent	Place of registration	Registration number	Date of registration	Date of announcement
Shaking part for shaker	PRC	ZL201120481016.0	28 November 2011	25 July 2012
Core frame structure for shaking device	PRC	ZL201120481005.2	28 November 2011	25 July 2012
Novel shaking device	PRC	ZL201120480965.7	28 November 2011	25 July 2012
Size-adjustable slurry torrent generator	PRC	ZL201320245999.7	19 May 2013	30 October 2013
Round inclined wire compounding former	PRC	ZL201420248601.X	15 May 2014	8 October 2014
Amplitude adjustment means shaking machine	PRC	ZL201420248451.2	15 May 2014	8 October 2014
Single and double eccentric wheel shaking machine	PRC	ZL201310405850.5	9 September 2013	25 December 2013
Amplitude adjustment means shaking machine	PRC	ZL201410204970.3	15 May 2014	6 August 2014

LETTER FROM THE BOARD

As at the Latest Practicable Date, Hangzhou MCN was the registered proprietor of the copyright of the following software products:

Software products	Place of registration	Registration number	Date of first publication	Registration approval date
Haorong headbox auto control software (V1.0)	PRC	2008SR13349	18 October 2006	14 July 2008
Haorong headbox for quantitative dilution water for paper banners (V1.0)	PRC	2009SR021717	1 May 2008	9 June 2009
Haorong headbox auto control software (V2.0)	PRC	2010SR030096	10 October 2009	22 June 2010
Haorong full intelligent counterforce-free vibration generator and control system software (V1.0)	PRC	2013SR001793	1 November 2012	7 January 2013
Haorong headbox control software for quantitative dilution water for paper banners (V2.0)	PRC	2013SR159356	1 June 2013	27 December 2013
Haorong headbox auto control software (V3.0)	PRC	2015SR103920	10 April 2015	11 June 2015

As at the Latest Practicable Date, Hangzhou MCN has also registered the following software products with Zhejiang Province Economic and Information Commission (浙江省經濟及信息化委員會):

Software products	Place of registration	Registration number	Date of first publication	Registration approval date
Haorong full intelligent counterforce-free vibration generator and control system software (V1.0)	PRC	浙DGY-2013-1539	6 September 2013	5 years
Haorong Headbox control software for quantitative dilution water for paper banners (V2.0)	PRC	浙DGY-2014-0227	12 February 2014	5 years
Haorong Headbox auto control software (V3.0)	PRC	浙DGY-2015-1364	28 August 2015	5 years

LETTER FROM THE BOARD

Sunplus Contracts

The Sunplus Contracts consist of the benefit (subject to the burden) of two partly unperformed contracts entered into by Sunplus Industrial in relation to the sale and distribution of headbox to its customers based in the Republic of Indonesia and the Republic of India. Details of the two Sunplus Contracts are set out below:

	Sunplus Contract 1	Sunplus Contract 2
Date:	5 January 2015	23 July 2016
Parties to the contract:	(1) PT Sopanusa Tissue and Packaging Sarana Sukses, as buyer; and (2) Sunplus Industrial, as vendor	(1) N R Agarwal Industries Limited, as buyer; and (2) Sunplus Industrial, as vendor
Subject of the contract:	a unit of hydraulic headbox as more particularly specified in the contract	a set of headbox as more particularly specified in the contract
Consideration:	US\$250,000	US\$168,000

As at the Latest Practicable Date, Sunplus Industrial had delivered the headbox products to its customers pursuant to the terms and conditions of the Sunplus Contracts. Since the Company, during its due diligence investigation on the Target Companies, was not aware of any claim or liability arising due to any material defect of the headbox products manufactured by the Target Companies, the Directors consider that, after further examining the quality of the headbox products, it is unlikely for the Company to incur any risk and/or liability under the Sunplus Contracts.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of PT Sopanusa Tissue and Packaging Sarana Sukses and N R Agarwal Industries Limited is independent of the Target Companies and is an Independent Third Party.

Financial information of the Target Companies and the Sunplus Contracts

The aggregate unaudited net assets value of the Target Companies as at 31 December 2016 and the aggregate amount of receivables under the Sunplus Contracts (representing the sale proceeds for the sale of headbox products to the customers of Sunplus Industrial under the Sunplus Contracts) as at the Latest Practicable Date were approximately RMB7,846,278 and US\$25,000 respectively.

LETTER FROM THE BOARD

The aggregate unaudited revenue and net profit attributable to the Target Companies for the two years ended 31 December 2016 were as follows:

	31 December 2015 (unaudited)	During the year ended 31 December 2016 (unaudited)
Revenue	RMB28,126,200	RMB40,951,061
Net profit before taxation	RMB601,393	RMB1,672,507
Net profit after taxation	RMB451,045	RMB1,254,380

The aggregate amount of revenue of the Target Companies increased by approximately RMB12,800,000 or 45.6% to approximately RMB41,000,000 and the aggregate net profit before taxation of the Target Companies increased by approximately RMB1,070,000 or 178.1% for the year ended 31 December 2016 mainly because of the downturn of the paper-making industry in 2015 and the significant improvement in the performance of the paper-making companies, which in turn directly affect the revenue and net profit of the Target Companies generated by the sale and distribution of headbox, a major component for making papers.

INFORMATION OF THE GROUP AND REASONS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Group is principally engaged in research and development, manufacture and sale of industry automation systems, sludge treatment products and corresponding services. The Group's industrial automation systems and sludge treatment products are custom-built in accordance with the specifications and requirements provided by the Group's customers. Moreover, the Group is also engaged in the provision of after-sales and other services to the Group's existing customers.

In view of the Target Companies having the patents and know-how for manufacturing headboxes as disclosed in the paragraph headed "Information relating to the Target Companies and the Sunplus Contracts" above, the acquisition of the Equity Interest would allow the Group to own one of the core technologies for manufacturing headboxes. The research and development segments of the Group could make use of the patents and know-how for manufacturing headboxes held by the Target Companies to enhance the functions of the existing products of the Group. The headboxes to be manufactured by the Target Companies will become compatible with the industrial automation systems of the Group, which would create synergy between the products of the Group and the Target Companies and strengthen the overall marketability of the products. Further, since the Target Companies and the Group have maintained solid business relationship with customers focusing on producing different kinds of paper, the Board considered that, by acquiring the Equity Interest, the customer base of both the Group and the Target Companies could be expanded.

LETTER FROM THE BOARD

The Board is also of the view that the acquisition of the Sunplus Contracts would facilitate the Group in establishing its overseas headbox distribution network and developing its overseas business.

On this basis, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable Percentage Ratios in respect of the transaction contemplated under the Sale and Purchase Agreement are higher than 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

EGM

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM.

The notice convening the EGM to be held at Room 805A, 8/F, Tower 1, South Seas Centre, 75 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong on 14 August 2017 at 2:30p.m. is set out on pages 24 to 25 of this circular. An ordinary resolution will be proposed to the Shareholders at the EGM to consider and, if thought fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. The votes on the resolution proposed to be approved at the EGM will be taken by poll and an announcement will be made by the Company after the EGM on the results of the EGM.

A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A form of proxy for use at the EGM is accompanied with this circular. A proxy need not be a member of the Company. Whether or not you intend to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder has material interest in the Sale and Purchase Agreement and therefore, no Shareholder would be required to abstain from voting at the EGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

On the basis of the information set out in this circular, the Directors consider that the transaction contemplated under the Sale and Purchase Agreement and the proposed grant of the Specific Mandate to allot and issue the Consideration Shares is in the interests of the Company and the Shareholders as a whole and is for the benefits of the Shareholders, and accordingly, recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the proposed grant of the Specific Mandate to allot and issue the Consideration Shares and the transaction contemplated under the Sale and Purchase Agreement.

Yours faithfully,
By order of the board
Huazhang Technology Holding Limited
ZHU GEN RONG
Chairman

NOTICE TO THE EGM



華章科技控股有限公司
Huazhang Technology Holding Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1673)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**Meeting**”) of Huazhang Technology Holding Limited (the “**Company**”) will be held at Room 805A, 8/F, Tower 1, South Seas Centre, 75 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong on 14 August 2017 at 2:30p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company. Capitalised terms defined in the circular of the Company dated 28 July 2017 shall have the same meanings when used in this notice unless otherwise specified.

ORDINARY RESOLUTION

“THAT:

- (a) the Sale and Purchase Agreement (a copy of which has been produced to the Meeting and marked “A” and initialed by the chairman of the Meeting for the purpose of identification) and the transaction contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares, the Directors be and are hereby authorised to allot and issue the Consideration Shares in accordance with the terms and conditions of the Sale and Purchase Agreement; and
- (c) any one Director be and is hereby authorised to execute all such documents, instruments, agreements and deeds and do all such acts, matters and things that are of administrative nature only and ancillary to the transaction contemplated under the Sale and Purchase Agreement, as he/she may in his or her absolute discretion consider necessary or desirable for the purpose of and in connection with the implementation of the Sale and Purchase Agreement and the transaction contemplated thereunder, including the allotment and issue of the Consideration Shares, and to agree to such variations of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder that are of administrative nature only as he or she may in his or her absolute discretion consider necessary or desirable.”

Yours faithfully,
By order of the Board
Huazhang Technology Holding Limited
ZHU GEN RONG
Chairman

NOTICE TO THE EGM

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Room 805A, 8/F
Tower 1, South Seas Centre
75 Mody Road, Tsim Sha Tsui
Kowloon
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power of attorney or authority, must be deposited with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned Meeting.
3. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
4. Completion and return of the form of proxy will not preclude members from attending and voting at the EGM.